KINDER MORGAN CANADA LIMITED DECLARES DIVIDENDS AND ANNOUNCES RESULTS FOR THIRD QUARTER OF 2017

Limited Construction Activity Begins on Trans Mountain Expansion Project

CALGARY, ALBERTA, October 18, 2017 - The Kinder Morgan Canada Limited (TSX: KML) board of directors has declared a dividend for the third quarter of 2017 of $0.1625 per restricted voting share ($0.65 annualized), payable on November 15, 2017, to restricted voting shareholders of record as of October 31, 2017. KML's restricted voting share dividends are eligible dividends for Canadian income tax purposes.

"The Trans Mountain expansion project (TMEP) began limited construction activities in September and is moving forward with all aspects of planning and preparation for construction in other areas," said KML Board Chairman and CEO Steve Kean. "We have signed a number of agreements with prime construction contractors that will be supplying materials and working on the pipeline, terminals and stations along the route."

"Now, more than ever, this project is critical for our customers and Canada and we remain committed to delivering the project in an environmentally responsible way that respects our extensive and meaningful consultations with Indigenous Peoples, communities and individuals," said KML President Ian Anderson.

"We have submitted all pre-construction filings with the National Energy Board (NEB) consistent with our construction schedule," added Anderson. "We are also moving forward with our commitments to communities and to Indigenous Peoples through our Mutual Benefits Agreements and are excited to be working with individuals and communities to deliver jobs and opportunities at a local level."

Trans Mountain is now in receipt of a number of priority permits from regulatory authorities in Alberta and British Columbia, including access to British Columbia northern interior Crown lands. Pending receipt of some further permits and approvals, clearing and other construction activities will commence this year in Alberta and the B.C. northern interior. This is a positive and welcome development.

Construction preparation activity is off to a slower start than planned in the project schedule due primarily to the time required to file for, process and obtain all necessary permits and regulatory approvals.

KML is assessing construction mitigation plans that maintain the current in-service schedule of December 31, 2019. That planning, with our contractors, will rely upon continued progress towards schedule-critical regulatory approvals and will assess the acceleration of construction activities that are behind schedule. Absent this mitigation, project completion could be delayed by up to nine months. All project planning and schedule mitigation efforts include cost management measures and spend control to maximize project returns, including a reduction in 2017 spend that has already been implemented.

Third Quarter Results and 2017 Outlook

"Once again, KML had a strong quarter due to its diverse portfolio of fee-based assets and resilient cash flows," said Kean. KML reported third quarter net income of $42.4 million, up from $20.3 million in the third quarter of 2016, and distributable cash flow (DCF) of $77.2 million, the same as the comparable period in 2016. DCF for the quarter benefited from lower interest expense offset by higher sustaining capital and preferred dividend payments. Net income for the quarter was also impacted by a favorable change in foreign exchange loss. This item was largely the result of 2016 currency fluctuations on interest payable to intercompany loans with Kinder Morgan, Inc. The principal and interest on these loans were settled after the KML initial public offering.

In the third quarter, KML generated earnings per restricted voting share of $0.11, and produced DCF of $0.21 per restricted voting share relative to our declared dividend of $0.1625 per restricted voting share, resulting in $5.4 million of excess DCF above the company's dividend.

For 2017, KML expects to generate Adjusted EBITDA of between $380 and $390 million and DCF of approximately $315 to $320 million. The reduction in DCF expected for 2017 relative to the guidance of $320 million delivered last quarter is primarily attributable to lower capitalized equity financing costs driven by lower spending on the project. Additionally, from a total expected project cost of $7.4 billion, which includes capitalized financing costs and capital spent to date, TMEP has remaining estimated cash spend to completion, excluding interest, of approximately $6.0 billion as of the end of the third quarter.

Overview of Business Segments

“The **Pipelines** and **Terminals** segments' combined performance for the third quarter of 2017 was 1 percent higher than the same period during 2016, driven by higher capitalized equity financing costs (recognized in other income) due to spending on TMEP and increased variable use and ancillary fees at our Edmonton Area terminals. These contributions were partially offset by lower throughput on the Puget Sound pipeline system and a contracted throughput fee reduction at the Alberta Crude Terminal joint venture," said Anderson.

“The **Terminals** segment's Edmonton Area terminals benefited from record volume and steady rail car loading activity. Across the Edmonton Area tank storage and rail facilities, volume for the quarter was up almost 6 million barrels, or 30 percent, versus the third quarter of 2016, driven by increased demand for our product takeaway capabilities and optionality," noted John Schlosser, KML Terminals President.

The segment's Vancouver Wharves terminal benefited from enhancements made to its agricultural product handling system to accommodate growing export demand, with agricultural product volume for the quarter up approximately 45,000 metric tonnes, or 16 percent, compared to the third quarter of 2016.

Other News

KML Corporate

On Aug. 15, 2017, KML completed its offering of Series 1 cumulative redeemable minimum rate reset preferred shares (Series 1 Preferred Shares). The company issued 12 million Series 1 Preferred Shares for aggregate net proceeds of $293 million. The transaction was upsized from a base size of eight million shares as a result of strong investor demand. KML's Board of Directors declared a dividend of $0.3308 per Series 1 Preferred Share ($1.3125 annualized), payable on November 15, 2017 to shareholders of record as of the close of business on October 31, 2017.

Pipelines

Since receiving Government of Canada approval in 2016, Trans Mountain has made steady positive progress on the regulatory, commercial and construction aspects of the TMEP. Limited construction activity began in September 2017 at the Westridge Terminal facilities. Clearing on key sections of the pipeline right of way is planned for the fourth quarter of 2017.

There are two judicial reviews underway in the British Columbia Supreme Court with respect to the province of British Columbia's (BC) TMEP environmental certificate (TMEP BCEAO). Hearings are scheduled in October and November 2017. Separate judicial reviews pending in the Federal Court of Appeal (FCA) challenging the process leading to the federal government's approval of TMEP were consolidated and heard by the court from Oct. 2 to Oct. 13, 2017. After provincial elections in British Columbia on May 9, 2017 and a subsequent non-confidence vote on the Liberal Throne speech, the NDP and Green Party formed a majority government. The new BC government sought and was granted limited intervenor status in the Federal Court of Appeal proceedings to argue against the process leading to the government's approval of the project. On Sept. 29, 2017, the BC government filed evidence in support of the TMEP BCEAO approval in one of the provincial proceedings. Decisions from the courts are expected in the coming months.

KML is confident that the National Energy Board, the Federal Government and the BC Government assessed and weighed the various scientific and technical evidence through a comprehensive review process, while taking into consideration varying interests on the Project. The approvals granted followed many years of engagement and consultation with communities, Aboriginal groups and individuals.

TMEP was approved by Order in Council on Dec. 1, 2016, with 157 conditions. The Province of BC stated its approval of the Project on Jan. 11, 2017, with 37 conditions. Trans Mountain has made about 120 filings with the NEB with respect to the 157 federal conditions. Trans Mountain has also made filings with the government of BC with respect to all of the provincial conditions consistent with our construction schedule.

Terminals

Construction continues at the Base Line Terminal, a 50-50 joint venture crude oil merchant storage terminal being developed in Edmonton, Alberta by KML and Keyera. In the third quarter, on-site facility mechanical work was materially completed and significant progress was made on the off-site pipe rack and bridges required to connect the terminal with KML's other Edmonton-area facilities, including its North 40, Edmonton South, and Edmonton Rail terminals. Commissioning of the 12-tank, 4.8 million barrel new-build facility, which is fully contracted with long-term, firm take-or-pay agreements with creditworthy customers, is expected to begin in the first quarter of 2018 with tanks phased into service throughout that year. KML's investment in the joint venture will be approximately $396 million, including costs associated with the construction of a new pipeline segment that will be funded solely by KML, with total spend to date of $250 million and remaining spend in 2017 of $33 million. The project is forecast to be on schedule and on budget.

About Kinder Morgan Canada Limited (TSX: KML). KML manages and is the holder of a minority interest in a portfolio of strategic energy infrastructure assets across Western Canada. The financial results of the entire suite of assets held by Kinder Morgan Canada Limited Partnership (Business) have been consolidated into the financial results of KML. KML investors are reminded that KMI holds a majority voting interest in KML and a corresponding majority economic interest in the entirety of the business contributing to financial results discussed in this new release. Therefore, unless the context otherwise requires, references to KML in this news release are references to the Business in which the holders of restricted voting shares of KML have a minority interest. The Trans Mountain Pipeline system, with connections to 20 incoming pipelines and current transportation capacity of approximately 300,000 barrels per day (based on throughput of 80 percent light oil and refined products and 20 percent heavy oil), is the only Canadian crude oil and refined products export pipeline with North American West Coast tidewater access. In Alberta, KML has one of the largest integrated networks of crude tank storage and rail terminals in Western Canada and the largest merchant terminal storage facility in the Edmonton market. KML also operates the largest origination crude by rail loading facility in North America. In British Columbia, KML controls the largest mineral concentrate export/import facility on the west coast of North America through its Vancouver Wharves Terminal. Through its Puget Sound pipeline system, KML ships crude oil to refineries in Washington state and its Cochin Pipeline system transports light condensate originating from the United States to Fort Saskatchewan, Alberta. For more information please visit www.kindermorgancanadalimited.com.

Please join KMI and KML at 4:30 p.m Eastern Time on Wednesday, October 18, 2017, at www.kindermorgan.com for a LIVE webcast conference call which will include a discussion of KML's third quarter earnings.

Non-GAAP Financial Measures

KML's financial information has been prepared in accordance with United States generally accepted accounting principles (GAAP). In addition to using measures prescribed by GAAP, this news release includes references to DCF (both in the aggregate and per share), net income before interest expense, taxes, DD&A andadjusted for Certain Items (Adjusted EBITDA), segment earnings before depreciation, depletion, and amortization (DD&A) and Certain Items (Segment EBDA before Certain Items) and Adjusted Earnings, all of which are financial measures that do not have any standardized meaning as prescribed by GAAP (non-GAAP measures). DCF, Adjusted EBITDA, Segment EBDA before Certain Items and Adjusted Earnings should not be considered alternatives to GAAP net cash provided by operating activities, net income or Segment EBDA, respectively, computed under GAAP or any other GAAP measures and such non-GAAP measures have important limitations as analytical tools. The computations of DCF, Adjusted EBITDA, Segment EBDA before Certain Items and Adjusted Earnings may differ from similarly titled measures used by others. Accordingly the use of such terms may not be comparable to similarly defined measures presented by other entities and investors should not consider these non-GAAP measures in isolation or as a substitute for an analysis of results reported under GAAP. Management compensates for the limitations of these non-GAAP measures by reviewing our comparable GAAP measures, understanding the differences between the measures and taking this information into account in its analysis and its decision-making processes.

<u>Certain Items</u> are items that are required by GAAP to be reflected in net income, but typically either (i) do not have a cash impact (for example, unrealized and realized foreign exchange gains and losses on the KMI loans and asset impairments), or (ii) by their nature are separately identifiable from our normal business operations and in our view are likely to occur only sporadically (for example certain legal settlements and casualty losses).

<u>DCF</u> is net income before DD&A adjusted for (i) income tax expense and cash income taxes (paid) refunded; (ii) sustaining capital expenditures; and (iii) Certain Items. Distributable cash flow (DCF) is an important performance measure used by us and by external users of our financial statements to evaluate our performance and to measure and estimate our ability to generate cash earnings after servicing our debt and preferred stock dividends, paying cash taxes and expending sustaining capital, that could be used for discretionary purposes such as distributions or expansion capital expenditures. KML uses this performance measure and believes it provides users of its financial statements a useful performance measure reflective of our ability to generate cash earnings to supplement the comparable GAAP measure. DCF should not be used as an alternative to net cash provided by operating activities computed under GAAP. We believe the GAAP measure most directly comparable to DCF is net income.

<u>Segment EBDA before Certain Items</u> is used by management in its analysis of segment performance and management of our business. The company believes that Segment EBDA before Certain Items is a useful measure of the operating performance because it measures segment operating results before DD&A and certain expenses that are generally not controllable by the operating managers of the respective business segments, such as general and administrative expense, unrealized and realized foreign exchange losses (or gains) on the KMI loans, interest expense, and income tax expense. General and administrative expenses include such items as employee benefits, insurance, rentals, certain litigation expenses, and shared corporate services including accounting, information technology, human resources and legal services. Certain general and administrative costs attributable to Trans Mountain are billable as flow through items to shippers and result in incremental revenues. Segment EBDA before Certain Items is calculated by adjusting Segment EBDA for the certain items attributable to a segment, as applicable, which are specifically identified in the footnotes to the accompanying tables. KML did not have any certain items that affected the segments for the periods discussed in this release.

<u>Adjusted EBITDA</u> is used as a liquidity measure by the company and external users of its financial statements, in conjunction with net debt, to evaluate certain leverage metrics. Adjusted EBITDA is EBITDA adjusted for Certain Items, as applicable. We believe the GAAP measure most directly comparable to Adjusted

EBITDA is net income. The accompanying tables do not include a reconciliation of forecasted net income to forecasted Adjusted EBITDA. The Company evaluates adjusted EBTIDA in total and does not allocate Adjusted EBITDA amongst equity interest holders as it views Adjusted EBITDA as a liquidity measure against the Company's overall leverage.

<u>Adjusted Earnings</u> is used by certain external users of our financial statements to assess the earnings of our business (excluding Certain Items) as another reflection of our ability to generate earnings. We believe the GAAP measure most directly comparable to Adjusted Earnings is net income.

Reconciliations of each of the foregoing non-GAAP measures have been provided in the financial tables set out below.

<u>Important Information Relating to Forward-Looking Statements</u>

This news release includes"“forward-looking information,” “financial outlook” and “forward-looking statements” within the meaning of applicable securities laws (forward-looking statements). Forward-looking statements in this news release include statements, express or implied, concerning, without limitation: the Trans Mountain Expansion Project, and Base Line Terminal project, including completion of such projects, anticipated costs, scheduling and in-service dates, future benefits and utilization, anticipated project returns and the impacts of such projects; KML's anticipated 2017 Adjusted EBITDA and DCF; and anticipated dividends and the intended payment thereof. Forward-looking statements are not guarantees of performance. They involve significant risks, uncertainties and assumptions. Any financial outlook or other forward-looking statements provided in this news release have been included for the purpose of providing information relating to management's current expectations and plans for the future, are based on a number of significant assumptions and may not be appropriate, and should not be used, for any other purpose. Future actions, conditions or events and future results of operations may differ materially from those expressed in forward-looking statements. Many of the factors that will determine these results, including the ability of KML to pay dividends, are beyond the ability of KML to control or predict. As noted above, the forward-looking statements included in this release are based on a number of material assumptions, including among others those highlighted, or inherent in the factors highlighted, below. Among other things, specific factors that could cause actual results to differ from those indicated in the forward-looking statements provided in this news release include, without limitation: changes in market conditions, competitive landscape, issues, delays or stoppages associated with major expansion projects, including the Trans Mountain Expansion Project; changes in public opinion, public opposition, the resolution of issues relating to the concerns of *individuals, special interest or Aboriginal groups, governmental organizations, non-governmental organizations and other third parties that may expose the Business to higher project or operating costs, project delays or even project cancellations; significant unanticipated cost overruns or required capital expenditures; the breakdown or failure of equipment, pipelines and facilities, releases or spills, operational disruptions or service interruptions; the ability of KML and/or the Business to access sufficient external sources of financing, and the cost of such financing; and changes in governmental support and the regulatory environment.*

The foregoing list should not be construed to be exhaustive. In addition to the foregoing, important additional information respecting the material assumptions, expectations and risks applicable to the financial outlook and other forward-looking statements included in this news release are set out in KML's final initial public offering prospectus dated May 25, 2017, copies of which are available under KML's profile on SEDAR at www.sedar.com, under the headings " "Notice to Investors – Forward-Looking Statements," "Notice to Investors – Growth Estimates" and "Risk Factors," and prospective investors are urged to review and carefully consider such information prior to making any investment decision in respect of KML's restricted voting shares. The risk factors applicable to KML could cause actual results to vary materially from those contained in any forward-looking statements. KML disclaims any obligation, other than as required by applicable law, to update the forward-looking statements included in this release.

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Kinder Morgan Canada Limited and Subsidiaries
Preliminary Consolidated Statements of Income
(Unaudited)
(In millions of Canadian dollars, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	**2016**		**2017**	**2016**	
Revenues	$ 167.0	$ 169.5		$ 500.2	$ 501.9	
Costs, expenses and other						
Operations and maintenance	52.9	53.4		157.8	143.7	
Depreciation, depletion and amortization	37.2	34.3		107.6	102.5	
General and administrative	16.2	15.2		50.5	45.4	
Taxes, other than income taxes	9.3	9.0		28.9	29.1	
Other expense, net	0.8	0.2		3.0	0.2	
	116.4	112.1		347.8	320.9	
Operating income	50.6	57.4		152.4	181.0	
Other income (expense)						
Interest, net	(1.3)	(7.0)		(10.9)	(22.9)	
Foreign exchange (loss) gain	(0.2)	(17.0)		(5.3)	59.3	
Other, net	8.0	4.6		20.5	12.9	
Income before income taxes	57.1	38.0		156.7	230.3	
Income tax expense	(14.7)	(17.7)		(42.4)	(46.3)	
Net income	42.4	20.3		114.3	184.0	
Preferred share dividends	(2.0)	—		(2.0)	—	
Net income attributable to KMI interests	(28.7)	(20.3)		(96.4)	(184.0)	
Net income available to restricted voting stockholders	**$ 11.7**	**$ —**		**$ 15.9**	**$ —**	
Restricted Voting Shares						
Basic and diluted earnings per restricted voting share	$ 0.11			$ 0.22		
Basic and diluted weighted average restricted voting shares outstanding	103.0			72.1		
Declared dividend per restricted voting share	**$ 0.1625**			**$ 0.2196**		
Segment EBDA			**% change**			**% change**
Pipelines	$ 58.5	$ 58.2	1%	$ 169.0	$ 184.3	(8)%
Terminals	52.7	52.0	1%	159.1	162.6	(2)%
Total Segment EBDA	**$ 111.2**	**$ 110.2**	1%	**$ 328.1**	**$ 346.9**	(5)%

Kinder Morgan Canada Limited and Subsidiaries
Preliminary Earnings Contribution by Business Segment
(Unaudited)
(In millions of Canadian dollars, except per share amounts)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	**2016**	**% change**	**2017**	**2016**	**% change**
Segment EBDA before certain items						
Pipelines	$ 58.5	$ 58.2	1%	$ 169.0	$ 184.3	(8)%
Terminals	52.7	52.0	1%	159.1	162.6	(2)%
Subtotal	111.2	110.2	1%	328.1	346.9	(5)%
DD&A	(37.2)	(34.3)		(107.6)	(102.5)	
General and administrative (1)	(16.1)	(15.2)		(47.9)	(45.4)	
Interest, net (2)	(1.3)	(7.0)		(10.9)	(22.9)	
Subtotal	56.6	53.7		161.7	176.1	
Book taxes (1)	(14.6)	(17.7)		(43.8)	(46.3)	
Net Income before Certain Items ("Adjusted Earnings")	42.0	36.0		117.9	129.8	
Certain items						
Foreign exchange gain (loss) on the KMI Loans (3)	0.6	(15.7)		(2.4)	54.2	
Other	(0.1)	—		(2.6)	—	
Subtotal certain items before tax	0.5	(15.7)		(5.0)	54.2	
Book tax certain items	(0.1)	—		1.4	—	
Total certain items	0.4	(15.7)		(3.6)	54.2	
Net income	42.4	20.3		114.3	184.0	
Preferred share dividends	(2.0)	—		(2.0)	—	
Net income attributable to KMI interest	(28.7)	(20.3)		(96.4)	(184.0)	
Net income available to restricted voting stockholders	**$ 11.7**	**$ —**		**$ 15.9**	**$ —**	
Net income	$ 42.4	$ 20.3		$ 114.3	$ 184.0	
Total certain items	(0.4)	15.7		3.6	(54.2)	
Adjusted earnings	42.0	36.0		117.9	129.8	
DD&A	37.2	34.3		107.6	102.5	
Total book taxes	14.6	17.7		43.8	46.3	
Cash taxes	0.3	0.2		—	(1.0)	
Preferred share dividends	(2.0)	—		(2.0)	—	
Sustaining capital expenditures	(14.9)	(11.0)		(27.3)	(26.6)	
DCF (4)	77.2	$ 77.2		240.0	$ 251.0	
DCF to KMI interest	(54.2)			(208.5)		
U.S. cash taxes attributable to restricted voting stockholders	(0.8)			(0.8)		
DCF to restricted voting stockholders	**$ 22.2**			**$ 30.7**		
Weighted average restricted voting shares outstanding for dividends (5)	103.6			103.4		
DCF per restricted voting share (6)	$ 0.214			$ 0.2971		
Declared dividend per restricted voting share	$ 0.1625			$ 0.2196		
Adjusted EBITDA (7)	$ 95.1	$ 95.0		$ 280.2	$ 301.5	

Notes (In millions of Canadian dollars)

(1) Excludes certain items:
3Q 2017 - General and administrative $(0.1), book tax $(0.1)
YTD 2017 - General and administrative $(2.6), book tax $1.4

(2) For the periods prior to our May 30, 2017 initial public offering, amounts primarily represented interest expense on the KMI loans. The principal on the KMI loans was settled with proceeds from our initial public offering.

(3) Primarily represents foreign currency gain (loss) on U.S. dollar denominated loans outstanding to KMI. The principal on the KMI loans was settled with proceeds from KML's initial public offering.

(4) Included capitalized equity financing costs of:
3Q 2017 - $7.8
3Q 2016 - $4.6
YTD 2017 - $19.6
YTD 2016 - $12.8

(5) The weighted average restricted voting shares outstanding for dividends calculation is based on the actual days in which the shares were outstanding for the period from May 30, 2017 to September 30, 2017, and also includes stock awards of restricted voting shares that participate in dividends. Therefore, the amounts differ from the GAAP weighted average restricted voting shares outstanding from the date of our formation.

(6) Represents DCF per restricted voting share, including capitalized equity financing costs of $3.0 million, for the period from the May 30, 2017 initial public offering through September 30, 2017. If KML had been a public company for the entire nine month periods ended September 30, 2017, DCF per restricted voting share would have been $0.69.

(7) Adjusted EBITDA is net income before certain items, plus DD&A, book taxes, and interest expense. Net income to Adjusted EBITDA is reconciled as follows, with any difference due to rounding:

Reconciliation of Net Income to Adjusted EBITDA	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net income	$ 42.4	$ 20.3	$ 114.3	$ 184.0
Total certain items	(0.4)	15.7	3.6	(54.2)
DD&A	37.2	34.3	107.6	102.5
Book taxes	14.6	17.7	43.8	46.3
Interest, net	1.3	7.0	10.9	22.9
Adjusted EBITDA	$ 95.1	$ 95.0	$ 280.2	$ 301.5

Volume Highlights
(Historical pro forma for acquired assets)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Pipelines				
Trans Mountain (MMBbls - mainline throughput)	29.3	30.7	84.4	88.1
Puget Sound (MMBbls - mainline throughput)	16.1	18.7	45.5	55.3
Canadian Cochin (MMBbls - mainline throughput)	7.7	7.7	23.4	22.6
Terminals				
Liquids Leasable Capacity (MMBbl)	7.3	7.3	7.3	7.3
Liquids Utilization %	100%	100%	100%	100%
Bulk Transload Tonnage (MMtons) (1)	1.2	1.2	3.2	3.1

(1) Includes KML's share of Joint Venture tonnage.

Kinder Morgan Canada Limited and Subsidiaries
Preliminary Consolidated Balance Sheets
(Unaudited)
(In millions of Canadian dollars)

	September 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	$ 330.3	$ 159.0
Other current assets	94.1	102.8
Property, plant and equipment, net	3,540.0	3,181.1
Investments	40.5	30.2
Goodwill	248.0	248.0
Deferred charges and other assets	103.9	18.3
TOTAL ASSETS	**$ 4,356.8**	**$ 3,739.4**
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities		
Short-term debt	$ 165.0	$ —
Other current liabilities	303.6	462.4
Long-term debt	—	1,362.1
Other	495.4	478.9
Total liabilities	964.0	2,303.4
Shareholders' Equity		
Other shareholders' equity	1,228.8	1,461.9
Accumulated other comprehensive loss	(8.4)	(25.9)
Total KML equity	1,220.4	1,436.0
Noncontrolling interests	2,172.4	—
Total shareholders' equity	3,392.8	1,436.0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 4,356.8**	**$ 3,739.4**
Net (Cash) Debt	**$ (165.3)**	**$ 1,203.1**
Net (Cash) Debt including 50% of KML preferred shares (1)	**$ (15.3)**	**$ 1,203.1**

	Adjusted EBITDA Twelve Months Ended	
Reconciliation of Net Income to Adjusted EBITDA (2)	**September 30, 2017**	**December 31, 2016**
Net income	$ 132.0	$ 201.8
Total certain items	28.2	(30.0)
DD&A	142.3	137.2
Income tax expense	53.9	56.3
Interest, net	17.8	29.8
Adjusted EBITDA	**$ 374.2**	**$ 395.1**
Net (Cash) Debt including 50% of KML preferred shares to Adjusted EBITDA	**—**	**3.0**

Notes

(1) September 30, 2017 amount includes: $150 million representing 50% of our preferred stock, which is included in Other shareholders' equity.

(2) Adjusted EBITDA is net income before certain items, plus DD&A, book taxes, and interest expense (before certain items), with any difference due to rounding.