inter pipeline **News Release**

Inter Pipeline Fund Announces 2012 Capital Expenditure Program

CALGARY, ALBERTA, JANUARY 30, 2012: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its planned capital expenditure program for 2012. Inter Pipeline expects to invest approximately $751 million in total capital during the year, including approximately $459 million to fund the previously announced Danish bulk liquid storage acquisition which closed in early January. A total of $246 million is forecast to be spent on organic growth projects in 2012, with a further $46 million directed to sustaining capital projects.

Organic growth capital expenditures will primarily focus on pipeline capacity expansion projects. Approximately 74%, or $182 million, will be spent on projects in the oil sands transportation segment. A total of $38 million of growth capital will be spent in the NGL extraction business segment, with the remaining $26 million directed toward projects within the bulk liquid storage and conventional oil pipelines segments.

A continuing emphasis on the expansion of oil sands transportation infrastructure is consistent with Inter Pipeline's recent capital spending programs and long range growth plans. Alberta's oil sands continue to attract tens of billions in new capital investment in the upstream sector. Inter Pipeline's oil sands transportation systems are very well positioned to meet growing demand for bitumen and diluent delivery services.

Capital Expenditure Summary

(millions)	2012 Forecast	2011 Forecast
Organic Growth Capital		
Oil Sands Transportation*	$182	$103
NGL Extraction*	38	8
Bulk Liquid Storage	16	17
Conventional Oil Pipelines	10	5
Total Organic Growth Capital	246	133
Acquisition Capital	459	-
Sustaining Capital	46	19
Total Capital	$751	$152

* Includes Inter Pipeline's 85% ownership interest in the Cold Lake pipeline system or 50% interest in the Empress V NGL extraction facility

Oil Sands Transportation

In 2012, Inter Pipeline expects to spend approximately $182 million in growth capital within the oil sands transportation business segment. Roughly $48 million will be invested to expand capacity on the west mainline leg of the Cold Lake pipeline system. Bitumen blend capacity will be increased from approximately 535,000 barrels per day to roughly 650,000 barrels per day by expanding existing pump stations and the addition of two new pump stations. The west leg capacity expansion project is expected to cost $90 million in total, with an in service date in mid 2013.

Inter Pipeline is forecasting expenditures of $28 million on the Polaris pipeline system to advance new diluent connections to the Imperial Kearl and Husky Sunrise oil sands projects. These connections, which will initially transport 90,000 barrels per day of diluent, are estimated to cost $115 million in total. Roughly $75 million has been spent to date. The Kearl and Sunrise connections are forecast to be operational in late 2012 and 2013 respectively.

On the Corridor pipeline system, approximately $6 million will be spent on minor equipment upgrades. These costs will be added to the Corridor rate base, providing Inter Pipeline with a return on invested capital and full recovery of operating costs. In 2011, Inter Pipeline successfully completed a major $1.85 billion capacity expansion project on the Corridor pipeline system.

Also in 2012, Inter Pipeline expects to spend approximately $100 million on design, engineering, permitting and early construction work related to planned future capacity expansion projects on the Cold Lake and Polaris pipeline systems. Inter Pipeline is advancing a multi-year, phased expansion program on the Cold Lake and Polaris pipelines to make new delivery and receipt connections and expand mainline capacity. Identified new investment opportunities could involve capital expenditures of $2.5-3.0 billion over the next 5 years. The majority of Inter Pipeline's planned expenditures in 2012 related to these projects are backstopped through support agreements with certain shippers.

NGL Extraction

In the NGL extraction business segment, Inter Pipeline expects to spend a total of $38 million in 2012 on organic growth capital expenditures. Roughly $30 million will be spent on a product quality improvement project at the Cochrane NGL extraction facility. Inter Pipeline is constructing a liquids sweetening unit which will reduce sulphur levels in the propane-plus product stream. Improving the quality of the propane-plus stream extracted at Cochrane is expected to ensure continued access to premium-priced markets. The project is expected to cost approximately $53 million in total and will be completed in 2013.

Various efficiency improvement projects at the Cochrane and Empress NGL extraction plans account for the remainder of planned growth capital expenditures in 2012.

Bulk Liquid Storage

Capital expenditures in the bulk liquid storage segment are forecast to be approximately $475 million in 2012. Of this total, about $459 million was incurred in early January to complete the purchase of four petroleum storage terminals in Denmark.

Inter Pipeline expects to spend approximately $16 million on organic growth capital projects in the bulk liquid storage business segment in 2012. Approximately $12 million will be incurred at terminals in the United Kingdom, with $4 million being spent at the newly-acquired Danish terminals.

In the United Kingdom, Inter Pipeline's $12 million capital program will focus on new tank construction projects, tank replacements and modification projects primarily at the Immingham terminal. New tanks are currently under construction for the storage of approximately 170,000 barrels of heavy fuel oil and gas condensate under new multi-year storage contracts. Additional rail loading facilities are also planned. In Denmark, growth capital spending will be directed toward new product blending and tank commissioning projects at the Gulfhavn terminal.

Conventional Oil Pipelines

In the conventional oil pipeline segment Inter Pipeline plans to spend approximately $10 million in growth capital expenditures in 2012. High levels of horizontal drilling activity and growing production has created the need for new oil battery connections and the installation of related facilities on the Bow River and Mid Saskatchewan pipeline systems.

Inter Pipeline's conventional oil gathering systems have benefited from the growth in production from the Pekisko and Viking formations in recent years.

Sustaining Capital

Inter Pipeline's sustaining capital forecast for 2012 is approximately $46 million. This represents a significant increase over 2011 levels, mainly due to one-time sustaining capital requirements at the Danish bulk liquid storage terminals.

Inter Pipeline expects to spend about $22 million in sustaining capital at the four Danish terminals. Sustaining capital expenditures include a fire system upgrade, various product containment improvements and other one-time compliance items. In the long term, sustaining capital requirements in Denmark are expected to average approximately $8-10 million per year.

In the United Kingdom, Germany and Ireland, Inter Pipeline also expects to spend approximately $7 million to improve terminal infrastructure and ensure compliance with European safety regulations.

In the NGL extraction segment, Inter Pipeline forecasts to spend approximately $7 million on sustaining capital projects in 2012. A new inlet separator and various building upgrades at the Cochrane facility account for the majority of costs.

Remaining sustaining capital expenditures include $5 million for smaller projects in the oil sands transportation and conventional oil pipeline segments and $5 million for corporate related expenditures, primarily related to information technology upgrades.

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 owns and operates energy infrastructure assets in western Canada, the United Kingdom, Denmark, Germany and Ireland. 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 trade on the Toronto Stock Exchange under the symbol IPL.UN.

Eligible Investors

Pursuant to Inter Pipeline's limited partnership agreement dated October 9, 1997, as amended, all unitholders are required to be residents of Canada. A copy of the limited partnership agreement can be found at www.interpipelinefund.com by selecting "Corporate Governance". If a unitholder is a non-resident of Canada ("Non-Eligible Unitholder"), he will not be considered to be a member of the partnership effective the date the Class A Units were acquired. Inter Pipeline requires all Non-Eligible Unitholders to dispose of their Class A Units in accordance with the limited partnership agreement.

In most cases, a unitholder with an address outside of Canada will be a Non-Eligible Unitholder.

Contact Information

Investor Relations:
Jeremy Roberge
Vice President, Capital Markets
Email: jroberge@interpipelinefund.com
Tel: 403-290-6015 or 1-866-716-7473

Media Relations:
Tony Mate
Director, Corporate and Investor Communications
Email: tmate@interpipelinefund.com
Tel: 403-290-6166

Disclaimer

Certain information contained herein may constitute forward-looking statements that involve risks and uncertainties. Forward-looking statements in this news release include, but are not limited to, statements regarding the potential cash flow contributions from growth projects currently under development. Readers are cautioned not to place undue reliance on forward-looking statements. Such information, although considered reasonable by the General Partner of 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 not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements often contain terms such as "may", "will", "should", "anticipate", "expects" and similar expressions. Such risks and uncertainties include, but are not limited to, risks associated with operations, such as loss of markets, regulatory matters, environmental risks, industry competition, potential delays and cost overruns of construction projects, including the Corridor pipeline system expansion project, and the ability to access sufficient capital from internal and external sources. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. The forward-looking statements contained in this news release are made as of the date of this document, and, except to the extent required by applicable securities laws and regulations, Inter Pipeline assumes no obligation to update or revise forward-looking statements made herein or otherwise, whether as a result of new information, future events, or otherwise. The forward-looking statements contained in this document are expressly qualified by this cautionary note.

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

Non-GAAP Financial Measures

Certain financial measures referred to in this news release, namely "growth capital expenditures" and "sustaining capital expenditures", are not measures recognized by GAAP. These non-GAAP financial measures do not have standardized meanings prescribed by GAAP and therefore may not be comparable to similar measures presented by other entities. Investors are cautioned that these non-GAAP financial measures should not be construed as alternatives to other measures of financial performance calculated in accordance with GAAP.