

Inter Pipeline Announces Mailing of Meeting Materials Related to Planned Corporate Conversion

CALGARY, ALBERTA, JULY 29, 2013: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today that it has mailed to Unitholders an Information Circular dated July 23, 2013 and related materials (collectively, the “Meeting Materials”) in connection with a Special Meeting of Unitholders (“Special Meeting”). The Special Meeting will address certain matters related to Inter Pipeline’s intention to convert from a limited partnership to a dividend paying corporation.

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 a.m. (Calgary time). At the Special Meeting, Unitholders will be asked to vote on two related resolutions which will facilitate Inter Pipeline’s planned conversion to a corporation and the exchange of preferred shares into common shares and shares convertible into common shares of Inter Pipeline’s corporate successor. If approved and completed, the conversion will result in the business of Inter Pipeline being carried on in a corporate form under the name Inter Pipeline Ltd.

Corporate Conversion Resolution

At the Special Meeting, Unitholders will be asked to vote on a resolution to convert Inter Pipeline’s entity structure from a Canadian limited partnership to a dividend paying corporation, pursuant to a plan of arrangement. Under the arrangement, Inter Pipeline’s Unitholders will receive one common share of Inter Pipeline Ltd. for each Class A unit of Inter Pipeline Fund held. The planned corporate conversion date is expected to be September 1, 2013. Unitholders may elect to effect the exchange of Class A Units for common shares on a tax-deferred basis for Canadian federal income tax purposes. The Board of Directors of Inter Pipeline believes that approval of the proposed corporate conversion will provide the following benefits:

1. allows Inter Pipeline to access foreign sources of equity capital which are not currently permitted under the limited partnership structure;
2. provides enhanced flexibility to finance Inter Pipeline’s significant growth capital requirements in the coming years;
3. creates a more conventional form of corporate governance including the annual election of directors and the holding of annual meetings; and
4. simplifies Inter Pipeline’s entity structure, resulting in cost savings and the ability to complete commercial transactions more efficiently.

Preferred Share Exchange Resolution

Unitholders will also be asked to vote on a resolution to allow the conversion of certain outstanding preferred shares into common shares and shares convertible into common shares of Inter Pipeline Ltd. These preferred shares were issued to the former shareholders of the owner of Inter Pipeline’s general partner, Pipeline Assets Corp. (“PAC”), as consideration under the “internalization” transaction announced on June 2, 2013. Inter Pipeline’s board of directors believes that approval of the proposed preferred share exchange will provide the following benefits:

1. ensures that former PAC shareholders hold the same equity participation

rights and entitlements as those held by public shareholders of Inter Pipeline Ltd.;

2. allows full alignment of interests between former PAC shareholders, including certain current senior management team members, and those of Inter Pipeline Ltd.'s public shareholders; and
3. simplifies Inter Pipeline's capital structure through the elimination of the preferred shares issued to PAC shareholders under the internalization transactions.

In the event that the proposed preferred share exchange is not approved by Unitholders, former PAC shareholders will continue to hold preferred shares. In such circumstances, PAC shareholders will also retain the right to retract or put their preferred shares to Inter Pipeline Ltd. or an affiliate for cash.

Board Recommendation

Inter Pipeline's board of directors, with the assistance of external legal and tax advisors, has carefully considered the resolutions Unitholders will be asked to vote upon at the Special Meeting. The board has determined that approval of the resolutions is in the best interest of Inter Pipeline's Unitholders.

The Board of Directors unanimously recommends that Unitholders vote FOR the Arrangement Resolution and the Preferred Share Exchange Resolution as described in the Meeting Materials.

Voting Assistance and Queries

Inter Pipeline has retained CST Phoenix Advisors as proxy solicitation agent. If Unitholders have questions with respect to voting or require additional information regarding the Meeting Materials, they are encouraged to contact CST Phoenix Advisors directly by telephone or e-mail:

Telephone: 1-800-884-4590 (toll free in North America)
201-806-2222 (collect call)

email: inquiries@phoenixadvisorscst.com

The Meeting Materials mailed today are available at www.sedar.com or on Inter Pipeline's website at www.interpipelinefund.com .

Inter Pipeline Fund

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage 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 risks and uncertainties. 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, the ability to access sufficient capital from internal and external sources, the risk that the conversion may not be completed when planned or at all or on the terms and conditions in the Meeting Materials and the failure to obtain the necessary unitholder, Court, regulatory or other third party approvals required in order to proceed with the conversion; 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.