inter pipeline **News Release**

Inter Pipeline Announces Record 2014 Financial and Operating Results

CALGARY, ALBERTA, FEBRUARY 19, 2015: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) announced today financial and operating results for the three and twelve month periods ended December 31, 2014.

2014 Highlights

- Generated record funds from operations* of $564 million, a 19 percent increase over 2013 results
- Declared cash dividends of $423 million or $1.32 per share
- Annual payout ratio* of 77 percent
- Announced an $0.18 annualized dividend increase, the largest single increase in Inter Pipeline's history
- Generated net income of $350 million for the year, an annual record
- Incurred growth capital expenditures* of $1.1 billion, primarily related to Inter Pipeline's $3 billion expansion of the Cold Lake and Polaris pipeline systems
- Total pipeline throughput volumes averaged a record 1,118,100 barrels per day (b/d), including record oil sands transportation volumes of 912,900 b/d
- Announced $100 million expansion of Mid-Saskatchewan pipeline system
- A 290 kilometre $1.1 billion mainline expansion on the Polaris pipeline system was completed on schedule and placed into commercial service
- Executed a long-term transportation agreement to provide diluent to the JACOS-Nexen Hangingstone project
- Raised $1.5 billion of capital through the issuance of new debt and equity

Fourth Quarter Highlights

- Record quarterly funds from operations* of $160 million, a 19 percent increase over fourth quarter of 2013
- Pipeline transportation volumes averaged 1,237,100 b/d, a quarterly record
- Bulk liquid storage utilization rates increased to 90 percent in December as contango pricing relationships returned to key petroleum markets

Subsequent Events

- A $1.3 billion Cold Lake mainline expansion was placed into commercial service in January 2015
- Completed a restructuring of our European storage business, rebranding the entire business segment as Inter Terminals

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

Financial Performance

Inter Pipeline generated record financial results in 2014. Funds from operations increased to a record $564 million or $1.76 per share, a gain of $91 million over 2013 results. The oil sands transportation and conventional oil pipelines segments both generated record financial results, driven by higher throughput volumes and new projects entering commercial service.

In 2014, Inter Pipeline's four business segments generated funds from operations as follows: oil sands transportation, $306.1 million; conventional oil pipelines, $191.1 million; NGL extraction, $142.3 million and bulk liquid storage, $75.4 million. Corporate costs for the year, including interest, income tax and general and administrative charges totaled $150.9 million.

In the fourth quarter, funds from operations were the highest quarterly total in Inter Pipeline's history at $159.7 million. By business segment, fourth quarter funds from operations were $97.2 million for oil sands transportation, $46.8 million for conventional oil pipelines, $24.7 million for NGL extraction and $15.8 million for bulk liquid storage. Corporate costs in the quarter totaled $24.8 million.

Cash Dividends

Declared dividends to shareholders totaled a record $423.1 million or $1.32 per share for the year. This represents a 25 percent, or $84.9 million, increase over 2013. Dividend increases in June 2013, September 2013 and November 2014 account for much of the increase, together with a larger number of shares outstanding. Inter Pipeline's annualized dividend rate is now $1.47 per share, up $0.18 from a year ago. The 2014 payout ratio remained conservative at 77 percent even with the substantial dividend increases.

In the fourth quarter of 2014, dividend payments totaled $114.9 million or $0.3525 per share, resulting in a payout ratio of 74 percent.

Oil Sands Transportation

The oil sands transportation segment generated record financial and operating results in 2014. For the past two years, this business segment has been the focus of a major capital expansion program which has driven the outstanding results. All three oil sands pipeline systems experienced throughput growth, with aggregate volumes averaging 912,900 b/d, a gain of 10 percent over 2013. Year-over-year diluent volume increases on the Polaris pipeline system were a particularly strong 293 percent, due to a major component of the Polaris pipeline expansion being placed into service in mid-2014. The Cold Lake, Corridor and Polaris pipeline systems transported annual average volumes of 504,100 b/d, 348,300 b/d and 60,500 b/d, respectively.

Annual funds from operations increased 39 percent to a record $306.1 million compared to the previous year. Higher results were primarily due to the $1.1 billion first phase of the Polaris expansion entering commercial service in July, as noted above, and a full year of transportation revenues from Canadian Natural Resources' Kirby South oil sands project.

In the fourth quarter, throughput volumes increased by nearly 25 percent over the similar period of 2013, to a quarterly record 1,023,900 b/d. All three pipeline systems experienced volume increases, with the Polaris system up over 200 percent. Throughput volumes on the Cold Lake, Corridor and Polaris pipeline systems were 546,000 b/d, 360,800 b/d and 117,100 b/d, respectively in the quarter. Funds from operations totaled $97.2 million, a gain of $33.0 million or 51 percent over fourth quarter 2013 levels.

The Cold Lake and Polaris pipeline systems are being expanded under a $3.0[**] billion development program anchored by long-term contracts with the FCCL Partnership ("FCCL"), a business venture between Cenovus Energy and ConocoPhillips. Inter Pipeline will provide a total of 850,000 b/d of bitumen blend and diluent capacity on the Cold Lake and Polaris pipeline systems for the Foster Creek, Christina Lake and Narrows Lake projects. With the commissioning of the $1.1 billion Polaris expansion in mid-2014 and the $1.3 billion Cold Lake expansion in January 2015, construction of FCCL related components is largely complete. Approximately 800 kilometres of new pipeline and associated facilities have been constructed to date as part of this program. The remaining phase of the Cold Lake and Polaris expansion relate to the Narrows Lake connection and is expected to be completed by the second half of 2017. In aggregate, the FCCL contracts are expected to generate up to $330 million in long-term annual EBITDA[***] once fully in service.

During the year, Inter Pipeline also constructed a new 13-kilometre connection between the Cold Lake pipeline system and Canexus Corporation's unit train rail loading facility at Bruderheim, Alberta. Under the long-term, ship-or-pay contract, Inter Pipeline began collecting approximately $12 million in annual EBITDA in 2014.

In June 2014, a new contract was signed with Japan Canada Oil Sands Limited and Nexen Energy ULC to provide diluent transportation service for their Hangingstone oil sands project. Under a 20-year ship-or-pay agreement, Inter Pipeline will build a new $25 million pipeline lateral and provide an initial 7,000 b/d of committed capacity on the Polaris system. The new infrastructure is expected to be ready for service by mid-2016. This contract marks the 9th oil sands project to be connected to the Polaris pipeline system, illustrating Polaris' strategic position as the leading diluent delivery system for Alberta's oil sands.

Conventional Oil Pipelines

The conventional oil gathering business segment also generated record financial results in 2014. Funds from operations totaled $191.1 million for the year, a gain of $16.2 million or 9 percent over 2013. Higher throughput levels and strong midstream marketing results largely accounted for the gain.

Throughput levels on the conventional oil pipeline systems showed substantial growth over 2013 due primarily to aggressive drilling activity in certain established oil fields. Volume growth from the Viking light oil play serviced by the Mid-Saskatchewan light pipeline system was particularly strong in 2014, with throughputs rising 40 percent year-over-year. Combined, the Bow River, Central Alberta, and Mid-Saskatchewan systems transported a total of 205,200 b/d in 2014, a 10 percent gain over 2013 and the highest annual throughput since 2007.

In the fourth quarter, funds from operations totaled $46.8 million, a gain of 6 percent over the prior year period. Strong margins from midstream marketing activities and higher oil volumes contributed to the increase. Aggregate throughput levels on the three conventional systems totaled 213,200 b/d for the quarter, with the Mid-Saskatchewan pipeline system establishing a new quarterly throughput record of 73,300 b/d.

In 2014, Inter Pipeline announced its largest ever capital investment program in the

[**] *Represents Inter Pipeline's share of capital expenditures.*
[***] *Please refer to the "Non-GAAP and additional GAAP Financial Measures" section of the MD&A.*

conventional oil pipeline segment. A $100 million expansion of the Mid-Saskatchewan system is underway to accommodate strong production growth in the region. The expansion is supported by transportation contracts that will in aggregate generate approximately $25-$30 million in annual EBITDA by mid-2015.

NGL Extraction

The NGL extraction business segment generated funds from operations of $142.3 million in 2014. Results were 17 percent below 2013 levels primarily due to lower natural gas throughput levels and reduced frac-spread pricing.

Natural gas volumes at Inter Pipeline's largest extraction facility near Cochrane, Alberta were down 10 percent due to reduced demand for Canadian gas in the US west-coast region. For the year, Inter Pipeline's three extraction facilities processed 2.5 billion cubic feet per day (bcf/d) of natural gas and extracted 97,600 b/d of natural gas liquids.

Frac-spread pricing on propane-plus sales at the Cochrane facility declined substantially in the fourth quarter of 2014. This contributed to a realized full year frac-spread price of $0.76 USD per US gallon, approximately 20 percent less than the $0.96 USD per US gallon realized in 2013.

Funds from operations totaled $24.7 million in the fourth quarter of 2014 compared to $53.4 million in Q4 of 2013. Natural gas processed volumes decreased to 2.7 bcf/d and liquids production totaled 103,400 b/d. Frac-spread pricing was markedly lower in the fourth quarter with realized prices of $0.54 USD per US gallon compared to $0.99 USD per US gallon in the fourth quarter of 2013.

Bulk Liquid Storage

Inter Pipeline's bulk liquid storage business segment generated funds from operations of $75.4 million in 2014, a 3 percent increase over 2013 levels. Higher activity at key Danish terminals positively impacted results as did foreign currency translation adjustments.

Overall utilization rates totaled 79 percent in 2014, compared to 84 percent for 2013. However, market conditions have improved considerably over the past few months with the emergence of contango in futures markets for certain petroleum products. As a result, Inter Pipeline's Danish storage operations secured a number of new contracts in late 2014, driving utilization rates in the business segment to 90 percent by year end.

Fourth quarter funds from operations totaled $15.8 million, similar to the $16.1 million generated in the fourth quarter of 2013. Utilization rates were the same for both periods at 84 percent.

Inter Pipeline also recently completed a restructuring of its European storage operations. A single, coordinated leadership team has been formed with responsibility for all European operations and the entire business rebranded as Inter Terminals Ltd. These changes will provide a more integrated and cost effective structure, and promote superior brand recognition within the European bulk liquids storage sector.

Financing Activity

Inter Pipeline raised a record $1.5 billion in equity and debt capital markets in 2014 in order to finance its capital expenditure program and to strengthen its balance sheet.

During the year, Inter Pipeline successfully raised $300 million in equity capital and issued $900 million of new medium-term notes at attractive interest rates. In addition, more than $260 million of new equity was issued to shareholders under Inter Pipeline's dividend reinvestment programs.

At December 31, Inter Pipeline's recourse debt to capitalization ratio was 54 percent, compared to 53 percent at December 31, 2013.

Conference Call & Webcast

Inter Pipeline will hold a conference call and webcast on February 19th at 2:30 p.m. (Mountain Time) / 4:30 p.m. (Eastern Time) to discuss its fourth quarter and year-end 2014 financial and operating results.

To participate in the conference call, please dial 800-355-4959 or 416-340-2216. A pass code is not required. A recording of the call will be available for replay until March 19, 2015, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 6873135.

A webcast of the conference call can be accessed on Inter Pipeline's website at www.interpipeline.com by selecting "Investor Relations" then "Events & 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 share and percent amounts where noted)	Three Months Ended December 31,		Twelve Months Ended December 31,	
Operating Results	2014	2013	2014	2013
Pipeline volumes (000 b/d)				
Oil sands transportation[1]	1,023.9	822.6	912.9	828.4
Conventional oil pipelines	213.2	194.1	205.2	186.6
Total pipeline	1,237.1	1,016.7	1,118.1	1,015.0
NGL Extraction volumes[1] (000 b/d)				
Ethane	66.6	78.6	62.9	74.7
Propane-plus	36.8	37.1	34.7	35.5
Total extraction	103.4	115.7	97.6	110.2
Bulk Liquid Storage capacity utilization	84%	84%	79%	84%
Financial Results[3]				
Revenue	$390.1	$374.2	$1,556.3	$1,362.7
Funds from operations[2]				
Oil sands transportation	$97.2	$64.2	$306.1	$219.7
Conventional oil pipelines	$46.8	$44.0	$191.1	$174.9
NGL extraction	$24.7	$53.4	$142.3	$170.7
Bulk liquid storage	$15.8	$16.1	$75.4	$73.2
Corporate costs	$(24.8)	$(43.2)	$(150.9)	$(165.9)
Total funds from operations[2]	$159.7	$134.5	$564.0	$472.6
Per share[2]	$0.49	$0.44	$1.76	$1.65
Net Income (loss)	$79.6	$84.6	$349.5	$(47.0)
Supplemental Financial Information				
Net income (loss) attributable to shareholders	$75.6	$81.3	$334.8	$(58.1)
Per share - basic	$0.24	$0.27	$1.05	$(0.20)
- diluted	$0.23	$0.26	$1.02	$(0.20)
Cash dividends declared	$114.9	$98.6	$423.1	$338.2
Per share	$0.3525	$0.3225	$1.3200	$1.1775
Payout ratio[2]	74.0%	75.5%	77.3%	73.6%
Capital expenditures[2,3]				
Growth	$149.2	$549.4	$1,194.0	$1,918.9
Sustaining	$13.8	$11.0	$42.2	$30.1
Total capital expenditures	$163.0	$560.4	$1,236.2	$1,949.0

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis; 2013 Polaris volumes represent initial shipments that were prorated for the 12 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 twelve month periods ended December 31, 2014 as compared to the three and twelve month periods ended December 31, 2013. These documents are available at www.interpipeline.com and at www.sedar.com.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and northern Europe. Additional information about Inter Pipeline can be found at www.interpipeline.com.

Inter Pipeline is a member of the S&P/TSX 60 Index and its shares trade on the Toronto Stock Exchange under the symbol IPL.

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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, Cold Lake and Mid-Saskatchewan pipeline and other 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 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, risks and assumptions associated with operations, such as Inter Pipeline's ability to successfully implement its strategic initiatives and achieve expected benefits, including the further development of its oil sands pipeline systems; assumptions concerning operational reliability; the availability and price of labour and construction materials; the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its affiliates; availability of energy commodities; volatility of and assumptions regarding prices of energy commodities; competitive factors, pricing pressures and supply and demand in the natural gas and oil transportation, ethane transportation and natural gas liquids extraction and storage industries; assumptions based upon Inter Pipeline's current guidance; fluctuations in currency and interest rates; inflation; the ability to access sufficient capital from internal and external sources; risks and uncertainties associated with Inter Pipeline's ability to maintain its current level of cash dividends to its shareholders; risks inherent in Inter Pipeline's Canadian and foreign operations; risks of war, hostilities, civil insurrection, instability and political and economic conditions in or affecting countries in which Inter Pipeline and its affiliates operate; severe weather conditions; terrorist threats; risks associated with technology; Inter Pipeline's ability to generate sufficient cash flow from operations to meet its current and future obligations; Inter Pipeline's ability to access external sources of debt and equity capital; general economic and business conditions; the potential delays of and costs of overruns on construction projects, including, but not limited to Inter Pipeline's current oil sands projects and future expansions of Inter Pipeline's oil sands pipeline systems; risks associated with the failure to finalize formal agreements with counterparties in circumstances where letters of intent or similar agreements have been executed and announced by Inter Pipeline; Inter Pipeline's ability to make capital investments and the amounts of capital investments; changes in laws and regulations, including environmental, regulatory and taxation laws, and the interpretation of such changes to Inter Pipeline's business; the risks associated with existing and potential future lawsuits and regulatory actions against Inter Pipeline and its affiliates; increases in maintenance, operating or financing costs; availability of adequate levels of insurance; difficulty in obtaining necessary regulatory approvals and maintenance of support of such approvals; and such other risks and uncertainties described from time to time in Inter Pipeline's reports and filings with the Canadian securities authorities. The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. 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.

Effective September 1, 2013, Inter Pipeline completed a plan of arrangement that resulted in the reorganization of Inter Pipeline Fund, a limited partnership, into Inter Pipeline, a dividend paying corporation. Pursuant to the arrangement, among other things, each outstanding Class A unit of Inter Pipeline Fund was exchanged for one common share of Inter Pipeline. Accordingly, any references to Inter Pipeline for any period prior to September 1, 2013 refer to Inter Pipeline Fund and its consolidated subsidiaries, as applicable, and any references to Inter Pipeline subsequent to September 1, 2013 refer to Inter Pipeline Ltd. and its consolidated subsidiaries, as applicable. Similarly, any references to common shares, shareholders or dividends for any period prior to September 1, 2013, refer to Class A units, unitholders and distributions of the former Inter Pipeline Fund, and any references to common shares, shareholders or dividends for any period on or after September 1, 2013 refer to common shares, shareholders and dividends of Inter Pipeline Ltd.

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.