inter pipeline **News Release**

Inter Pipeline Fund Announces Strong 2009 Financial and Operating Results

CALGARY, ALBERTA, FEBRUARY 18, 2010: Inter Pipeline Fund (Inter Pipeline) (TSX: IPL.UN) announced today its financial and operating results for the three and twelve month periods ended December 31, 2009.

2009 Highlights

- Funds from operations* increased to a record $294 million, up $14 million or 5% from 2008
- Low annual payout ratio before sustaining capital* of 69%
- Cash distributions to unitholders totalled $202 million or $0.845 per unit, up from $187 million distributed in 2008
- Throughput volumes on Inter Pipeline's oil sands and conventional oil pipeline systems averaged 751,800 barrels per day (b/d)
- Corridor pipeline system expansion project is mechanically complete; construction phase completed on schedule and under budget
- Entered into a 25-year, 60,000 b/d ship-or-pay diluent transportation contract for the Kearl oil sands project
- Successfully raised over $260 million in equity capital in 2009
- Maintained investment grade credit ratings; DBRS and Standard & Poor's increased trend outlooks on Inter Pipeline debt
- Conservative year end recourse debt to capitalization ratio of only 36%

Fourth Quarter Highlights

- Funds from operations* increased $26 million, or 50% to $78 million
- Payout ratio before sustaining capital* of 70% for the quarter
- Cash distributions to unitholders were $54 million or $0.215 per unit
- Increased monthly distributions by 7.1% to $0.075 per unit
- Completed construction on the Bow River oil segregation project; new facilities were in commercial service in January 2010
- Inter Pipeline's oil sands and conventional oil pipeline systems transported 755,500 b/d in the quarter
- Subsequent to quarter end, Inter Pipeline (Corridor) Inc. successfully closed a $150 million debenture offering

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

Funds From Operations

Inter Pipeline achieved very strong financial results in 2009. Funds from operations reached record levels for the year, totalling $294.2 million or $1.24 per unit. This represents an increase of 5% or $13.7 million over funds from operations generated in 2008. Inter Pipeline's results were driven by strong performance across all business segments, and a positive frac-spread price environment which benefited propane-plus sales in the NGL extraction business segment.

In 2009, each of Inter Pipeline's four business segments contributed significantly to record results. The oil sands transportation, NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $73.9 million, $133.1 million, $110.8 million and $41.4 million, respectively, to funds from operations. Corporate costs, including interest and general and administrative charges, totalled $65.0 million, down from 2008 levels due mainly to lower interest costs.

Fourth quarter 2009 funds from operations totalled $78.2 million, a significant increase of $26.1 million or 50% over the comparable period of 2008. Higher frac-spreads and increased natural gas throughput at the Cochrane NGL extraction facility in 2009 accounted for the majority of the increase.

In the fourth quarter, Inter Pipeline's oil sands transportation, NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $19.4 million, $40.8 million, $23.1 million and $10.4 million, respectively, to funds from operations. Corporate charges totalled $15.5 million.

Cash Distributions

Cash distributions to unitholders during the year totalled $202.4 million, or $0.845 per unit, up from $186.6 million or $0.84 per unit in 2008. Total distributions paid were higher in 2009 primarily as a result of additional equity units that were issued during the year. Strong financial results for the year enabled Inter Pipeline to maintain a low annual payout ratio of 68.8% before sustaining capital, a very good result considering total cash distributed increased by more than 8%.

During the fourth quarter, Inter Pipeline distributed $54.5 million to unitholders, or $0.215 per unit, representing a quarterly payout ratio before sustaining capital of 69.6%.

Inter Pipeline is well positioned to maintain its current level of cash distributions to unitholders through 2011 and beyond, despite becoming a taxable entity in 2011. This view is based on attractive fundamentals within each of Inter Pipeline's four business segments and a strong inventory of major growth projects under development.

Oil Sands Transportation

Total volumes transported on Inter Pipeline's oil sands pipeline systems averaged a record 582,600 b/d in 2009, an increase of 27,600 b/d or 5% over 2008 levels. Of this total, Cold Lake system volumes averaged 370,000 b/d and Corridor system volumes averaged 212,600 b/d.

During the fourth quarter of 2009, throughput volumes on the Cold Lake system rose to 378,400 b/d and Corridor volumes increased to 216,500 b/d. Cold Lake system volumes grew by 24,500 b/d on a year-over-year basis as a result of production cycles at the Cenovus, CNRL and Imperial in-situ projects reaching peak bitumen production rates during the quarter. Corridor system volumes increased by 6,900 b/d. Cash flow on the Corridor system is generated under a 25-year ship-or-pay contract with Shell, Chevron and Marathon. This contract includes provisions for the recovery of all operating costs, depreciation, taxes and interest, and provides a structured return on the equity component of Corridor's rate base, regardless of volumes shipped.

Preliminary engineering and stakeholder consultation work has commenced on a $135 million capital project to transport diluent to the Kearl oil sands development owned by Imperial Oil and ExxonMobil. In support of its investment, Inter Pipeline has secured a 60,000 b/d shipping commitment over a 25 year contract term. The Kearl diluent transportation project is expected to generate approximately $40 million annually in EBITDA once deliveries commence in late 2012.

In 2009, work was completed on a capacity expansion project on the Cold Lake system. Construction activities included the addition of quarter point pump stations to increase bitumen blend capacity from 460,000 b/d to approximately 560,000 b/d. Over the past 4 years, Inter Pipeline has invested approximately $100 million to increase mainline capacity and upgrade oil receipt facilities on the Cold Lake system to accommodate forecast production growth.

Corridor Expansion Project

The $1.8 billion capacity expansion project on the Corridor pipeline system, now in its final stages, represents Inter Pipeline's single largest organic growth investment to date. Upon completion, bitumen blend capacity on the Corridor system will increase by 165,000 b/d to approximately 465,000 b/d.

The construction phase of the project has been completed on schedule and under budget. Expansion facilities are expected to go into service in late 2010, following line fill and final commissioning activities. Revenue commencement will occur no later than January 1, 2011.

As at December 31, 2009, Inter Pipeline has incurred approximately $1,594 million in capital costs related to the Corridor expansion. All material costs under Inter Pipeline's control have been expended, and capital cost escalation risk has therefore been eliminated. Remaining expenditures, such as line fill, interest during construction and certain wet commissioning costs will be added to Corridor's rate base at their actual cost. Inter Pipeline does not have price exposure on these project components.

NGL Extraction

Inter Pipeline's NGL extraction business contributed significantly to Inter Pipeline's strong financial results in 2009. Funds from operations totalled $133 million, similar to results generated in 2008.

Inter Pipeline's NGL extraction plants at Cochrane and Empress, Alberta processed 2.9 billion cubic feet of natural gas per day, producing 69,600 b/d of ethane and 39,300 b/d of propane-plus products in 2009. Natural gas throughputs and NGL production volumes were respectively 14% and 11% lower than levels achieved in 2008, reflecting reduced gas export volumes from the province of Alberta. Impacts on Inter Pipeline's financial results, however, were largely mitigated by higher efficiency rates for recovering ethane, the cost of service nature of sales contracts at the Empress plants and strong margins on propane-plus sales at Cochrane.

Propane-plus sales at the Cochrane NGL extraction plant are exposed to frac-spread pricing dynamics, or the margin between prices received for the sale of propane-plus production and the cost of natural gas purchased to replace the heat content of propane-plus products extracted from the natural gas stream. Frac-spread margins were weak in early 2009, but improved significantly during the year. Inter Pipeline realized an average frac-spread of 65 US cents per US gallon, only slightly below the 69 US cents per US gallon received in 2008. Average frac-spreads for the year significantly exceeded the 15-year historical average of approximately 34 US cents per US gallon.

In the fourth quarter of 2009, average frac-spread margins were very strong, with realized average frac-spreads reaching 80 US cents per US gallon. Recent frac-spreads are more than double fourth quarter 2008 realized frac-spreads of 33 US cents per US gallon. Inter Pipeline's NGL extraction facilities processed 3.0 billion cubic feet per day of natural gas in the fourth quarter, compared to 3.4 bcf/d processed in the fourth quarter of 2008. Ethane volumes extracted in the fourth quarter fell to 68,300 b/d from fourth quarter 2008 levels of 72,400 b/d, and propane-plus volumes extracted in the quarter fell to 39,000 b/d from 45,300 b/d extracted in the fourth quarter of 2008. Ethane recovery at the Empress V facility increased by 6,200 b/d in the fourth quarter despite lower natural gas throughput as a result of an ethane recovery enhancement project completed in mid-2009.

Conventional Oil Pipelines

Inter Pipeline's conventional oil pipeline segment generated strong results in 2009 with funds from operations increasing $4.3 million over 2008 results to $110.8 million, despite a 15% decrease in throughput. Higher revenues were achieved through mainline toll increases and incremental marketing and storage revenues. Average revenue per barrel on the Bow River, Central Alberta and Mid Saskatchewan systems increased by 18% in 2009 to $2.41 from $2.04 in 2008.

Conventional oil volumes averaged 169,200 b/d for the year, down 29,200 b/d from 198,400 b/d transported in 2008. Lower volumes resulted from natural reservoir declines, the sale of the Valley pipeline system in the second quarter of 2009, and a refinery turnaround that impacted deliveries on the Bow River pipeline system. Another factor contributing to reduced volumes was a change in crude oil pricing relationships that led to lower truck terminal receipts on the Central Alberta system.

In the fourth quarter, volumes averaged 160,600 b/d on Inter Pipeline's conventional pipeline systems, down approximately 16% from fourth quarter 2008 levels. Average revenue per barrel increased, however, reaching $2.33 in the fourth quarter of 2009 compared to $2.23 for the same period in 2008 primarily due to mainline toll increases.

Bulk Liquid Storage

In 2009, Inter Pipeline's European bulk liquid storage business saw strong demand for its services despite a challenging global economic environment. Funds from operations were $41.4 million, consistent with 2008 full year results. Tank utilization rates averaged 96.4% compared to 95.5% in 2008. In the fourth quarter, utilization rates remained strong at 96.0%

During the year, eight new tanks were brought into service at the Immingham storage terminal in the United Kingdom, increasing storage capacity by 318,000 barrels. Inter Pipeline's storage capacity for petroleum and petrochemical products in Europe totals approximately 8 million barrels.

Financing Activity

In 2009, several financing initiatives added strength to Inter Pipeline's balance sheet. An equity offering in June 2009 successfully raised $173 million in new equity capital. Inter Pipeline's distribution reinvestment program was highly successful, raising $88 million over the course of the year. With these new equity capital inflows, Inter Pipeline is well positioned to fund all currently planned capital expenditures.

Inter Pipeline continues to maintain investment grade credit ratings at the corporate level and within its wholly owned Corridor pipeline subsidiary. In 2009, DBRS upgraded the trend outlook on both Inter Pipeline and Inter Pipeline (Corridor) Inc. from stable to positive for each entity. Standard & Poor's also increased the outlook on Inter Pipeline (Corridor) Inc. from stable to positive. Inter Pipeline remains in a strong credit position, with approximately $950 million of unutilized capacity at the end of 2009 on existing bank credit facilities. These facilities have been syndicated to a group of 16 major institutions and have committed terms that extend to late 2012.

At December 31, 2009, Inter Pipeline had a conservative recourse debt to capitalization ratio of 36%, which has strengthened from 42% at the end of 2008.

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 fourth quarter and 2009 annual financial and operating results.

To participate in the conference call, please dial 866-226-1792 or 416-340-2216. A recording of the call will be available for replay until February 25, 2010, by dialling 800-408-3053 or 416-695-5800. The pass code for the replay is 1068885.

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

Selected Financial and Operating Highlights

(millions of dollars, except where noted)	Three Months Ended December 31, 2009	Three Months Ended December 31, 2008	Year Ended December 31, 2009	Year Ended December 31, 2008
Extraction production[1] (000 b/d)				
Ethane	68.3	72.4	69.6	76.2
Propane plus	39.0	45.3	39.3	45.7
Total extraction production	107.3	117.7	108.9	121.9
Pipeline volumes (000 b/d)				
Conventional oil pipelines	160.6	192.3	169.2	198.4
Oil sands transportation[1]	594.9	563.5	582.6	555.0
Total pipeline volumes	755.5	755.8	751.8	753.4
Revenue				
Oil sands transportation	$34.1	$35.1	$130.6	$146.0
NGL extraction	$160.5	$149.8	$529.1	$794.3
Conventional oil pipelines	$34.3	$39.4	$148.9	$148.0
Bulk liquid storage	$28.2	$35.5	$116.0	$136.3
Total revenue	$257.1	$259.8	$924.6	$1,224.6
Net income (loss)	$23.1	$102.5	$157.7	$249.7
Per unit (basic & diluted)	$0.08	$0.46	$0.66	$1.12
Funds from operations[2]	$78.2	$52.1	$294.2	$280.5
Per unit[2]	$0.31	$0.23	$1.24	$1.26
Cash distributions	$54.5	$46.8	$202.4	$186.6
Per unit	$0.215	$0.210	$0.845	$0.840
Payout ratio before sustaining capital[2]	69.6%	89.7%	68.8%	66.5%
Payout ratio after sustaining capital[2]	76.9%	99.7%	73.3%	69.9%
Capital expenditures				
Growth[2]	$53.5	$101.0	$573.4	$601.7
Sustaining[2]	$7.4	$5.2	$18.0	$13.4
Total capital expenditures	$60.9	$106.2	$591.4	$615.1

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis.*
2. *Please refer to the "Non-GAAP Financial Measures" section of the MD&A.*

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 month period and year ended December 31, 2009 as compared to the three month period and year ended December 31, 2008. 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, 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

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

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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 timing and completion of the Corridor and Bow River pipeline system expansion projects, statements regarding timing and completion of the Kearl diluent transportation project, and statements regarding Inter Pipeline's belief that it is well positioned to maintain its current level of cash distributions to unitholders through 2011 and beyond. 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 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.