

Inter Pipeline Announces October 2016 Cash Dividend and Reinstatement of Premium Dividend

CALGARY, ALBERTA, October 5, 2016: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX:IPL) announced today the declaration of a cash dividend of \$0.13 per share for October 2016. This dividend will be paid on or about November 15, 2016 to shareholders of record on October 21, 2016. This dividend is designated as an “eligible dividend” for Canadian tax purposes.

Effective with the October dividend, Inter Pipeline has re-instated the premium component of its Premium Dividend™ and Dividend Reinvestment Plan (“Plan”). Currently, eligible shareholders enrolled in the regular dividend reinvestment component of the Plan have their dividends reinvested in additional common shares issued from treasury at the Average Market Price (as defined in the Plan) on the applicable dividend payment date. There are no changes to this regular dividend reinvestment component of the Plan.

With the reinstatement of the premium component of the Plan, additional common shares will be issued from treasury at a 3% discount to the Average Market Price on the applicable dividend payment date. Eligible shareholders will have the option of electing to have these additional common shares delivered to the designated Plan Broker in exchange for a premium cash payment equal to 101% of the regular declared cash dividend that is reinvested on their behalf. Canaccord Genuity Corp. is the Plan Broker for the premium component of the Plan.

Participation in the regular dividend reinvestment component or premium component of the Plan is optional. Shareholders who choose not to enroll in either component will continue to receive regular cash dividends. Eligible shareholders wishing to enroll in the Plan, or to change their enrollment to participate in the premium component, should contact their broker, investment dealer, financial institution or other nominee to confirm enrollment procedures and timelines.

A complete copy of the Plan, including eligibility requirements, is available on Inter Pipeline's website at www.interpipeline.com. Shareholders should carefully read the complete text of the Plan before making any enrollment decisions.

Since inception, Inter Pipeline has distributed approximately \$3.7 billion in cash payments to investors. Inter Pipeline’s objective is to provide investors with sustainable monthly cash dividends, with dividend growth upside tied to the development of Inter Pipeline’s portfolio of growth projects.

TM denotes trademark of Canaccord Genuity Corp.

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 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 risks and uncertainties. Readers are cautioned not to place undue reliance on forward-looking statements, including, but not limited to, statements regarding the sustainability of future dividends. 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, 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.