

Inter Pipeline Fund Announces \$125 Million Offering of Class A Limited Partnership Units

CALGARY, ALBERTA, JANUARY 11, 2006: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today that it has entered into an agreement to sell 12,500,000 Class A limited partnership units ("Class A Units") at \$10.00 per Class A Unit for gross proceeds of \$125,000,000. Inter Pipeline has granted the underwriters an option (the "Underwriters' Option"), exercisable in whole or in part at any time until 48 hours prior to closing, to purchase up to an additional 2,500,000 Class A Units at the same offering price. Should the Underwriters' Option be exercised in full, the total gross proceeds of the offering would be \$150,000,000.

The offering is being made on a bought deal basis through a syndicate led by CIBC World Markets Inc. and including RBC Capital Markets, BMO Nesbitt Burns Inc., Scotia Capital Inc., TD Securities Inc., National Bank Financial Inc., HSBC Securities (Canada) Inc., Canaccord Capital Corporation, FirstEnergy Capital Corp., Peters & Co. Limited and Raymond James Ltd. The offering will be made in all provinces of Canada and is expected to close on January 31, 2006, subject to customary regulatory approvals. Class A Units will not be available for sale to non-residents of Canada.

The net proceeds of the offering will be used to reduce bank indebtedness incurred to fund Inter Pipeline's recent acquisitions in western Europe.

The offering of the Class A Units is being made only in Canada by means of a short-form prospectus. The securities offered have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons.

Inter Pipeline Fund

Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta, Canada. Structured as a publicly traded limited partnership, Inter Pipeline is an investment grade owner and operator of energy infrastructure assets in western Canada, the United Kingdom, the Republic of Ireland and Germany. Additional information about Inter Pipeline can be found at www.interpipelinefund.com.

Inter Pipeline is a member of the S&P/TSX Composite Index. Class A Units and convertible debentures trade on the Toronto Stock Exchange under the symbols IPL.UN and IPL.DB, respectively.

Eligible Investors

Only persons who are residents of Canada, or if partnerships, are Canadian partnerships, in each case for purposes of the Income Tax Act (Canada) are entitled to purchase and own Class A Units and debentures of Inter Pipeline.

Contact Information

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Disclaimer

Certain information set forth above may contain forward-looking statements that involve risks and uncertainties. Such information, although considered reasonable by Inter Pipeline at the time of preparation, may later prove to be incorrect and actual results may differ materially from those anticipated in the statements made. For this purpose, any statements that are contained herein that are not statements of historical fact may be deemed to be forward-looking statements.

All dollar values are expressed in Canadian dollars unless otherwise noted.