



PEMBINA PIPELINE INCOME FUND

*Premium Distribution,
Distribution Reinvestment
and Optional Unit Purchase Plan*

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Pembina Pipeline Income Fund is pleased to announce that it has adopted a Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan.

The Plan provides unitholders with a convenient and economical way to maximize their investment in Pembina. The Plan allows participants an opportunity, under the distribution reinvestment component of the Plan, to reinvest distributions into trust units at a five percent discount to a weighted average market price (as defined in the Plan) or, alternatively, under the premium distribution component of the Plan, to realize two percent more cash on their distributions. Eligible unitholders can also make optional trust unit purchases at the weighted average market price.

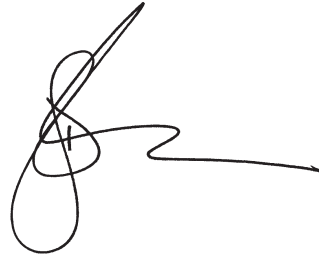
If you wish to participate in the Plan, simply contact your broker, investment dealer, financial institution or other nominee through which you hold your trust units, as they must enroll in the Plan on your behalf, all as described in the attached booklet. If you require more information about the Plan, contact our Investor Relations department at 1-888-428-3222, or visit our website at www.pembina.com.

Sincerely,



R.B. Michaleski

President and Chief Executive Officer



D.J. Watkinson

Vice President, General Counsel and Secretary

January 24, 2003

*Premium Distribution, Distribution Reinvestment
and Optional Unit Purchase Plan*

OFFERING CIRCULAR

PURPOSE

The Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the “Plan”) provides eligible holders (“Unitholders”) of trust units (“Units”) of Pembina Pipeline Income Fund (“Pembina”) the opportunity to either receive a premium cash payment in lieu of the cash distribution declared payable by Pembina or accumulate additional Units at a 5% discount to the Average Market Price (as defined herein). Participants may also purchase additional Units by investing additional sums (“optional cash payments”) within the limits and subject to the terms of the Plan. The Plan provides an efficient and cost-effective way for Pembina to issue additional equity to existing Unitholders.

Pembina will determine for each distribution payment date the amount of new equity, if any, that will be made available under the Plan on that date. No assurances can be made that new Units will be made available under the Plan on a regular basis, or at all.

DEFINITIONS

“Average Market Price” means the arithmetic average of the daily volume weighted average trading prices of the Units on the Toronto Stock Exchange for the trading days in the Trading Period on which at least a board lot of Units is traded, appropriately adjusted for certain capital changes (including Unit subdivisions, Unit consolidations, certain rights offerings and certain distributions).

“CDS” means The Canadian Depository for Securities Limited, which acts as a nominee for many Canadian investment dealers and brokerage firms, or its nominee, as applicable.

“Distribution” means the cash distribution declared payable by Pembina for any particular month.

“Investment Dealer” means a broker, investment dealer, financial institution or other nominee of CDS.

“Participants” means beneficial holders of at least one Unit who, on the applicable record date for a Distribution, are eligible to participate in the Plan and have elected to do so by having their Investment Dealer advise the Plan Agent (through CDS) of their participation in the Plan, as more particularly described in the Plan.

“Plan Agent” means Computershare Trust Company of Canada, its successors or assigns, or such other trust company as is appointed by Pembina from time to time to act as plan agent under the Plan.

“Plan Broker” means a qualified investment dealer designated by Pembina from time to time to act as Plan Broker under the Plan for the purposes of enabling Participants to receive the Premium Distribution.

“Premium Distribution” means a cash payment equal to 102% of the Distribution that a Participant would have otherwise been entitled to receive on the applicable distribution payment date (subject to proration in certain events as hereinafter described).

“Trading Period” means the period commencing on the second business day after the distribution record date and ending on the second business day immediately prior to the distribution payment date. Such period will not include more than 20 trading days.

ADVANTAGES

An eligible Unitholder (see “Participation” below) may, by enrolling in the Plan, direct that Distributions in respect of all Units of such Unitholder enrolled in the Plan be applied to the purchase of additional Units, and may elect to either (i) exchange the additional Units for the Premium Distribution on the distribution payment date, or (ii) have the additional Units purchased under the Plan credited to the account of such Unitholder. In either case, the price of Units purchased with reinvested Distributions will be 95% of the Average Market Price.

A Participant in either the Premium Distribution component or the distribution reinvestment component of the Plan may also purchase additional Units under the Plan with optional cash payments, subject to a maximum of CDN\$100,000 per Participant per calendar year and a minimum of CDN\$1,000 per Participant per remittance. Optional cash payments will be used to purchase additional Units on the distribution payment dates. The price of Units purchased with optional cash payments will be the Average Market Price.

Units issued pursuant to the Plan are purchased directly from Pembina by the Plan Agent on behalf of the Participants. The Plan Agent will, depending on the Participant's election, either (i) exchange the additional Units for the Premium Distribution, which will be credited to the Participant's account through CDS, or (ii) credit the additional Units to the Participant's account through CDS. Where a Participant has applied to purchase additional Units with an optional cash payment, subject to the policies of the Participant's Investment Dealer and provided the Participant's Investment Dealer properly enrolls such Units in the Plan, any additional Units purchased with such optional cash payment will be enrolled in the Plan in the same manner as the Participant's previously-held Units.

Generally, but subject to the policies of each Investment Dealer, no commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Units under the Plan. Full investment of funds is possible because the Plan permits fractions of Units to be credited to Participants' accounts, provided a Participant's Investment Dealer will do so.

ADMINISTRATION

Computershare Trust Company of Canada currently acts as Plan Agent under the Plan. If Computershare Trust Company of Canada ceases to act as Plan Agent for any reason, another trust company will be designated by Pembina to act as Plan Agent and Participants will be promptly notified of the change.

The Plan Agent acts for and on behalf of the Participants. On each distribution payment date, Pembina will pay to the Plan Agent all Distributions in respect of Units properly enrolled in the Plan. The Plan Agent will use such funds, together with all optional cash payments received from such Participants' Investment Dealers that are eligible to be invested on that distribution payment date, to purchase additional Units directly from Pembina. Additional Units purchased under the Plan will be credited to Participants' accounts or exchanged for the Premium Distribution, as applicable.

Any Distributions in respect of Units (including fractions of Units) that are enrolled in the Plan will be reinvested in new Units, and such additional Units will either be credited to the Participant's account or, if the Participant has so elected, exchanged for the Premium Distribution, as applicable.

Under both the Premium Distribution component and the distribution reinvestment component of the Plan, the Plan Agent will purchase, on each distribution payment date, on behalf of each Participant, that number of Units (including fractions of Units) equal to the amount invested under the Plan for such Participant divided by 95% of the Average Market Price for the applicable Trading Period. Where a Participant makes an optional cash payment, the Plan Agent will purchase, on the applicable distribution payment date, for the account of that Participant, that number of Units (including fractions of Units) equal to the amount of the optional cash payment divided by the Average Market Price for the applicable Trading Period. See "Price of New Units" below.

New Units purchased pursuant to the Premium Distribution component of the Plan will be exchanged for the Premium Distribution, which will be credited to a Participant's account with his or her Investment Dealer in accordance with the Plan. New Units purchased pursuant to the distribution reinvestment component of the Plan or with optional cash payments will be credited to the Participant's account with his or her Investment Dealer in accordance with the Plan.

All funds received by the Plan Agent under the Plan, whether cash Distributions received from Pembina or optional cash payments received from a Participant's Investment Dealer on behalf of a Participant, will be applied to the purchase of new Units directly from Pembina. **In no event will interest be paid to Participants on any funds held for investment under the Plan.**

PARTICIPATION

All holders of at least one Unit, other than United States residents, are eligible for enrollment in the Plan at any time. Pembina uses a "certificateless" book-entry only securities registration system in which all of the outstanding Units are held through CDS instead of being registered in the names of the beneficial Unitholders. As a result, Unitholders may not directly enroll in the Plan through Pembina or the Plan Agent, but must enroll in the Plan through their Investment Dealer (such as a broker, investment dealer, financial institution or other nominee of CDS). Unitholders may only participate in the Premium Distribution component or the

distribution reinvestment component of the Plan if they arrange for their Investment Dealer to enroll in the Plan on their behalf. Through the optional cash payment portion of the Plan, a Participant in either the Premium Distribution component or the distribution reinvestment component of the Plan may also, at the time of enrolling in the Plan or from time to time thereafter, invest an optional cash payment in additional Units through their Investment Dealer in accordance with the Plan. See “Optional Cash Payments” below.

Unitholders should contact their broker, investment dealer, financial institution or other nominee who holds their Units to provide instructions on how they would like to participate in the Plan.

An eligible Unitholder becomes a Participant by contacting their Investment Dealer and having them take the appropriate steps (including making the necessary arrangements with CDS) to enroll the Unitholder in the Plan. The Investment Dealer may require the Participant to complete an Authorization Form with respect to the distribution reinvestment, Premium Distribution or optional cash payment component of the Plan (each of which is included in this booklet) or may require alternative enrollment procedures. Each the above types of Authorization Form may also be obtained from the Plan Agent at any time upon request or from Pembina’s website at www.pembina.com. By enrolling in the Plan, a Participant is deemed to have directed Pembina to forward to the Plan Agent all Distributions in respect of that Participant’s Units enrolled in the Plan, and to have directed the Plan Agent to reinvest such Distributions in additional Units in accordance with the Plan. Where a Participant elects to participate in the Premium Distribution component of the Plan, the Participant is further deemed to have directed the Plan Agent to deliver all such additional Units to the Plan Broker in exchange for the Premium Distribution and to have made certain representations and warranties to Pembina, the Plan Agent and the Plan Broker to the effect that the Participant is the valid owner, free and clear of liens and encumbrances, of those Units and that it is not subject to any particular resale restrictions under securities laws, as described in the Premium Distribution Authorization Form contained in this booklet.

A Participant’s Investment Dealer must provide appropriate instructions to CDS regarding a Participant’s participation in the Plan no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date (or such other deadline as CDS may set from time to time) in order for the Distribution to which such record date

relates to be reinvested under the Plan. If CDS is not advised of a Participant’s participation in the Plan by a Participant’s Investment Dealer before 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date, the Distribution to which such record date relates will not be reinvested under the Plan for that particular Distribution. **Unitholders who wish to participate in the Plan will need their Investment Dealer to elect to participate on their behalf every distribution period.**

Once a Unitholder has enrolled in either the Premium Distribution component or the distribution reinvestment component of the Plan, unless a Participant’s Investment Dealer’s policies provide otherwise and provided the Investment Dealer continues to enroll the Participant’s Units in the Plan as directed, participation in the manner elected by the Participant continues automatically until the Participant’s participation in the Plan is terminated or until the Participant changes its election by having such Participant’s Investment Dealer deliver to the Plan Agent (through CDS) on its behalf, new instructions reflecting the new election. The time at which a termination of Plan participation or a change of election becomes effective is described under “Termination of Participation” and “Change of Election” below. The effect of these provisions is that a Participant cannot terminate participation in the Plan or change an election previously made under the Plan after 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date to and including the distribution payment date to which such record date relates.

Pembina reserves the right to determine, from time to time, a minimum number of Units that a Participant must hold in order to qualify for or continue enrollment in the Plan and reserves the right to refuse participation to, or cancel participation of, any person who, in the opinion of Pembina, is participating in the Plan primarily with a view to arbitrage trading.

NON-RESIDENTS OF CANADA

United States residents are not permitted to participate in the Plan. Pembina and any Investment Dealer reserve the right to deny participation in the Plan to, and to not accept Authorization Forms, Optional Cash Payment Forms or other forms of elections or instructions from, any person or agent of such person who appears to be or who Pembina or such Investment Dealer has reason to believe is subject to the laws of any jurisdiction which do not permit participation in the Plan in the manner sought by or on behalf of such person.

PREMIUM DISTRIBUTION

Where Participants elect to receive the Premium Distribution, the Plan Agent will pre-sell, through the Plan Broker, in one or more transactions in the Canadian market, that number of Units to be purchased on the distribution payment date with the reinvested Distributions of such Participants. The Plan Agent will receive from the Plan Broker, for the account of such Participants, subject to proration as described herein, the Premium Distribution in an amount equal to 102% of the Distributions that such Participants would have otherwise been entitled to receive on that distribution payment date. Units issued to the Plan Agent on behalf of Participants who elected to receive the Premium Distribution will not be credited to such Participants' accounts, but will instead be exchanged for the Premium Distribution. Upon receipt of the Premium Distribution from the Plan Broker, the Plan Agent will make arrangements with CDS to credit the account of each Participant who elected to receive the Premium Distribution.

Pembina and the Plan Agent have a commitment from the Plan Broker to pay the Premium Distribution. Although Pembina and the Plan Agent will, if necessary, make claims on the commitment, neither Pembina nor the Plan Agent has any liability to Participants for any failure of the Plan Broker to fulfil its obligations under the Premium Distribution component of the Plan. If the Plan Broker for any reason defaults on its obligation to deliver to the Plan Agent funds sufficient to satisfy the full amount of the Premium Distribution, then Participants who elected to receive the Premium Distribution will in any event receive their cash Distributions from Pembina in respect of their Units on the applicable distribution payment date.

PAYMENT OF PREMIUM DISTRIBUTION

Participants who elect to receive the Premium Distribution will have their account with their Investment Dealer credited with the amount of the Premium Distribution, ordinarily at the same time that cash distributions are paid to Unitholders following a distribution payment date.

OPTIONAL CASH PAYMENTS

Optional cash payments may be made by Unitholders who are enrolled in either the Premium Distribution component or the distribution reinvestment component of the Plan. A Participant may make an optional cash payment by contacting his or her Investment Dealer, providing them with an Optional Unit Purchase Authorization Form and making the necessary payment arrangements with them.

Alternatively, a Participant's Investment Dealer may require the Participant to enroll in another manner. The Investment Dealer must then submit an Optional Cash Payment Form, together with a certified cheque, bank draft or money order made payable to "Computershare Trust Company of Canada", to the Plan Agent at its address on the Optional Cash Payment Form on the Participant's behalf (or make such other arrangements as CDS may direct from time to time). Each of the Optional Unit Purchase Authorization Form to be provided by a Participant to its Investment Dealer, and the Optional Cash Payment Form that Investment Dealers are to provide to Computershare Trust Company of Canada, are included in this booklet, are available on Pembina's website at www.pembina.com or may be obtained from the Plan Agent at any time.

Optional cash payments cannot exceed CDN\$100,000 per Participant in any calendar year, or be less than CDN\$1,000 per Participant per remittance, and must be received by the Plan Agent no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date in order to be invested in additional Units on the distribution payment date to which such record date relates. Optional cash payments received by the Plan Agent after 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date will not be invested, and are not eligible for investment, in additional Units and will be returned to the Investment Dealers from whom the payments were received.

Once enrolled in the Plan, Unitholders may make optional cash payments through their Investment Dealer by continuing to have such Investment Dealer tender such payments, together with an Optional Cash Payment Form, to the Plan Agent (or make such other arrangements as CDS may direct from time to time). An Investment Dealer who wishes to make optional cash payments on behalf of one or more beneficial owners must make the declaration set forth in the Optional Cash Payment Form that (i) it is making the optional cash payment on behalf of one or more beneficial owners of Units who hold Units through such Investment Dealer, (ii) it has applied to participate in the Premium Distribution component or the distribution reinvestment component of the Plan on behalf of each such beneficial owner, and (iii) at least CDN\$1,000 per remittance and not more than CDN\$100,000 per calendar year is being paid on behalf of each beneficial owner.

Subject to the policies of a Participant's Investment Dealer and provided that the Investment Dealer enrolls such Units in the Plan as required, Distributions in respect of Units purchased for the account of a Participant with optional cash payments and held under the Plan will automatically be reinvested in additional Units in accordance with the Plan and the current election of that Participant.

Pembina reserves the right to determine from time to time not to accept optional cash payments for the purchase of new Units under the Plan.

There is no obligation to make an optional cash payment and the amount (subject to the maximum and minimum limits specified herein) may vary from time to time. However, a direction to purchase new Units with an optional cash payment is irrevocable once received by the Plan Agent, and funds will only be returned to a Participant's account if Pembina determines not to accept such optional cash payment for the purchase of new Units on the distribution payment date on which such optional cash payment is eligible for investment.

PRORATION IN CERTAIN EVENTS

Pembina may not issue in any financial year, pursuant to optional cash payments, more than the maximum number of Units permitted by applicable laws and regulatory policies (as at the effective date of the Plan, this maximum was equal to 2% of the number of Units outstanding at the start of the financial year). In addition, Pembina will determine on or before each distribution record date the amount of equity, if any, that will be made available under the Plan on the distribution payment date to which such record date relates.

If, in respect of any distribution payment date, fulfilling all of the elections under the Plan would result in Pembina exceeding either the limit on new equity set by Pembina or the aggregate annual limit on new Units issuable pursuant to optional cash payments, then elections for the purchase of new Units on that distribution payment date will be accepted: (i) first, from Participants electing to reinvest Distributions under the distribution reinvestment component of the Plan; (ii) second, from Participants electing to receive the Premium Distribution; and (iii) third, from Participants electing to make optional cash payments. If Pembina is not able to accept all elections in a particular category, then purchases of Units in that category on the applicable distribution payment date will be prorated among all Participants in that category according to the number of additional Units sought to be purchased.

In the event that trading of Units on the Toronto Stock Exchange, or the trading thereof by the Plan Broker, is for any reason prohibited for an entire day, or if the Premium Distribution component of the Plan is terminated or suspended for any reason, in either case during a Trading Period, then the number of Units issuable on the distri-

bution payment date following such event with reinvested Distributions pursuant to the Premium Distribution component of the Plan will be prorated among Participants who have elected to receive the Premium Distribution.

If Pembina determines not to issue any equity through the Plan on a particular distribution payment date, or to the extent that the availability of new Units is prorated in accordance with the terms hereof, then Participants will receive from Pembina the Distributions to which they would otherwise be entitled on such date and which are not reinvested as a result of such determination or proration.

PRICE OF NEW UNITS

On each distribution payment date, the Plan Agent will, on behalf of the Participants, pay to Pembina all funds received by the Plan Agent that are eligible for investment in new Units on such date. The subscription price of new Units purchased under both the Premium Distribution component and the distribution reinvestment component of the Plan will be 95% of the Average Market Price during the applicable Trading Period. The subscription price of new Units purchased under the Plan with optional cash payments will be such Average Market Price. Pembina will advise the Plan Agent of such Average Market Price on the business day immediately preceding the distribution payment date.

COSTS

No commissions, service charges or brokerage fees are payable by Participants in connection with the purchase of additional Units under the Plan, subject to the policies of a Participant's Investment Dealer. All administrative costs of the Plan, including the fees and expenses of the Plan Agent, will be paid by Pembina.

ACCOUNTS AND REPORTS TO PARTICIPANTS

Statements and reports, if any, with respect to purchases of Units under the Plan will be provided to Participants by their Investment Dealer. These statements are a Participant's continuing record of purchases of Units made for such Participant's account under the Plan and should be retained for income tax purposes. The Participant's Investment Dealer will also send annually to each Participant certain tax forms for tax reporting purposes. The calculation and monitoring of each Participant's adjusted cost base in Units for income tax purposes will be the responsibility of each Participant as certain averaging rules may apply and such calculations may depend on the cost of other Units held by the Participant.

CERTIFICATES FOR UNITS AND FRACTIONAL UNITS

Unless and until Pembina terminates its arrangement with CDS under which Units are issued in book-entry form only and certificates cannot be issued in the name of Unitholders, Participants will not be entitled to receive a certificate evidencing ownership of any Units. Participants should contact their Investment Dealer with respect to the treatment of fractional Units that could notionally exist from the reinvestment of a Participant's Distribution, as some Investment Dealers will facilitate the accumulation of fractional Units in a Participant's account while others may not.

TERMINATION OF PARTICIPATION

Participants may voluntarily terminate participation in the Plan by advising their Investment Dealer to do so. The Investment Dealer must then make appropriate arrangements with CDS (which may simply include not enrolling that Participant in the Plan for that distribution period) to ensure that a Unitholder is no longer enrolled in the Plan. In such event, and provided that the Investment Dealer has also advised the Plan Agent of a Participant's withdrawal from the Plan, a Participant will receive a refund of any optional cash payments received from such Participant prior to such termination where such optional cash payments have not yet been invested in Units, and depending on the Investment Dealer, adjustments or payments may be made for fractional Units held in a Participant's account.

CHANGE OF ELECTION

A Participant may change its election as between the Premium Distribution component and the distribution reinvestment component of the Plan by contacting such Participant's Investment Dealer and having them advise CDS (who will subsequently advise the Plan Agent) on its behalf, of the Participant's new election. An Investment Dealer must advise CDS of a change in election no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date in order for the new election to apply to the Distribution to which such record date relates. If the change of election is received by CDS after 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date, then the previous election will continue to apply to the Distribution to which such record date relates.

RIGHTS OFFERING

In the event that Pembina makes available to its Unitholders rights to subscribe for additional Units or other securities, rights will be issued by Pembina in respect of whole Units held in a Participant's account with their Investment Dealer under the Plan on the record date for such rights issue. No rights will be issuable on a fraction of a Unit held in a Participant's account.

SUBDIVISIONS

If Units are distributed pursuant to a subdivision of Units, the additional Units received in respect of Units enrolled in the Plan will be credited to the accounts of Participants.

UNITHOLDER VOTING

Whole Units enrolled in the Plan on the record date for a vote of Unitholders may be voted in the same manner as any other Units. No voting rights will attach to any fraction of a Unit in a Participant's account.

RESPONSIBILITIES OF PEMBINA, THE PLAN AGENT AND THE PLAN BROKER

Neither Pembina nor the Plan Agent nor the Plan Broker shall be liable to any Participant for any act or for any omission to act in connection with the operation of the Plan including, without limitation, any claims for liability:

- (a) arising out of the failure of a Participant's Investment Dealer to terminate a Participant's participation in the Plan upon such Participant's death;
- (b) with respect to the prices and times at which Units are purchased on behalf of a Participant;
- (c) with respect to decisions by Pembina to raise or not raise equity through the Plan in any given distribution period, or the amount of equity raised, if any;
- (d) arising out of default by the Plan Broker in delivering the Premium Distribution to the Plan Agent on any distribution payment date;
- (e) arising out of a prorating, for any reason, of the amount of equity available under the various components of the Plan in the circumstances described herein; and
- (f) with respect to any decision by Pembina not to accept an optional cash payment for the purchase of additional Units under the Plan, or arising out of a failure by the Plan Agent to purchase additional Units with an optional cash payment.

Participants should recognize that neither Pembina nor the Plan Agent can assure a profit (or payment of the Premium Distribution) or protect them against a loss on the Units purchased under the Plan.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The following is a summary only of certain Canadian federal income tax considerations relevant to participation in the Plan. The information provided is current as of the effective date of the Plan. This summary is not intended to be legal or tax advice to any particular Participant and Participants are urged to consult their tax advisors as to their particular tax position.

Residents of Canada

The fact that Distributions are reinvested or Premium Distributions are received under the terms of the Plan does not relieve Participants of any liability for taxes that may be payable on such Distributions. To the extent that a Distribution from Pembina would be included in the income of holders of Units for the purposes of the *Income Tax Act* (Canada) (the “Tax Act”), such amount will be included in the income of Unitholders who elect to reinvest such amount in new Units under the Plan.

The cost to a Participant of Units acquired pursuant to the optional cash payment component of the Plan will be equal to the amount of optional cash payments made by the Participant. The cost to a Participant of Units acquired under the Premium Distribution component or the distribution reinvestment component will be equal to the amount of the reinvested Distributions of such Participant.

The Canada Customs and Revenue Agency (the “CCRA”) generally takes the position that the amount, if any, by which the fair market value of any Units acquired pursuant to the Premium Distribution component or the distribution reinvestment component of the Plan on the date of purchase of such Units exceeds the purchase price therefor must be included in the income of the Participant. Participants should note that Pembina is not required to provide, and will not be providing, any notice or report to Participants in respect of such income. Where the Units acquired pursuant to the Plan are capital property to the Participant, the amount added to the Participant’s income will be added in computing the cost to the Participant of such Units for purposes of determining the adjusted cost base and capital gain or loss on the disposition of such Units. The cost of such Units must be averaged with the cost of all other Units held by the Participant for the purpose of determining the adjusted cost base of all Units held by the Participant pursuant to the averaging provisions of the Tax Act.

The CCRA may take the position that Units acquired and sold under the Premium Distribution component of the Plan are inventory and not capital property unless the Participant has made an election under subsection 39(4) of the Tax Act to have every “Canadian security” (as that term is defined in the Tax Act) owned by the Participant deemed to be a capital property.

Where the Units acquired under the Premium Distribution Plan are inventory to the Participant, the Participant will generally be required to include in income the net profit or net gain arising from the acquisition and disposition of the Units such that, in the case of Units acquired and sold under the Premium Distribution component of the Plan, the Participant will generally recognize income equal to 2% of the Distribution received by the Plan Agent on behalf of the Participant.

If a Participant disposes of Units acquired pursuant to the Plan which are capital property (including a disposition of Units acquired pursuant to the Premium Distribution component by a Participant who has made an election pursuant to subsection 39(4) of the Tax Act), the Participant will recognize a capital gain (or a capital loss) to the extent that the proceeds of disposition exceed (or are less than) the adjusted cost base of the Units held by the Participant immediately before the disposition. One-half of a capital gain (the “taxable capital gain”) must be included in income of the Participant for the year in which the disposition occurs and one-half of a capital loss (the “allowable capital loss”) may generally be deducted by the Participant against taxable capital gains for the year of disposition, in any of the three preceding years, or in any subsequent year, subject to the detailed provisions of the Tax Act.

Non-Residents of Canada

The fact that Distributions are reinvested or Premium Distributions are received under the terms of the Plan does not relieve a Participant who is not a resident of Canada for the purposes of the Tax Act (a “Non-resident Participant”) of any liability for taxes which may be applicable to the Distribution. In particular, the amount of any Distributions designated by a Non-resident Participant for reinvestment under the Premium Distribution component of the Plan will be reduced by the non-resident withholding tax applicable thereto. The rate of withholding tax under the Tax Act on Distributions is generally 25% of the amount of income paid or credited to a Non-resident Participant unless reduced by the terms of an applicable treaty.

Gains realized by a Non-resident Participant on the disposition of Units, including Units sold under the Premium Distribution component of the Plan, will generally not be subject to tax in Canada unless the Units are held in the course of carrying on a business in Canada; the Non-resident Participant at any time in the 60-month period preceding the disposition, either alone or together with persons with whom the Non-resident Participant does not deal at arm's length, owned or had an interest in or option in respect of not less than 25% of the issued Units; or the Units are "designated insurance property" of the Non-resident Participant.

Unitholders who are residents of the United States are not eligible to participate in the Plan.

AMENDMENT, SUSPENSION OR TERMINATION OF THE PLAN

Pembina reserves the right to amend, suspend or terminate the Plan at any time, but such action shall have no retroactive effect that would prejudice the interests of Participants. Where required, amendments to the Plan will be subject to the prior approval of the Toronto Stock Exchange. Pembina will publicly announce any amendment, suspension or termination of the Plan and will notify Unitholders in accordance with applicable securities law requirements. If Pembina terminates the Plan, a Participant will receive a refund for any optional cash payments made by such Participant prior to termination but not yet invested in Units, and depending on the Investment Dealer, adjustments or payments may be made for fractional Units held in a Participant's account. If Pembina suspends the Plan, no investment will be made by the Plan Agent on the distribution payment date immediately following the effective date of such suspension, and any optional cash payments not invested in Units as of the effective date of such suspension and any Distributions paid after the effective date of such suspension that would, but for the suspension, be reinvested under the Plan, will be remitted to the Participants.

INTERPRETATION

Any issues of interpretation arising in connection with the Plan or its application shall be conclusively determined by Pembina.

NOTICES

All notices or other documents required to be given to Participants under the Plan shall be publicly announced by Pembina and Pembina will notify Participants in accordance with applicable securities law requirements.

Notices to the Plan Agent shall be sent to:

COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1
ATTENTION: Dividend Reinvestment Department
TELEPHONE: 1-800-564-6253
FACSIMILE: (416) 263-9394
TOLL-FREE FACSIMILE: 1-888-453-0330

Notices to Pembina Pipeline Income Fund shall be sent to:

PEMBINA PIPELINE INCOME FUND
2700, 707 – 8th Avenue S.W., P.O. Box 1948, Calgary, AB T2P 2M7
ATTENTION: Investor Relations
TELEPHONE: (403) 231-7500
TOLL-FREE: 1-888-428-3222
FACSIMILE: (403) 237-0254
E-MAIL: investor-relations@pembina.com

EFFECTIVE DATE OF THE PLAN

The effective date of the Plan is January 24, 2003.

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and Optional Unit Purchase Plan*

QUESTIONS AND ANSWERS

The following series of questions and answers explains some of the key features of the Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the "Plan") of Pembina Pipeline Income Fund ("Pembina"). The answers are, however, of a summary nature only, and are expressly subject to the complete text of the Plan, which is reproduced in the Offering Circular included in this booklet. Unitholders of Pembina should carefully read the complete text of the Plan before making any decisions regarding participation in the Plan.

1. What is the Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan?

If you are an eligible unitholder of Pembina (as described in Question #3 below), then the Plan will enable you to either:

- (a) receive, in lieu of your cash distribution, a premium cash payment equal to 102% of such amount ("premium distribution"), or
- (b) accumulate additional units at a 5% discount to the Average Market Price (as defined in the Plan) ("distribution reinvestment").

Participation in either the premium distribution component or the distribution reinvestment component of the Plan will involve the reinvestment of your cash distribution in additional units.

Under the premium distribution component of the Plan, the additional units so acquired will be exchanged with a designated broker (the "Plan Broker") for the premium distribution. Under the distribution reinvestment component of the Plan, the additional units purchased are credited to your account in which your existing units are held.

You may also purchase additional units at the Average Market Price (with no discount) by directly investing additional amounts ("optional cash payments") within the limits and subject to the terms of the Plan.

The amount of the premium distribution and/or the number of additional units that may be acquired and accumulated under the Plan is subject to proration in certain events. See Questions #8 and #12 below and "Proration in Certain Events" in the Plan.

You are not required to participate in the Plan. If you do not participate, then you will continue to receive your cash distributions in the normal manner.

2. What are the advantages of the Plan?

- (a) The Plan provides a means by which you can increase your cash distributions by up to 2%.
- (b) The Plan provides a convenient and cost-effective way for you to increase your investment in Pembina (generally without incurring service charges or brokerage fees).
- (c) Units purchased with reinvested distributions are bought at a 5% discount to the Average Market Price.
- (d) If you elect to participate in the Plan, then you may apply to purchase additional units at the Average Market Price (with no discount) by making optional cash payments, subject to the limits established under the Plan.
- (e) Funds to be invested in new units on your behalf can be fully invested because fractions of units may be credited to your account under the Plan (provided that your broker, investment dealer, financial institution or nominee will do so).
- (f) Future cash distributions on units enrolled in the Plan will be automatically reinvested in new units, which will be retained in your account or exchanged for the premium distribution in accordance with your election.

3. Am I eligible to participate in the Plan, and if so, to what extent?

Except as noted in the Plan, holders of at least one unit of Pembina may enroll in the Plan at any time. Residents of the United States are not permitted to participate in the Plan.

In order to participate in the Plan, you must make arrangements through your broker, investment dealer, financial institution or other nominee who holds Pembina's units on your behalf.

(a) You are a Beneficial Owners of Units.

You are a beneficial owner of units if you hold your units through a broker, investment dealer, financial institution or other nominee. If you are a beneficial owner of units and wish to participate in either the premium distribution component or the distribution reinvestment component of the Plan, then you must arrange for your broker, investment dealer, financial institution or other nominee to enroll in the Plan on your behalf. **Your broker or other nominee will be required to elect to participate on your behalf every distribution period.** If your broker, investment dealer, financial institution or other nominee has enrolled in either the premium distribution component or the distribution reinvestment component of the Plan on your behalf, then you also may make optional cash payments through such nominee holder.

(b) You are a Broker, Investment Dealer, Financial Institution or Nominee Holder of Units.

As described above, if you are a broker, investment dealer, financial institution or other nominee holder of units on behalf of one or more beneficial unitholders, you must enroll in either the premium distribution or distribution reinvestment component of the Plan on behalf of the beneficial unitholder as described below, and you must do so every distribution period. Additionally, if you are a nominee for one or more beneficial owners of units, and you wish to make an optional cash payment on behalf of one or more beneficial owners of units, then you must provide Computershare Trust Company of Canada (the "Plan Agent") with such payment, together with an Optional Cash Payment Form that includes a declaration that you are making the optional cash payment on behalf of one or more beneficial owners of units who hold units through you, that you have applied to participate in the premium distribution

component or the distribution reinvestment component of the Plan on behalf of each such beneficial owner of units, and that at least CDN\$1,000 per remittance and not more than CDN\$100,000 per calendar year is being paid on behalf of each beneficial owner of units. CDS may from time to time provide you with additional information as to the manner of making optional cash payments.

4. How do I become a participant in the Plan?

If you are an eligible beneficial holder of units of Pembina and wish to participate in the Plan, you must make arrangements with your broker, investment dealer, financial institution or other nominee to enroll in the Plan on your behalf through CDS. Your broker or other nominee may require you to complete the Distribution Reinvestment Authorization Form or the Premium Distribution Authorization Form, as applicable, which are included in this booklet, available on Pembina's website at www.pembina.com or obtained from the Plan Agent at any time. Your broker or other nominee may require that alternative arrangements be made.

Subject to the policies of your broker or other nominee and provided that they continue to enroll your units in the Plan for each distribution, once you have enrolled, your participation in the Plan continues automatically until terminated by you voluntarily, until you cease to be an eligible unitholder or until the Plan is terminated by Pembina. No further action is required by you unless you wish to change your election as between the premium distribution component and the distribution reinvestment component of the Plan.

Your broker, investment dealer, financial institution or other nominee must advise CDS of your participation in the Plan no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date (or such other deadline as CDS may set from time to time) in order for your cash distribution to which such record date relates to be reinvested under the Plan. If your broker, investment dealer, financial institution or other nominee advises CDS of your participation in the Plan after 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date, then any cash distribution to which such record date relates will not be reinvested under the Plan and your enrollment in the Plan will be effective for purposes of subsequent distributions only.

5. What will be the price of new units purchased for my account under the Plan?

New units purchased under the Plan with reinvested distributions (whether under the premium distribution component or the distribution reinvestment component of the Plan) will be priced at 95% of the Average Market Price (as defined in the Plan). New units purchased with optional cash payments will be priced at the Average Market Price without any discount.

6. How do I receive the premium distribution?

If you have elected to participate in the premium distribution component of the Plan, the cash distributions in respect of your existing units (subject to proration) will be automatically reinvested in new units under the Plan at a 5% discount to the Average Market Price, and the Plan Agent will exchange such new units with the Plan Broker for a cash payment equal to 102% of such distribution. The cash payment will then be credited, through CDS, to your account in which your existing units are held.

7. How am I able to receive an amount equal to 102% of my cash distribution?

New units issued by Pembina on a distribution payment date pursuant to the premium distribution component of the Plan will be issued at a 5% discount to the Average Market Price. If you elect to receive the premium distribution, then the Plan Agent will, in anticipation of the reinvestment of your cash distributions in new units, pre-sell through the Plan Broker that number of units that will be purchased on the distribution payment date with such reinvested distributions. Such pre-sales will be made at prevailing market prices. If the prevailing market prices realized are approximately the same as the Average Market Price, then the difference between the issue price of the units and the price realized on the pre-sales will be approximately 5%. Of this difference, 2% will be paid to you and the balance (which may be more or less than 3%), if any, will be retained by the Plan Broker as compensation for its services in connection with the Plan.

The Plan Broker will, subject to proration as described in the Plan, be obligated, in any event, to pay the full amount of the premium distribution.

8. What will I receive under the premium distribution component of the Plan if proration applies?

The premium distribution component of the Plan is subject to the possibility of proration in certain events as described in the Plan. See “Proration in Certain Events” in the Plan. To the extent that your election to receive the premium distribution cannot be fulfilled, in whole or in part, as a result of such proration, or if Pembina determines not to make any new equity available under the Plan on a particular distribution payment date, or if the Plan Broker for any reason defaults on its obligation to deliver to the Plan Agent funds sufficient to satisfy the full amount of the premium distribution, then you will receive your cash distribution from Pembina to which you would otherwise be entitled on such date.

By way of example, suppose that Pembina determines that the maximum amount of equity available under the premium distribution component of the Plan on the relevant distribution payment date is \$875,000, and that Pembina declares a distribution of \$0.0875 per unit. In these circumstances, the maximum number of units in respect of which the premium distribution may be paid is 10,000,000 (being the maximum amount of equity divided by the per unit distribution). If unitholders (including you) holding a total of 15,000,000 units have elected to receive the premium distribution, then two-thirds proration would apply to all participants in the premium distribution component of the Plan since, in this example, the full premium distribution could only be paid on 10,000,000 units.

If you own 3,000 units and have elected to participate in the premium distribution component of the Plan, then in this example you would receive the premium distribution cash payment of 102% of your cash distribution in respect of 2,000 of your units and 100% of your cash distribution in respect of the remaining 1,000 units.

9. Will certificates be issued for new units purchased for me under the Plan?

Since Pembina uses a “certificateless” book-entry only securities registration system in which CDS is the only registered unitholder, certificates cannot be issued in the name of an individual unitholder. Units which are purchased for your account under the Plan will be shown on your periodic statement of account from your broker, investment dealer, financial institution or other nominee. If you elect to receive the premium distribution, then the additional units purchased with your reinvested distributions will not be shown on your statement as such units are exchanged for the premium distribution cash payment and the amount of the premium distribution cash payment should appear on your account statement.

10. Can I sell units enrolled in the Plan?

In order for units enrolled in the Plan to be sold, pledged or otherwise disposed of, you must contact your broker, investment dealer, financial institution or other nominee, who must ensure that your units are removed from participation in the Plan. See Question #9 above.

11. How can I change my election or terminate my participation under the Plan?

Once you have enrolled in either the premium distribution component or the distribution reinvestment component of the Plan, subject to any particular policies of your broker, investment dealer, financial institution or other nominee holder and provided that they continue to enroll your units in the Plan for each distribution, your participation in the manner elected by you continues automatically until you change your election or your enrollment in the Plan is terminated.

You may change your election as between the premium distribution and distribution reinvestment components of the Plan by contacting your broker, investment dealer, financial institution or other nominee and having them advise CDS (who will subsequently advise the Plan Agent), on your behalf, of your new election. See “Change of Election” in the Plan.

You may voluntarily terminate your participation in the Plan by contacting your broker, investment dealer, financial institution or other nominee and advising them to do so. Your broker or other nominee must then make appropriate

arrangements with CDS (which may simply include not enrolling you in the Plan for that distribution period) to ensure that you are no longer enrolled under the Plan. See “Termination of Participation” in the Plan.

If your broker, investment dealer, financial institution or other nominee does not advise CDS of your change in election or arrange for your withdrawal from the Plan prior to 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date, then your participation in the Plan will not be changed or terminated, as the case may be, in respect of the distribution payment date to which such record date relates.

12. Are there circumstances where I may not be able to acquire additional units or receive the premium distribution, as the case may be, in accordance with my election?

Your ability to receive the premium distribution or acquire new units under the Plan on any particular distribution payment date depends on the amount of equity, if any, that Pembina decides to make available under the Plan for that distribution payment date, and on the elections that other eligible unitholders have made under the Plan.

If, in respect of any distribution payment date, fulfilling all of the elections under the Plan would result in Pembina exceeding either the limit on new equity set by Pembina or the aggregate annual limit on new units issuable pursuant to optional cash payments (see Question #14 below), then elections for the purchase of new units on that distribution payment date will be accepted: (i) first, from participants electing to reinvest distributions under the distribution reinvestment component of the Plan; (ii) second, from participants electing to receive the premium distribution; and (iii) third, from participants electing to make optional cash payments. If Pembina is not able to accept all elections in a particular category, then purchases of units in that category on the applicable distribution payment date will be prorated among all participants in that category according to the number of additional units sought to be purchased.

As noted under Question #8 above, the premium distribution component of the Plan is subject to the possibility of additional proration in certain events.

If Pembina determines not to issue any equity through the Plan on a particular distribution payment date, or to the extent that the availability of new units is prorated in accordance with the terms of the Plan, then participants will receive from Pembina the cash distributions to which they would otherwise be entitled on such date.

13. How can I make optional cash payments?

Once enrolled in the Plan, you may make an optional cash payment at any time by contacting your broker, investment dealer, financial institution or other nominee, providing them with an Optional Unit Purchase Authorization Form and making the necessary payment arrangements with them (or alternatively, your broker or other nominee may require alternative enrollment procedures). Your broker or nominee must then submit an Optional Cash Payment Form, together with a certified cheque, bank draft or money order made payable to “Computershare Trust Company of Canada”, to the Plan Agent at the address on the Optional Cash Payment Form on your behalf. Each of the Optional Unit Purchase Authorization Form that you are to provide to your broker or other nominee, and the Optional Cash Payment Form that your broker or nominee is to provide to Computershare Trust Company of Canada, is included in this booklet, is available on Pembina’s website at www.pembina.com or may be obtained from the Plan Agent at any time.

Your initial optional cash payment does not give rise to any continuing obligation on you to make further optional cash payments, and subject to the limits set forth in Question #14 below, the amount of each optional cash payment may vary from time to time. A direction to purchase new units with an optional cash payment is, however, irrevocable once received by the Plan Agent.

Optional cash payments will be used to purchase additional units on the applicable distribution payment date. Optional cash payments must be coordinated with and received by the Plan Agent no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date in order to be invested in new units on the distribution payment date to which such record date relates. Optional cash payments received by the Plan Agent after 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date will not be invested in new units and will be returned to the broker or nominee from whom it was received.

CDS may, from time to time, change the manner in which optional cash payments are to be made pursuant to the Plan.

14. How many units can I purchase with optional cash payments?

Optional cash payments may be in different amounts, but cannot be less than CDN\$1,000 per participant per remittance or more than CDN\$100,000 per participant per calendar year (unless you are a nominee unitholder, in which case these minimum and maximum figures apply in respect of each beneficial owner of units for whom you act as nominee). The number of units that you receive for your optional cash payment on any given quarterly distribution payment date will depend on the amount of such payment and the Average Market Price for such date.

Pembina may not issue in any financial year, pursuant to optional cash payments, more than the maximum number of units permitted by applicable laws and regulatory policies (as at the effective date of the Plan, this maximum was equal to 2% of the number of units outstanding at the start of the financial year). In addition, Pembina will determine on or before each distribution record date the amount of equity, if any, that will be made available under the Plan, pursuant to optional cash payments or otherwise, on the distribution payment date to which such record date relates. Pembina will not accept any optional cash payments beyond these limits.

Provided that your broker, investment dealer, financial institution or other nominee takes the appropriate steps to enroll such units in the Plan, the cash distributions in respect of new units purchased with optional cash payments and held under the Plan will automatically be reinvested in additional units in accordance with the Plan and your current election.

Pembina reserves the right to determine from time to time not to accept optional cash payments for the purchase of new units under the Plan.

15. How will the Plan Agent purchase new units of Pembina for me?

On each distribution payment date, Pembina will pay to the Plan Agent all cash distributions made on your units which are enrolled in the Plan, and the Plan Agent will use those funds, together with any optional cash payments received from you that are eligible to be invested on that distribution payment date, to purchase new units directly from Pembina.

All cash distributions on units enrolled in the Plan will be reinvested in new units, and such new units will either be credited to your account with your broker, investment dealer, financial institution or other nominee or, if you so elected, exchanged for the premium distribution.

16. What are the Canadian federal income tax consequences of participating in the Plan?

The fact that distributions are reinvested or premium distributions are received under the terms of the Plan does not relieve you of any liability for Canadian income taxes (or, if you are a non-resident of Canada, for any Canadian withholding taxes) that may be payable on the distribution.

Reinvestment of Distributions. The Canada Customs and Revenue Agency (the “CCRA”) generally takes the position that the amount, if any, by which the fair market value of any units you acquire pursuant to the premium distribution component or the distribution reinvestment component of the Plan on the date of purchase of such units exceeds the purchase price must be included in your income for income tax purposes. The amount reinvested by you will be your cost of the units acquired under the distribution reinvestment component of the Plan plus, as described above, the amount of any income included as a result of the CCRA position relating to the discounted purchase price. Such total cost must be averaged with the cost of all other units you hold for the purpose of determining the adjusted cost base of all your units. Capital gains or losses arising on a disposition of your units will be measured by reference to the adjusted cost base of all your units.

Premium Distribution. If you elect to receive the premium distribution, the CCRA may take the position that you have sold units held as inventory (unless you have made an election under subsection 39(4) of the *Income Tax Act* (Canada)) and that you will have realized additional income for income tax purposes equal to 2% of the regular distribution received from Pembina by the Plan Agent on your behalf.

Additional summary information regarding the income tax consequences of participating in the Plan is set forth in the text of the Plan itself. You should consult your tax advisors concerning the tax implications of your participation in the Plan having regard to your particular circumstances.

17. Where can I get further information?

If you have any questions regarding the Plan, please direct them to the Plan Agent or to Pembina as follows:

COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1
ATTENTION: Dividend Reinvestment Department
TELEPHONE: 1-800-564-6253
FACSIMILE: (416) 263-9394
TOLL-FREE FACSIMILE: 1-888-453-0330

PEMBINA PIPELINE INCOME FUND
2700, 707 – 8th Avenue S.W., P.O. Box 1948, Calgary, AB T2P 2M7
ATTENTION: Investor Relations
TELEPHONE: (403) 231-7500
TOLL-FREE: 1-888-428-3222
FACSIMILE: (403) 237-0254
E-MAIL: investor-relations@pembina.com

AUTHORIZATION FORMS

Each of the Distribution Reinvestment Authorization Form, the Premium Distribution Authorization Form and the Optional Unit Purchase Authorization Form which are contained on the next three pages is, depending on the component(s) of the Plan in which you enroll, to be completed by a beneficial holder of trust units of Pembina Pipeline Income Fund and provided to their broker, investment dealer, financial institution or other nominee.

Relating to the Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the "Plan") of Pembina Pipeline Income Fund ("Pembina") dated January 24, 2003 (as amended from time to time). If you wish to participate in the Plan, contact your broker, investment dealer, financial institution or other nominee who holds your trust units of Pembina ("Units") to provide instructions on how you would like to participate in the Plan.

Your broker, investment dealer, financial institution or other nominee through which your Units are held must advise The Canadian Depository for Securities Limited of your participation in the Plan no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date in order for the cash distribution to which such record date relates to be invested in additional Units in accordance with the Plan.

If you wish to participate in the plan, please indicate your elections as between the distribution reinvestment, premium distribution and optional cash payment components of the Plan by checking the appropriate box below and then completing the appropriate authorization on the following pages.

- DISTRIBUTION REINVESTMENT
- PREMIUM DISTRIBUTION
- OPTIONAL CASH PAYMENT

YOU MUST BE ENROLLED IN EITHER THE DISTRIBUTION REINVESTMENT OR THE PREMIUM DISTRIBUTION COMPONENT OF THE PLAN IN ORDER TO PARTICIPATE IN THE OPTIONAL CASH PAYMENT PORTION OF THE PLAN.

For further information, please contact:

COMPUTERSHARE TRUST COMPANY OF CANADA
100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1
ATTENTION: Dividend Reinvestment Department
TELEPHONE: 1-800-564-6253
FACSIMILE: (416) 263-9394

PEMBINA PIPELINE INCOME FUND
2700, 707 – 8th Avenue S.W., P.O. Box 1948, Calgary, AB T2P 2M7
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FACSIMILE: (403) 237-0254
E-MAIL: investor-relations@pembina.com

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PEMBINA PIPELINE INCOME FUND

DISTRIBUTION REINVESTMENT AUTHORIZATION FORM

To be completed by a beneficial holder of trust units of Pembina Pipeline Income Fund and provided to their broker, investment dealer, financial institution or other nominee.

Please complete this section, sign below and return this Distribution Reinvestment Authorization Form to your broker, investment dealer, financial institution or other nominee through which your Units are held if you wish to reinvest your cash distributions in accordance with the Plan and have the additional Units issued on such reinvestment enrolled under the Plan.

I have received and read a copy of the text describing the Plan. I hereby apply to participate in the Plan and direct Pembina to forward to Computershare Trust Company of Canada, as Plan Agent under the Plan, all cash distributions on all Units which I have enrolled in the Plan now or in the future, and direct Computershare Trust Company of Canada to reinvest such distributions in additional Units, all in accordance with the distribution reinvestment component of the Plan and subject to proration as provided therein.

I hereby agree that all documents relating to the Plan and my participation therein, whenever prepared or received, including without limitation the Offering Circular containing the complete text of the Plan and this Authorization Form, shall be prepared exclusively in the English language. *Je consens par la présente à ce que tous les documents liés au régime ainsi qu'à ma participation à celui-ci, peu importe le moment où ils sont reçus ou préparés, incluant, sans limitation, la notice d'offre contenant le texte complet du régime ainsi que le présent formulaire d'autorisation, soient préparés exclusivement en langue anglaise.*

SIGNATURE OF UNITHOLDER

NAME OF UNITHOLDER (PLEASE PRINT)

DATE

ADDRESS (INCLUDING MUNICIPALITY OF RESIDENCE)

TELEPHONE NUMBER

(continued on following page)

PEMBINA PIPELINE INCOME FUND

PREMIUM DISTRIBUTION AUTHORIZATION FORM

To be completed by a beneficial holder of trust units of Pembina Pipeline Income Fund and provided to their broker, investment dealer, financial institution or other nominee.

Please complete this section, sign below and return this Premium Distribution Authorization Form to your broker, investment dealer, financial institution or other nominee through which your Units are held if you wish to receive a premium cash payment in lieu of your cash distributions to which you would otherwise have been entitled, all in accordance with the Plan.

I have received and read a copy of the text describing the Plan. I hereby apply to participate in the Plan and direct Pembina to forward to Computershare Trust Company of Canada, as Plan Agent under the Plan, all cash distributions on all Units enrolled in the Plan now or in the future, and direct Computershare Trust Company of Canada to: (i) reinvest such distributions in additional Units; and (ii) deliver such additional Units to the Plan Broker designated under the Plan in exchange for a cash payment equal to 102% of such reinvested portion of the distributions which I would have otherwise been entitled to receive on the applicable distribution payment date in respect of such Units, all in accordance with the premium distribution component of the Plan and subject to proration as provided therein.

I hereby agree that all documents relating to the Plan and my participation therein, whenever prepared or received, including without limitation the Offering Circular containing the complete text of the Plan and this Authorization Form, shall be prepared exclusively in the English language. *Je consens par la présente à ce que tous les documents liés au régime ainsi qu'à ma participation à celui-ci, peu importe le moment où ils sont reçus ou préparés, incluant, sans limitation, la notice d'offre contenant le texte complet du régime ainsi que le présent formulaire d'autorisation, soient préparés exclusivement en langue anglaise.*

I hereby represent and warrant to Pembina, Computershare Trust Company of Canada and the Plan Broker that, when the additional Units are delivered to the Plan Broker in accordance with this direction, I will hold good and marketable title to such Units, free and clear of all liens, restrictions, charges, encumbrances, claims and rights of others. I further represent and warrant that such additional Units are not subject to any resale restriction or hold period under applicable securities legislation.

SIGNATURE OF UNITHOLDER

NAME OF UNITHOLDER (PLEASE PRINT)

DATE

ADDRESS (INCLUDING MUNICIPALITY OF RESIDENCE)

TELEPHONE NUMBER

(continued on following page)

PEMBINA PIPELINE INCOME FUND

OPTIONAL UNIT PURCHASE AUTHORIZATION FORM

To be completed by a beneficial holder of trust units of Pembina Pipeline Income Fund and provided to their broker, investment dealer, financial institution or other nominee.

Please complete this section, sign below and return this Optional Unit Purchase Authorization Form to your broker, investment dealer, financial institution or other nominee through which your Units are held in order to make an optional cash payment in accordance with the Plan. You must also make the necessary payment arrangements with your broker, investment dealer, financial institution or other nominee holder. In order to be able to make an optional cash payment, you must have enrolled in either the premium distribution component or the distribution reinvestment component of the Plan.

I have received and read a copy of the text describing the Plan. I wish to make, and have made appropriate payment arrangements to make, an optional cash payment in the amount of \$_____ (which payment must be at least \$1,000 per remittance and, together with previously made optional cash payments, not more than \$100,000 per calendar year). I hereby direct that such amount be invested in additional Units in accordance with the Plan.

I hereby agree that all documents relating to my purchase of additional Units in accordance with the Plan in consideration for the optional cash payment made together herewith, whenever prepared or received, including without limitation the Offering Circular containing the complete text of the Plan and this Authorization Form, shall be prepared exclusively in the English language. *Je consens par la présente à ce que tous les documents liés à l'achat pour mon compte de parts supplémentaires conformément au régime en contrepartie du paiement en espèces optionnel fait avec les présentes, peu importe le moment où ils sont reçus ou préparés, incluant, sans limitation, la notice d'offre contenant le texte intégral du régime et le présent formulaire d'autorisation, soient préparés exclusivement en langue anglaise.*

SIGNATURE OF UNITHOLDER

NAME OF UNITHOLDER (PLEASE PRINT)

DATE

ADDRESS (INCLUDING MUNICIPALITY OF RESIDENCE)

TELEPHONE NUMBER

(continued on following page)

PEMBINA PIPELINE INCOME FUND

OPTIONAL CASH PAYMENT FORM

This Optional Cash Payment Form is to be completed by a Participant's broker, investment dealer, financial institution or other nominee through which Units are held and provided to Computershare Trust Company of Canada.

Relating to the Premium Distribution, Distribution Reinvestment and Optional Unit Purchase Plan (the "Plan") of Pembina Pipeline Income Fund ("Pembina") dated January 24, 2003 (as amended from time to time).

An optional cash payment must be received (together with a completed Optional Cash Payment Form) from a Participant's broker, investment dealer, financial institution or other nominee through which Units are held by Computershare Trust Company of Canada at the address set forth at the end of this Optional Cash Payment Form no later than 4:00 p.m. (E.S.T.) on the business day immediately preceding a distribution record date in order to be invested in additional Units on the distribution payment date to which such record date relates. Optional cash payments received after such time will not be invested in additional Units and will be returned to the applicable nominee.

Optional cash payments must be made by certified cheque, bank draft or money order in immediately available Canadian funds payable to "Computershare Trust Company of Canada".

Please complete this section, sign below and return this Optional Cash Payment Form to Computershare Trust Company of Canada at the address set forth at the end of this Optional Cash Payment Form, together with a certified cheque, bank draft or money order payable to "Computershare Trust Company of Canada", in order to make an optional cash payment in accordance with the Plan. In order to be able to make an optional cash payment, a beneficial unitholder must have enrolled in either the premium distribution component or the distribution reinvestment component of the Plan.

I have received and read a copy of the text describing the Plan. Enclosed is an optional cash payment in the amount of \$_____ in immediately available Canadian funds payable to "Computershare Trust Company of Canada" (which payment must be, in respect of each beneficial owner of Units, at least \$1,000 per remittance and, together with previously made optional cash payments, not more than \$100,000 per calendar year). I hereby direct Computershare Trust Company of Canada, as Plan Agent under the Plan, to invest the enclosed payment in additional Units in accordance with the Plan.

I hereby agree that all documents relating to this purchase of additional Units in accordance with the Plan in consideration for the optional cash payment enclosed herewith, whenever prepared or received, including without limitation this Optional Cash Payment Form, shall be prepared exclusively in the English language. *Je consens par la présente à ce que tous les documents liés à l'achat pour mon compte de parts supplémentaires conformément au régime en contrepartie du paiement en espèces optionnel joint aux présentes, peu importe le moment où ils sont reçus ou préparés, incluant, sans limitation, la notice d'offre contenant le texte intégral du régime et le présent formulaire de paiement en espèces optionnel, soient préparés exclusivement en langue anglaise.*

Each broker, investment dealer, financial institution or other nominee holding Units on behalf of one or more beneficial owners of the Units hereby makes the following declaration.

Declaration by Nominee Holder: I am a broker, investment dealer, financial institution or other nominee holding Units on behalf of one or more beneficial owners of the Units. I hereby certify and declare that: (i) I am making this optional cash payment on behalf of one or more beneficial owners of Units who hold Units through me; (ii) I have applied to participate in the premium distribution component or the distribution reinvestment component of the Plan on behalf of each such beneficial owner; and (iii) at least \$1,000 per remittance and not more than \$100,000 per calendar year is being paid on behalf of each beneficial owner.

NO INTEREST WILL BE PAID ON OPTIONAL CASH PAYMENTS RECEIVED BUT NOT YET INVESTED IN ADDITIONAL UNITS.

NAME OF CDS PARTICIPANT (INSTITUTION)

FINS #

CUID #

CONTACT NAME

SIGNATURE

TELEPHONE NUMBER

Return this Optional Cash Payment Form and Certified Cheque, Bank Draft or Money Order to:

COMPUTERSHARE TRUST COMPANY OF CANADA

ATTENTION: Dividend Reinvestment Department

Via Hand Delivery at:
100 University Avenue
9th Floor Counter
Toronto, ON M5J 2Y1

Via Courier at:
88A East Beaver Creek
Unit 2
Richmond Hill, ON L4B 4A8

For further information, please contact:

COMPUTERSHARE TRUST COMPANY OF CANADA

100 University Avenue, 9th Floor, Toronto, ON M5J 2Y1

ATTENTION: Dividend Reinvestment Department

TELEPHONE: 1-800-564-6253

FACSIMILE: (416) 263-9394

PEMBINA PIPELINE INCOME FUND

2700, 707 – 8th Avenue S.W., P.O. Box 1948, Calgary, AB T2P 2M7

ATTENTION: Investor Relations

FACSIMILE: (403) 237-0254

TELEPHONE: (403) 231-7500

TOLL-FREE: 1-888-428-3222

E-MAIL: investor-relations@pembina.com



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