inter pipeline

News Release

Inter Pipeline Fund Announces $1.5 billion Capital Expenditure Program for 2013

CALGARY, ALBERTA, JANUARY 30, 2013: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its capital expenditure program for 2013. Inter Pipeline expects to spend approximately $1.5 billion in 2013 under its largest-ever annual capital investment plan. Organic growth projects are forecast to account for more than 95 per cent of the total, with the remainder being directed towards sustaining capital projects.

As outlined in 2012, Inter Pipeline is advancing several major expansion projects within its oil sands pipeline business segment. Nearly $1.4 billion will be directed towards new oil sands transportation infrastructure in 2013. Growth capital expenditures in other business segments include approximately $30 million in the NGL extraction business, $20 million in bulk liquid storage and $10 million in conventional oil pipelines. Consistent with last year, Inter Pipeline expects to spend $40 million on sustaining capital projects.

Capital Expenditure Summary

(millions)	2013 Forecast	2012 Forecast
Organic Growth Capital		
Oil Sands Transportation*	$1,390	$262
NGL Extraction*	30	29
Bulk Liquid Storage	20	16
Conventional Oil Pipelines	10	33
Total Organic Growth Capital	1,450	340
Danish Terminal Acquisition	-	459
Sustaining Capital	40	40
Total Capital	$1,490	$839

* Includes Inter Pipeline's 85% ownership interest in the Cold Lake pipeline system or 50% interest in the Empress V NGL extraction facility

Oil Sands Transportation

Capital spending in 2013 will be dominated by expenditures related to Inter Pipeline's integrated expansion program on the Cold Lake and Polaris pipeline systems. This major expansion program involves the provision of approximately 850,000 barrels per day ("b/d") of committed bitumen blend and diluent delivery capacity for three oil sands projects operated by the FCCL Partnership, a business venture between Cenovus Energy and ConocoPhillips. Total capital expenditures are expected to be $2.2 billion over the next 3 years, of which $1.1 billion will be incurred in 2013.

The integrated expansion program will involve the construction of 840 kilometres of pipeline and seven mainline pump stations. New facilities will enter commercial service in phases commencing in 2014. As discrete construction projects are completed, Inter Pipeline will begin generating fixed annual payments under high quality ship-or-pay contracts with the FCCL Partnership. Definitive transportation agreements are expected to be executed in the first quarter of 2013.

During 2013, roughly $40 million will be invested to complete the installation of two quarter-point stations and existing station upgrades on the west leg of the Cold Lake pipeline system. This mainline expansion project will increase bitumen blend capacity from 535,000 b/d to 650,000 b/d and is expected to be operational in mid 2013.

On the Polaris system, Inter Pipeline will spend roughly $16 million to complete new diluent delivery connections to Suncor's Athabasca oil sands operations and the Sunrise project operated by Husky.

Inter Pipeline's current oil sands development programs will result in surplus capacity which will be available for future business. In 2013, Inter Pipeline plans to spend $170 million to provide transportation service to a third party. This amount has been backstopped through a capital funding arrangement, with no resulting financial exposure to Inter Pipeline.

NGL Extraction

In the NGL extraction business segment, Inter Pipeline expects growth capital investments to total $30 million in 2013. Approximately $25 million will be spent at the Cochrane NGL extraction facility on a project to reduce the sulphur content of propane-plus products. This project, which is expected to cost $53 million in total, will ensure continued access to premium-priced product markets. The installation of new liquids sweetening facilities is expected to be complete in late 2013.

Remaining growth capital will be spent on various efficiency improvement projects at the Cochrane and Empress NGL extraction facilities.

Bulk Liquid Storage

Inter Pipeline expects to spend approximately $20 million on organic growth capital projects in the bulk liquid storage segment in 2013. Roughly half of this amount will be incurred at Simon Storage terminals in the United Kingdom and Germany, with remaining expenditures incurred within the Inter Terminals subsidiary in Denmark.

In the United Kingdom and Germany, approximately $10 million will be incurred on tank refurbishments, equipment upgrade projects and new fuel additive facilities. In Denmark, approximately $9 million will be incurred to acquire an additional fuel oil storage tank from DONG Energy at the Ensted terminal. Approximately $1 million will be invested in new product blending equipment to enhance services available to storage customers.

Conventional Oil Pipelines

In the conventional oil pipelines segment, approximately $10 million will be spent to enhance oil handling and transportation facilities on the Bow River, Central Alberta and Mid Saskatchewan pipeline systems. Various new battery connection, facility upgrade, rail access and storage projects are planned in 2013.

Inter Pipeline's conventional oil gathering systems continue to benefit from increased drilling activity and the application of new well completion technologies.

Sustaining Capital

Inter Pipeline's sustaining capital forecast for 2013 is approximately $40 million, similar to that incurred in 2012.

In the bulk liquid storage business, Inter Pipeline expects to spend about $18 million in sustaining capital. Expenditures will be spread across several terminals in Europe on tank repair projects and the upgrade of ship docking infrastructure. In addition, a number of automation and mechanical enhancement projects are planned to improve terminal operations and ensure compliance with new legislative requirements.

Sustaining capital expenditures in the NGL extraction segment are forecast at approximately $7 million for 2013. Major expenditures include replacement of a heat exchanger and office building upgrades at the Cochrane NGL extraction plant.

Remaining sustaining capital expenditures include $7 million for smaller projects in the oil sands transportation and conventional oil pipelines segments and $8 million for corporate related expenditures, primarily related to information technology initiatives and corporate office expansions.

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 risks and uncertainties. Forward-looking statements in this news release include, but are not limited to, timing and cost schedules of Polaris and Cold Lake capital projects, and statements regarding the potential cash flow contributions from growth projects currently under development. 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 Cold Lake and Polaris expansions, 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, namely "growth capital expenditures" and "sustaining capital expenditures", 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.