News Release

Inter Pipeline Fund Announces Very Strong First Quarter 2013 Financial and Operating Results

CALGARY, ALBERTA, MAY 9, 2013: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three month period ended March 31, 2013.

Highlights

- Funds from operations* totaled $109 million, in line with first quarter 2012 levels
- Low quarterly payout ratio* of 72%
- Declared cash distributions of $77 million or $0.2775 per unit
- Net income for the quarter totaled $72 million
- Throughput volumes on oil sands and conventional oil pipeline systems averaged a quarterly record 1,075,300 barrels per day (b/d), 117,100 b/d higher than first quarter 2012
- Inter Pipeline's oil sands transportation segment achieved record throughputs of 890,000 b/d, an increase of 111,100 b/d compared to volumes shipped in the first quarter of 2012
- Throughput volumes averaged 185,300 b/d on Inter Pipeline's conventional oil pipeline systems, an increase of 6,000 b/d over first quarter 2012 levels
- Executed long-term, cost-of-service transportation agreements for a $2.6 billion integrated development program for the Cold Lake and Polaris pipeline systems
- Polaris pipeline system delivered initial diluent volumes to Imperial's Kearl production site

Subsequent Events

- Entered into a new long-term ethane sales agreement with NOVA Chemicals
- Increased capacity on Inter Pipeline's revolving credit facility from $750 million to $1.25 billion

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

Funds From Operations

Inter Pipeline generated strong financial results in the first quarter of 2013. Funds from operations totaled $109.4 million or $0.40 per unit, comparable to the $110.8 million generated in the first quarter of 2012. The impact of weaker product pricing within the NGL extraction business segment was largely offset by strong results in Inter Pipeline's Canadian pipeline operations. During the quarter, Inter Pipeline set a new record with respect to throughput volumes on its oil sands and conventional oil pipeline systems.

Each business segment contributed significantly to funds from operations, with the oil sands transportation segment setting a quarterly record of $50.8 million. The NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $43.0 million, $40.4 million and $20.4 million to funds from operations, respectively. Corporate costs, including interest, income tax and general and administrative charges were $45.2 million for the quarter.

In 2013, Inter Pipeline adopted a new International Financial Reporting Standard for consolidated financial statements. This impacts how non-wholly owned subsidiaries are consolidated and reported. Financial results, including funds from operations and net income, are now reported on a 100 percent basis, with the non-controlling interest portion reported separately on the financial statements.

Cash Distributions

Distributions declared to unitholders increased to $76.8 million or $0.2775 per unit in the first quarter, compared to $69.9 million or $0.2625 per unit in the first quarter of 2012. Distributions were higher due to an increase in the number of units outstanding and Inter Pipeline's $0.06 per unit increase in annual distributions effective with payments in January 2013. Inter Pipeline's payout ratio for the quarter was conservative at 72.2%.

Oil Sands Transportation

In the first quarter of 2013, throughput volumes in the oil sands transportation segment reached a quarterly record of 890,000 b/d, up 111,100 b/d from first quarter 2012 levels. Cold Lake system volumes averaged 533,200 b/d and throughputs on the Corridor system averaged 355,600 b/d. The Cold Lake and Corridor pipeline systems both transported record throughput volumes on strong results from all major connected production sites.

Also during the quarter, Inter Pipeline commenced diluent deliveries on its Polaris pipeline system to the Kearl oil sands project owned by Imperial Oil.

Inter Pipeline's oil sands transportation systems generate stable cash flow under long-term contracts with Imperial Oil, Cenovus, Canadian Natural Resources, Shell, Chevron and Marathon.

In March, Inter Pipeline finalized agreements for a $2.6 billion development plan that will expand and integrate transportation services across the Cold Lake and Polaris pipeline systems. The agreements provide committed capacity for 850,000 b/d of bitumen blend and diluent transportation for the Foster Creek, Christina Lake and Narrows Lake projects jointly owned by ConocoPhillips and Cenovus Energy. These development plans involve the construction of about 840 kilometres of new pipeline and seven new pump stations. In the first quarter, development work and construction activities were advanced according to schedule. New facilities are expected 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.

During the quarter, construction activities continued with respect to a capacity expansion project on the west leg of the Cold Lake pipeline system. This project involves the installation of quarter point pump stations at a capital cost of approximately $90 million. Upon completion, capacity on the Cold Lake system is expected to increase from 535,000 b/d to approximately 650,000 b/d. The project is expected to be operational in the second half of 2013 to accommodate forecast production increases.

In the first quarter of 2013, Inter Pipeline incurred approximately $382 million in growth capital within its oil sands transportation business segment.

NGL Extraction

Inter Pipeline's NGL extraction business generated funds from operations of $43.0 million in the first quarter of 2013 compared to $57.0 million in the same quarter of 2012. Results were lower primarily due to weaker frac-spread prices realized on propane-plus volumes sold at the Cochrane extraction plant. Realized frac-spread prices averaged $0.88 US per US gallon in the first quarter, compared to $1.15 in the first quarter of 2012. First quarter 2013 frac-spread prices are in line with the 5-year average of $0.91 US per US gallon.

Natural gas volumes processed at Inter Pipeline's NGL extraction facilities at Cochrane and Empress, Alberta remained strong in the first quarter, averaging roughly 2.8 billion cubic feet of natural gas per day. Flow rates were similar to levels processed in the first quarter of 2012. Total liquid extraction volumes, including ethane and propane-plus products, averaged 115,000 b/d, up 3% from levels produced in the first quarter of 2012.

Conventional Oil Pipelines

The conventional oil pipeline segment continued to generate strong financial and operating results in the quarter. Funds from operations totaled $40.4 million, similar to that generated in the first quarter of 2012. Revenue per barrel on Inter Pipeline's Bow River, Central Alberta and Mid-Saskatchewan pipeline systems averaged $2.96 in the first quarter of 2013 compared to $2.86 per barrel in the comparable period of last year.

Inter Pipeline's conventional oil pipeline systems again recorded volume increases on a quarter over quarter basis. In aggregate, throughput volumes averaged 185,300 b/d in the first quarter, representing a 6,000 b/d increase over first quarter 2012 levels. Inter Pipeline continues to benefit from strong drilling activity in certain service areas as producers aggressively deploy new drilling and well completion technologies. Inter Pipeline currently has a number of capital projects underway on the Mid-Saskatchewan system to upgrade facilities to accommodate increased production volumes.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage business generated funds from operations of $20.4 million, $1.1 million higher than in the first quarter of 2012. This increase was primarily due to inclusion of a full quarter of results from a Danish petroleum storage business which Inter Pipeline acquired in mid January of 2012.

Tank utilization rates for the quarter averaged 87.4% compared to 88.9% in the first quarter of 2012. Utilization rates have remained relatively strong despite an uncertain economic climate in Europe and the lack of contango in forward oil commodity markets.

In the first quarter, Inter Pipeline added additional capacity at the Ensted terminal in Denmark through the acquisition of 400,000 barrels of tank capacity for approximately $9.5 million.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet and is well positioned to finance its future capital commitments. At March 31, Inter Pipeline's total outstanding debt balance was approximately $3.2 billion, resulting in a total debt to capitalization ratio of 66%. Excluding approximately $1.6 billion of non-recourse debt held by Inter Pipeline (Corridor) Inc., Inter Pipeline's recourse debt to capitalization ratio was 49%.

In the first quarter, Inter Pipeline issued approximately $54 million in new equity capital under its distribution reinvestment programs.

Subsequent to quarter end, Inter Pipeline reached an agreement with its lending syndicate to increase the capacity of its revolving credit facility from $750 million to $1.25 billion. Inter Pipeline also has the ability to increase the commitment to $1.5 billion subject to lender approval.

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 first quarter 2013 financial and operating results.

To participate in the conference call, please dial 877-240-9772 or 416-340-9432. A pass code is not required. A recording of the call will be available for replay until May 16, 2013, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 5649542.

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.

Select Financial and Operating Highlights

(millions of dollars, except per unit and percent amounts where noted)	Three Months Ended March 31, 2013	2012
Throughput and Production		
Pipeline volumes (000 b/d)		
Oil sands transportation[1]	890.0	778.9
Conventional oil pipelines	185.3	179.3
Total pipeline volumes	1,075.3	958.2
Extraction production[1] (000 b/d)		
Ethane	78.4	78.6
Propane plus	36.6	33.0
Total extraction production	115.0	111.6
Financial Results[3]		
Revenue	$327.7	$301.7
Funds from operations[2]		
Oil sands transportation	$50.8	$44.1
NGL extraction	$43.0	$57.0
Conventional oil pipelines	$40.4	$40.5
Bulk liquid storage	$20.4	$19.3
Corporate costs	$(45.2)	$(50.1)
Total funds from operations[2]	$109.4	$110.8
Per unit[2]	$0.40	$0.42
Net Income	$72.2	$82.1
Supplemental Financial Information		
Net income attributable to unitholders	$69.7	$79.6
Per unit (basic & diluted)	$0.25	$0.30
Cash distributions declared	$76.8	$69.9
Per unit	$0.2775	$0.2625
Payout ratio[2]	72.2%	64.7%
Capital expenditures[2,3]		
Growth	$407.6	$40.2
Sustaining	$5.9	$6.4
Total capital expenditures	$413.5	$46.6

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis; Polaris volumes represent initial shipments that were prorated over the 3 month period.*
2. *Please refer to the "Non-GAAP Financial Measures" section of the MD&A.*
3. *Amounts reported on a 100% basis that includes non-controlling interest.*

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 ended March 31, 2013 as compared to the three month period ended March 31, 2012. 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.