inter pipeline **News Release**

Inter Pipeline Fund Announces Very Strong First Quarter 2012 Financial and Operating Results

CALGARY, ALBERTA, MAY 3, 2012: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three month period ended March 31, 2012.

Highlights

- Funds from operations* increased to $108 million, up $8 million or 8% over first quarter 2011 levels
- Low quarterly payout ratio before sustaining capital* of 64.7%
- Cash distributions to unitholders totaled $70 million or $0.2625 per unit
- Net income increased to $80 million, up $15 million or 23% over first quarter 2011 results
- Quarterly throughput volumes on Inter Pipeline's oil sands and conventional oil pipeline systems averaged 958,200 barrels per day (b/d)
- Volumes averaged 179,300 b/d on Inter Pipeline's Bow River, Central Alberta and Mid Saskatchewan conventional oil pipeline systems, representing an increase of 8,500 b/d or 5% over first quarter 2011 levels
- Completed $459 million acquisition of four petroleum storage terminals in Denmark, more than doubling European storage capacity to approximately 19 million barrels
- Standard & Poor's increased Inter Pipeline (Corridor) Inc.'s long-term corporate credit rating from A- to A

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

Funds From Operations

Inter Pipeline is pleased to report strong financial results for the first quarter of 2012. Funds from operations totaled $108 million or $0.41 per unit, an increase of $7.7 million or 8% over first quarter 2011 levels. Strong results were primarily driven by pipeline volume growth and strong product sale margins within the NGL extraction business segment. Results also reflect the initial quarterly contribution from a Danish petroleum storage business which was acquired in January.

By business segment, first quarter funds from operations from the NGL extraction, oil sands transportation, conventional oil pipelines and bulk liquid storage businesses were $57.0 million, $41.3 million, $40.5 million and $19.3 million, respectively. Corporate costs were $50.1 million in the first quarter.

Cash Distributions

Cash distributions paid to unitholders increased to $69.9 million or $0.2625 per unit in the first quarter of 2012. This compares to $62.0 million or $0.24 per unit distributed in the first quarter of 2011. Commencing with its distribution payment in January, Inter

Pipeline increased its monthly cash distribution rate from $0.08 to $0.0875 per unit.

In the quarter, Inter Pipeline maintained a low payout ratio of 64.7% before sustaining capital. Including sustaining capital expenditures of $6.3 million, Inter Pipeline's payout ratio was 68.7%.

Oil Sands Transportation

Throughput rates on Inter Pipeline's oil sands transportation systems remained near record levels during the quarter. Volumes on Inter Pipeline's Cold Lake and Corridor oil sands systems averaged 778,900 b/d. These major oil sands gathering systems generate stable cash flow under long term contracts with Imperial Oil, Cenovus, Canadian Natural Resources, Shell, Chevron and Marathon.

Inter Pipeline is currently advancing a $90 million expansion project on the Cold Lake system involving the installation of quarter-point pump stations on the mainline segment between La Corey and Edmonton. When in service in mid 2013, the new facilities will expand system capacity from 535,000 b/d to 650,000 b/d.

Inter Pipeline is also actively developing the Polaris pipeline system as a major diluent delivery system for bitumen production projects in the Athabasca oil sands region. Polaris will initially provide 90,000 b/d of contracted diluent capacity to the Imperial Kearl and Husky Sunrise oil sands projects near Fort McMurray, Alberta. Combined capital costs are estimated at $115 million with expected in service dates in the second half of 2012 and 2013 respectively, for the new connections to the Kearl and Sunrise projects.

The Cold Lake and Polaris pipeline systems are well positioned for future organic growth investments. Inter Pipeline is currently advancing a phased expansion program to add new bitumen receipt connections, diluent delivery facilities and mainline loop segments. Potential capital investments are estimated at $2.5 billion to $3 billion over the next four to five years. Design, engineering and early construction work is currently underway with the support of regional oil sands producers. Backstopping agreements are in place to fund initial expenditures of up to $120 million.

NGL Extraction

Inter Pipeline's NGL extraction business generated very strong results in the first quarter. Funds from operations totaled $57.0 million, up $4.0 million or 8% versus the comparable period last year.

Inter Pipeline's NGL extraction facilities at Cochrane and Empress, Alberta processed a combined 2.7 billion cubic feet of natural gas per day (bcf/d) in the first quarter, down 0.5 bcf/d from volumes processed in the first quarter of 2011. Lower volumes were the result of reduced natural gas export flows from Alberta on the TransCanada pipeline system. Inter Pipeline produced 111,600 b/d of ethane and propane-plus products, compared to 124,300 b/d produced in the first quarter of 2011.

Despite lower natural gas flows and reduced NGL production rates, Inter Pipeline's extraction plants continued to generate very strong results. During the quarter, Inter Pipeline continued to benefit from strong margins on the sale of propane-plus products at the Cochrane NGL extraction plant. Average realized frac-spread prices were $1.15 US per US gallon, compared to $0.99 US per US gallon in the first quarter of 2011.

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Conventional Oil Pipelines

The conventional oil pipeline segment again recorded a very strong quarter. Funds from operations increased to $40.5 million, $7.9 million or 24% higher than results in the first quarter of 2011. Higher cash flow was driven primarily by strong throughput volumes and increased transportation tolls. Average revenue per barrel on the Bow River, Central Alberta and Mid Saskatchewan systems increased to $3.14 in the first quarter of 2012 from $2.85 in the first quarter of 2011.

Conventional oil transportation volumes averaged 179,300 b/d in the first quarter of 2012, a gain of 8,500 b/d or 5% over first quarter 2011 levels. Current quarter results mark the highest quarterly throughput levels on Inter Pipeline's conventional systems in three years. Higher throughputs were due to strong drilling activity driven by attractive oil prices and advances in new oil recovery techniques. In particular, Inter Pipeline's Mid Saskatchewan and Bow River systems have seen noticeable volume growth from the application of new drilling and completion technologies in the Viking and Pekisko unconventional oil plays.

Bulk Liquid Storage

In the first quarter, Inter Pipeline closed the acquisition of four petroleum storage terminals in Denmark from a subsidiary of Dong Energy A/S. The acquisition doubled Inter Pipeline's total European storage capacity to approximately 19 million barrels. The acquisition price was approximately $459 million plus closing adjustments. With completion of the transaction, Inter Pipeline has become the fourth largest provider of independent bulk liquid storage services in Europe. Inter Pipeline is currently integrating the acquired terminals with existing European operations and the new subsidiary in Denmark is now conducting business under the name Inter Terminals.

Bulk liquid storage operations contributed significantly to cash flow in the quarter. Funds from operations were $19.3 million, up from $10.5 million generated in the first quarter of 2011. Higher results were primarily due to inclusion of Danish terminal operations in this quarter's results.

Tank utilization rates for the quarter averaged 88.9%, below the 98.7% realized in the first quarter of 2011. Continuing weakness in the European economy, along with reduced demand for product storage, contributed to lower utilization rates.

Financing Activity

Inter Pipeline continues to maintain a strong balance sheet which supports the financing of future growth initiatives. At March 31, 2012, Inter Pipeline's outstanding debt balance was approximately $3.1 billion, resulting in a total debt to capitalization ratio of 68%. Excluding approximately $1.8 billion of non-recourse debt held by Inter Pipeline (Corridor) Inc., Inter Pipeline's recourse debt to capitalization ratio was a more conservative 48%.

During the quarter, Inter Pipeline raised approximately $54 million in equity capital under its distribution reinvestment programs. Also during the quarter, Standard & Poor's upgraded the corporate credit rating of Inter Pipeline (Corridor) Inc. from A- to A.

Funding of the $459 million Danish storage acquisition was completed through a draw on Inter Pipeline's existing revolving credit facility. Sufficient credit capacity was available due to the successful placement of $525 million of term debt in 2011.

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 2012 financial and operating results.

To participate in the conference call, please dial 800-355-4959 or 416-695-7848. A recording of the call will be available for replay until May 10, 2012, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 5177925.

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 March 31, 2012	2011
Pipeline volumes (000 b/d)		
Oil sands transportation[1]	778.9	777.6
Conventional oil pipelines	179.3	170.8
Total pipeline volumes	958.2	948.4
Extraction production[1] (000 b/d)		
Ethane	78.6	84.2
Propane plus	33.0	40.1
Total extraction production	111.6	124.3
Revenue		
Oil sands transportation	$70.6	$72.8
NGL extraction	$136.7	$159.9
Conventional oil pipelines	$51.2	$43.7
Bulk liquid storage	$38.7	$26.6
Total revenue	$297.2	$303.0
Net income (loss)	$79.6	$64.5
Per unit (basic & diluted)	$0.30	$0.25
Funds from operations[2]	$108.0	$100.3
Per unit[2]	$0.41	$0.39
Cash distributions	$69.9	$62.0
Per unit	$0.2625	$0.2400
Payout ratio before sustaining capital[2]	64.7%	61.8%
Payout ratio after sustaining capital[2]	68.7%	63.6%
Capital expenditures		
Growth[2]	$39.6	$40.8
Sustaining[2]	$6.3	$2.8
Total capital expenditures	$45.9	$43.6

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 ended March 31, 2012 as compared to the three month period ended March 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 pipeline projects servicing the Kearl and Sunrise 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.