inter pipeline **News Release**

Inter Pipeline Fund Announces Very Strong Second Quarter 2013 Financial and Operating Results

CALGARY, ALBERTA, AUGUST 8, 2013: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three and six month periods ended June 30, 2013.

Highlights

- Funds from operations* totaled $105 million, in line with second quarter 2012 levels
- Low quarterly payout ratio* of 76%
- Declared cash distributions of $78 million or $0.28 per unit
- Throughput volumes on oil sands and conventional oil pipeline systems averaged 942,700 barrels per day (b/d)
- Conventional oil pipeline systems transported 170,900 b/d and generated record quarterly funds from operations of $43.5 million
- Announced a $0.03 per unit annualized distribution increase, Inter Pipeline's second increase in cash distributions in nine months
- Entered into a new long-term ethane sales agreement with NOVA Chemicals
- Increased capacity on Inter Pipeline's revolving credit facility from $750 million to $1.25 billion
- Announced internalization of general partner and plans for corporate conversion
- Normalized net income of $67 million after excluding one-time, non-cash internalization costs of $349 million

Subsequent Events

- Executed long-term agreement to provide bitumen blend transportation service to a new unit train loading facility owned by Canexus Corporation
- Issued $500 million of 7-year notes at an attractive interest rate of 3.45%
- Announced Polaris pipeline expansion for additional diluent deliveries to Kearl oil sands project

** Please refer to the "Non-GAAP and additional GAAP Financial Measures" section of the MD&A.*

Funds From Operations and Net Income

Inter Pipeline's financial results were very strong in the second quarter of 2013. Funds from operations totaled $105.4 million or $0.37 per unit, similar to the $110.1 million generated in the second quarter of 2012. Strong results in the oil sands and conventional oil pipeline segments mitigated the impact of a scheduled 18-day maintenance turnaround at the Cochrane NGL extraction plant.

During the quarter, each business segment contributed significantly to funds from operations, with the conventional oil pipeline segment setting a new quarterly record for cash flow. By segment, oil sands transportation contributed $49.0 million; conventional oil pipelines, $43.5 million; NGL extraction, $31.1 million; and bulk liquid storage, $19.5 million. Corporate costs, including interest, income tax and general and administrative charges were $37.7 million for the quarter.

In the second quarter, Inter Pipeline incurred a net loss of $281.6 million due largely to a one-time, $349 million non-cash charge related to the "internalization" of Inter Pipeline's external management contract. Excluding this non-recurring charge, net income was $67 million.

Cash Distributions

Distributions declared to unitholders increased to $78.2 million or $0.2800 per unit in the second quarter, compared to $70.6 million or $0.2625 per unit in the second quarter of 2012. Payments were higher due to annualized distribution increases of $0.06 per unit and $0.03 per unit in January and June 2013, respectively, and due to the issuance of additional units under Inter Pipeline's distribution reinvestment programs. Inter Pipeline's payout ratio for the second quarter was conservative at 76%.

Oil Sands Transportation

In the second quarter of 2013, throughput volumes in the oil sands transportation segment totaled 771,800 b/d, a decrease of 3 percent from second quarter 2012 levels. Cold Lake system volumes averaged 465,300 b/d and Corridor system throughputs averaged 303,900 b/d. Transported bitumen blend volumes were slightly lower due to maintenance turnarounds at certain producer-owned oil production facilities and the cyclical nature of steam injections at sites connected to the Cold Lake pipeline system.

The Polaris pipeline system transported volumes of 2,600 b/d during the quarter. Throughput volumes represent initial diluent deliveries to Imperial Oil's Kearl project and Suncor's oil sands operations near Fort McMurray. Shipping arrangements with both Imperial and Suncor are governed by take-or-pay contracts that allow Inter Pipeline to receive its revenue requirement and recover operating costs regardless of volumes shipped.

Inter Pipeline is currently advancing over $2.7 billion in new construction projects within its oil sands transportation segment. These projects include the installation of new quarter point pumping facilities on the west leg of the Cold Lake system, an integrated expansion program on the Polaris and Cold Lake systems in support of three oil sands projects jointly owned by Cenovus Energy and ConocoPhillips, and a new diluent delivery connection to the Husky Sunrise oil sands project. These major expansion projects are expected to enter commercial service between late 2013 and mid 2017.

In support of its large organic development program, Inter Pipeline incurred costs of approximately $382 million during the quarter.

Subsequent to quarter end, Inter Pipeline announced an agreement to provide bitumen blend transportation service to Canexus Corporation's unit train rail loading facility near Bruderheim, Alberta. Under terms of the 10-year agreement, Inter Pipeline will construct a 13-kilometre pipeline lateral and metering facility to transport bitumen blend from the Cold Lake pipeline system to Canexus-owned facilities. Canexus has contracted for 100,000 b/d of firm capacity. The agreement is expected to generate approximately $10 million per year in incremental EBITDA once in service in mid-

2014.

Also subsequent to quarter end, Inter Pipeline announced that Imperial Oil has elected to increase its firm capacity commitment on the Polaris pipeline system for the expansion of its Kearl oil sands project. Under the terms of an existing 25-year ship-or-pay agreement, Imperial has exercised its option for an additional 60,000 b/d of diluent transportation capacity, bringing total diluent commitments for Kearl to 120,000 b/d. Inter Pipeline will spend $45 million to re-commission three existing pump stations on the Polaris system. The additional transportation service is expected to begin in mid 2015. Inter Pipeline expects that the additional volume commitment will generate approximately $19 million per year in incremental EBITDA, bringing total annual contributions from the Kearl agreement to approximately $56 million per year.

NGL Extraction

Inter Pipeline's NGL extraction business generated funds from operations of $31.1 million in the second quarter of 2013 compared to $48.5 million in the same quarter of 2012. Results were lower primarily due to a scheduled 18-day maintenance turnaround at the Cochrane NGL extraction facility and moderately lower pricing of propane-plus product sales at the Cochrane plant. Realized frac-spread prices averaged $0.89 US per US gallon in the second quarter, compared to $1.00 in the second quarter of 2012.

Natural gas volumes processed at Inter Pipeline's NGL extraction facilities at Cochrane and Empress averaged 2.4 billion cubic feet per day during the quarter. Combined ethane and propane-plus production averaged 97,600 b/d.

In the second quarter, Inter Pipeline entered into a new long term agreement for ethane sales to NOVA Chemicals. Under a new 10-year agreement, NOVA will purchase the majority of ethane volumes produced at the Cochrane extraction facility. The agreement will generate approximately $20 million per year in incremental EBITDA over the life of the contract, commencing on January 1, 2015. The existing contract, which remains in effect until the end of 2014, has been amended for the interim period, allowing Inter Pipeline to generate additional EBITDA of $10 million per year in 2013 and 2014.

Conventional Oil Pipelines

The conventional oil pipeline segment generated record funds from operations of $43.5 million during the second quarter of 2013, compared to $35.3 million in the comparable period last year. Record quarterly results were driven by a strong contribution from Inter Pipeline's midstream marketing business and strong revenue growth.

During the quarter, revenues on Inter Pipeline's Bow River, Central Alberta and Mid-Saskatchewan pipeline systems averaged $2.93 per barrel, compared to $2.75 per barrel generated in the second quarter of 2012. Throughput levels averaged 170,900 b/d in the current quarter, roughly equivalent to volumes shipped last year.

Inter Pipeline achieved record cash flow on its conventional oil gathering systems despite a refinery turnaround in Montana that affected southbound flow rates on the Bow River pipeline system and severe flooding conditions in southern Alberta.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage business generated funds from operations of $19.5 million, a decrease of $3.8 million from the second quarter of 2012 as demand for storage services moderated.

Tank utilization rates averaged 82% compared to 95% in the same period of 2012. Overall utilization rates have been impacted by the lack of contango in forward commodity markets and weak economic conditions in Europe. In the second quarter, over $2 million was invested in tank modifications and tank life extension projects to enable new storage contracting opportunities.

Financing Activity

Inter Pipeline maintains strong access to debt and equity capital markets and is well positioned to finance its future capital commitments. During the quarter, Inter Pipeline reached an agreement with its lending syndicate to increase the capacity of its revolving credit facility from $750 million to $1.25 billion. Inter Pipeline also has the ability to increase its borrowing level to $1.5 billion subject to lender approval.

At June 30, Inter Pipeline's recourse debt to capitalization ratio was 57.8%. This higher than normal debt ratio reflects a one-time, non-cash charge to earnings in the second quarter related to the "internalization" of Inter Pipeline's external management contract on June 2, 2013.

In the second quarter, Inter Pipeline issued over $55 million in new equity capital under its distribution reinvestment programs.

Subsequent to quarter end, Inter Pipeline raised $500 million in debt capital through the issuance of 7-year notes. The notes were priced at an attractive annual interest rate of 3.448%. Net proceeds of the offering were used to reduce debt outstanding under Inter Pipeline's revolving credit facility.

Corporate Restructuring Activities

On June 1, 2013, Inter Pipeline completed several internal transactions related to the reorganization of its current limited partnership structure, while positioning the business for a planned conversion to a corporate form.

As a first step, Inter Pipeline indirectly purchased its General Partner for an initial consideration valued at $170 million, plus $8.6 million in adjustments, and a future second instalment valued at $170 million which is partly contingent on the outcome of certain organic growth projects currently under development. These transactions were designed to eliminate all future management, acquisition, and divestiture and incentive fees payable to an external manager. The accretive nature of this "internalization" transaction allowed Inter Pipeline to increase its annualized cash distributions to unitholders by $0.03 per unit, on a stand alone basis, effective July 15, 2013.

In a second step, Inter Pipeline has called a special meeting of unitholders to consider its planned conversion from a Canadian limited partnership structure to a dividend paying corporation. At the special meeting, unitholders will also consider the exchange of certain preferred shares held by the former shareholders of Inter Pipeline's general partner into the common shares of Inter Pipeline's corporate successor. The special meeting will be held in the Grand Lecture Theatre of the Metropolitan Conference Centre, located at 333-4th Avenue S.W., Calgary, Alberta, on Thursday, August 22, 2013 at 9:00 am (Calgary time).

Conference Call & Webcast

Inter Pipeline will hold a conference call and webcast today at 2:30 p.m. (Mountain Time) / 4:30 p.m. (Eastern Time) to discuss second quarter 2013 financial and operating results.

To participate in the conference call, please dial 877-240-9772 or 416-340-8530. A pass code is not required. A recording of the call will be available for replay until August 15, 2013, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 9902176.

A webcast of the conference call can be accessed on Inter Pipeline's website at www.interpipelinefund.com by selecting "Investor Relations" then "Webcasts & Conference Calls". An archived version of the webcast will be available for approximately 90 days.

Select Financial and Operating Highlights

(millions of dollars, except per unit and percent amounts where noted)	Three Months Ended June 30,		Six Months Ended June 30,	
Throughput and Production	2013	2012	2013	2012
Pipeline volumes (000 b/d)				
Oil sands transportation[1]	771.8	796.1	830.6	787.5
Conventional oil pipelines	170.9	171.4	178.1	175.4
Total pipeline volumes	942.7	967.5	1,008.7	962.9
Extraction production[1] (000 b/d)				
Ethane	67.6	67.9	73.0	73.3
Propane plus	30.0	38.5	33.3	35.8
Total extraction production	97.6	106.4	106.3	109.1
Financial Results[3]				
Revenue	$320.3	$279.9	$648.0	$581.6
Funds from operations[2]				
Oil sands transportation	$49.0	$44.0	$99.8	$88.1
NGL extraction	$31.1	$48.5	$74.1	$105.5
Conventional oil pipelines	$43.5	$35.3	$83.9	$75.8
Bulk liquid storage	$19.5	$23.3	$39.9	$42.6
Corporate costs	$(37.7)	$(41.0)	$(82.9)	$(91.1)
Total funds from operations[2]	$105.4	$110.1	$214.8	$220.9
Per unit[2]	$0.37	$0.41	$0.77	$0.83
Net (loss) Income	$(281.6)	$106.8	$(209.4)	$188.9
Supplemental Financial Information				
Net income attributable to unitholders	$(283.9)	$104.4	$(214.2)	$184.0
Per unit (basic & diluted)	$(1.02)	$0.39	$(0.77)	$0.69
Cash distributions declared	$78.2	$70.6	$155.0	$140.5
Per unit	$0.2800	$0.2625	$0.5575	$0.5250
Payout ratio[2]	76.1%	65.8%	74.1%	65.3%
Capital expenditures[2,3]				
Growth	$395.8	$68.6	$803.4	$108.8
Sustaining	$5.8	$7.0	$11.7	$13.4
Total capital expenditures	$401.6	$75.6	$815.1	$122.2

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis; Polaris volumes represent initial shipments that were prorated for the 6 month period.*
2. *Please refer to the "Non-GAAP Financial Measures" section of the MD&A.*
3. *Amounts reported on a 100% basis that includes non-controlling interest.*

MD&A, Financial Statements & Notes

The Management's Discussion and Analysis ("MD&A") and consolidated financial statements provide a detailed explanation of Inter Pipeline's operating results for the three and six month periods ended June 30, 2013 as compared to the three and six month periods ended June 30, 2012. These documents are available at www.interpipelinefund.com and at www.sedar.com.

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.

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Disclaimer

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. Forward-looking statements in this news release include, but are not limited to, statements regarding timing and completion of, and EBITDA Inter Pipeline expects to generate from, the Polaris and Cold pipeline projects and possible future Cold Lake and Polaris pipeline expansions. Readers are cautioned not to place undue reliance on forward-looking statements, as such statements are not guarantees of future performance. Inter Pipeline in no manner represents that actual results, levels of activity and achievements will be the same in whole or in part as those set out in the forward-looking statements herein. 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 assumptions, risks, uncertainties and other factors include, but are not limited to, assumptions, risks and uncertainties associated with: operations, such as loss of markets, regulatory matters, environmental matters, industry competition, potential delays and cost overruns of construction projects, including the Polaris and Cold Lake pipeline system projects, the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its subsidiaries, 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 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.