inter pipeline **News Release**

Inter Pipeline Fund Announces Very Strong First Quarter 2010 Results

CALGARY, ALBERTA, MAY 6, 2010: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three month period ended March 31, 2010.

Highlights

- Funds from operations* totalled $85.5 million in the first quarter
- Attractive payout ratio before sustaining capital* of 67%
- Cash distributions to unitholders totalled $57.6 million, or $0.225 per unit
- Generated net income of $61.7 million or $0.24 per unit, up $18.3 million from the first quarter of 2009
- Throughput on Inter Pipeline's oil sands and conventional oil pipelines averaged a record 800,300 barrels per day (b/d)
- Corridor capacity expansion project is mechanically complete; line fill activities commenced during the quarter
- Bow River segregation project entered into commercial service, generating approximately $16.5 million in incremental EBITDA per year
- Inter Pipeline (Corridor) Inc. successfully completed a $150 million debenture offering at attractive rates

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

Funds From Operations

Funds from operations during the quarter were very strong totalling $85.5 million, up $19.4 million or 29% over the same period in 2009. Higher results were primarily due to strong frac-spread prices realized on propane-plus sales at the Cochrane natural gas liquids (NGL) extraction facility. Other business segments recorded results similar to the comparable period of last year.

In the first quarter, Inter Pipeline's oil sands transportation, NGL extraction, conventional oil pipelines and bulk liquid storage businesses contributed $18.6 million, $47.6 million, $28.2 million and $10.3 million, respectively, to funds from operations. Corporate charges, including interest and general & administrative expenses, totalled $19.2 million.

Cash Distributions

Cash distributions to unitholders during the first quarter totalled $57.6 million, or $0.225 per unit, resulting in a payout ratio before sustaining capital of 67.4%. After including $2.5 million of sustaining capital costs incurred during the quarter, Inter Pipeline's payout ratio remained highly conservative at 69.4%. On a monthly basis, Inter Pipeline's current cash distributions are $0.075 per unit or $0.90 per unit annualized.

Inter Pipeline continues to believe that it is well positioned to maintain its current level of cash distributions to unitholders through 2011 and beyond, despite becoming a taxable entity in 2011. Attractive fundamentals within all four business segments combined with a strong inventory of organic growth projects under development continue to support Inter Pipeline's positive outlook for future distributions.

Oil Sands Transportation

Inter Pipeline's oil sands transportation business segment, comprised of the Cold Lake and Corridor pipeline systems, forms the largest oil sands gathering business in Canada. Volumes transported on the Cold Lake and Corridor systems averaged 634,100 b/d in total in the first quarter of 2010, up 7% over the comparable period of 2009.

Cold Lake pipeline volumes reached record levels during the quarter, averaging 447,600 b/d, an increase of 60,800 b/d or 16% over volumes transported in the first quarter of 2009. Cenovus, Canadian Natural Resources, and Imperial all achieved strong production growth in the quarter.

Throughput on the Corridor system, including bitumen blend and supplemental feedstock volumes, averaged 186,500 b/d during the quarter, down 9% from first quarter 2009 levels. Lower volumes were anticipated due to a turnaround at Shell's Scotford upgrader near Edmonton. During this planned outage, Inter Pipeline completed certain pipeline tie-in and commissioning activities related to the Corridor expansion project. Reduced throughput volumes on Corridor did not have an impact on Inter Pipeline's cash flow for the quarter. Cash flow on the Corridor system is generated under a long-term ship-or-pay contract with Shell, Chevron and Marathon which provides for highly stable cash flow that is not dependent on throughput volumes or commodity prices.

Corridor Expansion Project

The $1.8 billion capacity expansion project on the Corridor system, the largest construction project in Inter Pipeline's history, continues to progress according to plan. When complete, bitumen blend capacity on the Corridor system is expected to increase from 300,000 b/d to approximately 465,000 b/d.

All major pipeline and pump station facilities have been successfully installed. In March, Inter Pipeline began line fill operations on the new 42-inch diameter bitumen blend pipeline connecting the Albian mine site near Fort McMurray to the Shell Scotford upgrader near Edmonton. Approximately 44% of line fill requirements were delivered into the system during the first quarter. Line fill and commissioning activities will continue through late 2010 on the bitumen blend line, pump station facilities and a new 20-inch diameter products pipeline constructed between Shell's Scotford upgrader and the Edmonton market hub. Inter Pipeline will begin receiving incremental revenue once all expansion components are operational and achieve certain throughput volume thresholds, but in any event no later than January 1, 2011.

In the first quarter of 2010, capital expenditures on the Corridor expansion project were approximately $22 million. Through March 31, 2010, capital expenditures incurred on the project totalled approximately $1.6 billion. Inter Pipeline has no capital risk on remaining cost components including line fill and interest during construction. These variable cost items will be added to Corridor's rate base at their actual cost.

Completion of the Corridor expansion project will result in the idling of a 12-inch diameter line that today delivers diluent to the Albian mine site. As previously announced, Inter Pipeline will utilize this line to provide diluent transportation service to the Kearl oil sands project owned by Imperial Oil and ExxonMobil, commencing in 2012. Given the planned change of service for the 12-inch diluent pipeline, it has recently been renamed as the Polaris Pipeline.

NGL Extraction

Inter Pipeline’s NGL extraction business segment generated very strong financial results in the first quarter of 2010, due primarily to strong propane-plus prices compared to the first quarter of last year. Funds from operations exceeded $47 million in the quarter, up over 80% from the same period in 2009.

Propane-plus sales at the Cochrane NGL extraction facility are exposed to frac-spread, which is the difference between the price of propane-plus product sales and the cost of natural gas acquired to replace the heat content of liquids removed from the gas stream through the NGL extraction process. Frac-spreads increased significantly year-over-year as the price of propane-plus products, which tends to follow the price of crude oil, increased relative to the price of natural gas. Inter Pipeline’s realized frac-spread was $0.82 US/US gallon in the quarter, compared to $0.45 US/US gallon realized in the same period in 2009. Since bottoming in late 2008, frac-spread prices have steadily improved. Current prices are significantly higher than the 15 year average market frac-spread of $0.34 US/US gallon.

Inter Pipeline’s three NGL extraction facilities processed 3.2 billion cubic feet per day (bcf/d) of natural gas during the quarter, down approximately 0.3 bcf/d from the same period in 2009. Inter Pipeline’s facilities produced 117,000 b/d of NGL in the quarter, comprised of 75,100 b/d of ethane and 41,900 b/d of propane-plus. Combined NGL production was lower than that achieved in the first quarter of 2009 due mainly to reduced throughputs at Inter Pipeline’s Empress extraction facilities. However, Inter Pipeline’s financial results were not materially impacted by reduced Empress volumes due to the cost of service nature of contracts governing product sales at those facilities.

Conventional Oil Pipelines

Throughput on Inter Pipeline’s conventional oil pipeline systems averaged 166,200 b/d in the first quarter, 9% lower than the same period of 2009. Lower throughput volumes were the result of natural production declines, sale of the Valley pipeline system in the second quarter of 2009, and lower truck terminal receipts. Toll increases on Inter Pipeline’s gathering and mainline segments partially offset revenue reductions caused by volume declines and reduced blending activity under the Nexen storage and marketing agreement.

The average revenue per barrel realized on Inter Pipeline’s conventional oil pipeline systems was $2.51, an increase of 6% over the $2.36 per barrel realized in the first quarter of 2009.

In late 2009, Inter Pipeline completed construction of an expansion on the Bow River pipeline system allowing shipment of segregated oil streams from the Hardisty oil storage hub to refining customers in Montana. The project is backed by firm shipping commitments of 30,000 b/d for an initial term of seven years. In the first quarter of 2010, the completed expansion entered into commercial service, generating an incremental $16.5 million of EBITDA annually.

Bulk Liquid Storage

In the first quarter of 2010, Inter Pipeline's European bulk liquid storage business contributed $10.3 million to funds from operations, similar to that generated in the first quarter of 2009. Revenues were slightly lower due to foreign currency fluctuations and the sale of the UK trucking division in late 2009. Revenue reductions were partially offset by additional storage revenue realized from newly constructed tanks entering into commercial service at Inter Pipeline's Immingham terminal in the United Kingdom.

Tank utilization rates remained high, averaging 95.4% during the quarter, though down moderately from the 97.3% utilization rate achieved in the first quarter of 2009. Despite the recent economic downturn, demand for petroleum and petrochemical product storage in Europe remains high and continues to support strong utilization rates in this business segment.

Financing Activity

At March 31, 2010, Inter Pipeline's outstanding debt balance was $2.6 billion, resulting in a consolidated debt to total capitalization ratio of 66.2%. Excluding approximately $1.9 billion of non-recourse debt held within the Inter Pipeline (Corridor) Inc. subsidiary, Inter Pipeline's recourse debt to capitalization ratio remained very strong at 34.4%. At quarter end, Inter Pipeline had access to approximately $1.0 billion of available capacity on its credit facilities. These facilities are syndicated with a well-diversified group of 16 major lending institutions. The term of Inter Pipeline's core credit facilities extend through late 2012.

Inter Pipeline continues to maintain investment grade credit ratings. Standard & Poor's (S&P) and DBRS Limited (DBRS) have both assigned an investment grade corporate credit rating of BBB (with a positive outlook) to Inter Pipeline. Inter Pipeline's 100% owned subsidiary, Inter Pipeline (Corridor) Inc., has been assigned investment grade credit ratings of A (low), A3 and A- from DBRS, Moody's Investor Services and S&P, respectively.

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 2010 financial and operating results.

To participate in the conference call, please dial 800-446-4472 or 416-695-6622. A recording of the call will be available for replay until May 13, 2010, by dialling 800-408-3053 or 416-695-5800. The pass code for the replay is 3372845.

A webcast of the conference call can be accessed on Inter Pipeline's website at www.interpipelinefund.com by selecting "Investor Relations" then "Webcasts". 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 March 31, 2010	2009
Extraction production[1] (000 b/d)		
Ethane	75.1	80.0
Propane plus	41.9	47.2
Total extraction production	117.0	127.2
Pipeline volumes (000 b/d)		
Conventional oil pipelines	166.2	182.1
Oil sands transportation[1]	634.1	592.7
Total pipeline volumes	800.3	774.8
Revenue		
Oil sands transportation	$34.9	$33.6
NGL extraction	$173.0	$143.2
Conventional oil pipelines	$37.6	$38.7
Bulk liquid storage	$26.0	$30.1
Total revenue	$271.5	$245.6
Net income	$61.7	$43.4
Per unit (basic & diluted)	$0.24	$0.19
Funds from operations[2]	$85.5	$66.1
Per unit	$0.33	$0.30
Cash distributions	$57.6	$46.9
Per unit	$0.225	$0.210
Payout ratio before sustaining capital[2]	67.4%	71.0%
Payout ratio after sustaining capital[2]	69.4%	74.3%
Capital expenditures		
Growth[2]	$31.2	$57.0
Sustaining[2]	$2.5	$2.9
Total capital expenditures	$33.7	$59.9

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 unaudited consolidated financial statements as at March 31, 2010 provide a detailed explanation of Inter Pipeline's operating results for the three month period ended March 31, 2010 as compared to the three month period ended March 31, 2009. These documents are available at www.interpipelinefund.com and 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, 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. Forward-looking statements in this news release include, but are not limited to, statements regarding Inter Pipeline's belief that it is well positioned to maintain its current level of cash distributions to unitholders through 2011 and beyond, and statements regarding the potential cash flow contributions from growth projects underway. Readers are cautioned not to place undue reliance on forward-looking statements. 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.

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.