

UNION GAS LIMITED
Consolidated Statements of Retained Earnings

| <i>For the Years Ended December 31 (\$millions)</i> | 2007 | 2006 |
|---|-------------|-------------|
| Retained earnings, beginning of year | 522 | 472 |
| Accounting policy change (note 1) | 2 | — |
| Revised retained earnings, beginning of year | 524 | 472 |
| Net income and comprehensive income | 145 | 104 |
| Dividends | | |
| Preference shares | (5) | (5) |
| Common shares | (36) | (49) |
| Retained earnings, end of year | 628 | 522 |

(See accompanying notes)

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| Ontario Energy Board | |
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| | <i>[Signature]</i> |