



| 1990 | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | © VALUE LINE PUB., INC. | 09-11 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|--------------|--------------|-----------------------------------|-------|
| 9.42 | 8.32 | 8.91 | 10.57 | 10.82 | 8.76 | 11.59 | 12.84 | 12.45 | 10.97 | 13.01 | 17.06 | 12.57 | 18.14 | 19.95 | 22.96 | 26.00 | 28.20 | Revenues per sh ^A | 33.10 |
| .97 | .78 | 1.07 | 1.14 | 1.13 | 1.25 | 1.49 | 1.62 | 1.72 | 1.70 | 1.77 | 1.81 | 2.04 | 2.04 | 2.31 | 2.43 | 2.50 | 2.65 | "Cash Flow" per sh | 3.20 |
| .61 | .44 | .70 | .73 | .68 | .73 | .84 | .93 | .98 | .93 | 1.01 | 1.01 | .95 | 1.11 | 1.27 | 1.32 | 1.30 | 1.40 | Earnings per sh ^B | 1.75 |
| .42 | .44 | .46 | .48 | .51 | .54 | .57 | .61 | .64 | .68 | .72 | .76 | .80 | .82 | .85 | .91 | .96 | 1.00 | Div'ds Decl'd per sh ^C | 1.17 |
| 1.62 | 1.37 | 1.41 | 1.58 | 1.95 | 1.72 | 1.64 | 1.52 | 1.48 | 1.58 | 1.65 | 1.29 | 1.21 | 1.16 | 1.85 | 2.50 | 2.65 | 2.40 | Cap'l Spending per sh | 2.20 |
| 4.58 | 4.83 | 5.13 | 5.45 | 5.68 | 6.16 | 6.53 | 6.95 | 7.45 | 7.86 | 8.26 | 8.63 | 8.91 | 9.36 | 11.15 | 11.53 | 10.85 | 11.35 | Book Value per sh ^D | 12.75 |
| 42.87 | 49.46 | 51.59 | 52.30 | 53.15 | 57.67 | 59.10 | 60.39 | 61.48 | 62.59 | 63.83 | 64.93 | 66.18 | 67.31 | 76.67 | 76.70 | 75.00 | 74.50 | Common Shs Outst'g ^E | 72.50 |
| 11.3 | 16.3 | 12.3 | 15.4 | 15.7 | 13.8 | 13.9 | 13.6 | 16.3 | 17.7 | 14.3 | 16.7 | 18.4 | 16.7 | 16.6 | 17.9 | 16.00 | 17.00 | Avg Ann'l P/E Ratio | 19.0 |
| .84 | 1.04 | .75 | .91 | 1.03 | .92 | .87 | .78 | .85 | 1.01 | .93 | .86 | 1.01 | .95 | .88 | .95 | .88 | .95 | Relative P/E Ratio | 1.25 |
| 6.0% | 6.0% | 5.3% | 4.3% | 4.8% | 5.4% | 4.9% | 4.8% | 4.0% | 4.1% | 5.0% | 4.5% | 4.6% | 4.4% | 4.1% | 3.8% | 3.9% | 4.0% | Avg Ann'l Div'd Yield | 3.5% |

| CAPITAL STRUCTURE as of 4/30/06 | | | | 2004 | 2005 | 4/30/06 | BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 990,000 customers in North Carolina, South Carolina, and Tennessee. 2005 revenue mix: residential (39%), commercial (24%), industrial (13%), other (24%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 71.6% of revenues. '05 deprec. rate: 3.3%. Estimated plant age: 8.7 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 2,125 employees. Officers & directors own less than 1% of common stock (1/06 proxy). CEO & President: Thomas E. Skains, Inc.: NC. Addr.: 1915 Rexford Road, P.O. Box 33068 Charlotte, NC 28233. Telephone: 704-364-3120. Internet: www.piedmontng.com. | | | | | | | | | | | © VALUE LINE PUB., INC. | | 09-11 |
|---|--|--|--|--|-------|---------|--|-------|-------|--------|--------|--------|--------|--------|--------|--------|--------------|-------------------------|--------------------------------|-------|
| Total Debt \$912.0 mill. Due in 5 Yrs \$325.0 mill. | | | | 48.6 | 55.2 | 60.3 | 685.1 | 775.5 | 765.3 | 686.5 | 830.4 | 1107.9 | 832.0 | 1220.8 | 1529.7 | 1761.1 | 1950 | 2100 | Revenues (\$mill) ^A | 2400 |
| LT Debt \$625.0 mill. LT Interest \$40.0 mill. | | | | 38.9% | 39.1% | 39.2% | 48.6 | 55.2 | 60.3 | 58.2 | 64.0 | 65.5 | 62.2 | 74.4 | 95.2 | 101.3 | 100 | 105 | Net Profit (\$mill) | 130 |
| (LT interest earned: 4.5x; total interest coverage: 4.5x) | | | | 7.1% | 7.1% | 7.9% | 38.9% | 39.1% | 39.2% | 39.7% | 34.7% | 34.6% | 33.1% | 34.8% | 35.1% | 33.7% | 35.0% | 36.0% | Income Tax Rate | 36.0% |
| Pension Assets-10/05 \$199.2 mill. Oblig. \$236.6 mill. | | | | 50.3% | 47.6% | 44.7% | 7.1% | 7.1% | 7.9% | 8.5% | 7.7% | 5.9% | 7.5% | 6.1% | 6.2% | 5.8% | 5.1% | 5.1% | Net Profit Margin | 5.3% |
| Pfd Stock None | | | | 49.7% | 52.4% | 55.3% | 50.3% | 47.6% | 44.7% | 46.2% | 46.1% | 47.6% | 43.9% | 42.2% | 43.6% | 41.4% | 43.5% | 42.5% | Long-Term Debt Ratio | 42.0% |
| Common Stock 75,277,520 shs. as of 6/2/06 | | | | 777.1 | 800.8 | 829.3 | 49.7% | 52.4% | 55.3% | 53.8% | 53.9% | 52.4% | 56.1% | 57.8% | 56.4% | 58.6% | 56.5% | 57.5% | Common Equity Ratio | 58.0% |
| MARKET CAP: \$1.9 billion (Mid Cap) | | | | 862.0 | 941.7 | 990.6 | 777.1 | 800.8 | 829.3 | 914.7 | 978.4 | 1069.4 | 1051.6 | 1090.2 | 1514.9 | 1509.2 | 1440 | 1470 | Total Capital (\$mill) | 1600 |
| CURRENT POSITION | | | | 8.2% | 8.9% | 9.2% | 862.0 | 941.7 | 990.6 | 1047.0 | 1072.0 | 1114.7 | 1158.5 | 1812.3 | 1849.8 | 1939.1 | 2040 | 2170 | Net Plant (\$mill) | 2400 |
| CASH ASSETS | | | | 12.6% | 13.1% | 13.2% | 8.2% | 8.9% | 9.2% | 8.1% | 8.3% | 7.9% | 7.8% | 8.6% | 7.8% | 8.2% | 8.5% | 8.5% | Return on Total Cap'l | 9.0% |
| OTHER ASSETS | | | | 12.6% | 13.1% | 13.2% | 12.6% | 13.1% | 13.2% | 11.8% | 12.1% | 11.7% | 10.6% | 11.8% | 11.1% | 11.5% | 12.0% | 12.5% | Return on Shr. Equity | 13.0% |
| ACCTS PAYABLE | | | | 3.9% | 4.6% | 4.7% | 12.6% | 13.1% | 13.2% | 11.8% | 12.1% | 11.7% | 10.6% | 11.8% | 11.1% | 11.5% | 12.0% | 12.5% | Return on Com Equity | 13.0% |
| DEBT DUE | | | | 69% | 65% | 65% | 3.9% | 4.6% | 4.7% | 3.3% | 3.5% | 3.0% | 1.7% | 3.1% | 3.7% | 3.6% | 3.5% | 4.0% | Retained to Com Eq | 4.5% |
| CURRENT LIAB. | | | | 69% | 65% | 65% | 69% | 65% | 65% | 72% | 71% | 75% | 83% | 74% | 66% | 68% | 72% | 70% | All Div'ds to Net Prof | 67% |
| FIX. CHG. COV. | | | | <p>Piedmont Natural Gas posted a larger share loss than we had anticipated. The fiscal third quarter (ended July 31st) was impacted by reduced margins due to rate design changes, and costs associated with the company's corporate restructuring program. In July, Piedmont and North Carolina's Attorney General office reached a settlement on its customer utilization tracker rate mechanism, which decouples the collection of utility margin from customer volume. This plan is favorable for both customers, who will benefit by the more efficient use of natural gas, and Piedmont shareholders, who will not suffer the negative consequences of conservation by customers. As part of the agreement, the company will fund up to \$1.5 million annually over the next few years toward customer conservation programs, in addition to the \$500,000 it had already committed to spend. Furthermore, Piedmont's initial restructuring involved offering early retirement to management-level employees and will eventually include other positions as part of an effort to streamline business processes and improve corporate efficiencies. The company should realize about \$5 million to \$6 million in annual cost savings beginning in 2007. The company's nonutility operations will likely represent a greater percentage of future profits. Over the first six months of 2006, these activities contributed earnings of \$25.5 million, which is nearly 20% above the year-ago period. Even though regulated operations make up most of Piedmont's total income, unregulated operations such as Cardinal Pipeline, Pine Needle, and SouthStar Energy provide an added boost to the company's bottom line. We expect Piedmont to continue to pursue strategic investments to diversify its earnings stream over the next few years. Though untimely, this stock is suitable for conservative income-oriented investors. Piedmont offers a respectable dividend yield at 3.9% and has an Above Average Safety rank (2). Moreover, the company should benefit as it diversifies its supply portfolio away from the Gulf Coast region through agreements with Midwestern Gas Transmission Company and Hardy Storage Company. <i>Evan I. Blatter</i> September 15, 2006</p> | | | | | | | | | | | | | | | | |

| Fiscal Year Ends | Jan.31 | Apr.30 | Jul.31 | Oct.31 | Full Fiscal Year |
|------------------|------------|------------|------------|--------------|------------------|
| 2003 | 493.5 | 407.8 | 140.1 | 179.4 | 1220.8 |
| 2004 | 618.8 | 482.4 | 214.7 | 213.8 | 1529.7 |
| 2005 | 680.6 | 508.0 | 232.9 | 339.6 | 1761.1 |
| 2006 | 921.4 | 483.2 | 237.9 | 307.5 | 1950 |
| 2007 | 875 | 565 | 315 | 345 | 2100 |

| Fiscal Year Ends | Jan.31 | Apr.30 | Jul.31 | Oct.31 | Full Fiscal Year |
|------------------|------------|------------|-------------|-------------|------------------|
| 2003 | .87 | .47 | d.15 | d.08 | 1.11 |
| 2004 | 1.03 | .54 | d.11 | d.21 | 1.27 |
| 2005 | .93 | .52 | d.06 | d.07 | 1.32 |
| 2006 | .94 | .57 | d.16 | d.05 | 1.30 |
| 2007 | .98 | .57 | d.06 | d.09 | 1.40 |

| Calendar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|----------|--------|--------|--------|--------|-----------|
| 2002 | .193 | .20 | .20 | .20 | .79 |
| 2003 | .20 | .208 | .208 | .208 | .82 |
| 2004 | .208 | .215 | .215 | .215 | .85 |
| 2005 | .215 | .23 | .23 | .23 | .91 |
| 2006 | .23 | .24 | .24 | | |

| Fiscal Year Ends | Jan.31 | Apr.30 | Jul.31 | Oct.31 | Full Fiscal Year |
|------------------|------------|------------|-------------|-------------|------------------|
| 2003 | .87 | .47 | d.15 | d.08 | 1.11 |
| 2004 | 1.03 | .54 | d.11 | d.21 | 1.27 |
| 2005 | .93 | .52 | d.06 | d.07 | 1.32 |
| 2006 | .94 | .57 | d.16 | d.05 | 1.30 |
| 2007 | .98 | .57 | d.06 | d.09 | 1.40 |

| Company's Financial Strength | B++ |
|------------------------------|-----|
| Stock's Price Stability | 100 |
| Price Growth Persistence | 75 |
| Earnings Predictability | 80 |