

Inter Pipeline Announces \$1.3 Billion Capital Expenditure Program for 2014

CALGARY, ALBERTA, JANUARY 29, 2014: Inter Pipeline Ltd. (“Inter Pipeline”) (TSX: IPL) announced today a \$1.3 billion capital expenditure program for 2014, primarily directed towards the expansion of its oil pipeline systems. Rising customer demand for transportation capacity in the oil producing regions serviced by Inter Pipeline has driven \$3.4 billion in capital investment since 2012. Organic growth projects are expected to account for about 97 percent of 2014’s total expenditures, with modest sustaining capital requirements accounting for the remainder.

In 2014, the majority of capital expenditures will support the development of Inter Pipeline’s oil sands transportation business where nearly \$1.2 billion will be invested in new pipeline and facility construction projects. An additional \$70 million has been allocated for new pipeline connection and capacity enhancement projects to meet growth in light and medium oil volumes within Inter Pipeline’s conventional oil gathering business segment. Elsewhere, growth capital spending plans include approximately \$10 million in each of Inter Pipeline’s NGL extraction and bulk liquid storage businesses. Consistent with recent years, a total of \$40 million has been allocated for sustaining capital projects in 2014.

Capital Expenditure Summary	(millions)	2014	2013
		Forecast	Forecast
Organic Growth Capital			
Oil Sands Transportation*		\$1,180	\$1,850
Conventional Oil Pipelines		70	15
NGL Extraction*		10	30
Bulk Liquid Storage		10	25
Total Organic Growth Capital		1,270	1,920
Sustaining Capital		40	30
Total Capital		<u>\$1,310</u>	<u>\$1,950</u>

* Includes Inter Pipeline’s 85% ownership interest in the Cold Lake pipeline system or 50% interest in the Empress V NGL extraction facility

Oil Sands Transportation

Inter Pipeline is continuing to advance its major integrated expansion program that commenced in 2013 on the Cold Lake and Polaris pipeline systems. This expansion program is primarily supported by 850,000 barrels per day (“b/d”) of committed bitumen blend and diluent delivery capacity for three oil sands projects operated by the FCCL Partnership, a business venture between Cenovus Energy and ConocoPhillips. Total capital expenditures for this project are expected to be \$2.9 billion. Of this amount, approximately \$1.5 billion was incurred in 2013, approximately \$1.1 billion is forecast to be spent in 2014, with the remainder scheduled for 2015 through 2017. Total expenditures are currently forecast to be 12 percent higher than previous project estimates. Higher projected costs are primarily the result of elevated labour expenses, project scope changes and the refinement of cost estimates. Inter Pipeline is not economically impacted by the majority of these cost increases since annual revenue payments made by FCCL are generally tied to actual capital costs incurred.

The FCCL integrated expansion program involves the construction of 840 kilometres (km) of pipeline and seven mainline pump stations. To the end of December 2013, approximately 400 km of pipeline have been installed and construction is underway on all seven stations. The project remains on schedule and certain capacity expansion elements are expected to be complete in mid 2014. As project phases enter commercial operation, Inter Pipeline will begin generating fixed annual payments under high quality, long-term ship-or-pay contracts with the FCCL Partnership.

In addition to the FCCL expansion project, Inter Pipeline expects to advance approximately \$90 million of other organic growth projects on the Cold Lake pipeline system. These projects include a pipeline connection to a new unit train loading facility owned by Canexus Corporation and other system enhancement projects.

On the Polaris pipeline system, Inter Pipeline will spend roughly \$40 million on several diluent delivery projects and pumping facility upgrades. Approximately \$30 million will be incurred to expand product measurement facilities at the Lamont station for the Canexus unit train project and to expand mainline pumping stations to accommodate increased volumes for the Imperial Oil Kearl project. The remaining \$10 million will be spent on other diluent delivery projects including a connection to Athabasca Oil Corporation's Hangingstone project.

Conventional Oil Pipelines

Inter Pipeline's conventional oil gathering systems continue to benefit from dramatically increased drilling activity and the application of new well completion technologies. This is creating a need for new investments in battery connection projects and pipeline capacity expansions.

As a result, capital investments in Inter Pipeline's conventional oil gathering segment are forecast to set a new record. Approximately \$70 million will be spent in 2014 to enhance oil handling and transportation facilities on the Bow River, Central Alberta and Mid-Saskatchewan pipeline systems through new battery connection, facility upgrade, rail access and oil storage projects.

NGL Extraction

In the NGL extraction business segment, Inter Pipeline expects growth capital expenditures to be approximately \$10 million in 2014. Investments will focus on several projects to further improve the recovery of ethane and propane-plus products extracted at Inter Pipeline's Cochrane and Empress straddle plants.

Bulk Liquid Storage

Inter Pipeline expects to spend approximately \$10 million on organic growth capital projects in its bulk liquid storage segment in 2014. The majority of capital will be invested at terminals in the United Kingdom and Germany operated by Inter Pipeline's wholly owned subsidiary Simon Storage. Approximately \$9 million will be spent on tank life extension projects and storage infrastructure to support new business opportunities.

Remaining investment will be incurred within Inter Pipeline's bulk liquid storage subsidiary in Denmark where dredging and mooring improvements will enable the handling and berthing of larger vessel sizes. New blending and mixing equipment will also be installed in several fuel oil tanks, improving the flexibility of storage operations.

Sustaining Capital

Inter Pipeline's sustaining capital forecast for 2014 is approximately \$40 million, similar to that incurred in previous years.

In the European bulk liquid storage business, Inter Pipeline expects to spend about \$13 million in sustaining capital. Expenditures will be spread across several terminals on jetty refurbishments, pump replacements and routine terminal upgrades.

Sustaining capital expenditures in Inter Pipeline's Canadian pipeline and NGL extraction business segments will total approximately \$16 million.

Approximately \$11 million will be spent on corporate sustaining capital initiatives, primarily associated with information technology, management information systems and asset management programs. These expenditures reflect Inter Pipeline's commitment to safe and reliable operations through the use of leading edge technologies.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, bulk liquid storage and natural gas liquids extraction 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.

Inter Pipeline shares trade on the Toronto Stock Exchange under the symbol IPL.

Contact Information

Investor Relations:

Jeremy Roberge
Vice President, Capital Markets
Email: jroberge@interpipeline.com
Tel: 403-290-6015 or 1-866-716-7473

Media Relations:

Tony Mate
Director, Corporate and Investor Communications
Email: tmate@interpipeline.com
Tel: 403-290-6166

Disclaimer

Certain information contained herein may constitute forward-looking statements that involve known and unknown risks, assumptions, uncertainties and other factors. 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, 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.

Effective September 1, 2013, Inter Pipeline completed an arrangement pursuant to which, among other things, the outstanding Class A units of Inter Pipeline Fund were converted into common shares of Inter Pipeline Ltd. This resulted in the conversion to a dividend paying corporation, Inter Pipeline Ltd., which continues as a successor issuer to Inter Pipeline Fund. Any references to Inter Pipeline prior to September 1, 2013 refers to Inter Pipeline Fund and its consolidated subsidiaries, and any references to Inter Pipeline subsequent to September 1, 2013 refers to Inter Pipeline Ltd. and its consolidated

subsidiaries. Similarly, any references to common shares, shareholders or dividends used prior to September 1, 2013, refer to Class A units, unitholders and distributions of Inter Pipeline Fund, and any references to common shares, shareholders or dividends used subsequent to September 1, 2013 refer to common shares, shareholders and dividends of Inter Pipeline Ltd.

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