

THE NAVIGATOR



INTER PIPELINE FUND: IMPORTANT INFORMATION REGARDING ADJUSTED COST BASE FOR HOLDERS ON SEPTEMBER 1, 2013

Inter Pipeline Fund (TSX: IPL.UN) announced that it successfully converted to a dividend-paying corporation, Inter Pipeline Ltd. ("Inter Pipeline") on September 1, 2013.

The content in this article is for information purposes only and does not constitute tax or legal advice. It is imperative that you obtain professional advice from a qualified tax advisor before acting on any of the information in this article. This will ensure that your own circumstances are properly considered and that action is taken based on the most current legislation.

JOINT TAX ELECTION

For unitholders who held the shares in a non-registered account, unless a Unitholder completes, and files, a valid section 85 joint tax election with Inter Pipeline by December 1, 2013, the exchange of Class A Units for Common Shares will generally create a capital gain or loss for tax purposes. For further guidance regarding joint tax elections please ask your RBC advisor for a copy of the article Tax-Deferred Rollovers Under Subsection 85(1) – Joint Tax Elections. In addition, the following is a link to Inter Pipeline's website for information with respect to the tax election.

<http://www.interpipeline.com/investor/conversioninformation/tax-election-form.cfm>

Inter Pipeline is requesting detailed adjusted cost base (ACB) calculations along with the properly completed tax election forms before they will sign the joint tax election. A sample calculation is available on their website. Here is a link to that calculation for your reference.

<http://www.interpipeline.com/files/pdf/tax-info/Sample%20ACB%20Calc.pdf>

ADJUSTED COST BASE FOR IPL.UN

The book value figure reported on your RBC statement does not include all applicable adjustments for tax purposes, and therefore is not the correct ACB to use for the purpose of filing the joint tax election. Inter Pipeline has provided all the distribution, income for tax purposes and return of capital (ROC) information on a per unit basis from December 1997 (inception) to September 2013, which is very helpful in completing the ACB calculation. Here is a link to this information.

<http://www.interpipeline.com/files/pdf/distributions/2013%20Website%20distributions.pdf>

To facilitate the calculation of your ACB by you/your tax advisor, your RBC advisor is able to provide you with information regarding the original number of units purchased, the date of purchase and the original cost amount. In addition, your RBC advisor can provide you with information about any redemptions and purchases from the time of purchase to September 1, 2013. Please note, if your units were transferred to RBC from another



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financial institution your RBC advisor will only be able to provide you with information from the time of transfer to RBC onwards. If you participated in the DRIP or Premium Dividend Plan you may require additional information. Here is a link to the description of the tax implications of the DRIP and Premium Dividend Plan and a link to historic DRIP prices.

<http://www.interpipeline.com/investor/monthlydividends/drip/drip-qa.cfm> (see question #15)

<http://www.interpipeline.com/investor/monthlydividends/drip/historical-drip-prices.cfm>

If you owned Inter Pipeline prior to November 29, 2002, you will need to go back to your original statements to find the necessary information for the period before November 29, 2002.

Here is a link to all information on the Inter Pipeline conversion.

<http://www.interpipeline.com/investor/conversioninformation/share-information.cfm>

FURTHER INFORMATION

For more information on calculating your ACB, please consult with your RBC advisor and your tax advisor, as applicable.