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Inter Pipeline Fund Announces \$325 million Medium-Term Note Offering

CALGARY, ALBERTA, January 28, 2011: Inter Pipeline Fund (“Inter Pipeline”) (TSX: IPL.UN) announced today that it has agreed to sell an aggregate of \$325 million of senior unsecured medium-term notes in the Canadian public debt market. Net proceeds of the offering will be used to pay down a portion of Inter Pipeline’s existing bank indebtedness. Upon completion of this financing, Inter Pipeline’s revolving credit facility will have approximately \$450 million of available capacity which provides significant balance sheet flexibility.

The note offering represents Inter Pipeline’s inaugural Canadian public debt financing, and creates a new source of capital to support future growth opportunities. “Current credit market conditions are very favourable for energy infrastructure issuers, and we are extremely pleased with the interest shown in this offering,” commented David Fesyk, President and CEO of Inter Pipeline. “By creating a Canadian public debt platform, we are well positioned to finance the next phases of our long-term growth plans.”

The offering is expected to close on or about February 2, 2011, subject to customary closing conditions. The notes mature on February 2, 2021 and will bear interest at a rate of 4.967% per annum, payable semi-annually.

Standard & Poor’s Ratings Services and DBRS Limited have assigned credit ratings of BBB+ and BBB (high), respectively, to the notes.

The notes are being offered through a syndicate of agents co-led by CIBC World Markets Inc. and TD Securities Inc. under Inter Pipeline’s short form base shelf prospectus dated November 30, 2010, a related prospectus supplement dated January 19, 2011 and a related pricing supplement to be dated on or about January 28, 2011.

This news release does not constitute an offer to sell or the solicitation of an offer to buy the notes in any jurisdiction, in which such an offer, solicitation or sale would be unlawful. The notes being offered have not been approved or disapproved by any regulatory authority. The notes have not been and will not be registered under the United States *Securities Act of 1933*, as amended (the “U.S. Securities Act”), or any state securities laws, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons unless an exemption from the registration requirements of the U.S. Securities Act is available.

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.

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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, without limitation, statements regarding the anticipated closing date of the offering, the anticipated use of the net proceeds of the offering and the amount of funds needed to fund Inter Pipeline's near term capital expenditure programs and finance long-term growth plans. 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 Corridor pipeline system expansion project, 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.