PIEDMONT NAT'L. GAS NYSE-PNY

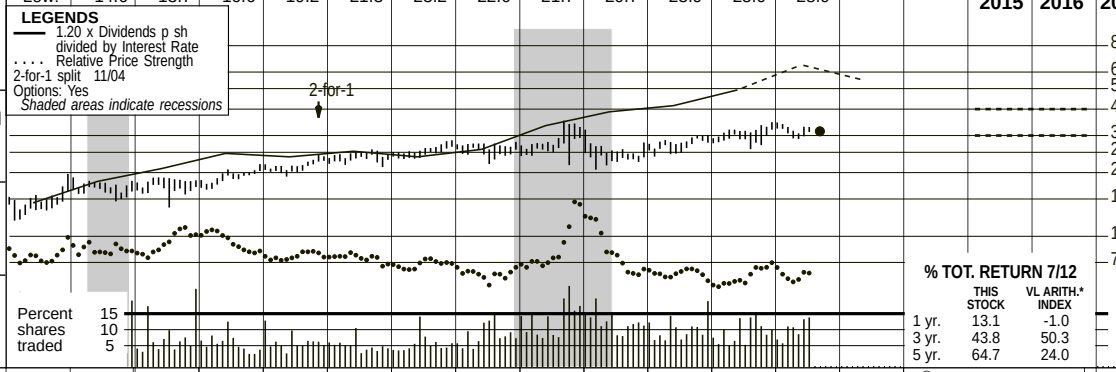
RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
31.45	18.7	(Trailing: 21.0 Median: 18.0)	1.26	3.8%	VALUE LINE

TIMELINESS 3 Raised 6/22/12
SAFETY 2 New 7/27/90
TECHNICAL 3 Raised 8/3/12
BETA .65 (1.00 = Market)

High:	19.0	19.0	22.0	24.3	25.8	28.4	28.0	35.3	32.0	30.1	34.7	34.6
Low:	14.6	13.7	16.6	19.2	21.3	23.2	22.0	21.7	20.7	23.9	25.9	28.9

Target Price Range
2015 | 2016 | 2017

LEGENDS
— 1.20 x Dividends p sh divided by Interest Rate
.... Relative Price Strength
2-for-1 split 11/04
Options: Yes
Shaded areas indicate recessions



2015-17 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	40	(+25%)	10%
Low	30	(-5%)	3%

Insider Decisions

	O	N	D	J	F	M	A	M	J
to Buy	0	0	0	0	0	0	0	0	0
Options	0	0	0	0	0	0	0	0	0
to Sell	0	0	0	0	0	1	2	0	0

Institutional Decisions

	3Q2011	4Q2011	1Q2012
to Buy	87	85	68
to Sell	80	85	92
Hld's(000)	32138	32579	32684

% TOT. RETURN 7/12

	THIS STOCK	VL ARITH.* INDEX
1 yr.	13.1	-1.0
3 yr.	43.8	50.3
5 yr.	64.7	24.0

1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	© VALUE LINE PUB. LLC	15-17
11.59	12.84	12.45	10.97	13.01	17.06	12.57	18.14	19.95	22.96	25.80	23.37	28.52	22.36	21.48	19.83	*19.85*	*22.85*	Revenues per sh A	*25.70*
1.49	1.62	1.72	1.70	1.77	1.81	1.81	2.04	2.31	2.43	2.51	2.64	2.77	3.01	2.91	2.99	*3.00*	*3.20*	"Cash Flow" per sh	*3.45*
.84	.93	.98	.93	1.01	1.01	.95	1.11	1.27	1.32	1.28	1.40	1.49	1.67	1.55	1.57	*1.55*	*1.70*	Earnings per sh AB	*1.85*
.57	.61	.64	.68	.72	.76	.80	.82	.85	.91	.95	.99	1.03	1.07	1.11	1.15	*1.19*	*1.23*	Div'ds Decl'd per sh C■	*1.35*
1.64	1.52	1.48	1.58	1.65	1.29	1.21	1.16	1.85	2.50	2.74	1.85	2.47	1.76	2.75	3.37	*7.75*	*7.85*	Cap'l Spending per sh	*8.10*
6.53	6.95	7.45	7.86	8.26	8.63	8.91	9.36	11.15	11.53	11.83	11.99	12.11	12.67	13.35	13.79	*13.90*	*13.95*	Book Value per sh D	*14.65*
59.10	60.39	61.48	62.59	63.83	64.93	66.18	67.31	76.67	76.70	74.61	73.23	73.26	73.27	72.28	72.32	*71.00*	*70.00*	Common Shs Outst'g E	*68.00*
13.9	13.6	16.3	17.7	14.3	16.7	18.4	16.7	16.6	17.9	19.2	18.7	18.2	15.4	17.1	18.9	*Bold figures are*		Avg Ann'l P/E Ratio	*18.0*
.87	.78	.85	1.01	.93	.86	1.01	.95	.88	.95	1.04	.99	1.10	1.03	1.09	1.19	*Value Line*		Relative P/E Ratio	*1.20*
4.9%	4.8%	4.0%	4.1%	5.0%	4.5%	4.6%	4.4%	4.1%	3.8%	3.9%	3.8%	3.8%	4.1%	4.2%	3.9%	*estimates*		Avg Ann'l Div'd Yield	*3.9%*

CAPITAL STRUCTURE as of 4/30/12
Total Debt $1055.0 mill. **Due in 5 Yrs** $175.0 mill.
LT Debt $975.0 mill. **LT Interest** $46.1 mill.
(LT interest earned: 4.1x; total interest coverage: 3.4x)

Pension Assets-10/11 $259.5 mill. **Oblig.** $236.6 mill.

Pfd Stock None

Common Stock 71,903,935 shs. **as of 6/1/12**

MARKET CAP: $2.3 billion (Mid Cap)

2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013		15-17
832.0	1220.8	1529.7	1761.1	1924.6	1711.3	2089.1	1638.1	1552.3	1433.9	*1250*	*1600*	Revenues ($mill) A	*1750*
62.2	74.4	95.2	101.3	97.2	104.4	110.0	122.8	111.8	113.6	*110*	*120*	Net Profit ($mill)	*125*
33.1%	34.8%	35.1%	33.7%	34.2%	33.0%	36.3%	28.5%	23.4%	24.6%	*30.0%*	*30.0%*	Income Tax Rate	*30.0%*
7.5%	6.1%	6.2%	5.8%	5.0%	6.1%	5.3%	7.5%	7.2%	7.9%	*8.8%*	*7.5%*	Net Profit Margin	*7.3%*
43.9%	42.2%	43.6%	41.4%	48.3%	48.4%	47.2%	44.1%	41.0%	40.4%	*50.0%*	*50.0%*	Long-Term Debt Ratio	*50.0%*
56.1%	57.8%	56.4%	58.6%	51.7%	51.6%	52.8%	55.9%	59.0%	59.6%	*50.0%*	*50.0%*	Common Equity Ratio	*50.0%*
1051.6	1090.2	1514.9	1509.2	1707.9	1703.3	1681.5	1660.5	1636.9	1671.9	*1955*	*1950*	Total Capital ($mill)	*1990*
1158.5	1812.3	1849.8	1939.1	2075.3	2141.5	2240.8	2304.4	2437.7	2627.3	*2700*	*2750*	Net Plant ($mill)	*2900*
7.8%	8.6%	7.8%	8.2%	7.2%	7.8%	8.2%	9.1%	8.4%	8.2%	*7.5%*	*8.0%*	Return on Total Cap'l	*8.5%*
10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	*11.5%*	*12.0%*	Return on Shr. Equity	*13.0%*
10.6%	11.8%	11.1%	11.5%	11.0%	11.9%	12.4%	13.2%	11.6%	11.4%	*11.5%*	*12.0%*	Return on Com Equity	*13.0%*
1.7%	3.1%	3.7%	3.6%	2.8%	3.5%	3.9%	4.8%	3.3%	3.1%	*2.5%*	*3.5%*	Retained to Com Eq	*3.5%*
83%	74%	66%	68%	74%	70%	69%	64%	72%	73%	*77%*	*72%*	All Div'ds to Net Prof	*72%*

CURRENT POSITION ($MILL.)	2010	2011	4/30/12
Cash Assets	5.6	6.8	10.4
Other	322.2	279.2	265.1
Current Assets	327.8	286.0	275.5
Accts Payable	115.7	129.7	103.4
Debt Due	302.0	331.0	80.0
Other	80.9	72.9	96.0
Current Liab.	498.6	534.1	279.4
Fix. Chg. Cov.	323%	323%	325%

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '09-'11 to '15-'17
Revenues	4.5%	-1.5%	*3.5%*
"Cash Flow"	5.5%	4.0%	*2.5%*
Earnings	5.0%	4.5%	*2.5%*
Dividends	4.5%	4.0%	*3.5%*
Book Value	5.0%	3.0%	*1.5%*

Fiscal Year Ends	QUARTERLY REVENUES ($ mill.) A Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2009	779.6	455.4	180.3	222.8	1638.1
2010	673.7	472.9	211.6	194.1	1552.3
2011	652.0	392.6	197.3	192.0	1433.9
2012	471.8	308.4	*225*	*244.8*	*1250*
2013	*535*	*480*	*290*	*295*	*1600*

Fiscal Year Ends	EARNINGS PER SHARE A B Jan.31	Apr.30	Jul.31	Oct.31	Full Fiscal Year
2009	1.10	.73	d.10	d.06	1.67
2010	1.14	.65	d.13	d.13	1.55
2011	1.16	.66	d.12	d.13	1.57
2012	1.05	.70	*d.10*	*d.10*	*1.55*
2013	*1.18*	*.70*	*d.09*	*d.09*	*1.70*

Cal-endar	QUARTERLY DIVIDENDS PAID C■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2008	.25	.26	.26	.26	1.03
2009	.26	.27	.27	.27	1.07
2010	.27	.28	.28	.28	1.11
2011	.28	.29	.29	.29	1.15
2012	.29	.30	.30		

BUSINESS: Piedmont Natural Gas Company is primarily a regulated natural gas distributor, serving over 968,188 customers in North Carolina, South Carolina, and Tennessee. 2011 revenue mix: residential (46%), commercial (27%), industrial (7%), other (20%). Principal suppliers: Transco and Tennessee Pipeline. Gas costs: 60.0% of revenues. '11 deprec. rate: 3.2%. Estimated plant age: 10 years. Non-regulated operations: sale of gas-powered heating equipment; natural gas brokering; propane sales. Has about 1,782 employees. Off./dir. own about 1.2% of common stock, BlackRock; 7.6% (1/12 proxy). Chrmn., CEO, & Pres.: Thomas E. Skains. Inc.: NC. Addr.: 4720 Piedmont Row Drive, Charlotte, NC 28210. Telephone: 704-364-3120. Internet: www.piedmontng.com.

Piedmont Natural Gas posted generally good financial results for the April interim. Although the top line declined approximately 21%, that was due to a drop in year-over-year natural gas prices. Meanwhile, on the profitability front, cost of gas sold declined 11.7% as a function of revenues. This was partially offset by rising operating expenses. That figure increased 9.3% as a percentage of the top line. Nonetheless, on balance, PNY's second-quarter bottom line increased about 6%, to $0.70 a share. This was in line with our estimates. Consequently,

We have left our 2012 annual earnings estimates unchanged. The company will likely register a slight low single-digit bottom-line decline this year. This largely reflects warmer-than-normal first-quarter weather patterns when compared to last year. Elsewhere, Piedmont's equity investments have not been performing as well this year, as contributions from those ventures declined year to year.

Still, earnings advances should resume again next year. This should stem from additional residential and commercial customers, thanks to a slowly recovering construction market in PNY's service area. Capital expenditures are opening the opportunity for new power generation customers, as well.

The balance sheet is in adequate shape for the time being. During the first half of this year, Piedmont's cash reserves increased approximately 53%. That financial cushion now sits at more than $10 million. Meanwhile, the long-term debt burden also ticked higher. That figure increased almost 45%, to $975 million. However, this still represents a pretty standard level of debt for a utility company, and should be manageable.

Shares of Piedmont Natural Gas may appeal to investors with an eye on income generation. The stock offers an above-average yield and good dividend growth prospects. However, they have advanced almost 7% in price since our June review, and now trade inside our Target Price Range, thus limiting appreciation potential for the pull to 2015-2017. Moreover, our Timeliness Ranking System suggests PNY will likely mirror the broader market averages in the coming year.

Bryan J. Fong *September 7, 2012*

(A) Fiscal year ends October 31st.
(B) Diluted earnings. Excl. extraordinary item: '00, 8¢. Excl. nonrecurring gains (losses): '97, (2¢); '10, 41¢. Next earnings report due mid Sept. Quarters may not add to total due to change in shares outstanding.
(C) Dividends historically paid early-January, April, July, October.
■ Div'd reinvest. plan available; 5% discount.
(D) Includes deferred charges. In 2011: $527.6 million, $7.29/share.
(E) In millions, adjusted for stock split.

Company's Financial Strength	B++
Stock's Price Stability	100
Price Growth Persistence	55
Earnings Predictability	95

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