inter pipeline **News Release**

Inter Pipeline Fund Announces Record 2012 Financial and Operating Results

CALGARY, ALBERTA, FEBRUARY 21, 2013: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three and twelve month periods ended December 31, 2012.

2012 Highlights

- Funds from operations* increased to a record $423 million, up $28 million or 7% over 2011 levels
- Low annual payout ratio before sustaining capital* of 68%
- Generated record net income of $307 million
- Total distributions to unitholders surpassed $2 billion since inception, including $285 million declared in 2012
- Throughput volumes on oil sands and conventional oil pipeline systems averaged a record 988,100 barrels per day (b/d), 31,900 b/d higher than 2011
- Oil sands transportation segment achieved record throughput of 812,600 b/d
- Annual throughput volumes averaged 175,500 b/d on Inter Pipeline's conventional oil pipeline systems, an increase of 5,500 b/d over 2011
- Announced $2.2 billion integrated oil sands development program for Cold Lake and Polaris pipeline systems
- Polaris pipeline system entered commercial service for the Kearl oil sands project, which is expected to generate approximately $36 million of EBITDA* annually
- Issued $400 million in senior medium term notes at attractive interest rates
- Completed $459 million acquisition of four petroleum storage terminals in Denmark, more than doubling European storage capacity to 19 million barrels

Fourth Quarter Highlights

- Fourth quarter funds from operations* increased to $101 million, a gain of $11 million or 12% over fourth quarter 2011 levels
- Low quarterly payout ratio before sustaining capital* of 73%
- Announced 5.7% distribution increase to annual rate of $1.11 per unit, Inter Pipeline's ninth consecutive distribution increase
- Combined oil sands and conventional volume levels set a new quarterly record of 1,014,900 b/d
- Announced 5-year agreement to transport diluent for Suncor Energy
- Distributions to unitholders were $73 million or $0.2675 per unit

** Please refer to the "Non-GAAP and addtional GAAP Financial Measures" section of the MD&A.*

Funds From Operations

Inter Pipeline generated record financial results in 2012. Funds from operations totaled $422.6 million or $1.57 per unit, an increase of $28.4 million or 7% over 2011 levels. This marks the 11th consecutive year of increased funds from operations, with three of Inter Pipeline's four business segments achieving record levels. The oil sands transportation segment realized gains as the Polaris pipeline system entered commercial service; the conventional oil pipeline segment showed very strong cash flow on volume strength; and the bulk liquid storage segment's results were boosted by the Danish petroleum storage business which was acquired in early 2012.

By business segment, the NGL extraction, oil sands transportation, conventional oil pipelines and bulk liquid storage businesses contributed $194.6 million, $172.8 million, $153.4 million and $80.2 million to funds from operations, respectively. Corporate costs, including interest, income tax and general and administrative charges were $178.4 million for the year.

In the fourth quarter, funds from operations were $100.9 million, an increase of $10.8 million or 12% over fourth quarter 2011 results. Inter Pipeline's oil sands transportation segment set a new quarterly record for cash flow at $46.2 million. Fourth quarter funds from operations from the NGL extraction, conventional oil pipelines and bulk liquid storage businesses were $38.7 million, $38.7 million and $20.0 million, respectively. Corporate costs were $42.7 million in the quarter.

Cash Distributions

Distributions declared to unitholders increased to $285.2 million or $1.055 per unit in 2012, compared to $251.7 million or $0.9675 per unit declared in 2011. Distributions were higher due to an increase in the number of units outstanding and Inter Pipeline's decision to increase annual distributions by $0.09 per unit effective with payments in January 2012. Despite a higher distribution rate, Inter Pipeline's payout ratio remained conservative at 67.5% before sustaining capital and 74.6% after considering sustaining capital expenditures of $40.1 million in 2012.

In the fourth quarter, Inter Pipeline distributed $73.4 million or $0.2675 per unit, representing a payout ratio of 72.8% before sustaining capital and 86.0% after sustaining capital.

Oil Sands Transportation

In 2012, Inter Pipeline achieved record performances in the oil sands transportation business segment and announced a major, multi-year expansion program. Throughput levels on Inter Pipeline's oil sands transportation systems averaged 812,600 b/d during the year, an increase of 26,400 b/d over 2011 levels as both the Cold Lake and Corridor pipeline systems set annual records. Cash flow in the segment set a new yearly record, with funds from operations totaling $172.8 million.

In the fourth quarter, throughput volumes in the oil sands transportation segment reached 838,200 b/d. Cold Lake system volumes averaged 529,400 b/d and Corridor volumes averaged 308,800 b/d. Both systems recorded year over year gains due to strong production from the oil sands operations of Imperial, Cenovus and Canadian Natural Resources on the Cold Lake system, and increased production on the Corridor system from Shell, Chevron and Marathon's Athabasca Oil Sands Project.

Inter Pipeline's third oil sands pipeline system, the Polaris diluent transportation system, entered into commercial service in 2012. Initial development of Polaris is supported by long-term contracts to transport diluent to Imperial's Kearl oil sands project and to Husky Energy's Sunrise oil sands project. Together, these projects are expected to generate approximately $63 million in incremental EBITDA once fully in service. In late 2012 Inter Pipeline announced a third Polaris contract, a 5-year agreement to transport 10,000 b/d of diluent for Suncor Energy. This agreement will add a further $10 million to EBITDA annually for the life of the contract, at a capital cost of approximately $10 million. Inter Pipeline expects that all three contracts will be contributing to cash flow in 2013.

In 2012, Inter Pipeline announced a $2.2 billion development plan for the Cold Lake and Polaris pipeline systems that will expand and integrate transportation services across both systems. Anchoring these developments is an arrangement to provide bitumen blend and diluent transportation services to the Foster Creek, Christina Lake and Narrows Lake projects jointly owned by ConocoPhillips and Cenovus Energy. These development plans involve the construction of approximately 840 kilometres of new pipeline and seven new pump stations. Inter Pipeline intends to provide approximately 850,000 b/d of firm bitumen blend and diluent capacity to the three oil sands projects. Subject to the execution of a binding transportation agreement, new facilities are planned to be in service for the Foster Creek and Christina Lake projects in phases beginning in mid-2014, and for the Narrows Lake project in 2017. Inter Pipeline expects to finalize the binding transportation agreement in the first quarter of 2013.

In addition, a $90 million pump station expansion of the Cold Lake system is currently underway that will increase system capacity on the west mainline segment from 535,000 b/d to approximately 650,000 b/d by mid 2013 to accommodate near term production forecasts.

NGL Extraction

The NGL extraction business segment generated very strong results in 2012, with funds from operations totaling $194.6 million. Results were $7.9 million lower than in 2011 primarily due to a one-time $20.5 million positive revenue adjustment related to the historical pricing of NGL sales from a counterparty.

Natural gas volumes processed at Inter Pipeline's NGL extraction facilities at Cochrane and Empress, Alberta remained strong in 2012, averaging roughly 2.7 billion cubic feet of natural gas per day (bcf/d), similar to levels processed in 2011. Higher throughput volumes at the Cochrane extraction plant were offset by lower volumes at Inter Pipeline's Empress facilities. Total liquid extraction volumes, including ethane and propane-plus products, averaged 107,600 b/d, consistent with levels extracted in 2011.

Margins on the sale of propane-plus products from the Cochrane extraction facility moderated relative to 2011, but remained strong compared to historical averages. Realized frac-spread prices averaged $1.00 US per US gallon in 2012, higher than the 5-year average of $0.91 US per US gallon.

In the fourth quarter, Inter Pipeline's three NGL extraction facilities processed 2.6 bcf/d, up from 2.3 bcf/d processed in Q4 of 2011 as throughput levels increased at Empress facilities. Fourth quarter extracted liquid volumes were up correspondingly, totaling 105,900 b/d in the fourth quarter of 2012 compared to 99,200 b/d extracted in the fourth quarter of 2011.

Conventional Oil Pipelines

The conventional oil pipeline segment had a very strong year, generating record funds from operations of $153.4 million. This represents an increase of $20.2 million or 15% over 2011 levels. Strong results were driven by higher throughput levels and increased transportation tolls. Average revenue per barrel on Inter Pipeline's conventional oil pipeline systems averaged $2.91 in 2012 compared to $2.68 per barrel realized in 2011.

For the year, Inter Pipeline's conventional oil pipeline systems maintained strong throughput levels, recording volume gains that more than offset natural decline rates. The Bow River, Central Alberta, and Mid Saskatchewan systems together transported an average of 175,500 b/d in 2012, an increase of 5,500 b/d over 2011 levels. In the fourth quarter, conventional oil transportation volumes averaged 176,700 b/d, similar to fourth quarter 2011 levels. Inter Pipeline continues to benefit from substantial oil drilling activity in certain service areas as producers aggressively deploy new drilling and well completion technologies.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage business generated significantly higher results in 2012 than in the year prior. Funds from operations were $80.2 million, more than double the $37.2 million generated in 2011. The increase was primarily due to the inclusion of results from a Danish petroleum storage business which Inter Pipeline acquired in January 2012.

Tank utilization rates for the year averaged 90.0% compared to 97.0% in 2011. Fourth quarter 2012 utilization rates reflected similar trends, with Q4 2012 averaging 88.3% compared to 94.9% in the fourth quarter of 2011. Utilization rates have remained strong despite a weak European economic climate and the lack of contango in forward oil commodity markets. In 2012, 75,000 barrels of new storage capacity was added at the Immingham terminal in the United Kingdom, and multiple tanks were refurbished to meet requirements of new customer storage contracts.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet and took additional measures throughout 2012 to ensure continued financial flexibility. During the year, $2.3 billion of committed credit facilities were extended by one year. In May, $400 million of senior medium term notes were issued at an attractive interest rate. To maintain a strong equity position, Inter Pipeline raised over $200 million in new equity capital through a highly successful distribution reinvestment program over the course of the year. At December 31, Inter Pipeline had access to approximately $700 million in unutilized credit capacity.

Debt levels were prudently managed during the year. Inter Pipeline's total outstanding debt balance was approximately $3.1 billion at December 31, resulting in a total debt to capitalization ratio of 65.3%. Excluding approximately $1.7 billion of non-recourse debt held by Inter Pipeline (Corridor) Inc., Inter Pipeline's recourse debt to capitalization ratio remained relatively low at 47.0%.

Inter Pipeline continues to maintain strong investment grade credit ratings, supported by our stable business performance and prudently capitalized balance sheet. Inter Pipeline is well positioned to finance its long term capital expenditure program.

Conference Call & Webcast

Inter Pipeline will hold a conference call and webcast today at 2:30 p.m. (Mountain Time) / 4:30 p.m. (Eastern Time) to discuss fourth quarter and year end 2012 financial and operating results.

To participate in the conference call, please dial 866-226-1792 or 416-340-2216. A pass code is not required. A recording of the call will be available for replay until February 28, 2013, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 4511704.

A webcast of the conference call can be accessed on Inter Pipeline's website at www.interpipelinefund.com by selecting "Investor Relations" then "Webcasts & Conference Calls". An archived version of the webcast will be available for approximately 90 days.

Selected Financial and Operating Highlights

(millions of dollars, except where noted)	Three Months Ended December 31, 2012	2011	Year Ended December 31, 2012	2011
Pipeline volumes (000 b/d)				
Oil sands transportation[1]	838.2	769.4	812.6	786.2
Conventional oil pipelines	176.7	175.7	175.5	170.0
Total pipeline volumes	1,014.9	945.1	988.1	956.2
Extraction production[1] (000 b/d)				
Ethane	72.9	69.0	72.6	73.2
Propane plus	33.0	30.2	35.0	33.8
Total extraction production	105.9	99.2	107.6	107.0
Revenue				
Oil sands transportation	$84.1	$71.3	$300.3	$284.8
NGL extraction	$133.5	$129.1	$499.9	$584.6
Conventional oil pipelines	$62.0	$46.3	$231.2	$177.8
Bulk liquid storage	$38.8	$26.5	$155.6	$104.4
Total revenue	$318.4	$273.2	$1,187.0	$1,151.6
Net income	$57.3	$45.8	$307.2	$247.9
Per unit (basic & diluted)	$0.21	$0.17	$1.14	$0.95
Funds from operations[2]	$100.9	$90.1	$422.6	$394.2
Per unit[2]	$0.37	$0.35	$1.57	$1.52
Cash distributions declared	$73.4	$65.1	$285.2	$251.7
Per unit	$0.2675	$0.2475	$1.0550	$0.9675
Payout ratio before sustaining capital[2]	72.8%	72.3%	67.5%	63.9%
Payout ratio after sustaining capital[2]	86.0%	78.5%	74.6%	67.2%
Capital expenditures				
Growth[2]	$125.7	$34.2	$339.5	$132.6
Sustaining[2]	$15.6	$7.2	$40.1	$19.4
Total capital expenditures	$141.3	$41.4	$379.6	$152.0

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis.*
2. *Please refer to the "Non-GAAP Financial Measures" section of the MD&A.*

MD&A, Financial Statements & Notes

The Management's Discussion and Analysis ("MD&A") and consolidated financial statements provide a detailed explanation of Inter Pipeline's operating results for the three month period and year ended December 31, 2012 as compared to the three month period and year ended December 31, 2011. These documents are available at www.interpipelinefund.com and at www.sedar.com.

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 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 and completion of, and EBITDA Inter Pipeline expects to generate from, the Polaris and Cold pipeline projects and possible future Cold Lake and Polaris pipeline expansions. 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 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 assumptions, risks, uncertainties and other factors include, but are not limited to, assumptions, risks and uncertainties associated with: operations, such as loss of markets, regulatory matters, environmental matters, industry competition, potential delays and cost overruns of construction projects, including the Polaris and Cold Lake pipeline system projects, the status, credit risk and continued existence of customers having contracts with Inter Pipeline and its subsidiaries, 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 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.