



interpipeline

Statement of Partnership Income 2006 Income Tax Supplementary Information

Please be advised that the Canada Revenue Agency has amended the T5013 form in 2006 for use in preparing the 2006 T5013's. It is Inter Pipeline Fund's understanding that certain T5013 preparers may issue the T5013 information using the "Old" T5013 form. As such, we would like to caution the unitholder to first determine if they have received a "New" T5013 form or an "Old" T5013 form from the T5013 preparer as this will impact the information to be entered into your tax returns. You will be able to identify if you have received a "New" T5013 if in the lower left hand corner of your form you see T5013(06). If you see T5013(04) you will have received the "Old" T5013 form. Your tax preparer may need to reconcile the box numbers from the Old form to the New form for input into your tax returns.

Also, please be advised that Inter Pipeline Fund does not prepare the T5013 or Relevé 15 forms which you receive. Rather, you receive your T5013 and Relevé 15 forms from either the entity which holds your investment (e.g. investment advisor) or Inter Pipeline Fund's transfer agent, Computershare.

Please find attached the tax results of the Inter Pipeline Fund its 2006 operations. From a Canadian income tax perspective, a partnership is not a taxable entity and as such, the income earned by the partnership must be allocated to the members of the partnership. For 2006, Inter Pipeline Fund declared and paid cash distributions totaling \$0.80 per unit. Based on a cash distribution basis, the 2006 taxable income represents 85.0% (combining business income, interest from Canadian sources, foreign dividend and interest income and less carrying charges) of the total cash distributions declared in 2006. The remaining 15.0% is a return of capital.

For your assistance, we have provided information regarding the amounts as reported on Form T5013 and Relevé 15.

Canadian and Foreign Net Business Income

T5013: New - Box 22; Old - Box 18
RL 15: Box 1

This amount represents your share of the Inter Pipeline Fund 2006 business income that is subject to Canadian income tax. The 2006 taxable business income amount was 80.26486% of the total 2006 cash distributions declared in 2006.

Individual unitholders:

This amount should be reported in Part III "Net partnership income (loss)" of Schedule 4 of your federal 2006 personal income tax return. The total of all limited partnership income amounts should be reported on line 122 (page 2) of your 2006 T1 General tax return.

Capital Cost Allowance

T5013: New - Box 85; Old - Box 22
RL 15: Box 5

This is your share of the amount of tax depreciation claimed by Inter Pipeline Fund in 2006 in arriving at the amount of income that is taxable to the unitholders.

This box is for information purposes only and is not to be reported on your return.

Interest from Canadian sources

T5013: New - Box 50; Old - Box 26
RL 15: Box 7

This amount represents your share of Inter Pipeline Fund's 2006 interest income that is subject to Canadian income tax. The 2006 taxable interest income amount was 0.31528% of the total 2006 cash distributions declared in 2006.

Individual unitholders:

This amount should be reported in Part II "Interest and other investment income" of Schedule 4 of your federal 2006 personal income tax return. The total of all interest and other investment income amounts should be reported on line 121 (page 2) of your 2006 T1 General Tax Return.



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Foreign Dividend and Interest Income

T5013: New - Box 55; Old - Box 27

RL 15: Box 8

This amount represents your share of Inter Pipeline Fund's 2006 foreign dividend and interest income that is subject to Canadian income tax. The 2006 taxable interest income amount was 9.42234 % of the total 2006 cash distributions declared in 2006.

Individual unitholders:

This amount should be reported in Part II "Interest and other investment income" of Schedule 4 of your federal 2006 personal income tax return. The total of all interest and other investment income amounts should be reported on line 121 (page 2) of your 2006 T1 General Tax Return.

Carrying Charges

T5013: New - Box 59; Old - Box 30

RL 15: Box 15

This represents your share of Inter Pipeline Fund's 2006 carrying charges incurred for earning investment income. The 2006 interest deduction amount was 5.00247% of the total 2006 cash distributions declared in 2006. The carrying charges relate to investments in Canada, the United Kingdom and Germany.

Individual unitholders:

This amount should be reported in Part IV "Carrying Charges" of Schedule 4 of your federal 2006 personal income tax return. The total of all carrying charge amounts should be reported on line 221 (page 3) of your 2006 T1 General Tax Return.

Unitholders At-Risk Amount

T5013: New - Box 22-1; Old - Box 45

RL 15: Box 26

The "at-risk" amount represents a unitholders original cost of the Inter Pipeline Fund's interest plus or minus certain adjustments. A unitholder cannot deduct partnership losses in excess of his "at-risk" amount. Any losses that are not currently available to be deducted are reported in Box 24 of Form T5013 Supplementary and can be carried forward indefinitely and deducted when a positive "at-risk" balance is restored. Inter Pipeline Fund does not anticipate any future "at-risk" losses.

This amount is used by Canada Revenue Agency and is not reported on your income tax return

Partnership's Total Gross Income

T5013: New - Box 34; Old - Box_51

RL 15: Box 14

This amount represents the total 2006 gross income earned by Inter Pipeline Fund and includes all of the unitholders' share of earnings.

This box is for information purposes only and is not to be reported on your return.

Details- Additional Information

Inter Pipeline Fund has permanent establishments in two provinces. The information contained in this section provides the necessary information for a unitholder to allocate their business income accordingly.

RL 15 – For Corporate Partners only

For Corporations reporting in Quebec, boxes 24A and 24C have additional information provided relating to the Corporation's share of year end debt and year end total assets of Inter Pipeline Fund.