Merger Tax Information

The following information on the tax treatment for Dominion shares exchanged for cash in the CNG/Dominion merger is being provided as a convenience to shareholders and should not be construed as tax advice. Shareholders are urged to consult their tax advisors with respect to all tax-related aspects of the merger.

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. Before the January 28, 2000 merger effective date, Dominion shareholders were given the opportunity to elect how their Dominion shares would be exchanged. They could elect to exchange their shares for either new Dominion stock, cash at $43.00 per share, or a combination of cash and stock.

There was a limited amount of cash available to be distributed in the first step of the merger and Dominion cash elections exceeded the amount of cash available. Therefore, Dominion cash elections were prorated so that cash was distributed for 75.4433% of the shares that elected cash. Dominion stock was distributed for the remainder of the cash election at a one-for-one exchange rate. Dominion stock elections were not prorated.

Exchange of Dominion stock solely for new Dominion stock.

You will not recognize any taxable gain or loss on the exchange of Dominion stock for new Dominion stock. The cost basis and holding period for the new Dominion stock carry forward from the shares exchanged.

Exchange of Dominion stock for a combination of cash and stock.

You will not recognize any taxable gain or loss on the exchange of Dominion stock for new Dominion stock. The cost basis and holding period for the new Dominion stock carry forward.

*If you (or your related parties) owned both CNG and Dominion stock at the time of the merger, the cash received for Dominion shares may be considered as dividend income. For more information on the effect that your particular circumstances have on tax reporting for cash received in exchange for Dominion stock, view the **Important information for individuals who owned (or constructively owned*) both Dominion and CNG stock at the time of the merger** topic below.*

If you (or your related parties) owned both CNG and Dominion stock at the time of the merger, the cash received for Dominion shares may be considered as dividend income. For more information on the effect that your particular circumstances have on tax reporting for cash received in exchange for Dominion stock click here.

Except as detailed under "Important Information for Individuals who Owned (or Constructively Owned) Both Dominion and CNG Stock at the Time of the Merger", the exchange for cash is treated as a sale. The gain or loss recognized will be equal to the difference between the cash received and your cost basis in the shares exchanged. As a general rule, if you acquired shares of Dominion stock at different times or at different prices, you should treat the earliest shares acquired as the first shares sold for purposes of determining the cost basis and holding period of the Dominion stock exchanged for cash. However, if you made an adequate identification (according to IRS rules) of the specific shares you wanted to exchange for cash, you should use your cost basis and holding period in the shares that you identified in computing your gain or loss on the sale.

Shares acquired through dividend reinvestment are treated as blocks of stock acquired at different times. When reporting the sale of reinvestment shares on Schedule D, you may report the sale on one line and enter "various" as the Date Acquired. However you still must report the combined short-term gain or loss on a separate line from sales which produce long-term gain or loss.

To determine the cost of shares purchased through reinvestment, you should refer to copies of your statements. Dominion does not have a computerized history of your account; however, general price information is available for in the Dominion Share Price List. For a fee of $5.00 per statement, Dominion can provide copies of statements for the previous five years. Send your written request along with the appropriate fee to:

Dominion Resources
Shareholder Services- Research Department
P O Box 26532
Richmond, VA 23261

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.

Important information for individuals who owned (or constructively owned*) both Dominion and CNG stock at the time of the merger.

For individuals who owned (or constructively owned*) CNG and Dominion stock at the time of the merger, the tax rules governing the tax treatment of cash received in exchange for Dominion stock are complex. Depending on your particular circumstances, the exchange of Dominion shares for cash will be treated as either (1) selling some of your Dominion stock or (2) receiving dividend income from Dominion.

Even if you owned both Dominion and CNG stock at the time of the merger, you can report the cash received as a sale of Dominion stock if you experienced a "meaningful reduction" in your interest in Dominion. Your exchange of Dominion stock for cash will be deemed a "meaningful reduction" in your interest in Dominion if, as a result of the mergers:

1. The percentage of the outstanding shares of Dominion stock owned by you decreases, and
2. That decrease constitutes a "meaningful reduction" given your particular circumstances.

Please print and complete the following worksheet to determine if you experienced a meaningful reduction in your Dominion ownership interest.

Shareholders who own more than one percent of Dominion stock, either directly or constructively, or who exercise control over corporate affairs should consult their tax advisors to determine if they experienced a "meaningful reduction" in their interest.

1. Dominion shares actually or constructively owned* at the time of the Mergers	
2. Divided by total Dominion shares outstanding prior to the mergers	/ 186,319,645
3. Equals: Ownership interest in Dominion before the merger	=
4. Dominion shares actually or constructively owned immediately following the mergers (includes Dominion shares received in exchange for Dominion stock and in exchange for CNG stock)	
5. Divided by total Dominion shares outstanding after the mergers	/ 240,866,814
6. Equals: Ownership interest in Dominion after the merger	=
7. Result: If Line 3 is greater than Line 6, your percentage interest has decreased and you should treat the cash received in exchange for Dominion stock as a sale and NOT as dividend income.	

If the cash received for Dominion stock is not treated as a sale of stock, then dividend income would be recognized for the entire amount of cash received, without reduction for the cost basis of the shares exchanged. You would report the dividend as ordinary income, and the cost basis of your shares exchanged for cash would be added to your cost basis in your remaining Dominion shares.

* Constructively owned shares include shares owned by certain related parties, and any shares which the individual has the right to acquire by exercise of an option. Related parties generally

include a spouse, children, grandchildren, parents, partnerships, estates, certain trusts (not including qualified retirement plans) and certain controlled corporations.