

## **Inter Pipeline Announces Completion of Cold Lake and Polaris Pipeline Expansion Projects**

**CALGARY, ALBERTA, JANUARY 28, 2015:** Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) is pleased to announce that it has completed construction activity on two major expansion projects on its Cold Lake and Polaris pipeline systems. These projects will provide transportation service to the Foster Creek and Christina Lake oil sands projects owned by the FCCL Partnership (“FCCL”), a business venture between Cenovus Energy and ConocoPhillips. As a result, Inter Pipeline will begin generating incremental EBITDA of approximately \$165 million per year.

“We are extremely pleased with the execution of these major construction projects, representing a combined investment of \$3.0 billion,” commented Christian Bayle, Inter Pipeline’s President and Chief Executive Officer. “They were completed on-schedule with an outstanding safety record during an extremely active construction window in our industry.”

### **FCCL Expansion Projects**

Pursuant to an agreement announced in July 2012, Inter Pipeline commenced work on an integrated, phased expansion of its Cold Lake and Polaris pipeline systems. In aggregate, Inter Pipeline will construct 840 kilometres of pipeline and seven pump stations to provide transportation service to FCCL’s Foster Creek, Christina Lake and Narrows Lake oil sands developments. FCCL has committed to 850,000 barrels per day (“b/d”) of bitumen blend and diluent capacity under a 20-year ship-or-pay agreement.

With the commissioning of infrastructure related to the Foster Creek and Christina Lake expansions, Inter Pipeline has completed approximately 90% of planned construction work. In 2016 and 2017, Inter Pipeline expects to invest an additional \$290 million to provide transportation service to FCCL’s Narrows Lake oil sands development.

### **Strong Incremental EBITDA**

Ultimately, Inter Pipeline expects to generate up to approximately \$330 million in long-term EBITDA per year from the integrated expansion of its Cold Lake and Polaris pipeline systems. In July 2014, Inter Pipeline began generating annual EBITDA of approximately \$90 million upon completion of diluent delivery infrastructure to the Foster Creek and Christina Lake developments. The commissioning of bitumen blend and diluent infrastructure announced today will add an incremental \$165 million in annual EBITDA. Following construction of bitumen blend and diluent facilities for the Narrows Lake project, Inter Pipeline expects to generate a further \$40 million per year in incremental EBITDA. Finally, subject to other certain contractual conditions being met post completion of the Narrows Lake connection, Inter Pipeline expects to generate an additional \$35 million in annual EBITDA over the long-term.

Inter Pipeline has installed surplus mainline capacity on the Cold Lake and Polaris systems beyond FCCL’s capacity requirements for its Foster Creek, Christina Lake and Narrows Lake developments. Approximately 1.3 million b/d of combined capacity will be available for new third party shippers. Inter Pipeline intends to aggressively pursue new connection opportunities in its transportation service areas.

## Convertible Share Conversion

In June 2013, Inter Pipeline acquired its former general partner in a transaction valued at \$348 million. This transaction resulted in the elimination of all management fees, acquisition fees and disposition fees that otherwise would have been paid to an external manager.

The former owners of the general partner agreed to take all payment consideration in the form of shares which would be convertible into Inter Pipeline common shares. In addition, \$170 million of the \$348 million purchase price was contingent on the successful completion of transportation infrastructure related to the FCCL Foster Creek and Christina Lake expansion projects. Accordingly, Inter Pipeline is now obligated to issue additional common shares, on a one for one basis, in exchange for the convertible shares.

The conversion of previously issued convertible shares will not create additional funding requirements for Inter Pipeline. All transactions associated with Inter Pipeline's internalization and subsequent corporate conversion events have now been completed.

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## Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids extraction, and bulk liquid storage 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](http://www.interpipeline.com)

Inter Pipeline is a member of the S&P/TSX 60 Index and its common 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 risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements, including, but not limited to, statements regarding expectations with respect to revenues to be generated and the possibility of successfully securing new connection opportunities. 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 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, other potential delays associated new and existing oil sands projects, 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](http://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 including 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.