

Inter Pipeline Fund to Increase Capacity on Cold Lake Pipeline for Foster Creek Oil Sands Project

CALGARY, ALBERTA, August 4, 2010: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today that the Cold Lake Pipeline Limited Partnership has entered into a long term agreement to construct additional bitumen blend capacity on the Cold Lake pipeline system. New facilities will add approximately 180,000 barrels per day (b/d) of oil gathering capacity to meet strong forecast production growth at the Foster Creek oil sands development. Foster Creek is a major in-situ bitumen recovery project owned by Cenovus Energy Inc. and ConocoPhillips Canada Resources Corporation under a 50/50 joint partnership.

Inter Pipeline, on behalf of the Cold Lake Pipeline Limited Partnership, will construct a new 27 kilometre pipeline south of the Foster Creek production project, connecting with an existing oil storage terminal on the Cold Lake system located at La Corey, Alberta. Capital costs are estimated at \$40 million and the new pipeline is expected to be in service in early 2011.

“This attractive, accretive investment represents the latest chapter in our phased development of the Cold Lake system,” commented David Fesyk, President and Chief Executive Officer of Inter Pipeline. “It will allow us to accommodate the near term growth plans of a key existing customer while building strategic infrastructure that is complementary with our plans to extend the Cold Lake system further north in the longer term.”

Transporting approximately 450,000 b/d, the Cold Lake system is the largest oil gathering pipeline in the prolific Cold Lake oil sands region. Inter Pipeline owns an 85% interest in the Cold Lake Pipeline Limited Partnership and is operator of the system.

Project Description The Foster Creek development is a large-scale bitumen recovery project which employs steam assisted gravity drainage (SAGD) production techniques. Cenovus Energy Inc., as operator of the Foster Creek project, has stated that full development of the project will potentially double current bitumen production capacity. This would result in bitumen blend volume increasing from approximately 150,000 b/d to 310,000 b/d over the next ten years.

To accommodate near term production growth plans at Foster Creek, Inter Pipeline will construct and operate a new 27 kilometre, 24 inch diameter pipeline which will connect to the La Corey terminal. The new pipeline will parallel existing bitumen blend and condensate transportation pipelines in service today.

Upon completion, blend delivery capacity from Foster Creek to mainline receipt points on the Cold Lake system will increase from approximately 150,000 b/d to 330,000 b/d. Construction is expected to commence during the third quarter of 2010, with an in-service date in early 2011.

Commercial Terms and Economics The 20 year agreement signed today will provide Inter Pipeline with highly stable long term cash flow. Under the terms of the contract, Inter Pipeline will earn a fixed return on invested capital with no volume throughput risk. All operating costs will be recovered on a flow through basis.

In addition to generating a fixed return on capital, Inter Pipeline is well positioned to capture incremental mainline toll revenue on volumes gathered from Foster Creek in excess of currently installed capacity. Inter Pipeline may also collect additional revenue from future third party shippers utilizing the pipeline infrastructure between Foster Creek and the La Corey terminal.

Inter Pipeline expects to generate minimum annual EBITDA of \$4.5 million on its 85% prorata investment in the new pipeline from Foster Creek. This annual cash flow estimate conservatively excludes the strong potential for incremental mainline toll revenue and shipments from third parties.

Inter Pipeline will fund its 85% share of the estimated \$40 million construction cost through an existing committed credit facility.

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.

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 set forth above may contain forward-looking statements that involve risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements, including statements regarding levels and timing of cash flow potentially generated by this project, and by accretion estimates. 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 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. 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.

Non-GAAP Financial Measures

Certain financial measures referred to in this news release, namely "cash available for distribution" and "EBITDA" 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.

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