

Inter Pipeline Granted Royalty Credits Under Alberta's Petrochemical Diversification Program

CALGARY, ALBERTA, December 5, 2016: Inter Pipeline Ltd. ("Inter Pipeline")(TSX:IPL) announced today that it will receive \$200 million in royalty credits from the Government of Alberta's Petrochemical Diversification Program, the maximum amount any one project is eligible to receive under this program. Credits have been awarded in support of Inter Pipeline's proposed construction of a \$1.85 billion propane dehydrogenation (PDH) facility near Fort Saskatchewan, Alberta.

As part of its recent acquisition of the Williams Companies Inc.'s and Williams Partners L.P.'s Canadian natural gas liquids midstream businesses, Inter Pipeline assumed responsibility for the potential construction of a world-scale PDH facility. This facility will convert low-cost, locally sourced propane into more valuable polymer grade propylene, which is primarily used to create a variety of plastics, fibers and chemicals.

"We are pleased to have been awarded meaningful incentives to assist with the advancement of this important project," said Christian Bayle, Inter Pipeline's President and Chief Executive Officer. "The Petrochemical Diversification Program will help provide long-term economic benefits to Alberta by stimulating new investment and creating high quality employment opportunities."

Inter Pipeline is also assessing the commercial viability of constructing an additional \$1.3 billion processing facility that converts propylene into polypropylene. Subject to securing appropriate long term, fee-based sales contracts for the production, Inter Pipeline anticipates making final investment decisions on the PDH and polypropylene facilities by mid-2017. Both plants are expected to be operational by mid-2021.

The royalty credits will be available to Inter Pipeline once the proposed PDH facility is in operation. The credits can then be sold to oil or natural gas producers which use the credits to reduce their royalty payments.

Inter Pipeline Ltd. Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. 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. www.interpipeline.com.

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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, costs, investment decisions and completion of Inter Pipeline's current and future projects, including the PDH and polypropylene facilities. 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 pipeline systems and other facilities; assumptions concerning operational reliability; Inter Pipeline's ability to maintain its investment grade credit ratings; the availability and price of labour, equipment 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 oil and gas transportation, 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 projects and future expansions of Inter Pipeline's 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 or threatened 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 or land access rights and maintenance of support of such approvals and rights; the realization of the anticipated benefits of acquisitions; 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. Readers are cautioned that the foregoing list of assumptions, risks, uncertainties and factors is not exhaustive. 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 and all subsequent forward-looking statements, whether written or oral, attributable to Inter Pipeline or persons acting on Inter Pipeline's behalf are expressly qualified in their entirety by these cautionary statements.

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