inter pipeline **News Release**

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

CALGARY, ALBERTA, NOVEMBER 8, 2012: Inter Pipeline Fund ("Inter Pipeline") (TSX: IPL.UN) announced today its financial and operating results for the three and nine month periods ended September 30, 2012.

Highlights

- Funds from operations* of $106 million were the third highest quarterly results in Inter Pipeline's history after excluding one time items
- Low quarterly payout ratio before sustaining capital* of 67%
- Total distributions to unitholders surpassed $2 billion since inception, including $71 million declared in the third quarter
- Combined quarterly throughput volumes on Inter Pipeline's oil sands and conventional oil pipeline systems averaged a record 1,011,100 barrels per day (b/d) or 17,800 b/d higher than third quarter 2011
- Oil sands transportation business generated record funds from operations* of $44 million and transported record volumes of 836,600 b/d
- Volumes averaged 174,500 b/d on Inter Pipeline's conventional oil pipeline systems representing an increase of 5,200 b/d quarter over quarter
- Announced $2.1 billion integrated oil sands development program for Cold Lake and Polaris pipeline systems
- Polaris pipeline system entered commercial service for the Kearl oil sands project, which is expected to generate approximately $36 million of EBITDA* annually

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

Funds From Operations

Inter Pipeline generated very strong financial results in the third quarter of 2012. Funds from operations totaled $106.4 million or $0.39 per unit. This represents a decrease of $5.5 million from third quarter 2011 levels, however prior period results were positively impacted by a one time $20.5 million pricing adjustment in the NGL extraction business segment.

Strong Q3 2012 results included an initial revenue contribution from the Polaris pipeline system, increased throughput in the conventional oil pipeline segment, very strong throughput levels at the Cochrane NGL extraction plant and higher cash flow in the bulk liquid storage segment due to the first quarter 2012 acquisition of a petroleum storage business in Denmark.

Third quarter funds from operations from the NGL extraction, oil sands transportation, conventional oil pipelines and bulk liquid storage businesses were $50.4 million, $44.1 million, $38.9 million and $17.6 million, respectively. Corporate costs, including interest and income tax expenses, were $44.6 million in the quarter.

Cash Distributions

Distributions declared to unitholders increased to $71.3 million or $0.2625 per unit in the third quarter of 2012, compared to $62.5 million or $0.24 per unit declared in the same period of 2011. Inter Pipeline increased its monthly cash distribution rate from $0.08 to $0.0875 per unit in January 2012. In addition, the number of outstanding limited partnership units has increased through the monthly issuance of new equity under Inter Pipeline's cash distribution reinvestment plans. Since inception, Inter Pipeline has distributed in excess of $2 billion to unitholders.

Inter Pipeline's third quarter payout ratio was a low 67.0% before sustaining capital. Including sustaining capital expenditures of $11.2 million, Inter Pipeline's payout ratio was 75.0%.

Oil Sands Transportation

Throughput levels on Inter Pipeline's oil sands transportation systems achieved record levels in the third quarter. The Cold Lake and Corridor pipeline systems transported an average of 836,600 b/d in Q3, up 12,600 b/d from the third quarter of 2011. Cash flow in the segment also set a new quarterly record, with funds from operations of $44.1 million. The Cold Lake and Corridor systems generate stable cash flow under long term cost of service based contracts.

Inter Pipeline's third oil sands system, the Polaris diluent transportation system, entered into commercial service in the third quarter. With completion of commissioning activities, the Polaris system is now generating cash flow under a 25-year, cost-of-service transportation agreement with Imperial Oil for its Kearl oil sands project. New facilities, totalling $90 million, were constructed on time and under budget. Deliveries under the Kearl contract are expected to generate an incremental $36 million in annual EBITDA over the life of the contract.

In the third quarter, Inter Pipeline announced a $2.1 billion development plan for the Cold Lake and Polaris pipeline systems that will expand and integrate transportation services across both systems. Anchoring these developments is an arrangement to provide bitumen blend and diluent transportation services to the Foster Creek, Christina Lake and Narrows Lake projects jointly owned by ConocoPhillips and Cenovus Energy. These development plans involve the construction of approximately 840 kilometres of new pipeline and seven new pump stations. Inter Pipeline intends to provide 820,000 b/d of firm bitumen blend and diluent capacity to the three oil sands projects. Subject to the execution of a binding transportation agreement, new facilities are expected to be in service for the Foster Creek and Christina Lake projects by mid-2014, and for the Narrows Lake project in 2017.

A $90 million expansion of the Cold Lake system is currently underway, with quarter-point pump stations being constructed on the west mainline segment between La Corey, Alberta and Edmonton. This expansion will increase system capacity from 535,000 b/d to approximately 650,000 b/d by mid 2013 to meet near term production forecasts.

NGL Extraction

The NGL extraction business segment generated very strong results in the third quarter, with funds from operations totaling $50.4 million. Results were $12.2 million lower than in the prior period. In the third quarter of last year, Inter Pipeline recorded a one-time $20.5 million positive revenue adjustment related to the historical pricing of NGL sales from a counterparty.

Inter Pipeline's NGL extraction facilities at Cochrane and Empress, Alberta processed a combined 2.5 billion cubic feet of natural gas per day (bcf/d) in the quarter, similar to the comparable period of 2011. Higher volumes at the Cochrane extraction plant were offset by reduced natural gas throughputs at Inter Pipeline's Empress facilities. Total liquid extraction volumes, including ethane and propane-plus products, averaged 106,500 b/d, an increase of 4,500 b/d over production levels in the third quarter of 2011.

Margins on the sale of propane-plus products from the Cochrane extraction facility remained strong in the quarter relative to historical averages. Realized frac-spread prices averaged $0.92 US per US gallon, slightly higher than the 5-year average of $0.86 US per US gallon.

Conventional Oil Pipelines

The conventional oil pipeline segment again generated strong results in the third quarter, contributing $38.9 million to funds from operations. Strong throughput volumes, higher transportation tolls and increased midstream marketing revenue resulted in a 9% increase in funds from operations compared to third quarter 2011 levels. Average revenue per barrel on the Bow River, Central Alberta and Mid Saskatchewan systems increased to $2.92 in the third quarter of 2012 from $2.75 in the third quarter of 2011.

Conventional oil transportation volumes averaged 174,500 b/d in the third quarter of 2012, a gain of 5,200 b/d or 3% over third quarter 2011 levels. Inter Pipeline continues to benefit from oil drilling activity in its service areas and the impact of new well completion technologies on its conventional oil gathering systems.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage business reported significantly higher results in the third quarter. Funds from operations were $17.6 million, nearly double the $9 million generated in the third quarter of 2011. Gains were primarily driven by the inclusion of financial results from the Danish petroleum storage business which was acquired in January 2012.

Tank utilization rates for the quarter averaged 88.0%, compared to 97.8% in the comparable period last year. Utilization rates were lower due to the addition of operating results from the Danish petroleum storage business and reduced demand for storage capacity at the Immingham terminal in the United Kingdom.

During the quarter, two new condensate storage tanks and a heavy fuel oil tank were commissioned at the Immingham terminal, adding 75,000 barrels of capacity under long term contract. Construction was completed on schedule and under budget at a total capital cost of $13 million.

Financing Activity

Inter Pipeline's outstanding debt balance was approximately $3.1 billion at September 30, resulting in a total debt to capitalization ratio of 66.1%. Excluding approximately $1.7 billion of non-recourse debt held by Inter Pipeline (Corridor) Inc., Inter Pipeline's recourse debt to capitalization ratio remained moderately leveraged at 47.6%.

In the third quarter, Inter Pipeline raised approximately $52 million in equity capital under its distribution reinvestment programs. Participation rates remain high among Inter Pipeline's Class A unitholders. During the first nine months of 2012, Inter Pipeline raised nearly $157 million under its distribution reinvestment programs, compared to approximately $47 million in the comparable period last year.

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 third quarter 2012 financial and operating results.

To participate in the conference call, please dial 877-240-9772 or 416-340-8527. A pass code is not required. A recording of the call will be available for replay until November 15, 2012, by dialling 800-408-3053 or 905-694-9451. The pass code for the replay is 3427490.

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 September 30, 2012	2011	Nine Months Ended September 30, 2012	2011
Pipeline volumes (000 b/d)				
Oil sands transportation[1]	836.6	824.0	804.0	791.9
Conventional oil pipelines	174.5	169.3	175.1	168.0
Total pipeline volumes	1,011.1	993.3	979.1	959.9
Extraction production[1] (000 b/d)				
Ethane	71.0	69.8	72.5	74.6
Propane plus	35.5	32.2	35.7	35.0
Total extraction production	106.5	102.0	108.2	109.6
Revenue				
Oil sands transportation	$77.5	$73.0	$216.2	$213.5
NGL extraction	$123.4	$158.2	$366.4	$455.5
Conventional oil pipelines	$59.2	$45.7	$169.2	$131.5
Bulk liquid storage	$35.7	$25.2	$116.8	$77.9
Total revenue	$295.8	$302.1	$868.6	$878.4
Net income (loss)	$65.9	$76.6	$249.9	$202.1
Per unit (basic & diluted)	$0.24	$0.29	$0.93	$0.78
Funds from operations[2]	$106.4	$111.9	$321.7	$304.1
Per unit[2]	$0.39	$0.43	$1.20	$1.17
Cash distributions	$71.3	$62.5	$211.8	$186.6
Per unit	$0.2625	$0.2400	$0.7875	$0.7200
Payout ratio before sustaining capital[2]	67.0%	55.8%	65.8%	61.4%
Payout ratio after sustaining capital[2]	75.0%	58.5%	71.3%	63.9%
Capital expenditures				
Growth[2]	$107.4	$29.8	$213.8	$98.4
Sustaining[2]	$11.2	$5.0	$24.5	$12.2
Total capital expenditures	$118.6	$34.8	$238.3	$110.6

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 and nine month periods ended September 30, 2012 as compared to the three and nine month periods ended September 30, 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 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.