Interim Consolidated Balance Sheets

(unaudited)(millions of Canadian dollars)		March 31 2017		As at December 31 2016
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**27.1**	$	21.4
Accounts receivable		**210.4**		226.1
Prepaid expenses and other deposits		**17.2**		20.1
Inventory		**4.9**		13.3
Total Current Assets		**259.6**		280.9
Non-Current Assets				
Property, plant and equipment (note 4)		**9,198.4**		9,186.0
Goodwill and intangible assets		**676.9**		684.7
Total Assets	**$**	**10,134.9**	$	10,151.6
LIABILITIES AND EQUITY				
Current Liabilities				
Dividends payable (note 5)	**$**	**50.0**	$	49.7
Accounts payable, accrued liabilities and provisions (note 7)		**240.9**		277.3
Current income taxes payable		**0.5**		18.7
Deferred revenue		**28.7**		10.1
Demand facility (note 6)		**2.7**		-
Current portion of long-term debt (note 6)		**399.9**		399.7
Commercial paper (note 6)		**1,327.4**		1,338.8
Total Current Liabilities		**2,050.1**		2,094.3
Non-Current Liabilities				
Long-term debt (note 6)		**3,980.7**		4,067.8
Provisions		**162.8**		162.6
Employee benefits (note 7)		**26.6**		32.4
Long-term deferred revenue and other liabilities		**51.0**		51.1
Deferred income taxes		**602.3**		555.5
Total Liabilities		**6,873.5**		6,963.7
Commitments (notes 4 and 9)				
Equity				
Shareholders' equity (note 8)		**3,252.8**		3,184.5
Total reserves		**8.6**		3.4
Total Equity		**3,261.4**		3,187.9
Total Liabilities and Equity	**$**	**10,134.9**	$	10,151.6

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Changes in Equity

(unaudited)(millions of Canadian dollars)

	Attributable to Shareholders of Inter Pipeline Ltd.						
	Share Capital (note 8)	Earnings / (Deficit)	Contributed Surplus	Reserves	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
Balance, January 1, 2017	$ 3,712.3	$ (530.3)	$ 2.5	$ 3.4	$ 3,187.9	$ -	**$ 3,187.9**
Net income for the period	-	140.0	-	-	140.0	-	**140.0**
Other comprehensive income	-	-	-	5.2	5.2	-	**5.2**
Dividends declared (note 5)	-	(149.7)	-	-	(149.7)	-	**(149.7)**
Issuance of common shares (note 8)							
Issued under Premium Dividend™							
and Dividend Reinvestment Plan	78.0	-	-	-	78.0	-	**78.0**
Balance, March 31, 2017	$ 3,790.3	$ (540.0)	$ 2.5	$ 8.6	$ 3,261.4	$ -	**$ 3,261.4**
Balance, January 1, 2016	$ 2,889.4	$ (184.7)	$ 2.5	$ 113.9	$ 2,821.1	$ 335.5	$ 3,156.6
Net income for the period	-	95.8	-	-	95.8	8.8	104.6
Other comprehensive loss	-	-	-	(39.1)	(39.1)	-	(39.1)
Dividends declared (note 5)	-	(131.3)	-	-	(131.3)	-	(131.3)
Issuance of common shares (note 8)							
Issued under Premium Dividend™							
and Dividend Reinvestment Plan	6.4	-	-	-	6.4	-	6.4
Cash distributions paid by Cold Lake							
to non-controlling interest	-	-	-	-	-	(9.3)	(9.3)
Capital contributions received from							
Cold Lake non-controlling interest	-	-	-	-	-	0.1	0.1
Balance, March 31, 2016	$ 2,895.8	$ (220.2)	$ 2.5	$ 74.8	$ 2,752.9	$ 335.1	$ 3,088.0

See accompanying condensed notes to the interim consolidated financial statements.

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Interim Consolidated Statements of Net Income

(unaudited)(millions of Canadian dollars)	Three Months Ended March 31 2017	2016
REVENUES		
Operating revenues	**$ 578.7**	$ 416.4
EXPENSES		
Shrinkage gas	**87.0**	36.4
Midstream product purchases	**49.0**	17.2
Operating	**112.8**	90.2
Depreciation and amortization	**62.7**	54.9
Financing charges (note 13)	**41.5**	35.3
General and administrative	**33.4**	45.3
Loss on disposal of assets	**4.1**	0.5
Total Expenses	**390.5**	279.8
INCOME BEFORE INCOME TAXES	**188.2**	136.6
Income tax expense		
Current	**3.4**	19.0
Deferred	**44.8**	13.0
Total Income Tax Expense	**48.2**	32.0
NET INCOME	**$ 140.0**	$ 104.6
Net income attributable to		
Shareholders of Inter Pipeline Ltd.	**$ 140.0**	$ 95.8
Non-controlling interest	**-**	8.8
Net Income	**$ 140.0**	$ 104.6
Net income per share attributable to shareholders of Inter Pipeline Ltd. (note 8)		
Basic and diluted	**$ 0.38**	$ 0.28

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Comprehensive Income

(unaudited)(millions of Canadian dollars)	Three Months Ended March 31 2017	2016
NET INCOME	**$ 140.0**	$ 104.6
OTHER COMPREHENSIVE INCOME (LOSS)		
Item that may be reclassified subsequently to net income		
Unrealized gain (loss) on translating financial statements of foreign operations	**5.2**	(39.1)
Other Comprehensive Income (Loss)	**5.2**	(39.1)
COMPREHENSIVE INCOME	**$ 145.2**	$ 65.5
Comprehensive income attributable to		
Shareholders of Inter Pipeline Ltd.	**$ 145.2**	$ 56.7
Non-controlling interest	**-**	8.8
Comprehensive Income	**$ 145.2**	$ 65.5

See accompanying condensed notes to the interim consolidated financial statements.

Interim Consolidated Statements of Cash Flows

(unaudited)(millions of Canadian dollars)	Three Months Ended March 31 2017	2016
OPERATING ACTIVITIES		
Net income	$ **140.0**	$ 104.6
Items not involving cash:		
Depreciation and amortization	**62.7**	54.9
Loss on disposal of assets	**4.1**	0.5
Non-cash (recovery) expense	**(4.7)**	13.0
Deferred income tax expense	**44.8**	13.0
Funds from operations	**246.9**	186.0
Net change in non-cash operating working capital	**(3.5)**	(10.7)
Cash provided by operating activities	**243.4**	175.3
INVESTING ACTIVITIES		
Expenditures on property, plant and equipment	**(63.0)**	(42.7)
Net change in non-cash investing working capital	**(6.9)**	(11.0)
Cash used in investing activities	**(69.9)**	(53.7)
FINANCING ACTIVITIES		
Cash dividends paid to shareholders of Inter Pipeline Ltd. (note 5)	**(71.7)**	(124.9)
Cash distributions paid by Cold Lake to non-controlling interest	**-**	(9.3)
Cash contributions received from Cold Lake non-controlling interest	**-**	0.1
(Decrease) increase in debt	**(96.7)**	0.2
Net change in non-cash financing working capital	**0.4**	-
Cash used in financing activities	**(168.0)**	(133.9)
Effect of foreign currency translation on foreign currency denominated cash	**0.2**	(0.5)
Increase (decrease) in cash and cash equivalents	**5.7**	(12.8)
Cash and cash equivalents, beginning of period	**21.4**	40.3
Cash and cash equivalents, end of period	$ **27.1**	$ 27.5
Cash taxes paid	$ **21.2**	$ 46.6
Cash interest paid	$ **44.5**	$ 38.7

See accompanying condensed notes to the interim consolidated financial statements.

Condensed Notes to Interim Consolidated Financial Statements

March 31, 2017

(unaudited)(millions of Canadian dollars, except as otherwise indicated)

1. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements (interim financial statements) have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting*. These interim financial statements do not contain all disclosures required by International Financial Reporting Standards (IFRS) for annual financial statements and accordingly, should be read in conjunction with Inter Pipeline Ltd.'s (Inter Pipeline) audited consolidated financial statements and notes thereto for the year ended December 31, 2016.

Inter Pipeline has consistently applied the same accounting policies for all periods presented in these interim financial statements as those used in Inter Pipeline's audited consolidated financial statements for the year ended December 31, 2016. Certain prior period balances have been reclassified to match the current period presentation.

These interim financial statements were authorized for issue in accordance with a resolution of the Board of Directors of Inter Pipeline on May 8, 2017.

2. FUTURE ACCOUNTING PRONOUNCEMENT

IFRS 15 *Revenue from Contracts with Customers* (IFRS 15) replaces IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations and will be applied to annual periods beginning on January 1, 2018. IFRS 15 establishes a control based revenue recognition model under which revenue is recognized when control of the underlying goods or services for the particular performance obligation is transferred to the customer. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when, or as, the entity satisfies a performance obligation.

IFRS 15 will be applied retrospectively to all revenue contracts using either: (i) a full retrospective approach with restatement of all prior periods presented; or (ii) a modified retrospective approach where the cumulative effect of initially applying the new standard is recognised as an adjustment to opening retained earnings in the period of adoption. Inter Pipeline is currently evaluating which adoption method to use.

Inter Pipeline has identified all revenue streams and customer contracts that are within the scope of IFRS 15 and is in the process of reviewing contracts and evaluating the impact that the new standard will have on its financial statements and disclosures. The new revenue standard will primarily affect the timing of revenue recognition under multiple element arrangements. Under multiple element arrangements, although the total revenue recognized during the term of a contract will be largely unaffected, the allocation of the transaction price to the delivered goods or services may result in revenue being deferred or accelerated from its associated cash flows. For short-term commodity based arrangements, no significant changes are expected on adoption of IFRS 15. As further analysis is completed, Inter Pipeline will make changes to processes and systems, collect new data requirements, and quantify the impact, if any, on prior period revenues. Therefore it is not possible to make a reliable estimate of the impact of the new standard at this time.

3. SEGMENT REPORTING

Inter Pipeline operates its business under the following principal business segments:

Three Months Ended March 31, 2017

	Canada					Europe	
	Oil Sands Transportation	NGL Processing	Conventional Oil Pipelines	Corporate	Total Canadian Operations	Bulk Liquid Storage	Total Canadian and European Operations
REVENUES[1]	$ 191.1	$ 213.4	$ 118.7	$ -	$ 523.2	$ 55.5	$ 578.7
EXPENSES							
Shrinkage gas	-	87.0	-	-	87.0	-	87.0
Midstream product purchases	-	-	49.0	-	49.0	-	49.0
Operating	30.8	44.3	15.1	-	90.2	22.6	112.8
Depreciation and amortization	22.1	21.1	4.7	2.7	50.6	12.1	62.7
Financing charges	6.7	0.4	0.2	33.8	41.1	0.4	41.5
General and administrative	5.8	-	-	21.2	27.0	6.4	33.4
Loss on disposal of assets	-	-	2.8	-	2.8	1.3	4.1
TOTAL EXPENSES	65.4	152.8	71.8	57.7	347.7	42.8	390.5
INCOME (LOSS) BEFORE INCOME TAXES	125.7	60.6	46.9	(57.7)	175.5	12.7	188.2
Income tax expense	19.1	0.3	-	27.7	47.1	1.1	48.2
NET INCOME (LOSS)	$ 106.6	$ 60.3	$ 46.9	$ (85.4)	$ 128.4	$ 11.6	$ 140.0
Items not involving cash:							
Depreciation and amortization[2]	22.1	21.1	7.5	2.7	53.4	13.4	66.8
Non-cash expense (recovery)	0.6	0.2	(1.0)	(4.8)	(5.0)	0.3	(4.7)
Deferred income tax expense	18.9	0.3	-	24.7	43.9	0.9	44.8
FUNDS FROM (USED IN) OPERATIONS	$ 148.2	$ 81.9	$ 53.4	$ (62.8)	$ 220.7	$ 26.2	$ 246.9
PROPERTY, PLANT AND EQUIPMENT ADDITIONS	$ 4.8	$ 33.6	$ 5.4	$ 2.4	$ 46.2	$ 16.8	$ 63.0
							As at March 31, 2017
Property, plant and equipment - net book value	$ 6,080.3	$ 1,513.9	$ 675.7	$ 62.6	$ 8,332.5	$ 865.9	$ 9,198.4
Goodwill and intangible assets - net book value	$ 214.7	$ 282.2	$ -	$ -	$ 496.9	$ 180.0	$ 676.9
Other assets	$ 67.8	$ 92.7	$ 51.1	$ 0.5	$ 212.1	$ 47.5	$ 259.6
TOTAL ASSETS	$ 6,362.8	$ 1,888.8	$ 726.8	$ 63.1	$ 9,041.5	$ 1,093.4	$ 10,134.9

(1) NGL Processing revenues includes $41.6 million of sales to external customers located in the United States

(2) Includes loss on disposal of assets

Three Months Ended March 31, 2016	Canada					Europe	
	Oil Sands Transportation	NGL Processing	Conventional Oil Pipelines	Corporate	Total Canadian Operations	Bulk Liquid Storage	Total Canadian and European Operations
REVENUES	$ 191.6	$ 77.5	$ 81.5	$ -	$ 350.6	$ 65.8	$ 416.4
EXPENSES							
Shrinkage gas	-	36.4	-	-	36.4	-	36.4
Midstream product purchases	-	-	17.2	-	17.2	-	17.2
Operating	33.1	17.4	14.2	-	64.7	25.5	90.2
Depreciation and amortization	21.9	11.6	4.1	2.4	40.0	14.9	54.9
Financing charges	6.6	0.1	0.2	27.9	34.8	0.5	35.3
General and administrative	5.8	-	-	31.4	37.2	8.1	45.3
Loss (gain) on disposal of assets	0.1	(0.1)	-	-	-	0.5	0.5
TOTAL EXPENSES	67.5	65.4	35.7	61.7	230.3	49.5	279.8
INCOME (LOSS) BEFORE INCOME TAXES	124.1	12.1	45.8	(61.7)	120.3	16.3	136.6
Income tax expense	18.2	-	-	12.0	30.2	1.8	32.0
NET INCOME (LOSS)	$ 105.9	$ 12.1	$ 45.8	$ (73.7)	$ 90.1	$ 14.5	$ 104.6
Items not involving cash:							
Depreciation and amortization(1)	22.0	11.5	4.1	2.4	40.0	15.4	55.4
Non-cash (recovery) expense	(0.2)	-	0.1	13.1	13.0	-	13.0
Deferred income tax expense (recovery)	11.7	-	-	(0.1)	11.6	1.4	13.0
FUNDS FROM (USED IN) OPERATIONS	$ 139.4	$ 23.6	$ 50.0	$ (58.3)	$ 154.7	$ 31.3	$ 186.0
PROPERTY, PLANT AND EQUIPMENT ADDITIONS	$ 5.1	$ 6.7	$ 17.3	$ 9.4	$ 38.5	$ 11.7	$ 50.2
							As at December 31, 2016
Property, plant and equipment - net book value	$ 6,096.7	$ 1,490.9	$ 677.8	$ 62.9	$ 8,328.3	$ 857.7	$ 9,186.0
Goodwill and intangible assets - net book value	$ 215.7	$ 289.9	$ -	$ -	$ 505.6	$ 179.1	$ 684.7
Other assets	$ 72.1	$ 110.4	$ 52.1	$ 0.7	$ 235.3	$ 45.6	$ 280.9
TOTAL ASSETS	$ 6,384.5	$ 1,891.2	$ 729.9	$ 63.6	$ 9,069.2	$ 1,082.4	$ 10,151.6

(1) Includes loss (gain) on disposal of assets

4. PROPERTY, PLANT AND EQUIPMENT

	Pipelines, Facilities and Equipment	Pipeline Line Fill	Construction Work in Progress	Total
COST				
Balance, January 1, 2016	$ 9,051.3	$ 308.6	$ 167.9	$ 9,527.8
Acquisition of Williams Canada	875.1	2.9	206.2	1,084.2
Additions/transfers from construction (1)	277.1	3.3	216.6	497.0
Disposals/completed construction (1)	(13.5)	(0.6)	(269.3)	(283.4)
Foreign currency translation adjustments	(139.8)	-	(2.5)	(142.3)
Balance, December 31, 2016	10,050.2	314.2	318.9	10,683.3
Additions/transfers from construction (1)	17.2	0.9	59.6	77.7
Disposals/completed construction (1)	(1.9)	-	(14.7)	(16.6)
Foreign currency translation adjustments	6.5	-	(0.1)	6.4
Balance, March 31, 2017	**$ 10,072.0**	**$ 315.1**	**$ 363.7**	**$ 10,750.8**
ACCUMULATED DEPRECIATION				
Balance, January 1, 2016	$ 1,323.2	$ 20.7	$ -	$ 1,343.9
Depreciation	196.0	2.9	-	198.9
Disposals	(5.5)	-	-	(5.5)
Foreign currency translation adjustments	(40.0)	-	-	(40.0)
Balance, December 31, 2016	1,473.7	23.6	-	1,497.3
Depreciation	53.3	0.7	-	54.0
Disposals	(0.5)	-	-	(0.5)
Foreign currency translation adjustments	1.6	-	-	1.6
Balance, March 31, 2017	**$ 1,528.1**	**$ 24.3**	**$ -**	**$ 1,552.4**
NET BOOK VALUE				
At December 31, 2016	$ 8,576.5	$ 290.6	$ 318.9	$ 9,186.0
At March 31, 2017	**$ 8,543.9**	**$ 290.8**	**$ 363.7**	**$ 9,198.4**

(1) The majority of property, plant and equipment additions are related to constructed assets and are initially recorded as construction work in progress before being transferred to pipelines, facilities and equipment or pipeline line fill when the related asset is available for use.

At March 31, 2017, Inter Pipeline expects to spend $719.5 million on property, plant and equipment, of which $297.0 million is due within one year and $422.5 million is due in one to five years.

5. DIVIDENDS TO SHAREHOLDERS

(millions, except per share amounts)	Three Months Ended March 31 **2017**	2016
Dividends declared to shareholders of Inter Pipeline	**$ 149.7**	$ 131.3
Dividends settled with the issuance of shares under the Premium Dividend™ and Dividend Reinvestment Plan	**(78.0)**	(6.4)
Cash dividends paid to shareholders of Inter Pipeline	**$ 71.7**	$ 124.9
Dividends declared per share	**$ 0.4050**	$ 0.3900

As at March 31, 2017, dividends of $50.0 million were payable on 370.7 million outstanding common shares at $0.135 per share (December 31, 2016 - $49.7 million payable on 367.9 million outstanding common shares at $0.135 per share).

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On April 10, 2017, Inter Pipeline declared dividends of $0.135 per share. The dividends will be paid on or about May 15, 2017, to shareholders of record on April 21, 2017. The total declared dividends are approximately $50.2 million.

6. FINANCIAL DEBT

		March 31 2017		December 31 2016
Corridor syndicated credit facility	**$**	**1,329.6**	$	1,340.6
Inter Pipeline syndicated credit facility		**825.0**		913.0
Corridor debentures		**150.0**		150.0
Medium-term notes		**3,425.0**		3,425.0
Demand facilities		**2.9**		-
Long-term debt, short-term debt and commercial paper (excluding transaction costs and discounts)		**5,732.5**		5,828.6
Less: short-term debt, current portion of long-term debt and commercial paper[(1)]		**(1,732.5)**		(1,740.6)
Long-term debt (excluding transaction costs and discounts)		**4,000.0**		4,088.0
Transaction costs, net of accumulated amortization		**(19.8)**		(20.8)
Discount, net of accumulated amortization		**(2.0)**		(1.5)
Add: Current portion of transaction costs and discounts		**2.5**		2.1
Long-term debt		**3,980.7**		4,067.8
Short-term debt and current portion of long-term debt including transaction costs and discounts		**402.6**		399.7
Commercial paper including transaction costs and discounts[(1)]		**1,327.4**		1,338.8
Financial debt	**$**	**5,710.7**	$	5,806.3

(1) Commercial paper issued by Corridor is fully supported and management expects that it will continue to be supported by the Corridor syndicated credit facility that has no repayment requirements until December 2020.

On April 18, 2017, Inter Pipeline issued $500 million of medium-term notes in the Canadian public debt market. The $500 million Series 10, due April 18, 2024, bear interest at the rate of 2.734% per annum, payable semi-annually in arrears. The net proceeds from this issuance were used to repay indebtedness under Inter Pipeline's syndicated credit facility and for other general corporate purposes.

7. EMPLOYEE BENEFITS

		March 31 2017		December 31 2016
Long-term incentive plan liability	**$**	**6.5**	$	12.5
Pension liability		**20.1**		19.9
Employee benefits	**$**	**26.6**	$	32.4

For the three months ended March 31, 2017, employee benefits expense recognized in net income was $40.0 million (three months ended March 31, 2016 - $35.8 million).

Long-Term Incentive Plan Liability

Restricted Share Units

The following table summarizes the status of Inter Pipeline's Restricted Share Units (RSUs) as at March 31, 2017, and December 31, 2016:

(thousands)	Number of RSUs
Balance, January 1, 2016	985.8
Granted	683.9
Exercised	(565.7)
Forfeitures	(38.8)
Balance, December 31, 2016	1,065.2
Granted	579.5
Exercised	(39.3)
Forfeitures	(3.8)
Balance, March 31, 2017	**1,601.6**

At March 31, 2017, the current portion of the liability included in accounts payable, accrued liabilities and provisions was $22.2 million (December 31, 2016 - $16.4 million). At March 31, 2017, 438.8 thousand RSUs were exercisable. Inter Pipeline's five day simple average closing share price at March 31, 2017 was $28.22 (December 31, 2016 - $29.75).

The total intrinsic value of RSUs vested and not exercised as at March 31, 2017 was $13.6 million (December 31, 2016 - $14.9 million).

The weighted average remaining contractual life of the outstanding RSUs as at March 31, 2017 was 1.9 years (December 31, 2016 – 1.6 years).

For the three months ended March 31, 2017, RSU costs of $1.2 million were included in operating expenses and $2.8 million were included in general and administrative expenses (three months ended March 31, 2016 - $2.1 million and $5.3 million, respectively).

Performance Share Units

The following table summarizes the status of Inter Pipeline's Performance Share Units (PSUs) as at March 31, 2017, and December 31, 2016:

(thousands)	Number of PSUs
Balance, January 1, 2016	109.5
Granted	144.5
Balance, December 31, 2016	254.0
Granted	112.8
Balance, March 31, 2017	**366.8**

At March 31, 2017, the current portion of the liability included in accounts payable, accrued liabilities and provisions was $2.7 million (December 31, 2016 - $nil). At March 31, 2017, no PSUs were exercisable. Inter Pipeline's 20 trading day volume weighted average share price at March 31, 2017 was $27.96 (December 31, 2016 - $28.89).

The weighted average remaining contractual life of the outstanding PSUs as at March 31, 2017 was 1.8 years (December 31, 2016 – 1.6 years).

For the three months ended March 31, 2017, PSU costs of $0.7 million were included in general and administrative expenses (three months ended March 31, 2016 - $1.3 million).

8. SHAREHOLDERS' EQUITY

a) Authorized

Unlimited number of common shares, with voting rights and no par value.

Class A preferred shares, limited to not more than 20% of the number of issued and outstanding common shares, with no voting rights.

b) Issued, Fully Paid and Outstanding

(millions)	Number of Common Shares		Share Capital
Balance, January 1, 2016	336.4	$	2,889.4
Issued under Premium Dividend™ and Dividend Reinvestment Plan	2.7		68.8
Common shares issued for cash, net of issue costs	22.4		576.6
Issued on acquisition of Cold Lake non-controlling interest	6.4		177.5
Balance, December 31, 2016	367.9		3,712.3
Issued under Premium Dividend™ and Dividend Reinvestment Plan	2.8		78.0
Balance, March 31, 2017	**370.7**	**$**	**3,790.3**

c) Calculation of Net Income per Common Share

	Three Months Ended March 31			
(millions, except per share amounts)		**2017**		2016
Net income attributable to shareholders – basic and diluted	**$**	**140.0**	$	95.8
Weighted average shares outstanding – basic		**369.2**		336.6
Effect of Premium Dividend™ and Dividend Reinvestment Plan		**0.7**		0.1
Weighted average shares outstanding – diluted		**369.9**		336.7
Net income per common share attributable to shareholders – Basic and diluted	**$**	**0.38**	$	0.28

9. COMMITMENTS AND CONTINGENCIES

Inter Pipeline has purchase obligation commitments totaling approximately $290.5 million at March 31, 2017. Refer to note 4 for expected property, plant and equipment expenditures.

Inter Pipeline has lease agreements for office space, storage, property, plant and equipment and land for periods ranging from 2017 to 2094. At March 31, 2017, the future lease obligations are approximately $334.9 million.

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10. CAPITAL DISCLOSURES

Capital under management includes financial debt and shareholders' equity.

At March 31, 2017, Inter Pipeline had access to committed credit facilities totaling $3,050.0 million, of which $895.4 million remained unutilized. Inter Pipeline also had access to demand facilities of $98.3 million, of which $92.6 million remained unutilized. Certain unutilized amounts under these facilities are available to specific subsidiaries of Inter Pipeline.

Inter Pipeline was compliant with all debt covenants throughout each of the periods presented.

11. FINANCIAL INSTRUMENTS

a) Classification of Financial Assets and Financial Liabilities

The carrying value of Inter Pipeline's financial assets and liabilities recorded at March 31, 2017, are classified as follows:

	Cash, Loans and Receivables	Other Financial Liabilities	Carrying Value of Financial Asset or Liability	Non-Financial Asset or Liability[1]	Carrying Value of Asset or Liability
Assets[2]					
Cash and cash equivalents	$ 27.1	$ -	$ 27.1	$ -	$ 27.1
Accounts receivable	209.0	-	209.0	1.4	210.4
Prepaid expenses and other deposits	0.3	-	0.3	16.9	17.2
Liabilities					
Dividends payable	$ -	$ 50.0	$ 50.0	$ -	$ 50.0
Accounts payable, accrued liabilities and provisions	-	195.0	195.0	45.9	240.9
Deferred revenue and other liabilities	-	8.4	8.4	71.3	79.7
Long-term debt, short-term debt and commercial paper (note 6)[3]	-	5,732.5	5,732.5	-	5,732.5

(1) Not all components of assets and liabilities meet the definition of a financial asset or liability.

(2) Inter Pipeline does not have any assets that meet the definition of "fair value through profit or loss", "available-for-sale" or "held-to-maturity".

(3) Carrying values include commercial paper and exclude discounts and transaction costs with the respective accumulated amortization.

b) Fair Value of Fixed Rate Debt

At March 31, 2017, the carrying values of fixed rate debt compared to fair values are as follows:

	Carrying Value[1]	Fair Value
Corridor debentures	$ 150.0	$ 162.8
Medium-term notes Series 1 to 5 and 7 to 9	$ 3,025.0	$ 3,140.4

(1) Carrying value excludes transaction costs, discount and accumulated amortization.

12. RISK MANAGEMENT

Inter Pipeline is exposed to a number of inherent financial risks arising in the normal course of operations which include market risk related to interest rates, commodity prices and foreign currency exchange rates, credit risk and liquidity risk.

a) Market Risk

Based on the variable rate debt obligations outstanding at March 31, 2017, a 1% change in interest rates at this date would have changed interest expense for the three months ended March 31, 2017, by approximately $6.3 million assuming all other variables remain constant. Of this amount, $3.3 million for the period ended March 31, 2017, relates to the Corridor syndicated credit facility (note 6) and is recoverable through the terms of the Corridor firm service agreement; therefore, the after-tax income impact for the three months ended March 31, 2017, would be $2.2 million. When deemed appropriate, Inter Pipeline may enter into interest rate or cross-currency swap agreements to manage its interest rate price risk exposure. As at March 31, 2017, there were no interest rate hedges outstanding.

Inter Pipeline is exposed to frac-spread risk being the difference between the selling prices for NGL, parafinic and olefin products and the input cost of the natural gas required to produce the respective products, including shrinkage gas. Inter Pipeline may enter into natural gas liquids, AECO natural gas, and foreign exchange swap contracts to manage frac-spread risk exposure in the NGL processing business. Inter Pipeline may also enter into electricity price swap agreements and heat rate price swap agreements to manage power price risk in the conventional oil pipelines business and NGL processing business, respectively. As at March 31, 2017, there were no frac-spread hedges, electricity price swap agreements, or heat rate price swap agreements outstanding.

Transactional foreign currency risk exposures have not been significant historically, therefore are generally not hedged; however, Inter Pipeline may decide to hedge this risk in the future. As at March 31, 2017, there are no foreign exchange hedges outstanding.

b) Credit Risk

Credit risk exposure relates primarily to the non-performance of Inter Pipeline's customers and financial counterparties. Inter Pipeline believes that the credit risk arising from cash, cash equivalents and deposits outstanding is minimal as these financial assets are predominantly held with major financial institutions or investment grade corporations.

At March 31, 2017, Inter Pipeline considers that the risk of non-performance of its customers is minimal based on Inter Pipeline's credit approval process, ongoing monitoring procedures and historical experience.

Accounts receivable are deemed past due if they are aged greater than 60 days and are considered to be impaired if one or more events have occurred that would impact the estimated future cash flows of that asset. At March 31, 2017, accounts receivable outstanding meeting the definition of either past due or impaired are insignificant.

Concentrations of credit risk associated with accounts receivable relate to a limited number of principal customers in the oil sands transportation and NGL processing business segments, the majority of which are affiliated with investment grade corporations in the energy and chemical industry sectors. At March 31, 2017, accounts receivable associated with these two business segments were $142.4 million or 67.7% of total accounts receivable outstanding. Inter Pipeline believes the credit risk associated with the remainder of accounts receivable is minimized due to diversity across business segments and customers.

c) Liquidity Risk

The table below summarizes the contractual maturity profile of Inter Pipeline's financial liabilities at March 31, 2017, on an undiscounted basis:

	Total	Less Than One Year	One to Five Years	After Five Years
Dividends payable	$ 50.0	$ 50.0	$ -	$ -
Accounts payable, accrued liabilities and provisions	240.9	240.9	-	-
Deferred revenue and other liabilities	79.7	28.7	22.8	28.2
Long-term debt, short-term debt and commercial paper[1]	5,732.5	1,732.5	2,000.0	2,000.0
Total	$ 6,103.1	$ 2,052.1	$ 2,022.8	$ 2,028.2

(1) Commercial paper issued by Corridor is fully supported and management expects that it will continue to be supported by the Corridor syndicated credit facility that has no repayment requirements until December 2020.

13. FINANCING CHARGES

	Three Months Ended March 31	
	2017	2016
Interest expense on credit facilities	**$ 9.3**	$ 8.5
Interest on Corridor debentures	**1.8**	1.8
Interest on medium-term notes	**29.8**	23.5
Total Interest	**40.9**	33.8
Capitalized interest	**(1.6)**	-
Amortization of transaction costs on financial debt	**1.1**	0.8
Accretion of provisions and pension plan funding charges	**1.1**	0.7
Financing charges	**$ 41.5**	$ 35.3