News Release

Inter Pipeline Announces Strong Third Quarter 2016 Financial and Operating Results

CALGARY, ALBERTA, NOVEMBER 3, 2016: Inter Pipeline Ltd. ("Inter Pipeline") (TSX: IPL) announced today financial and operating results for the three and nine month periods ended September 30, 2016.

Third Quarter Highlights

- Generated funds from operations* of $211 million, a three percent increase over the third quarter of 2015
- Declared cash dividends of $131 million or $0.39 per share
- Attractive quarterly payout ratio* of 64.8 percent
- Total oil sands and conventional pipeline throughput volumes averaged 1,286,100 barrels per day (b/d)
- Bulk liquid storage utilization rates remain strong, matching a record of 98 percent during the quarter, up from 93 percent in the third quarter of 2015
- Acquired a large scale Canadian natural gas liquids (NGL) midstream business for $1.35 billion, providing a new platform for future growth
- Completed a highly successful issuance of $600 million of common shares and $350 million of term debt
- Signed two long-term storage contracts for the Seal Sands terminal in the United Kingdom, triggering construction of 175,000 barrels of new storage capacity

Subsequent Event

- Executed a 10-year take-or-pay agreement with CHS Inc. to transport 32,500 b/d of crude oil on the Bow River pipeline system

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

Inter Pipeline generated strong financial results in the third quarter of 2016 with FFO of $211.4 million or $0.62 per share. The $6.2 million gain in FFO compared to the same period in 2015, was largely driven by positive results in our NGL processing business. This segment benefited from improvements in propane-plus frac spread pricing at the Cochrane extraction facility and the inclusion of eight days of operations from our newly acquired NGL midstream business.

In the third quarter 2016, Inter Pipeline's four business segments generated funds from operations as follows:

Funds from operations (millions)	*Three Months Ended September 30, 2016*
Oil sands transportation	$142.3
Conventional oil pipelines	$49.1
Bulk liquid storage	$30.2
NGL processing	$28.7

Corporate costs for the quarter, including interest, income tax and general and administrative charges were $38.9 million which is a $4.4 million reduction compared to the third quarter of 2015. This reduction is due to a one-time leasehold inducement of $14.6 million related to the new corporate head office, partially offset by higher employee costs and office rent expense.

Cash Dividends

Dividend payments to shareholders totaled $131.4 million or $0.39 per share, representing an approximate six percent increase over the same period in 2015. The quarterly payout ratio was 64.8 percent compared to 63.6 percent in the third quarter of 2015.

Williams Canada Acquisition

On September 23, 2016, Inter Pipeline successfully completed the acquisition of the shares of The Williams Companies Inc.'s and Williams Partners L.P.'s ("Williams Canada") Canadian NGL midstream businesses for $1.35 billion plus closing adjustments.

This strategic acquisition includes two NGL and olefinic liquids extraction plants located near Fort McMurray, Alberta, a fractionator near Redwater, Alberta and a 490 kilometre pipeline system that connects these facilities. This integrated liquids processing business has the capacity to recover, transport and fractionate approximately 40,000 b/d of NGL and olefins from oil sands upgrader offgas, a by-product of bitumen upgrading operations. The acquisition provides a platform for material future NGL and olefin related growth opportunities including capacity expansion investments and securing additional offgas supply sources.

Inter Pipeline also assumes responsibility for the potential construction of a $1.85 billion propane dehydrogenation (PDH) facility located near the Redwater Olefinic Fractionator. This facility would convert low-cost, locally sourced propane into more valuable polymer grade propylene. Inter Pipeline is also assessing the commercial viability of constructing an additional processing facility, which would convert propylene into polypropylene, a high value, easy to transport solid plastic used in manufacturing a wide range of finished products. The preliminary estimate for the polypropylene facility is approximately $1.3 billion.

Inter Pipeline is currently pursuing long-term, fee based off take agreements with a number of global plastics manufacturing and marketing companies. Subject to securing appropriate commercial contracts, Inter Pipeline anticipates making final investment decisions on the PDH and polypropylene facilities by mid-2017, with both plants operational by mid-2021.

Oil Sands Transportation

Inter Pipeline's oil sands transportation segment continues to underpin our stable operating and financial results. This business segment generated FFO for the third quarter 2016 of $142.3 million, compared to $146.1 million in the same period 2015.

Aggregate throughput volumes on the Cold Lake, Corridor and Polaris pipeline systems were 1,093,300 b/d, or two percent lower than in the third quarter of 2015. Volumes transported by pipeline system were as follows:

Volumes (b/d)	*Three Months Ended September 30, 2016*
Cold Lake	535,300
Corridor	423,200
Polaris	134,800

Cold Lake pipeline system volumes decreased by 42,500 b/d in the current quarter over the same period in 2015. Volumes on the Cold Lake system typically fluctuate with the timing of steam injection cycles associated with certain shippers' production processes. The Corridor pipeline system hit a new quarterly throughput record at 423,200 b/d, representing a 14,100 b/d increase compared to the same period in 2015. Polaris pipeline system volumes remained stable quarter over quarter increasing by 1,800 b/d due to solid diluent demand from connected oil sands facilities.

Conventional Oil Pipelines

Funds from operations in the conventional oil pipelines business segment remained stable at $49.1 million for the current quarter, compared to $49.8 million for the same period in 2015. Lower transportation revenues continued to be largely offset by the strong financial performance of Inter Pipeline's midstream marketing activities.

Throughput on Inter Pipeline's three conventional gathering systems decreased by approximately eight percent to 192,800 b/d compared to the same period a year earlier. Lower volumes were driven by a reduction in producer drilling and development activity due to low commodity prices, natural production declines and weather related disruptions.

Inter Pipeline successfully completed its 400,000 barrel crude oil storage expansion project at the Kerrobert Terminal in the quarter. This expansion was driven by strong volume growth on the Mid-Saskatchewan pipeline system over the past several years. Total capital expenditures for this project to date are $59 million.

Subsequent to the quarter, Inter Pipeline signed a long-term agreement with CHS Inc. ("CHS") to transport 32,500 b/d of crude oil on the Bow River pipeline system. Effective January 1, 2017, the 10-year take-or-pay agreement replaces the existing transportation agreement with CHS which expires at the end of the year. Under the terms of the new contract, CHS has increased its take-or-pay commitment by approximately 10% for the shipment of crude oil grades sourced from Hardisty, Alberta to the CHS refinery in Laurel, Montana. Volumes are transported as a distinct, segregated stream on the Bow River pipeline system, before accessing third party pipelines for final delivery to the Montana refinery region.

Bulk Liquid Storage

Inter Pipeline's European bulk liquid storage segment continues to generate strong results with FFO of $30.2 million in the third quarter of 2016, compared to $29.0 million in the third quarter of 2015.

During the quarter, Inter Terminals, Inter Pipeline's European subsidiary, executed two long-term contracts to provide a total of 175,000 barrels of new chemical storage capacity at its Seal Sands Terminal in the United Kingdom. Five new storage tanks will be constructed at a cost of approximately $25 million, with the new capacity in-service by mid-2017.

Overall utilization rates in the third quarter of 2016 remained at record highs, averaging 98 percent compared to 93 percent in the third quarter of 2015. Utilization rates were higher in all operating countries mainly due to increased storage demand and stronger contango pricing relationships in certain petroleum product futures markets.

NGL Processing

Inter Pipeline's NGL processing business is comprised of three straddle plants at Cochrane and Empress, Alberta as well as the recently acquired offgas processing and liquids fractionation business.

Funds from operations improved by 22 percent for the quarter to $28.7 million compared to $23.6 million in the third quarter of 2015. The increase is primarily due to $1.4 million of incremental FFO from eight days of offgas processing operations and stronger propane-plus frac spread pricing. In the quarter, realized frac-spread prices on propane-plus volumes produced at the Cochrane straddle plant averaged US $0.37 per US gallon, up 32% from US $0.28 per US gallon in the same period last year.

Natural gas flows to the Cochrane and Empress straddle facilities averaged approximately 2.9 billion cubic feet per day, with 100,500 b/d of natural gas liquids extracted. Natural gas flows through the Cochrane plant remain high as a result of strong demand from the United States west-coast region for low-cost Canadian natural gas.

Financing Activity

During the quarter, Inter Pipeline successfully executed the financing plan for the $1.35 billion Williams Canada acquisition. This included net proceeds from a highly successful $600 million subscription receipt offering at $26.75 that was subsequently exchanged into common shares. Inter Pipeline also issued $350 million of 7-year, senior medium-term notes in the Canadian public debt market at an attractive interest rate of 2.608%. The remaining balance of the acquisition financing was drawn from Inter Pipeline's unsecured revolving credit facility, which was increased from $1.25 billion to $1.5 billion in the quarter. As at September 30, 2016, there was $365 million of available capacity on the credit facility.

Inter Pipeline continues to maintain a strong balance sheet and investment grade credit ratings. At September 30, 2016, Inter Pipeline's consolidated net debt to total capitalization ratio* was 54.5 percent, compared to 52.7 percent as at September 30, 2015. Standard & Poor's and DBRS Limited have assigned Inter Pipeline investment grade credit ratings of BBB+ and BBB (high), respectively.

Subsequent to quarter end, the premium component of our Premium Dividend™ and Dividend Reinvestment Plan (DRIP) was re-instated, which is expected to raise approximately $25 million of additional equity capital on a monthly basis.

Director Appointment

Christian P. Bayle, President & CEO of Inter Pipeline has been appointed to Inter Pipeline's Board of Directors effective January 1, 2017.

Conference Call & Webcast

Inter Pipeline will hold a conference call and webcast on November 4 at 9:00 a.m. (Mountain Time) / 11:00 a.m. (Eastern Time) to discuss its third quarter 2016 financial and operating results.

To participate in the conference call, please dial 416-340-2218 or 1-866-225-0198. A pass code is not required. A recording of the call will be available for replay until November 11, 2016 by dialing 1-905-694-9451 or 1-800-408-3053. The pass code for the replay is 6865564.

A live webcast of the third quarter 2016 conference call will be available on Inter Pipeline's website at www.interpipeline.com/investor/calls-and-events and a replay of the webcast will be available for approximately 90 days.

Select Financial and Operating Highlights

(millions of dollars, except per share and percent amounts where noted)	Three Months Ended September 30,		Nine Months Ended September 30,	
Throughput and Production	2016	2015	2016	2015
Pipeline volumes (000 b/d)				
Oil sands transportation[1]	1,093.3	1,119.9	1,070.1	1,023.9
Conventional oil pipelines	192.8	209.4	200.8	210.7
Total pipeline volumes	1,286.1	1,329.3	1,270.9	1,234.6
Extraction production[1] (000 b/d)				
Ethane	58.0	62.0	57.0	63.0
Propane plus	42.5	40.8	43.2	39.0
Total extraction production	100.5	102.8	100.2	102.0
Redwater olefinic fractionator sales volumes [2] (000 b/d)	28.2	-	-	-
Capacity Utilization				
Bulk liquid storage	98%	93%	98%	93%
Financial Results[3]				
Revenue	$434.5	$424.2	$1,263.9	$1,220.6
Funds from operations[4]				
Oil sands transportation	$142.3	$146.1	$423.1	$411.3
Conventional oil pipelines	$49.1	$49.8	$146.2	$143.1
Bulk liquid storage	$30.2	$29.0	$91.1	$70.1
NGL processing	$28.7	$23.6	$82.8	$75.6
Corporate costs	$(38.9)	$(43.3)	$(149.1)	$(137.4)
Total funds from operations[4]	$211.4	$205.2	$594.1	$562.7
Per share[4]	$0.62	$0.61	$1.76	$1.68
Net Income	$121.3	$128.4	$348.8	$325.0
Supplemental Financial Information				
Net income attributable to shareholders	$113.7	$118.7	$323.9	$297.7
Per share - basic & diluted	$0.34	$0.35	$0.96	$0.89
Cash dividends declared	$131.4	$123.5	$394.1	$368.4
Per share	$0.3900	$0.3675	$1.1700	$1.1025
Payout ratio[4]	64.8%	63.6%	69.7%	69.3%
Capital expenditures[3,4]				
Growth	$40.8	$43.4	$100.7	$243.7
Sustaining	$8.1	$12.3	$36.1	$31.8
Total capital expenditures	$48.9	$55.7	$136.8	$275.5

1. *Empress V NGL production and Cold Lake volumes reported on a 100% basis.*
2. *Represents average sales volumes for the eight days ended September 30, 2016.*
3. *Amounts reported on a 100% basis that includes non-controlling interest.*
4. *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, 2016 as compared to the three and nine month periods ended September 30, 2015. These documents are available at www.interpipeline.com and at www.sedar.com.

Inter Pipeline Ltd.

Inter Pipeline is a major petroleum transportation, natural gas liquids processing, and bulk liquid storage business based in Calgary, Alberta, Canada. Inter Pipeline owns and operates energy infrastructure assets in western Canada and Europe. Inter Pipeline is a member of the S&P/TSX 60 Index and its common shares trade on the Toronto Stock Exchange under the symbol IPL. www.interpipeline.com.

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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: (i) statements regarding timing, costs, investment decisions and completion of Inter Pipeline's current and future projects, including the PDH and polypropylene facilities, (ii) Inter Pipeline's belief that it is well positioned to maintain its current level of dividends to its shareholders and (ii) the additional equity capital to be raised by the DRIP. 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. 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The impact of any one assumption, risk, uncertainty or other factor on a particular forward-looking statement cannot be determined with certainty, as these are interdependent and Inter Pipeline's future course of action depends on management's assessment of all information available at the relevant time. You can find a discussion of those risks and uncertainties in Inter Pipeline's securities filings at www.sedar.com. Readers are cautioned that the foregoing list of assumptions, risks, uncertainties and factors is not exhaustive. 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 and all subsequent forward-looking statements, whether written or oral, attributable to Inter Pipeline or persons acting on Inter Pipeline's behalf are expressly qualified in their entirety by these cautionary statements.

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.