

➔ 2009 Year-End Results

Piedmont Natural Gas January 5, 2010



Forward-Looking Statements

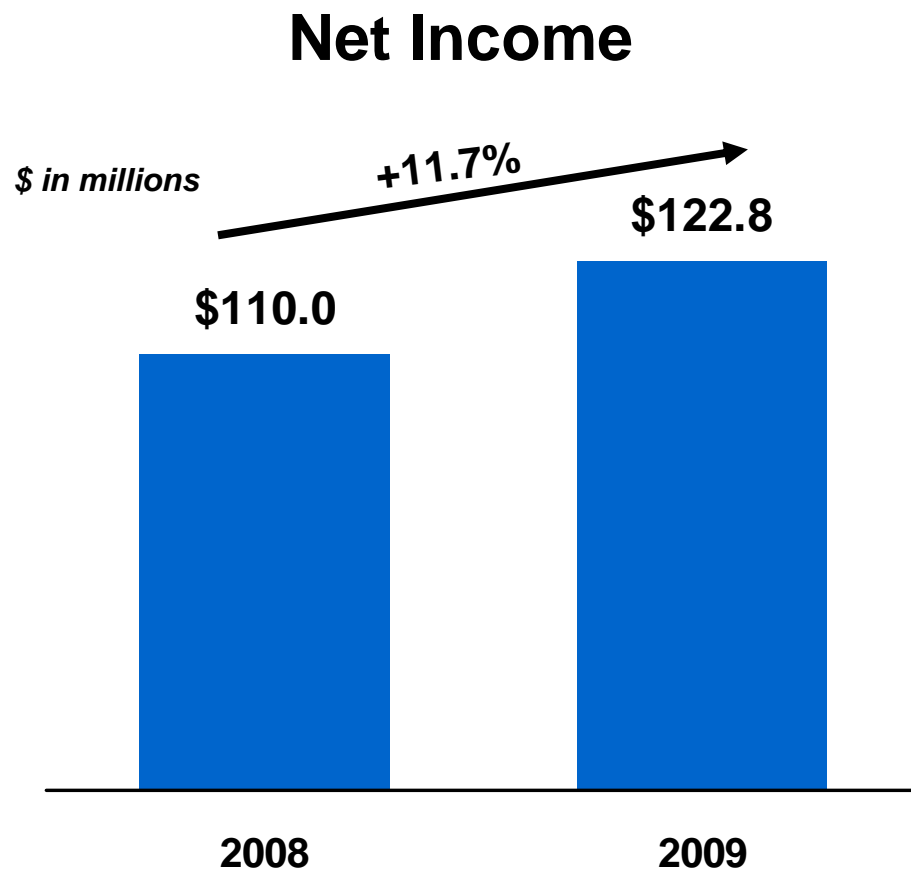
Under the Private Securities Litigation Reform Act of 1995

This presentation contains forward-looking statements. These statements are based on management's current expectations and information currently available and are believed to be reasonable and are made in good faith. However, the forward-looking statements are subject to future events, risks, uncertainties and other factors that could cause actual results to differ materially from those projected in the statements. Factors that may make the actual results differ from anticipated results include, but are not limited to, economic conditions, competition from other providers of similar products and other uncertainties, all of which are difficult to predict and some of which are beyond our control. For these reasons, you should not rely on these forward-looking statements when making investment decisions. The words "expect," "believe," "project," "anticipate," "intend," "should," "could," "will," "assume," "can," "estimate," "forecast," "future," "indicate," "outlook," "plan," "predict," "seek," "target," "would," and variations of such words and similar expressions are intended to identify forward-looking statements. Forward-looking statements are only as of the date they are made and we do not undertake any obligation to update publicly any forward-looking statement, either as a result of new information, future events or otherwise. More information about the risks and uncertainties relating to these forward-looking statements may be found in Piedmont's most recent Form 10-K or Form 10-Q, which are available on the SEC's website at <http://www.sec.gov>.

2009 Accomplishments

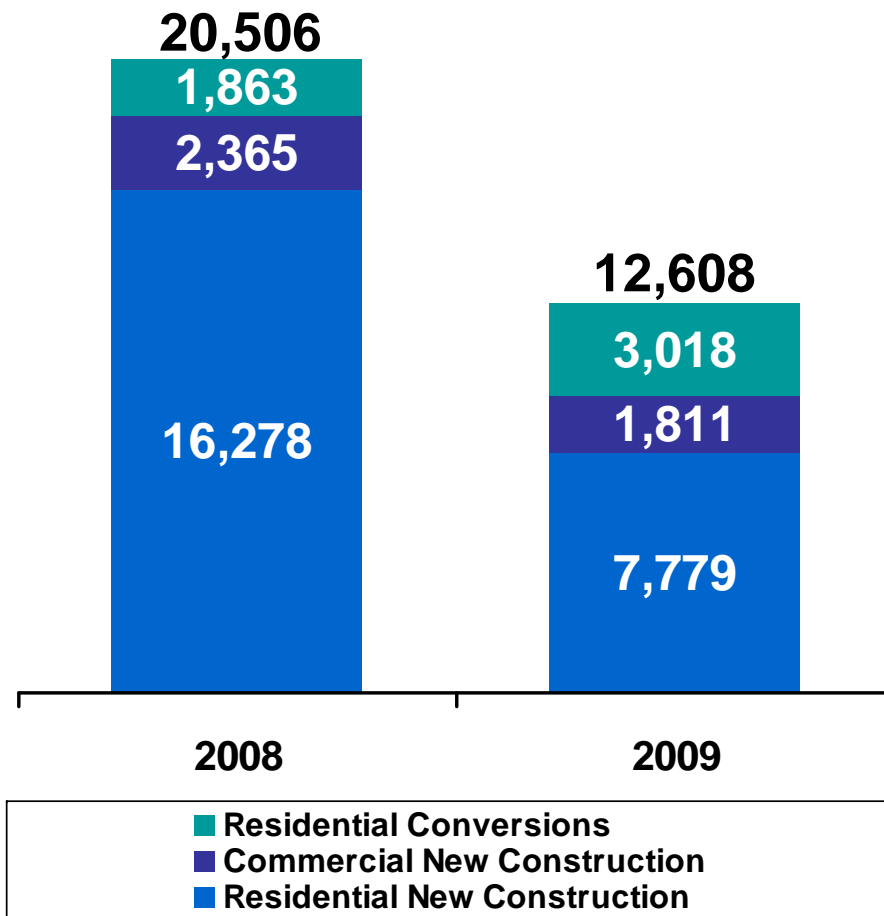
- Achieved record net income of \$122.8 million and diluted EPS of \$1.67 (+11.7%)
- Added 12,600 new customers (+1.3%)
- Restructured SouthStar ownership interests with AGLR
- Announced Progress Energy Wayne County Project
- Raised dividend for 31st consecutive year

Record Net Income



- Margin increased \$8.6 million (+1.6%)
- Joint venture earnings increased \$5.7 million (+20.7%)
- O&M expense decreased \$2.7 million (-1.3%) – 3rd consecutive year of lower O&M
- Interest expense decreased \$12.6 million (-21.3%)

New Customer Additions

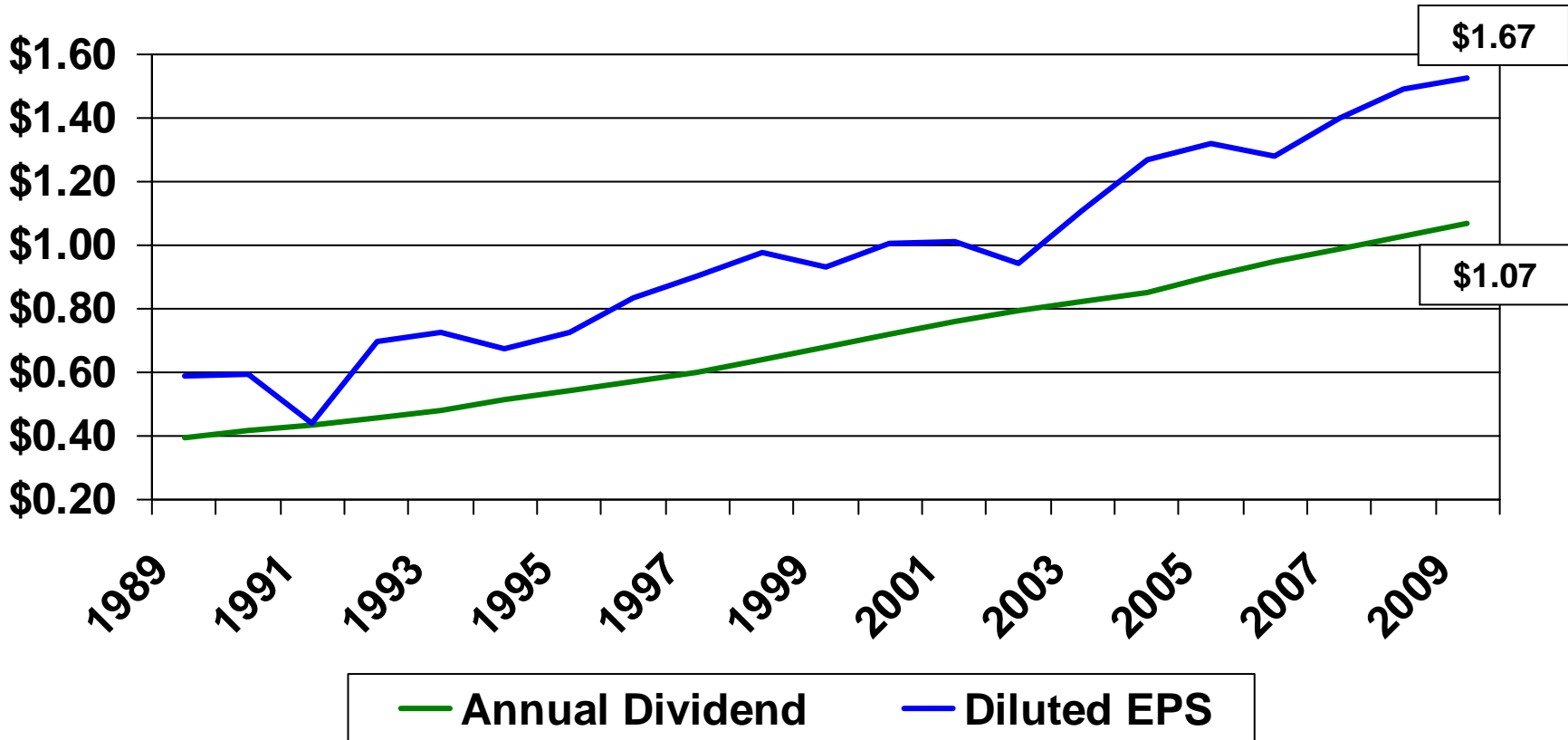


- **Gross customer growth rate of 1.3%**
- **Slowdown in new construction markets due to economic recession**
- **Residential conversions increased 1,155 (+62%)**
- **Forecast gross customer growth rate of 1.3% for 2010**

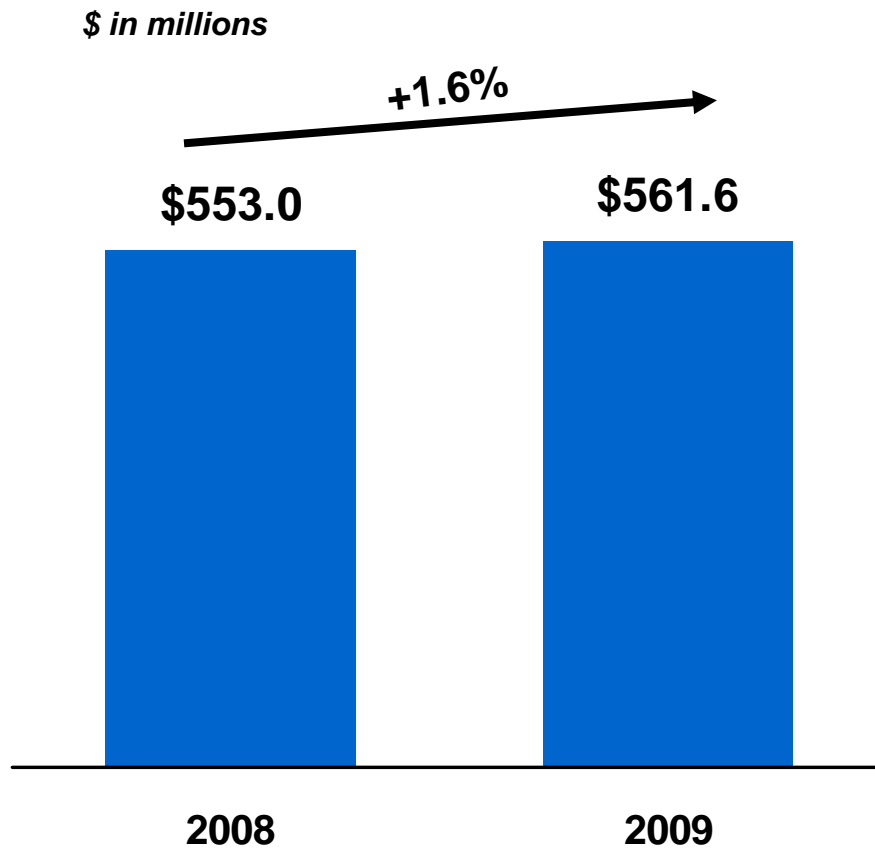
Enhancing the Pure-Play LDC Business Model

- **Ownership restructuring in SouthStar Energy Services**
 - Sold half of 30% ownership interest to AGLR for \$57.5 million effective January 1, 2010
 - Eliminated AGLR's option to buy-out Piedmont's remaining interest
 - Aligns interests of owners and gives Piedmont a more efficient return on invested capital
 - Ownership: 30% → 15%
 - Earnings: 25% → 15%
- **Natural gas service to Progress Energy Wayne County Project**
 - Estimated capital expenditures of \$85 million in 2011-2012
 - 38 miles of pipeline and associated compression facilities
 - Supported by long-term service agreement with Progress
 - Estimated in-service date of July 2012

Dividend Growth

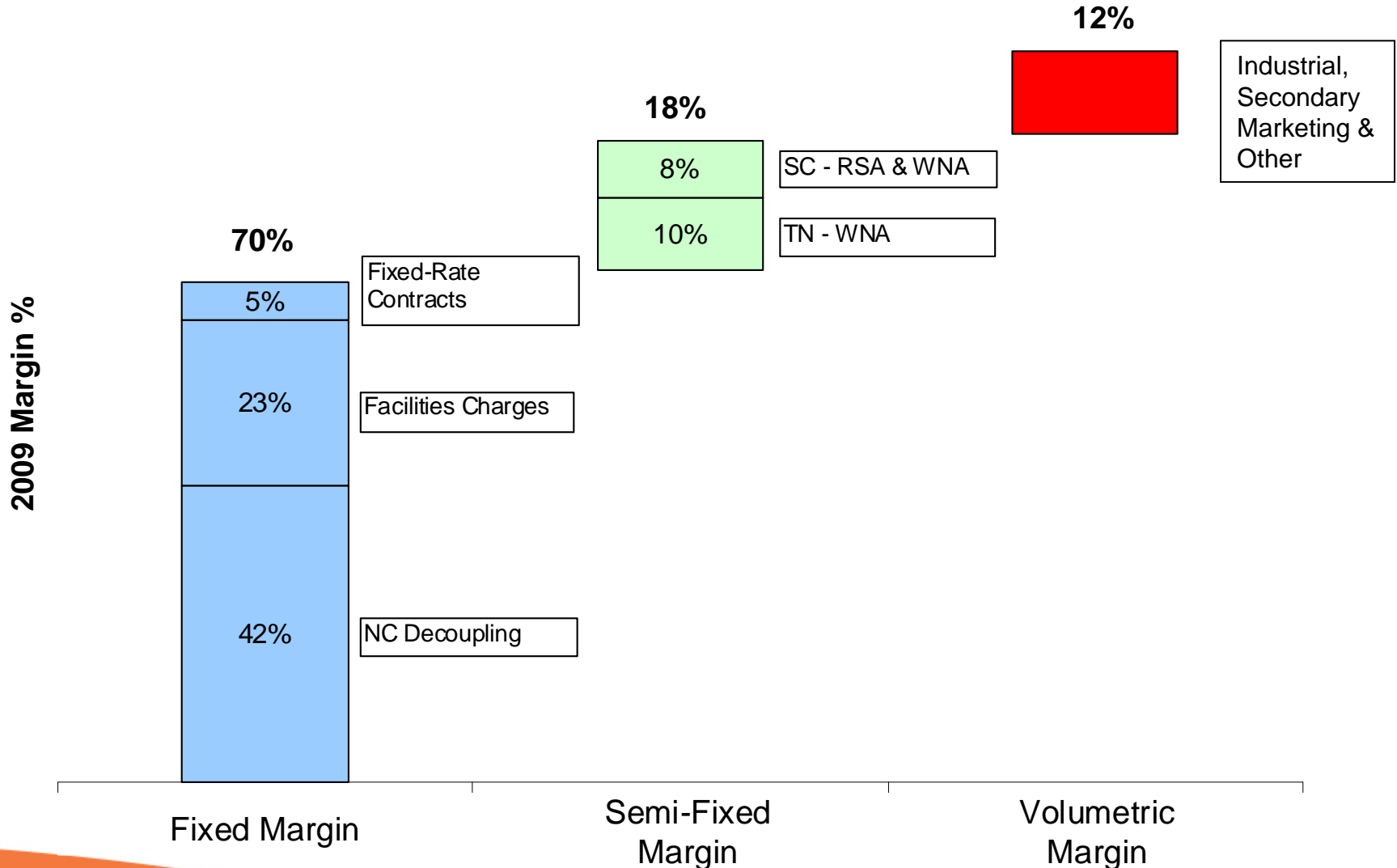


Margin

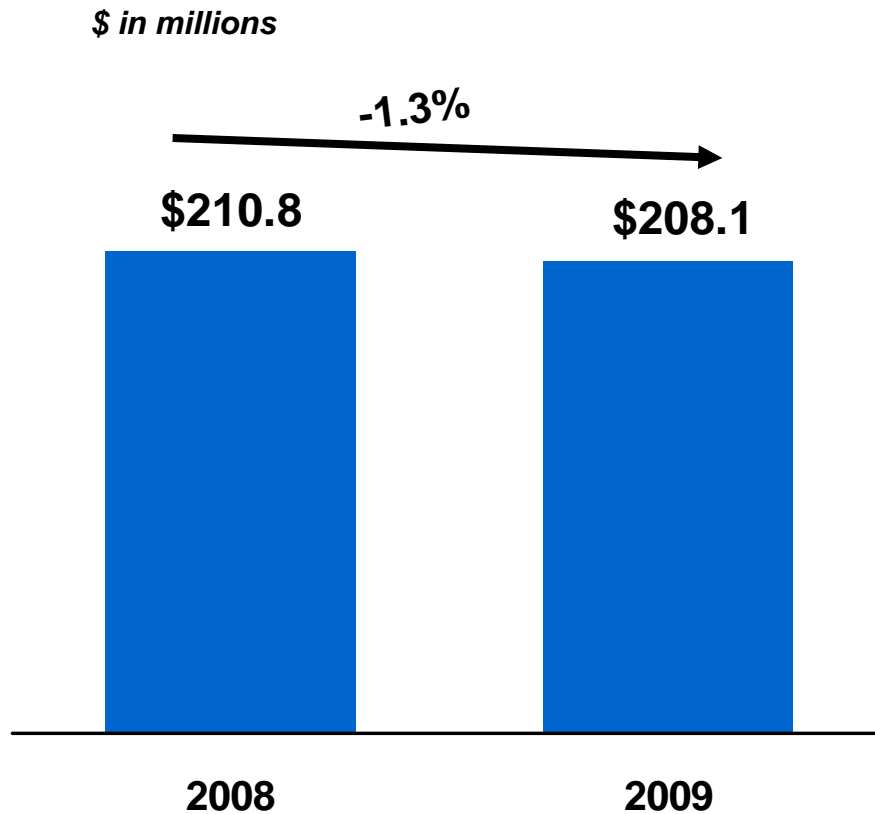


- North Carolina rate case impact (+\$15.7 million)
- Net gas cost adjustments (-\$4.7 million)
- Decreased volumes to industrial customers (-\$2.9 million)

Stability of Margin

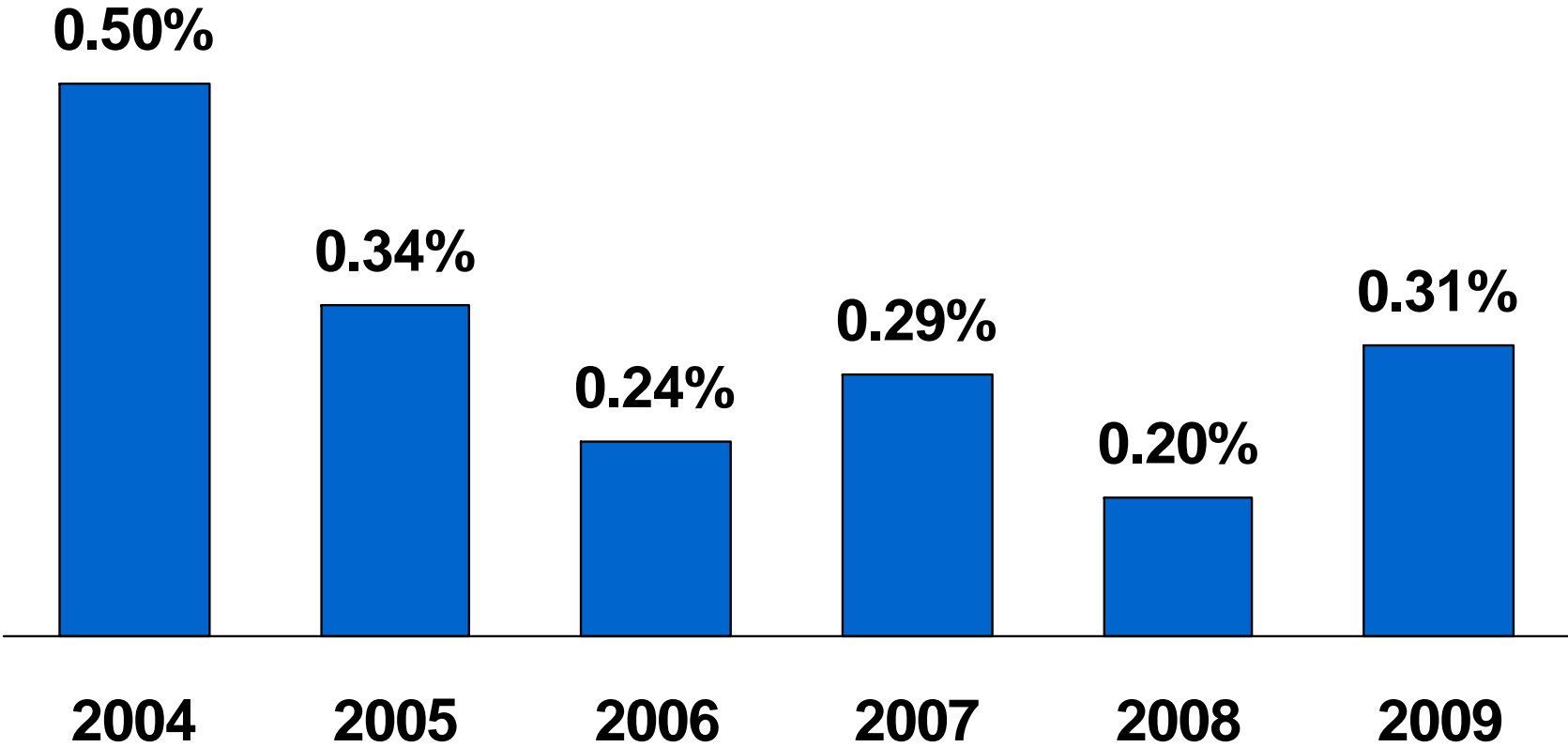


O&M Expense



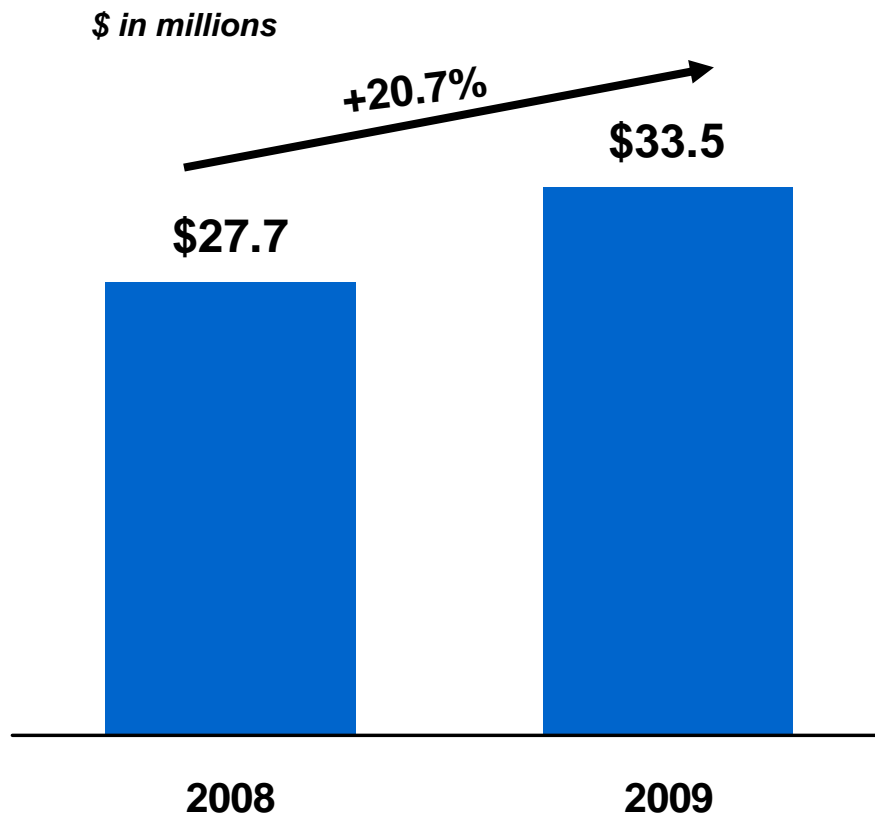
- Lower pension and medical expenses (-\$3.6 million)
- Lower contract labor expense (-\$1.4 million)
- Increase in regulatory amortization expense (+\$2.7 million)

Bad Debt Expense



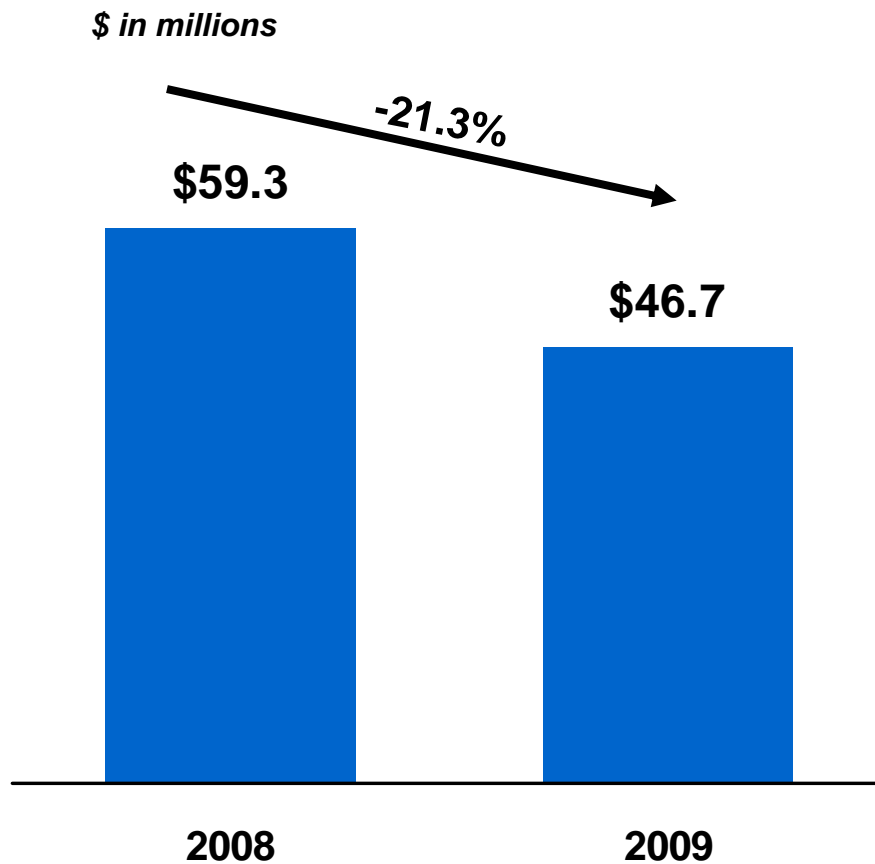
Net gas charge-offs as a percentage of gas revenues

Joint Ventures



- Increased contribution from SouthStar due to management of storage and transportation assets, 2008 LOCOM adjustments and improved margins in Ohio (+\$6.3 million)
- Decreased earnings from Hardy Storage (-\$0.6 million)

Utility Interest Charges



- **Lower net interest expense on amounts due from customers (-\$9.1 million)**
- **Lower interest on short-term debt due to a lower average interest rate despite higher borrowings (-\$4.7 million)**

2010 Guidance

- **EPS guidance of \$1.90 - \$2.00**
 - \$0.42 related to sale of 15% interest in SouthStar to AGLR
 - Gross customer additions forecasted at 1.3%
 - \$1.1 million margin increase in South Carolina under RSA
- **Capital expenditures of \$195.4 million**
 - \$46.3 million for pipelines to serve two gas-fired power generation projects in North Carolina
 - No capital expenditures in 2010 for Progress Energy Wayne County project
- **Total share buybacks forecasted at 1.8 million**
- **No long-term debt issuance**

➔ Questions?

