EXPLANATORY NOTE

Capitalized terms used throughout this document are defined in "*Glossary*" below. References to "we," "us," "our" and the "Company" are to Kinder Morgan Canada Limited and its majority-owned and/or controlled subsidiaries. We state our financial statements in Canadian dollars. References in this document to "dollars," "$" or "CAD$" are to the currency of Canada, and references to "U.S.$" or "U.S. dollar" are to the currency of the U.S.

GLOSSARY

Company Abbreviations

Class A Units	=	the Class A limited partnership units of the Limited Partnership
Class B Units	=	the Class B limited partnership units of the Limited Partnership
Cochin	=	Canadian portion of the U.S. and Canadian Cochin pipeline system
General Partner	=	Kinder Morgan Canada GP Inc.
IPO	=	Initial Public Offering of KML's Restricted Voting Shares in May 2017
Jet Fuel	=	Jet Fuel pipeline system
KMCI	=	Kinder Morgan Canada Inc.
KML	=	Kinder Morgan Canada Limited and its majority-owned and/or controlled subsidiaries
Kinder Morgan or KMI	=	Kinder Morgan, Inc.
Limited Partnership	=	Kinder Morgan Canada Limited Partnership
LP Units	=	collectively, the Class A Units and the Class B Units
Preferred LP Units	=	the preferred limited partnership units in the Limited Partnership
Puget Sound	=	Puget Sound pipeline system
Restricted Voting Shares	=	the restricted voting shares in the capital of KML
Series 1 Preferred Shares	=	the 12,000,000 cumulative redeemable minimum rate reset Preferred Shares, Series 1 in the capital of KML
Series 3 Preferred Shares	=	the 10,000,000 cumulative redeemable minimum rate reset Preferred Shares, Series 3 in the capital of KML
Preferred Shares	=	collectively all outstanding preferred shares in the capital of KML (if and when issued)
Special Voting Shares	=	the special voting shares in the capital of KML
TMEP	=	Trans Mountain Expansion Project
TMPL	=	Trans Mountain pipeline system
Trans Mountain	=	Trans Mountain Pipeline ULC

Common Industry and Other Terms

/d	=	per day
Adjusted EBITDA	=	adjusted earnings before interest expense, taxes, depreciation and amortization
B.C.	=	the Province of British Columbia
bpd	=	barrels per day
DCF	=	distributable cash flow
D&A	=	depreciation and amortization
EBDA	=	earnings before depreciation and amortization expenses
FASB	=	Financial Accounting Standards Board
GAAP or U.S. GAAP	=	United States Generally Accepted Accounting Principles
MBbl	=	thousand barrels
MMBbl	=	million barrels
MMtonnes	=	million metric tonnes.
NEB	=	National Energy Board
U.S.	=	United States of America

Information Regarding Forward-Looking Statements

This report includes forward-looking statements. These forward-looking statements are identified as any statement that does not relate strictly to historical or current facts. They use words such as "anticipate," "believe," "intend," "plan," "projection," "forecast," "strategy," "position," "continue," "estimate," "expect," "may," or the negative of those terms or other variations of them or comparable terminology. In particular, expressed or implied statements concerning future actions, conditions or events, future operating results or the ability to generate sales, income or cash flow or to pay dividends are forward-looking statements. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. Future actions, conditions or events and future results of operations may differ materially from those expressed in these forward-looking statements. Many of the factors that will determine these results are beyond our ability to control or predict.

Our business, financial condition and results of operations, including our ability to pay cash dividends, are substantially dependent on our financial condition and results of operations. As a result, factors or events that impact our business are likely to have a commensurate impact on us, the market price and value of the Restricted Voting Shares, Preferred Shares, and our ability to pay dividends.

Forward-looking statements in this report include statements, express or implied, concerning, without limitation: the sale of the TMPL and TMEP, including timing of the sale's completion and use of net proceeds from the sale; the Base Line Terminal and Vancouver Wharves expansion projects, including completion or potential termination of such projects, anticipated costs, scheduling and in-service dates, future benefits and utilization, anticipated project returns and the impacts of such projects; remaining performance obligations for contracted revenue; litigation and contingencies, including anticipated liability, resolution and outcome of such actions and proceedings.

See Item 2. "*Management's Discussion and Analysis—Recent Business Developments—Pending Sale of TMPL and TMEP to the Government of Canada*" included in this report, and "Information Regarding Forward-Looking Statements" and Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017 (2017 Form 10-K) for a more detailed description of factors that may affect the forward-looking statements. You should keep these risk factors in mind when considering forward-looking statements. These risk factors could cause our actual results to differ materially from those contained in any forward-looking statement. Because of these risks and uncertainties, you should not place undue reliance on any forward-looking statement. Unless otherwise indicated herein in respect of forecasts and forward looking guidance relating to TMEP, we plan to provide updates to projections included in this report when we believe previously disclosed projections no longer have a reasonable basis.

Important Information Regarding the Proposed Transaction

This report is neither a solicitation of a proxy nor an offer to purchase nor a solicitation of an offer to sell any securities. This report is also not a substitute for any proxy statement or other filings that may be made with the Securities Exchange Commission (the "SEC") with respect to the proposed sale of the TMPL and TMEP described under Item 2. "*Management's Discussion and Analysis-Recent Business Developments-Pending Sale of TMPL and TMEP to the Government of Canada*". Approval of the proposed transaction will be submitted to the Company's shareholders for their consideration, and the Company will file a definitive proxy statement to be used to solicit shareholder approval of the transaction with the SEC and on SEDAR. Detailed information about the transaction will be contained in the definitive proxy statement and other documents to be filed with the SEC and on SEDAR and mailed to shareholders prior to the meeting.

Important Additional Information Regarding the Proposed Transaction Will Be Filed with the SEC and on SEDAR

The Company plans to file with the SEC and on SEDAR and mail to its shareholders a definitive proxy statement in connection with the proposed sale of the TMPL and TMEP. The proxy statement will contain important information about the proposed purchaser, the Company, the transaction and related matters. Investors and security holders are urged to read the definitive proxy statement carefully when it is available.

Investors and security holders will be able to obtain free copies of the definitive proxy statement and other documents filed with the SEC by the Company through the web site maintained by the SEC at www.sec.gov or on the Company's website at https://ir.kindermorgancanadalimited.com/, and under the Company's profile on SEDAR at *www.sedar.com*.

The Company and its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the transactions contemplated by the acquisition agreement. Information regarding the Company's directors and executive officers is contained in the 2017 Form 10-K and KML's information circular and proxy statement for its 2018 Annual Meeting of Shareholders, which are filed with the SEC. A more complete description will be available in the proxy statement to be used to solicit shareholder approval of the transaction.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations.***

The following discussion and analysis should be read in conjunction with our accompanying interim consolidated financial statements and related notes included elsewhere in this report, and in conjunction with (i) our consolidated financial statements and related notes and (ii) our management's discussion and analysis of financial condition and results of operations included in our 2017 Form 10-K.

Subsequent to our IPO, Kinder Morgan retained control of us and the Limited Partnership. As a result we accounted for our acquisition of an approximate 30% economic interest in the Limited Partnership as a transfer of net assets among entities under common control. Therefore, our consolidated financial statements presented herein were derived from the consolidated financial statements and accounting records of Kinder Morgan. The assets and liabilities in these consolidated financial statements have been reflected at historical carrying value of the immediate parents within the Kinder Morgan organization structure including goodwill and purchase price assigned amounts, as applicable. Prior to May 30, 2017, our historical financial statements were presented as combined consolidated financial statements derived from information included within the consolidated financial statements and accounting records of Kinder Morgan. All significant intercompany balances between the companies included in our accompanying consolidated financial statements have been eliminated.

In addition, as of and for the reporting periods after our IPO, Kinder Morgan's economic interest in the Limited Partnership is reflected within "Kinder Morgan interest" in our consolidated statements of equity and consolidated balance sheets and earnings attributable to Kinder Morgan's economic ownership interest in the Limited Partnership are presented in "Net Income Attributable to Kinder Morgan Interest" in our consolidated statements of income.

On January 1, 2018, we adopted ASU No. 2014-09, "Revenue from Contracts with Customers" and a series of related accounting standard updates (collectively referred to as "Topic 606") designed to create improved revenue recognition and disclosure comparability in financial statements. For more information, see Note 6 "Revenue Recognition" to our accompanying consolidated financial statements.

Recent Business Developments

Pending Sale of TMPL and TMEP to the Government of Canada

On April 8, 2018, we announced that we had suspended all non-essential activities and related spending on the TMEP.

On May 29, 2018, we announced that the Government of Canada had agreed to purchase from us the TMPL, TMEP, Puget Sound, and KMCI, the Canadian employer of our staff that operate the business and assets to be sold, for $4.5 billion (the "Transaction"), subject to certain adjustments as provided in the share and unit purchase agreement (the "Purchase Agreement") .

As part of the Purchase Agreement, the Government of Canada has agreed to fund the resumption of TMEP planning and construction work by guaranteeing TMEP's expenditures under a separate Federal Government recourse credit facility until the Transaction closes, see "*—Liquidity and Capital Resources—Temporary Credit Facilities*" further below. Upon our shareholder's approval of the Transaction, the results of operations of the assets sold will be presented as discontinued operations in our future consolidated financial statements and the Transaction is expected to result in a gain.

On July 3, 2018, we filed a six-month outlook summary schedule of our construction plans for the TMEP with the NEB, reflecting both ongoing and planned work. The filed plan is consistent with the "2018 Work Plan" that we agreed on with the Government of Canada.

After the closing of the Transaction, we will continue to manage a portfolio of strategic infrastructure assets across Western Canada, including (i) the crude terminal facilities which constitute one of the largest merchant terminal storage positions in the Edmonton market and one of the largest origination crude by rail loading facilities in North America; (ii) the Vancouver Wharves Terminal, one of the largest mineral concentrate export/import facilities on the west coast of North America; (iii) Jet Fuel pipeline; and (iv) Cochin.

See Note 2 "Debt" for information on our temporary Credit Facilities and Note 11 "Litigation and Contingencies" to our accompanying consolidated financial statements for more information on the TMEP litigation, "Information Regarding Forward Looking Statements" and Part I, Item 1A. "Risk Factors" in our 2017 Form 10-K, and Part II, Item 1A "Risk Factors" in this report for a more detailed description of risks related to operating our business.

Base Line Terminal Construction Progress

At the Base Line Terminal, a 50-50 joint venture crude oil merchant storage terminal being developed in Edmonton, Alberta, by us and Keyera Corp., construction of all major facilities is materially complete. The first six tanks at the 12-tank, 4.8 million barrel facility, which is fully contracted with long-term, firm take-or-pay agreements with creditworthy customers, were placed into service in the first quarter 2018. Four of the remaining tanks are expected to be placed into service in the third quarter of 2018 with the final two tanks in service in the fourth quarter. The project is expected to be delivered under budget, owing to project management efficiencies and cost savings, and our investment in the project is now expected to be approximately $375 million. Project completion is also forecast to be slightly ahead of schedule.

In May 2018, we entered into a binding Terminal Services Agreement with an affiliate of a large, international integrated energy company to construct two new distillate tanks with combined storage capacity of 200,000 barrels and enhance the railcar unloading capabilities at our Vancouver Wharves terminal in North Vancouver, British Columbia. The approximately $43 million capital project is supported by a 20-year initial term, take-or-pay contract. Permitting efforts are underway, and the project is expected to be placed in service in mid-2020.

Outlook

Due to the pending sale of TMPL and TMEP as announced on May 29, 2018, we anticipate actual results will differ materially from our previously announced budget for 2018. Though we are confident that the Transaction will close, it is subject to a number of conditions, including approval by our shareholders and receipt of applicable regulatory approvals.

We expect the Transaction to close late in the third quarter or early in the fourth quarter of 2018. Therefore, due to the uncertain Transaction close date, it is impractical to forecast DCF, Adjusted EBITDA and the expected dividend per Restricted Voting Share for the remainder of 2018, along with our end of 2018 net debt-to-Adjusted EBITDA ratio, and all prior forecasts and estimates regarding such measures, including as set forth in "Item 7 *—Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook*" in our 2017 Form 10-K, "Item 2 *—Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook*" in our Form 10-Q for the quarterly period ended March 31, 2018, are withdrawn. As we have previously announced, we will provide updated guidance when the Transaction closes.

Furthermore, other forecasts and forward looking guidance relating to increased Adjusted EBITDA following completion of the TMEP as provided in our IPO prospectus dated May 25, 2017 and as further discussed in Item 7 under the heading "*—Management's Discussion and Analysis of Financial Condition and Results of Operations—Outlook*" in our 2017 Form 10-K is no longer relevant to us due to the pending Transaction, and as such we are also withdrawing such prior forecasts and forward-looking information.

Our board of directors intends to consider a variety of potential alternatives regarding the redeployment of the net proceeds of the Transaction, and we intend to receive financial advice regarding such alternatives. Potential uses of the net proceeds could include, among other things, debt repayment, special dividends or distributions, share repurchases, asset acquisitions, capital expenditures or other cash management activities. No decision has been made as to the use the net proceeds, and no assurance can be provided as to any particular course of action, as our board of directors will make such determinations once the Transaction closes and having regard to the relevant circumstances at that time. With respect to the aforementioned alternatives, we believe that holding cash in anticipation of a hypothetical acquisition is typically not an attractive course of action.

Results of Operations

Overview

We evaluate the performance of our reportable business segments by evaluating Segment EBDA. We believe that Segment EBDA is a useful measure of our operating performance because it measures segment operating results before depreciation and amortization ("D&A") and certain expenses that are generally not controllable by our business segment operating managers, such as certain general and administrative expense, interest expense, net, and income tax expense, and prior to their pay off in the second quarter of 2017, the foreign exchange losses (or gains) on the long-term debt with affiliates ("KMI Loans"). Our general and administrative expenses include such items as employee benefits, insurance, rentals, certain litigation, and shared corporate services including accounting, information technology, human resources, and legal services. Certain general and administrative expenses attributable to Trans Mountain are billable as flow through items to shippers and result in incremental revenues.

Consolidated Earnings Results

Three Months Ended June 30,	2018	2017	Earnings increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Segment EBDA(a)				
Pipelines	68.9	54.2	14.7	27 %
Terminals(b)	66.2	52.3	13.9	27 %
Total Segment EBDA(a)(b)	135.1	106.5	28.6	27 %
D&A	(38.2)	(35.6)	(2.6)	7 %
Foreign exchange loss on the KMI Loans(c)	—	(13.1)	13.1	(100)%
General and administrative and corporate charges(d)	(21.3)	(16.3)	(5.0)	31 %
Interest, net(e)	(56.9)	(2.9)	(54.0)	1,862 %
Income before income taxes	18.7	38.6	(19.9)	(52)%
Income tax expense	(5.0)	(13.5)	8.5	(63)%
Net income	13.7	25.1	(11.4)	(45)%
Preferred share dividends	(7.2)	—	(7.2)	n/a
Net income attributable to Kinder Morgan interest	(4.7)	(20.9)	16.2	n/a
Net income available to Restricted Voting Stockholders	1.8	4.2	(2.4)	n/a

Six Months Ended June 30,	2018	2017	Earnings increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Segment EBDA(a)				
Pipelines	132.5	110.5	22.0	20 %
Terminals(b)	119.8	106.4	13.4	13 %
Total Segment EBDA(a)(b)	252.3	216.9	35.4	16 %
D&A	(75.0)	(70.4)	(4.6)	7 %
Foreign exchange loss on the KMI Loans(c)	—	(3.0)	3.0	(100)%
General and administrative and corporate charges(d)	(40.5)	(34.3)	(6.2)	18 %
Interest, net(e)	(57.2)	(9.6)	(47.6)	496 %
Income before income taxes	79.6	99.6	(20.0)	(20)%
Income tax expense	(21.5)	(27.7)	6.2	(22)%
Net income	58.1	71.9	(13.8)	(19)%
Preferred share dividends	(14.4)	—	(14.4)	n/a
Net income attributable to Kinder Morgan interest	(31.1)	(67.7)	36.6	n/a
Net income available to Restricted Voting Stockholders	12.6	4.2	8.4	n/a

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(a) Includes revenues and other (income) expense less operating expenses and other, net. Operating expenses primarily include operations and maintenance expenses, and taxes, other than income taxes. Segment EBDA for the three and six months ended June 30, 2018 and 2017 includes (i) $13.5 million, $6.3 million, $25.1 million and $11.8 million, respectively, of capitalized equity financing costs, and (ii) $0.2 million, $2.9 million, $0.4 million and $2.1 million, respectively, of foreign exchange losses due to changes in exchange rates between the Canadian dollar and the U.S. dollar on U.S. dollar denominated balances.

(b) Segment EBDA for the three and six months ended June 30, 2018 includes increases to earnings of $9 million for a certain item described in footnote (a) to the —*Terminal Segment* table below.

(c) The KMI Loans, which represented U.S. dollar denominated long-term notes payable with Kinder Morgan, were settled with proceeds from our IPO. The foreign exchange loss on the KMI Loans represents a certain item.

(d) General and administrative for the three and six months ended June 30, 2018 includes increases to expense of $3.0 million, and the three and six months ended June 30, 2017 includes increases to expense of $1.3 million and $2.5 million, respectively, for certain items described in footnote (a) to the —*General and Administrative and Corporate Charges* table below.

(e) Interest, net for the three and six months ended June 30, 2018 includes increases to expense of $60.5 million for a certain item described in footnote (a) to the —*Interest, Net* table below.

Three Months Ended June 30, 2018 vs Three Months Ended June 30, 2017

The certain items described in footnote (b) through (e) to the table above accounted for a $40.1 million decrease in income before income taxes for the second quarter of 2018 as compared to the same prior year period. After giving effect to these certain items, the $20.2 million increase from the prior year quarter in income before income taxes is primarily attributable to higher capitalized equity financing costs due to spending on TMEP and increased earnings from both of our segments partially offset by increases in General and administrative expenses and D&A.

Six Months Ended June 30, 2018 vs Six Months Ended June 30, 2017

The certain items described in footnote (b) through (e) to the table above accounted for a $49.0 million decrease in income before income taxes for the first six months of 2018 as compared to the same prior year period. After giving effect to these certain items, the $29.0 million increase from the prior year period in income before income taxes is primarily attributable to an increase in capitalized equity financing costs associated with TMEP construction, increased earnings from both of our segments and lower interest expense partially offset by increases General and administrative expenses and D&A.

Non-GAAP Financial Measures

In addition to using financial measures prescribed by GAAP, references are made in this report to DCF, both in the aggregate and per share, Adjusted EBITDA and Segment EBDA before certain items, which are measures that do not have any standardized meaning as prescribed by GAAP. DCF, Adjusted EBITDA and Segment EBDA before certain items should not be considered an alternative to GAAP net income or any other GAAP measures and such non-GAAP measures have important limitations as an analytical tool. The computation of DCF, Adjusted EBITDA and Segment EBDA before certain items may differ from similarly titled measures used by others. Accordingly, use of such terms may not be comparable to similarly defined measures presented by other entities. Investors should not consider these non-GAAP performance measures in isolation or as a substitute for an analysis of results as reported under GAAP. The limitations of these non-GAAP performance measures are compensated for by reviewing the comparable GAAP measures, understanding the differences between the measures, and taking this information into account in our analysis and our decision making processes. Any use of DCF, Adjusted EBITDA or Segment EBDA before certain items in this management's discussion and analysis is expressly qualified by this cautionary statement.

DCF is net income before D&A adjusted for: (i) income tax expense and cash income taxes (paid) refunded; (ii) sustaining capital expenditures (also referred to as ''maintenance'' capital expenditures); and (iii) certain items that are items required by GAAP to be reflected in net income, but typically either (a) do not have a cash impact, or (b) by their nature are separately identifiable from the normal business operations and in our view are likely to occur only sporadically (for example gains or losses on asset sales, divestiture costs, legal settlements and casualty losses).

DCF is an important performance measure used by us and by external users of our financial statements to evaluate our performance and in measuring and estimating our ability to generate cash earnings after servicing our debt and preferred share dividends, paying cash taxes and expending sustaining capital, that could be used for discretionary purposes such as distributions or expansion capital expenditures (also referred to as ''discretionary'' capital expenditures). We use this performance measure and believe it provides users of our 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. A reconciliation of net income to DCF is provided in the table below. DCF per Restricted Voting Share is DCF divided by average outstanding Restricted Voting Shares, including restricted stock awards that participate in dividends.

Reconciliation of Net Income to DCF

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
(In millions of Canadian dollars, except per share amounts)				
Net income(a)	13.7	25.1	58.1	71.9
Add/(Subtract):				
Certain items before book tax(b)	54.5	14.4	54.5	5.5
Book tax certain items(c)	(14.5)	(3.9)	(14.5)	(1.5)
D&A	38.2	35.6	75.0	70.4
Total book taxes(d)	19.5	17.4	36.0	29.2
Cash taxes	(1.5)	(0.1)	(8.3)	(0.3)
Preferred share dividends	(7.2)	—	(14.4)	n/a
Sustaining capital expenditures	(10.9)	(9.1)	(17.6)	(12.4)
DCF	91.8	79.4	168.8	162.8
DCF to KMI interest	(64.4)	(70.9)	(118.4)	(154.3)
U.S. cash taxes attributable to Restricted Voting Stockholders	(0.3)	—	(0.9)	—
DCF to Restricted Voting Stockholders	27.1	8.5	49.5	8.5
Weighted average Restricted Voting Shares outstanding for dividends (in millions)(e)	104.6	102.9	104.5	102.9
DCF per Restricted Voting Share	0.259	0.083	0.474	0.083
Declared dividend per Restricted Voting Share	0.1625	0.0571	0.3250	0.0571

Adjusted EBITDA is used by us and by external users of our financial statements, in conjunction with net debt, to evaluate certain leverage metrics. Adjusted EBITDA is earnings before interest expense, taxes, depreciation and amortization adjusted for certain items, as applicable. We believe the GAAP measure most directly comparable to Adjusted EBITDA is net income. A reconciliation of net income to Adjusted EBITDA is provided in the table below. We do not allocate Adjusted EBITDA amongst equity interest holders as we view total Adjusted EBITDA as a measure against our overall leverage.

Reconciliation of Net Income to Adjusted EBITDA

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
(In millions of Canadian dollars)				
Net income(a)	13.7	25.1	58.1	71.9
Add/(Subtract):				
Total certain items	40.0	10.5	40.0	4.0
D&A	38.2	35.6	75.0	70.4
Total book taxes	19.5	17.4	36.0	29.2
Interest, net	(3.6)	2.9	(3.3)	9.6
Adjusted EBITDA	107.8	91.5	205.8	185.1

(a) Net income for the three and six months ended June 30, 2018 and 2017, includes capitalized equity financing costs of $13.5 million, $6.3 million, $25.1 million, and $11.8 million, respectively.

(b) Consists of certain items summarized in footnotes (b) through (e) to the "—*Results of Operations—Consolidated Earnings Results*" table included above, and described in more detail below in the footnotes to tables included in our management's discussion and analysis of segment results, "—*General and Administrative and Corporate Charges*" and "—*Interest, net*."

(c) Represents income tax provision on certain items.

(d) Excludes book tax certain items.

(e) Includes stock awards of restricted voting shares that participate in dividends. Also, the 2017 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 June 30, 2017. Therefore, the amounts differ from the GAAP weighted average Restricted Voting Shares outstanding from the date of our formation.

Segment EBDA Before Certain Items

Segment EBDA before certain items is used by management in its analysis of segment performance and management of our business. General and administrative expenses are generally not under the control of our segment operating managers, and therefore, are not included when we measure business segment operating performance. We believe Segment EBDA before certain items is a significant performance metric because it provides us and external users of our financial statements additional insight into the ability of our segments to generate segment cash earnings on an ongoing basis. We believe it is useful to investors because it is a performance measure that management uses to allocate resources to our segments and assess each segment's performance. We believe the GAAP measure most directly comparable to Segment EBDA before certain items is Segment EBDA.

In the —*Terminal Segment* table below, Segment EBDA before certain items is calculated by adjusting Segment EBDA by the certain item described in footnote (a) to that table.

Segment Earnings Results

Pipelines Segment

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
(In millions of Canadian dollars, except operating statistics)				
Revenues	97.5	96.4	187.5	185.9
Operating expenses, except D&A	(41.8)	(43.8)	(79.6)	(82.5)
Other income and unrealized foreign exchange loss, net	13.2	1.6	24.6	7.1
Segment EBDA	68.9	54.2	132.5	110.5
Change from prior period	**Increase/(Decrease)**			
Revenues	1.1	—	1.6	—
Segment EBDA	14.7	27%	22.0	20%
Operating statistics	**2018**	**2017**	**2018**	**2017**
TMPL transport volumes (MBbl/d)	293	303	291	305
Puget Sound transport volumes (MBbl/d)	163	168	163	163
Cochin transport volumes (MBbl/d)	88	94	87	87

Below are the changes in both Segment EBDA and revenues, in the comparable three and six month periods ended June 30, 2018 and 2017:

Three months ended June 30, 2018 versus Three months ended June 30, 2017

	Segment EBDA increase/(decrease)		Revenues increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
TMPL	7.0	15%	3.2	4 %
Cochin	7.0	318%	(1.6)	(11)%
All others (including eliminations)	0.7	12%	(0.5)	(5)%
Total Pipelines	14.7	27%	1.1	1 %

Six months ended June 30, 2018 versus Six months ended June 30, 2017

	Segment EBDA increase/(decrease)		Revenues increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
TMPL	12.3	13%	3.3	2 %
Cochin	9.3	182%	(1.2)	(4)%
All others (including eliminations)	0.4	3%	(0.5)	(3)%
Total Pipelines	22.0	20%	1.6	1 %

The changes in Segment EBDA for our Pipelines business segment are further explained by the following discussion of the significant factors driving Segment EBDA in the comparable three and six month periods ended June 30, 2018 and 2017:

- increase of $7.0 million (15%) and $12.3 million (13%), respectively, from TMPL primarily due to increases of $7.2 million and $13.3 million increase in capitalized equity financing costs associated with TMEP construction for the comparable three and six month periods, respectively, partially offset by increased operating costs in 2018; and

- increase of $7.0 million (318%) and $9.3 million (182%), respectively, from Cochin primarily due to a second quarter 2017 foreign exchange loss on intercompany receivables and a reduction in pipeline integrity expenses and outside services costs in 2018, partially offset by a decrease in revenue due to lower delivered volumes in the second quarter of 2018.

Terminals Segment

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	**2017**	**2018**	**2017**
(In millions of Canadian dollars, except operating statistics)				
Revenues	80.5	72.3	154.7	147.3
Operating expenses, except D&A	(22.9)	(21.9)	(43.5)	(42.0)
Other income (expense), net	8.5	(0.4)	8.4	(2.2)
Other income and unrealized foreign exchange loss, net	0.1	2.3	0.2	3.3
Segment EBDA	66.2	52.3	119.8	106.4
Certain items(a)	(9.0)	—	(9.0)	—
Segment EBDA before certain items	57.2	52.3	110.8	106.4

Change from prior period	Increase/(Decrease)			
Revenues	8.2	11%	7.4	5%
Segment EBDA before certain items	4.9	9%	4.4	4%

Operating statistics	**2018**	**2017**	**2018**	**2017**
Bulk transload tonnage (MMtonnes)(b)	1.0	1.0	1.8	2.0
Liquids leaseable capacity (MMBbl)	8.4	7.3	8.4	7.3
Liquids utilization %(c)	100%	100%	100%	100%

(a) Represents the gain on the sale of certain assets.
(b) Includes our share of joint venture tonnage.
(c) The ratio of our storage capacity under contract to our estimated storage capacity.

Below are the changes in both Segment EBDA and revenues in the comparable three and six month periods ended June, 2018 and 2017:

Three months ended June 30, 2018 versus Three months ended June 30, 2017

	Segment EBDA increase/(decrease)		Revenues increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Base Line joint venture	5.0	n/a	5.7	n/a
North 40 Terminal	3.7	57 %	2.8	31 %
Vancouver Wharves Terminal	0.9	13 %	—	— %
Edmonton Rail Terminal joint venture	(3.2)	(20)%	(0.8)	(5)%
All others (including eliminations)	(1.5)	(7)%	0.5	2 %
Total Terminals	4.9	9 %	8.2	11 %

Six months ended June 30, 2018 versus Six months ended June 30, 2017

	Segment EBDA increase/(decrease)		Revenues increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Base Line joint venture	8.1	n/a	9.2	n/a
North 40 Terminal	3.0	20 %	2.5	14 %
Vancouver Wharves Terminal	(2.4)	(15)%	(5.4)	(11)%
Edmonton Rail Terminal joint venture	(2.6)	(8)%	(0.1)	— %
All others (including eliminations)	(1.7)	(4)%	1.2	3 %
Total Terminals	4.4	4 %	7.4	5 %

n/a - not applicable

The changes in Segment EBDA for our Terminals business segment are further explained by the following discussion of the significant factors driving Segment EBDA in the comparable three and six month periods ended June 30, 2018 and 2017:

- increase of \$5.0 million and \$8.1 million, respectively, from Base Line joint venture as a result of the first six tanks at the 12-tank facility being placed into service in the first quarter of 2018;

- increase of \$3.7 million (57%) and \$3.0 million (20%), respectively, from North 40 Terminal primarily due to higher rates on re-contracted tank leases and contracted rate escalations;

- increase of \$0.9 million (13%) for the comparable three months, from Vancouver Wharves Terminal primarily due to lower maintenance costs and a decrease of \$2.4 million (15%) for the comparable six months as a result of lower bulk handling volumes mainly driven by a customer's rail-related supply chain challenges and the impact of a customer contract buy-out, net of associated project write-off costs, recognized in first quarter 2017, partially offset by lower maintenance costs; and

- decrease of \$3.2 million (20%) and \$2.6 million (8%), respectively, from Edmonton Rail Terminal primarily due to foreign exchange gains on intercompany payables in 2017, partially offset by an adjustment in terminal fees in connection with a favorable arbitration ruling.

General and Administrative and Corporate Charges

Three Months Ended June 30,	2018	2017	Increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
General and administrative and corporate charges	21.3	16.3	5.0	31%
Certain items(a)	(3.0)	(1.3)	(1.7)	131%
General and administrative and corporate charges before certain items	18.3	15.0	3.3	22%

Six Months Ended June 30,	2018	2017	Increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
General and administrative and corporate charges	40.5	34.3	6.2	18%
Certain items(a)	(3.0)	(2.5)	(0.5)	20%
General and administrative and corporate charges before certain items	37.5	31.8	5.7	18%

(a) 2018 amounts represent expense related to our pending Transaction. 2017 amounts represent TMEP financing expenses.

The $3.3 million increase in general and administrative expense before certain items of $3.0 million in 2018 and $1.3 million in 2017 for the comparable second quarters 2018 and 2017 was primarily driven by increased non-capitalized labor and benefit costs related to TMEP construction activities.

The $5.7 million increase in general and administrative expense before certain items of $3.0 million in 2018 and $2.5 million in 2017 for the comparable six months of 2018 and 2017 was primarily driven by increased legal and audit fees related to TMEP financing activities, along with increased non-capitalized labor and benefit costs.

Interest, Net

Three Months Ended June 30,	2018	2017	Increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Interest, net	56.9	2.9	54.0	1,862 %
Certain items(a)	(60.5)	—	(60.5)	n/a
Interest, net before certain items	(3.6)	2.9	(6.5)	(224)%

Six Months Ended June 30,	2018	2017	Increase/(decrease)	
(In millions of Canadian dollars, except percentages)				
Interest, net	57.2	9.6	47.6	496 %
Certain items(a)	(60.5)	—	(60.5)	n/a
Interest, net before certain items	(3.3)	9.6	(12.9)	(134)%

(a) 2018 amounts represent the write-off of capitalized debt financing costs.

Interest expense is presented "net" of NEB allowed capitalized debt financing costs primarily related to funding of TMEP construction and a deminimus amount of interest income.

The $6.5 million decrease in Interest, net before certain items of $60.5 million in 2018, for the comparable second quarters 2018 and 2017, was primarily driven by $7.9 million decrease due to the 2017 repayment of the KMI Loans with proceeds from our IPO and $0.3 million increase in capitalized debt financing costs, partially offset by a $1.7 million increase in interest expense, including, commitment fees, amortization of debt issuance costs and interest on debt. See —"*Liquidity and Capital Resources*" below.

The $12.9 million decrease in Interest, net before certain items of $60.5 million in 2018, for the comparable six months of 2018 and 2017 was primarily driven by $19.6 million decrease due to the 2017 repayment of the KMI Loans with proceeds from our IPO and $3.3 million increase in capitalized debt financing costs, partially offset by a $9.9 million increase in interest expense, including, commitment fees, amortization of debt issuance costs and interest on debt. See —"*Liquidity and Capital Resources*" below.

Net Income Attributable to Kinder Morgan Interest

Net income attributable to Kinder Morgan interest represents the allocation of our consolidated net income attributable to the outstanding ownership interests in our consolidated subsidiaries that are owned by Kinder Morgan's wholly-owned subsidiaries. The decrease in net income attributable to Kinder Morgan interest for the three months ended June 30, 2018 when compared with the respective prior period was $16.2 million, which was primarily attributable to the reduction in earnings and the allocation of income for the preferred share dividends. The decrease in net income attributable to Kinder Morgan interest for the six months ended June 30, 2018 when compared with the respective prior period was $36.6 million, which was primarily attributable to the reduction in Kinder Morgan's interest in us associated with the IPO, the reduction in earnings, and the allocation of income for the preferred share dividends.

Income Taxes

Three Months Ended June 30, 2018 vs Three Months Ended June 30, 2017

Income tax expense for the three months ended June 30, 2018 was $5 million, as comparable with the 2017 income tax expense of $13.5 million. The $8.5 million decrease in tax expense is primarily due to lower income before tax in 2018 and fluctuations in foreign exchange rate fluctuations in respect of the KMI Loans which were settled in 2017.

Six Months Ended June 30, 2018 vs Six Months Ended June 30, 2017

Income tax expense for the six months ended June 30, 2018 was $21.5 million, as comparable with the 2017 income tax expense of $27.7 million. The $6.2 million decrease in tax expense is primarily due to the foreign exchange rate fluctuations in respect of the KMI Loans which were settled in 2017, and lower income before tax in 2018.

Liquidity and Capital Resources

Temporary Credit Facilities

Pursuant to the Transaction's announcement, on May 30, 2018, approximately $100 million of borrowings outstanding under our June 16, 2017 revolving credit facilities ("2017 Credit Facility) were repaid and all the underlying credit facilities were terminated. On May 30, 2018 and concurrently with the termination of our 2017 Credit Facility, we completed a credit agreement with Royal Bank of Canada, as administrative agent, and the lenders party thereto establishing a $500 million revolving credit facility (the "2018 Credit Facility"), for general corporate purposes and working capital including the repayment of our outstanding borrowing under our 2017 Credit Facility. The 2018 Credit Facility will mature on the earlier of (i) the date of the closing of the Transaction or (ii) May 29, 2020.

On June 14, 2018, our subsidiary, TMPL, as the borrower, entered into new, non-revolving, unsecured construction credit facilities (the "TMPL Non-recourse Credit Agreement") pursuant to a credit agreement (the "Credit Agreement") among TMPL, Royal Bank of Canada ("RBC"), as administrative agent, and The Toronto-Dominion Bank (together with RBC, the "Lenders") in an aggregate principal amount of up to approximately $1 billion to facilitate the resumption of the TMEP planning and construction work until the closing of the Transaction. The Credit Agreement provides for a maturity date on the earliest to occur of (i) the completion of the Transaction or another disposition of our interest in the entities or material assets that are subject to the Transaction; (ii) termination of the Purchase Agreement; (iii) assignment of our rights and obligations under the Purchase Agreement; or (iv) December 31, 2018.

The payment obligations of TMPL to the Agent and the Lenders under the TMPL Non-recourse Credit Agreement are guaranteed by Her Majesty in Right of Canada ("Guarantor") pursuant to an unconditional and irrevocable guarantee ("Guarantee"). As of June 30, 2018, there was $114.5 million outstanding under the TMPL Non-recourse Credit Agreement, which is non-recourse to TMPL, its subsidiaries, KML or Kinder Morgan, or any of their respective property, assets and undertakings; the Agent and the Lenders' sole recourse is to the Guarantor under the Guarantee.

In connection with the TMPL Non-recourse Credit Agreement and the Guarantee, TMPL and our subsidiary, Kinder Morgan Cochin ULC ("KMCU"), entered into an indemnity agreement (the "Indemnity Agreement") in favor of the Guarantor obligating TMPL to reimburse and indemnify the Guarantor for amounts paid under and pursuant to the Guarantee in certain very limited circumstances. In addition, the Indemnity Agreement includes, for the benefit of the Guarantor, limited rights to indemnification in the event of inaccuracies in certain representations, or the failure of KMCU to perform certain covenants, under the Purchase Agreement. Except for the indemnities referred to in this paragraph and certain other limited exceptions, the Guarantor has no recourse to TMPL or KMCU under the Indemnity Agreement. Separately, KML and KMCU entered into an Indemnity Agreement, obligating TMPL to reimburse and indemnify the Guarantor for amounts paid under and pursuant to the Guarantee in certain very limited circumstances.

As security for TMPL's and KMCU's limited recourse obligations under the Indemnity Agreement, TMPL and its subsidiaries granted second ranking security in favor of the Guarantor against their respective assets, and KMCU granted a limited recourse pledge of its equity in TMPL and the general partner thereof.

Short-term Liquidity and Funding Capital Expenditures

As of June 30, 2018, we had $227.2 million of "Cash and cash equivalents," a decrease of $11.6 million (5%) from December 31, 2017. Also, as of June 30, 2018, we had $132.6 million and $114.5 million of outstanding borrowings under our 2018 Credit Facility and the TMPL Non-recourse Credit Agreement, respectively, for total borrowings of $247.1 million. As of December 31, 2017, we had no borrowings outstanding under our 2017 Credit Facility.

As of June 30, 2018 and December 31, 2017, our principal source of short-term liquidity was cash from operating activities. We had a working capital (defined as current assets less current liabilities) deficit of $252.7 million and excess of $42.3 million as of June 30, 2018 and December 31, 2017, respectively. Generally, our working capital balance varies due to factors such as timing differences in the collection and payment of receivables and payables, and changes in our cash and cash equivalent balances after payments for investing activities net of cash received from operating and financing activities.

We generated cash flows from operating activities of $190.3 million and $73.6 million in the six months ended June 30, 2018 and 2017, respectively (the increase of 159% is further discussed below in "—*Cash Flows — Operating Activities*").

We believe that our cash position, our cash flows from operating activities and our access to cash through our $500 million 2018 Capital Facility are adequate to manage our day-to-day cash requirements and capital expenditures for our non-TMEP assets. In addition, we expect to obtain a new multi-year credit facility upon the close of the Transaction to continue to fund our day-to-day cash requirements and future capital expenditure for our remaining assets. TMEP capital expenditures for project planning and construction incurred after May 30, 2018 and until the Transaction closes are being funded under the TMPL Non-recourse Credit Agreement in accordance with its Guarantee.

Capital Expenditures

We account for our capital expenditures in accordance with GAAP. We also distinguish between capital expenditures that are maintenance/sustaining capital expenditures and those that are expansion capital expenditures. Expansion capital expenditures are those expenditures which increase throughput or capacity from that which existed immediately prior to the addition or improvement, and are not deducted in calculating DCF. Sustaining capital expenditures are those which maintain throughput or capacity. The distinction between maintenance and expansion capital expenditures is a physical determination rather than an economic one, irrespective of the amount by which the throughput or capacity is increased.

Budgeting of sustaining capital expenditures is done annually on a bottom-up basis. For each of our assets, we budget for and make those sustaining capital expenditures that are necessary to maintain safe and efficient operations, meet customer needs and comply with our operating policies and applicable law. We may budget for and make additional sustaining capital expenditures that we expect will produce economic benefits such as increasing efficiency and/or lowering future expenses. Budgeting and approval of expansion capital expenditures are generally made periodically throughout the year on a project-by-project basis in response to specific investment opportunities identified by our business segments from which we generally expect to receive sufficient returns to justify the expenditures. Generally, the determination of whether a capital expenditure is classified as sustaining or as expansion capital expenditures is made on a project level. The classification of capital expenditures as expansion capital expenditures or as sustaining capital expenditures is made consistent with our accounting policies and is generally a straightforward process, but in certain circumstances can be a matter of management judgment and discretion. The classification of capital expenditures has an impact on DCF because capital expenditures that are classified as expansion capital expenditures are not deducted from DCF, while those classified as sustaining capital expenditures are.

Our capital expenditures for the six months ended June 30, 2018, and the amount that is expected to be spent to sustain and grow KML for the remainder of 2018 are as follows.

	Six Months Ended June 30, 2018 (a)	2018 Remaining	Total 2018
(In millions of Canadian dollars)			
Sustaining capital expenditures (b)	17.6	26.6	44.2
Expansion capital expenditures (c)	382.6	53.8	436.4

(a) Six months ended June 30, 2018 amount includes $92.5 million of net changes from accrued capital expenditures, contractor retainage, capitalized equity financing costs and other.

(b) 2018 remaining amount includes TMPL sustaining capital expenditures until the estimated Transaction close date.

(c) Amounts exclude TMEP capital investments agreed to be covered under the TMPL Non-recourse Credit Agreement.

Off Balance Sheet Arrangements

There have been no material changes in our contractual obligations that would affect the disclosures presented in our audited consolidated financial statements as of December 31, 2017 in our 2017 Form 10-K.

Cash Flows

The following table summarizes our net cash flows from operating, investing and financing activities for each period presented:

Six Months Ended June 30,	2018	2017
(In millions of Canadian dollars)		
Net cash provided by (used in):		
Operating activities	190.3	73.6
Investing activities	(340.0)	(222.0)
Financing activities	139.7	183.5
Effect of exchange rate changes on cash, cash equivalents and restricted deposits	(1.3)	(0.2)
Net (decrease) increase in cash, cash equivalents and restricted deposits	(11.3)	34.9

Operating Activities

The net increase of $116.7 million (159%) in cash provided by operating activities in the six months ended June 30, 2018 compared to the same period in 2017 was primarily attributable to:

- a $122.3 million net increase in cash associated with net changes in operating assets and liabilities, primarily attributable to increases in cash due to favorable changes in the collections and refunds of Westridge Marine Terminal dock premiums and due to an increase in cash due to the timing of interest payments made on the KMI Loans that were paid off in the second quarter of 2017; partially offset by,
- a $5.6 million decrease in operating cash flow resulting from the combined effects of adjusting the $13.8 million decrease in net income for the period-to-period increase in non-cash items primarily consisting of the following: (i) the change in the foreign exchange rate primarily on the KMI Loans; (ii) D&A expense; (iii) deferred income taxes; (iv) capitalized equity financing costs; (v) 2018 write-off of unamortized debt issuance costs; and (vi) other non-cash items.

Investing Activities

The $118.0 million net increase in cash used in investing activities in the six months ended June 30, 2018 compared to the same period in 2017 was primarily attributable to:

- a $135.0 million increase in capital expenditures primarily for TMEP and the Base Line Terminal expansion project; partially offset by,
- a $15.6 million increase in cash due to higher proceeds from the sale of assets in the 2018 period compared to the 2017 period; and
- a $1.4 million increase in cash due to lower contributions to our reclamation trusts in the 2018 period compared to the 2017 period.

Financing Activities

The net decrease of $43.8 million in cash provided by financing activities in the six months ended June 30, 2018 compared to the same period in 2017 was primarily attributable to:

- a $1,673.9 million decrease in cash reflecting proceeds received from our IPO, net of fees paid in the 2017 period;
- $62.0 million of cash distributions paid to the Kinder Morgan interests in the 2018 period;
- $22.9 million of cash dividends paid to Restricted Voting Stockholders in the 2018 period; and
- $13.3 million of cash dividends paid to preferred shareholders in the 2018 period; partially offset by,
- a $1,607.1 million increase in cash related to the 2017 repayments of the KMI Loans using proceeds from the IPO;
- a $63.3 million increase in cash associated with a reduction in debt and preferred shares issuance costs in the 2018 period compared to the 2017 period; and
- a $57.9 million increase in net borrowings under our and TMEP's credit facilities in the 2018 period. See Note 2 "Debt" for further information regarding our and TMEP's credit facilities activity.

Equity, Dividends and Distributions

As of both June 30, 2018 and July 25, 2018, we had (i) 104.0 million and 244.1 million of Restricted Voting Shares and Special Voting Shares outstanding, respectively, with no par value for an aggregate of 348.1 million voting shares outstanding, (ii) 12.0 million and 10.0 million of Series 1 Preferred Shares and Series 3 Preferred Shares outstanding, respectively, and (iii) 0.8 million of restricted stock awards outstanding.

Dividends and Distributions on Restricted Voting Shares and Special Voting Shares

The Limited Partnership currently makes quarterly cash distributions to the Company (as an indirect holder of Class A Units and Preferred LP Units, through the General Partner) and to Kinder Morgan (as an indirect holder of Class B Units) in accordance with the terms of the Limited Partnership Agreement. Distributions are not guaranteed and are subject to the approval of the General Partner. To the extent distributions are approved, all distributions on the Class A Units and Preferred LP Units are immediately distributed by the General Partner to the Company, which then uses such distributions to pay dividends to the holders of (i) then outstanding Preferred Shares of the Company (currently being Series 1 Preferred Shares and Series 3 Preferred Shares) pursuant to the terms of such Preferred Shares, and (ii) Restricted Voting Shares pursuant to the Company's dividend policy.

On July 18, 2018, our board of directors approved a quarterly dividend of $0.1625 per Restricted Voting Share for the three month period ended June 30, 2018 to be paid on August 15, 2018 to shareholders of record on July 31, 2018.

Prior to the announced sale of the TMPL and TMEP, our dividend reinvestment plan (DRIP) and the Limited Partnership distribution reinvestment plan, incentivized by the 3% market discount, was an important source of capital for funding the TMEP. Given that funding the TMEP is no longer relevant, the board of directors has elected to eliminate the market discount. All other terms and conditions related to participation in our DRIP remain unchanged. Similarly, due to our reduced need for capital, Kinder Morgan has elected to suspend its participation in the Limited Partnership's distribution reinvestment plan.

Dividends on Series 1 Preferred Shares and Series 3 Preferred Shares

We also pay dividends on our 12,000,000 Series 1 Preferred Shares and 10,000,000 Series 3 Preferred Shares, which are fixed, cumulative, preferential, and payable quarterly in the annual amount of $1.3125 per share and $1.3000 per share, respectively, on the 15th day of February, May, August and November, as and when declared by our board of directors, for the initial fixed rate period to but excluding November 15, 2022 and February 15, 2023, respectively.

Also, see Item 1, Note 3 “Equity” to our consolidated financial statements for information concerning outstanding Restricted Voting Shares (and associated restricted stock awards), Special Voting Shares and Preferred Shares, and 2018 paid and declared dividends and distributions.

Item 3. ***Quantitative and Qualitative Disclosures About Market Risk.***

There have been no material changes in market risk exposures that would affect the quantitative and qualitative disclosures presented as of December 31, 2017 in Item 7A in our 2017 Form 10-K. For more information on our risk management activities, see Item 1, Note 5 “Risk Management and Financial Instruments” to our consolidated financial statements.

Item 4. ***Controls and Procedures.***

As of June 30, 2018, our management, including our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(b) under the Securities Exchange Act of 1934. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based upon and as of the date of the evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that the design and operation of our disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in the reports we file and submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported as and when required, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. There has been no change in our internal control over financial reporting during the quarter ended June 30, 2018 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.