

CNG Tax Information

This information is being provided as a convenience to former CNG shareholders and should not be construed as tax advice. Shareholders should consult their tax advisors with respect to all tax-related aspects of the merger, including federal, state and local tax implications which may vary greatly depending on an individual's particular circumstances.

The CNG/Dominion Merger

The merger was a two-step transaction. The first step involved Dominion shareholders and resulted in a reduction of Dominion's outstanding shares. The second step was the actual merger of CNG into a subsidiary of Dominion.

Before the January 28, 2000 merger effective date, CNG shareholders were given the opportunity to make an election as to how their CNG shares would be exchanged. There were a limited number of Dominion shares that could be issued in the second step of the merger, and CNG stock elections exceeded the number of Dominion shares available. Therefore, CNG stock elections were prorated, and 20.3529% of the shares were exchanged for cash and 79.6471% were exchanged for new Dominion stock.

CNG shares were exchanged for a combination of cash (at \$66.60 per share) and Dominion stock (at an exchange rate of 1.52.) In addition, a top-up amount of \$5.292 per share was paid based on the number of CNG shares exchanged for stock. Cash paid in lieu of a fractional Dominion share was paid at \$40.625 per full share.

Tax Reporting for the Exchange of CNG Stock Solely for Cash

Generally, the exchange of CNG stock solely for cash is treated as a sale. The gain or loss to be recognized equals the difference between the cash received and your cost basis in the shares exchanged.

Shares acquired through dividend reinvestment are treated as blocks of stock acquired at different times. To determine the cost of shares purchased through reinvestment, you should refer to copies of your statements. A computerized history of your reinvestment plan account is not available; however, you may obtain copies of your statements by calling EquiServe at 1-201-324-0313 or by writing to them at the following address: EquiServe, c/o Shareholder Services, P. O. Box 2500, Jersey City, NJ 07303-2500. General price information is available in the CNG Share Price List spreadsheet.

Tax Reporting for the Exchange of CNG Stock for a Combination of Stock and Cash

It is important to note that under the tax law, a transaction generically described as a "merger" can have different tax implications depending upon whether the transaction qualifies under tax law as a reorganization or as a redemption. Under the tax code, the exchange of CNG stock for a combination of cash and Dominion stock qualifies as a reorganization. Therefore, shareholders are treated as receiving cash and stock as part of a single, integrated transaction in exchange for all shares of CNG stock previously owned. These shareholders will generally have a gain or loss on the exchange.

Generally, that gain or loss will be an amount equal to the difference between the sum of the cash received and the fair market value of Dominion stock received and the shareholder's cost basis in the CNG stock surrendered. For purposes of computing gain or loss on the exchange, CNG shares that have a different cost basis will be treated as separate blocks of stock, and the gain or loss realized on the exchange will be computed separately for each block. However, the shareholder's gain, if any, will be recognized only to the extent of the cash received. That is, a shareholder will not have to report taxable income greater than the total cash received for the particular block of shares exchanged. Any gains recognized by a shareholder who received both cash and Dominion stock may, in certain circumstances, be treated as capital gain. The rules for determining the character of gain, however, are quite complex. Any loss will not be currently recognized but instead reflected in the new cost basis of the Dominion stock received.

Shareholders who received cash in lieu of a fractional share of Dominion stock will recognize gain or loss equal to the difference between the cash received and the portion of their cost basis in the CNG stock attributable to that fractional share.

Information You Will Need to Report the Exchange of CNG Stock for a Combination of Stock and Cash

1. Number of shares of Dominion stock received in exchange for CNG stock

Refer to the statement provided on the check stub sent to you at the time of the exchange.

2. Total Cash Received

This amount is reported on Form 1099-B. The amount shown on this form is the sum of cash received in exchange for CNG stock at \$66.60 per share plus the top-up amount.

3. Number of CNG shares exchanged and the cost basis for each block of shares

For the number of CNG shares exchanged, refer to the statement provided on the check stub sent to you at the time of the exchange.

Refer to your records to determine the cost basis and holding period for your CNG shares. Shares acquired through dividend reinvestment are treated as blocks of stock

acquired at different times. To determine the cost of shares purchased through reinvestment, you should refer to copies of your statements. A computerized history of your reinvestment plan account is not available; however, you may obtain copies of your statements by calling EquiServe at 1-201-324-0313 or by writing to them at the following address: EquiServe, c/o Shareholder Services, P. O. Box 2500, Jersey City, NJ 07303-2500. General price information is available in the CNG Share Price List spreadsheet.

4. Amount of cash-in-lieu of fractional share and cost basis for the fractional share

The cash-in-lieu amount will be reported on a separate 1099-B. This amount is reportable as a sale of a fractional share of Dominion stock.

For additional discussion of federal income tax consequences of the CNG/Dominion merger, please refer to the section entitled "Material U.S. Federal Income Tax Consequences" of the Joint Proxy Statement/Prospectus (Form S-4), filed with the SEC on May 24, 1999.