PIEDMONT NATURAL GAS COMPANY, INC.

Corporate Governance Guidelines

December 12, 2003

CORPORATE GOVERNANCE GUIDELINES

PRELIMINARY STATEMENT

The corporate governance guidelines set forth herein are intended to be guidelines and may be amended or waived at any time to the extent and in the manner permitted by applicable law and/or the rules and regulations of governmental agencies and securities exchanges having jurisdiction over the Company. Notwithstanding the foregoing, any amendment or waiver of a provision of these guidelines with respect to an executive officer of the Company must be approved by a majority of the independent directors of the Company.

ROLE AND COMPOSITION OF THE BOARD OF DIRECTORS

1. The Board of Directors, which is elected by the shareholders, is the ultimate decision-making body of the Company except with respect to those matters reserved to the shareholders. It selects the senior management team, which is charged with the conduct of the Company’s business. Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors their performance.

2. The Board also plans for succession (in the event of retirement or an unexpected disability) to the position of Chief Executive Officer (CEO) as well as certain other senior management positions. The Board shall consider various characteristics in selecting a CEO, including problem-solving capability, interpersonal relations, communication and leadership skills.

To assist the Board, the CEO annually provides the Board with an assessment of senior managers and their potential to succeed him or her. He or she also provides the Board with an assessment of persons considered potential successors to certain senior management positions.

3. It is the policy of the Company that the majority of the Board consists of “Independent Directors” (as defined below) and that the number of Directors not be less than nine or exceed a number that can function efficiently as a body. For the purposes of this paragraph, an “Independent Director” is a director who (a) has been affirmatively determined by the Board not to have a “material relationship” with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company), (b) within the past three years has (i) not been employed by the Company, (ii) not been affiliated with or employed by a present or former auditor of the Company (or any of the Company’s affiliates); (iii) not been part of an interlocking directorate in which an executive officer of the listed company serves on the compensation committee of another company that concurrently employs the director; (iv) not received more than $100,000 in direct compensation from the Company; or (v) is an executive officer or an employee of a company that makes payments to, or receives payments from the Company for property or services in an amount in any single fiscal year that exceed the greater of $1,000,000 or two percent of such other Company's

consolidated gross revenues. Directors with immediate family members in the foregoing categories are likewise subject to the three-year “cooling off” provisions for purposes of determining “independence.” In determining if a director has a “material relationship” with the Company, the Board will broadly consider all facts and circumstances, not merely from the standpoint of the Director but also from that of persons or organizations with which the director has an affiliation. “Material relationships” can include commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships (among others).

4. The Directors and Corporate Governance Committee, in consultation with the CEO, considers and makes recommendations to the Board concerning the appropriate size and needs of the Board. The Directors and Corporate Governance Committee considers candidates to fill new positions created by expansion and vacancies that occur by resignation, by retirement, or for any other reason. Candidates for Board membership must possess the intelligence, integrity, strength of character and sense of timing required to provide the leadership and guidance to effectively govern and to recommend alternative solutions to problems. The independence necessary to make an unbiased evaluation of management performance and effectively carry out responsibilities of oversight will be considered. Candidates must have an awareness of both the business and social environment within which the Company operates. They must have the commitment, sense of urgency and spirit of cooperation that will enable them to interface with other Board members in directing the future, profitable growth of the Company, in an ethically responsible fashion. The Board also may consider a number of relevant factors, including, but not limited to, the following: a) Candidates for Board membership with extensive experience in a senior executive role with a major business organization and, preferably, be either Chief Executive Officer, President, or Chairman; b) Candidates with equivalent experience from other backgrounds such as academic, government, legal, accounting, audit or other recognized professions. Qualified candidates often will have had exposure to the numerous programs a corporation employs relative to creating shareholder value, while balancing the needs of all stakeholders. Finally, candidates will normally be associated with organizations that do not have competitive lines of business or other conflicts of interest with the Company. The composition, skills and needs of the Board change over time, and other factors will be considered in establishing the desirable profile of candidates for any specific opening on the Board. The Committee also considers the number of other boards on which a candidate serves. Final approval of a candidate is determined by the full Board.

5. Directors are generally elected for three-year terms. Nevertheless, directors shall retire from the Board not later than the annual shareholder's meeting following their seventy-second birthday.

6. The Directors and Corporate Governance Committee annually reviews the compensation of Directors. In connection with such reviews, the Committee considers compensation paid to directors by comparable businesses and, from time to time, employs consultants to assist with this determination. All Directors are expected to own stock in the Company in an amount that is appropriate for them. In general, within five years of June 2, 2000 or from the commencement of service by a Director, a Director

must maintain holdings of the Company's Common Stock equal in market value to three times the annual retainer fee paid to such Director.

7. It is the general policy of the Company that the Board as a whole consider all major decisions. As a consequence, the committee structure of the Board is limited to those committees considered to be basic to or required for the operation of a publicly owned company. Currently these committees are the Audit Committee, Compensation Committee, Directors and Corporate Governance Committee, Finance Committee, and Post-Retirement Benefits and Insurance Committee. The Directors and Corporate Governance Committee in consultation with the CEO recommends the members and chairs of these committees to the Board. All committees of the Board are comprised only of Non-management Directors (as defined below). In addition, the Audit Committee, Compensation Committee, and Directors and Corporate Governance Committee are made up of only Independent Directors. As set forth in the attached committee charters, additional qualifications and restrictions for service may apply to some committees. As used herein, a "Non-management Director" is a director who is not an officer of the Company .

8. In furtherance of its policy of having major decisions made by the Board as a whole, the Company has a full indoctrination process for new Board members that includes extensive materials, meetings with key management, and visits to Company facilities. Board members are encouraged to periodically obtain continuing education for Board members available at various institutions and universities. The Board also has at least one meeting each year devoted to Director continuing education.

9. The Compensation Committee is responsible for setting annual and long-term performance goals and compensation for the CEO and for evaluating his or her performance against such goals. The Committee meets not less than annually with the CEO to receive his or her recommendations concerning such goals and to evaluate his or her performance against such goals. The Compensation Committee is also responsible for setting annual and long-term performance goals and compensation for the direct reports to the CEO. All these decisions are approved or ratified by action of the Non-Management Directors of the Board at a meeting or executive session of that group.

10. The CEO is responsible for establishing effective communications with the Company's stakeholder groups, *i.e*., shareholders, customers, communities, suppliers, creditors, governments, and corporate partners.

11. Members of the Board are expected to attend all regular and special meetings of the Board or its Committees on which the member has been elected to serve and shall endeavor to review material provided to Board members prior to Board meetings.

FUNCTIONING OF THE BOARD

1. In general, the CEO sets the agenda for Board meetings with the understanding that certain items pertinent to the advisory and monitoring functions of the

Board be brought to it periodically by the CEO for review and/or decision. For example, the Board reviews the annual corporate capital and operating budgets. Agenda items that fall within the scope of responsibilities of a Board committee are reviewed with the chair of that committee prior to the meeting. Any member of the Board may request that an item be included on the agenda. The alternating chairs of the executive sessions of Non-management Directors set the agenda for such sessions; however, any Non-management Director may request that an item be included on the agenda.

2. Board materials related to agenda items are provided to Board members sufficiently in advance of Board meetings as necessary to allow the Directors to prepare for discussion of the items at the meeting

3. With the approval of the Board, members of management attend Board meetings or portions thereof for the purpose of participating in discussions. In addition, Board members have free access to all other members of management and employees of the Company.

4. Executive sessions or meetings of Non-Management Directors without management present are held at least twice each year. The chairs of the Audit Committee, the Compensation Committee and the Directors and Corporate Governance Committees act as chair of the executive sessions of Non-Management Directors on an alternating basis. Additional executive sessions or meetings of Non-Management Directors may be held from time to time as required.

5. The Board has the right to engage independent advisors, as appropriate.

6. The Board conducts an annual performance evaluation of the Board.

FUNCTIONING OF COMMITTEES

1. The chair of each of the committees determines the frequency, length, and agenda of committee meetings. Sufficient time to consider the agenda items is provided. Materials related to agenda items are provided to the committee members sufficiently in advance of the meeting where necessary to allow the members to prepare for discussion of the items at the meeting.

2. From time to time, the Board determines the responsibilities of each of the committees.

CODE OF ETHICS

1. In addition to the code of ethics that applies to all employees, the Board has adopted an additional code of ethics (attached) that covers the Company’s principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions. In the opinion of the Board, this code of ethics is designed to deter wrongdoing and to promote:

(a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) full, fair, accurate, timely, and understandable disclosure in reports and documents that the company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;

(c) compliance with applicable governmental laws, rules and regulations;

(d) the prompt internal reporting to an appropriate person or persons identified in the code of violations of the code; and

(e) accountability for adherence to the code.

2. All related party transactions must be reviewed and, if appropriate, approved by the Audit Committee.

PERIODIC REVIEW

The Board reviews these Guidelines from time to time and makes changes as appropriate.

Special Provisions Relating to the Company's Principal Executive Officer and Senior Financial Officers (Code of Ethics)

The Sarbanes-Oxley Act of 2002 and/or the rules and regulations of the Securities and Exchange Commission issued pursuant there to require the Company to disclose in its annual report whether it has adopted a code of ethics (the "Code") for its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions (the "Designated Officers"). For purposes of this requirement, the Code means a codification of standards that is reasonably designed to deter wrongdoing and to promote:

(a) honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

(b) full, fair, accurate, timely, and understandable disclosure in reports and documents that the Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;

(c) compliance with applicable governmental laws, rules and regulations;

(d) the prompt internal reporting to an appropriate person or persons identified in the Code of violations of the Code; and

(e) accountability for adherence to the Code.

The Code, including, but not limited to, those provisions relating to honest and ethical conduct, avoidance of conflicts of interest, maintenance of the Company's books and records, compliance with applicable governmental laws, rules and regulations, apply to the Designated Officers. In addition, the following requirements apply to the Designated Officers:

- Each Designated Officer shall at all times engage in honest and ethical conduct;
- Each Designated Officer shall avoid any actual or apparent conflicts of interest between his or her personal and professional relationships and any material transaction or relationship that reasonably could be expected to give rise to such a conflict, and shall report any such relationships or transactions to the Chairman of the Audit Committee immediately upon the existence of any such relationship or transaction;
- Each Designated Officer shall be responsible for the full, fair, accurate, timely, and understandable disclosure in reports and documents that a Company files with, or submits to, the Securities and Exchange Commission and in other public communications made by the Company;

- Any Designated Officer who has any question as to whether any transaction or relationship could reasonably be expected to give rise to a conflict of interest should seek the advice of the Chairman of the Audit Committee;

- Each Designated Officer shall comply with applicable governmental laws, rules and regulations;

- Each Designated Officer shall promptly report any violations of the Code, including these special provisions, to the Compliance Officer or, if the violation is by a Designated Officer, to the Chairman of the Audit Committee.

- Waivers of any provision of the Code, including any of these special provisions, for a Designated Officer or a director may be granted only by the majority of the Company's Independent Directors (as defined in the Company's Corporate Governance Guidelines).

Any Designated Officer who is found to have violated any provision of the Code, including any of the provisions set forth above in this section, shall, at the discretion of the majority of the Company's Independent Directors, be subject to disciplinary action, up through and including discharge, depending on the circumstances

Notice of any change in the Code that applies to the Designated Officers and any grant of a waiver of a Code provision for a Designated Officer shall be reported in accordance with the applicable requirements of the Securities and Exchange Commission.

Committees of the Board of Directors

The current committees of the Board are the Audit Committee, Compensation Committee, Directors and Corporate Governance Committee, Finance Committee, and Post-Retirement Benefits and Insurance Committee. Each of these committees operates under a written charter. A copy of each of the various charters is set forth below.

PIEDMONT NATURAL GAS COMPANY, INC.

Charter of the Audit Committee
of
The Board of Directors

The primary functions of the Audit Committee (the "Audit Committee" or "Committee") of the Board of Directors of Piedmont Natural Gas Company, Inc. (the "Company") are (1) to be directly responsible for the appointment, compensation and oversight of the work of any registered public accounting firm employed by the Company, (2) to assist the Board of Directors in fulfilling its oversight responsibilities by overseeing (a) the processes involved in the preparation and review of the financial reports provided to the public; (b) the Company's systems of internal controls regarding finance, accounting, and legal compliance and ethics that management and the Board have established; and (c) the Company's auditing, accounting and financial reporting processes generally, and (3) to perform the other functions required of audit committees of public companies under applicable laws, rules and regulations and the requirements of the New York Stock Exchange or any other national securities exchange on which the securities of the Company are then listed (the "Relevant Stock Market").

The Committee's primary duties and assigned roles are to:

- Serve as an independent and objective body to monitor, assess and assist Board oversight of the integrity of the Company's financial statements, the Company's compliance with legal and regulatory requirements, the independent auditor's qualifications and independence and the performance of the Company's internal audit function and independent auditors.

- Oversee the audit and other services of the Company's outside auditors and be directly responsible for the appointment, compensation and oversight of the outside auditors, who are to report directly to the Committee.

- Oversee the audit and other services of the Company's internal auditors.

- Assure the establishment of the Company's Code of Business Conduct and Ethics that applies to all directors, officers, and employees and the Code of Ethics that applies to the Chief Executive Officer and certain financial officers and serve as an independent and objective body to monitor and assess their implementation and operation.

- Provide an open avenue of communication among the outside auditors, accountants, financial and senior management, the internal auditing department and the Board of Directors, and resolve any disagreements between management and the outside auditors regarding financial reporting.

The outside auditors and internal auditing department are ultimately accountable to the Committee, in its capacity as a committee of the Board of Directors, and to the full

Board of Directors. While the Committee has the oversight, supervisory and other powers and responsibilities set forth in this Charter, it is not the responsibility of the Committee to plan or conduct audits, to implement internal controls, or to determine or certify that the Company's financial statements are complete and accurate or are in compliance with generally accepted accounting principles. These matters and tasks are the responsibility of the Company's management and the outside auditors. Likewise, it is the responsibility of the Company's management and/or the outside auditors to bring appropriate matters to the attention of the Committee, and to keep the Committee informed of matters which the Company's management or the outside auditors believe require attention, guidance, resolution or other actions, the bases therefor and other relevant considerations. While it is not the duty of the Audit Committee to conduct investigations or to assure compliance with applicable laws, rules and regulations, the Committee may take such actions with respect to such matters as it deems necessary or advisable in fulfilling its duties identified above.

To the fullest extent permissible under applicable law, each member of the Committee is entitled to rely in good faith upon the records of the Company and upon such information, opinions, reports or statements presented to the Committee by any of the Company's officers, employees, or committees, the outside auditors, the internal auditing department or any other person as to matters the member reasonably believes are within such other person's professional or expert competence and who has been selected with reasonable care by or on behalf of the Company.

I. COMPOSITION

The Audit Committee shall be composed of three or more Independent Directors. Members of the Audit Committee, each of whom shall meet the independence, experience, finance and accounting knowledge and other qualifications established by applicable laws, rules and regulations and the Relevant Stock Market, and shall be free of any relationship that, in the opinion of the Board of Directors, would interfere with their exercise of independent judgment as a Committee member. All members of the Committee shall be able to read and understand financial statements, and at least one member of the committee shall be an "audit committee financial expert," as defined by applicable laws, rules and regulations, and financially sophisticated as defined by rules or guidance issued by the Relevant Stock Market. Director fees are the only compensation a member of the Audit Committee may receive from the Company. The members of the Audit Committee shall be appointed annually by the Board of Directors and the Board of Directors shall determine which Audit Committee members are audit committee financial experts, as defined by applicable laws, rules and regulations or guidance issued by the Relevant Stock Market. The Chair of the Audit Committee shall meet any requirements of the Relevant Stock Market.

II. MEETINGS

The Audit Committee shall meet at least four times annually, and shall meet more frequently as circumstances dictate. The Chair shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting for the Committee to the Board of Directors. The Committee may request any officer or employee of the Company or the Company's internal and outside legal counsel or outside auditors to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee. In addition, the Committee may meet with management, the internal audit staff, the outside auditors and others in separate private sessions to discuss any matter that the Committee, management, the internal audit staff, the outside auditors or such other persons believe should be discussed privately, and the Committee shall meet separately with such persons as may be required by applicable laws, rules and regulations and the Relevant Stock Market. The Committee shall have direct access to management, the internal audit staff, the outside auditors, and the Company's internal and outside legal counsel, both at meetings and otherwise.

III. RESPONSIBILITIES AND DUTIES

In furtherance of its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the directors and stockholders that the corporate accounting and reporting practices of the Company are in accordance with all applicable requirements and are of the highest quality.

In carrying out these responsibilities, the Audit Committee will:

1. On an annual basis review and, to the extent the Committee determines it to be necessary or advisable, update the Committee's Charter.

2. Be directly responsible, and have the sole authority, for the appointment of the outside auditors to be retained by the Company (subject, if applicable, to shareholder approval) approve the compensation of the outside auditors, and be directly responsible, and have the sole authority, for the discharge or replacement of the outside auditors. Approve, in advance, the provision by the outside auditors of all services whether or not related to the audit. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to the outside auditors retained by the Company for the purpose of rendering or issuing an audit report.

3. Take appropriate action to oversee the independence of the outside auditors, including:

(a) periodically reviewing management consulting services, information technology services, and other non-audit services, and the respective related fees, provided by and to the outside auditors, which shall have been subject to preapproval by the Audit Committee, and any transactional or other relationships between the Company and the outside auditors; and considering whether, under applicable laws, rules and regulations and the requirements of the Relevant Stock Market and under criteria the Audit Committee determines to be appropriate, the outside auditors' provision of non-audit services to the Company is compatible with maintaining the independence of the outside auditors; and the Committee may delegate to a Committee member the authority to pre-approve certain auditing and non-auditing services, which services shall be considered to be approved by the full Committee until ratification of such approval is considered at the next regularly scheduled Committee meeting;

(b) ensuring its receipt from the outside auditors of, and reviewing, a formal written statement delineating all relationships between the outside auditors and the Company, consistent with Independence Standards Board Standard 1;

(c) ensuring that the lead and concurring audit partner each rotate off the Company's engagement after five years of service and that the other audit partners rotate off the Company's engagement after seven years of service;

(d) ensuring that the Company does not engage an outside auditor if the Company's Chief Executive Officer, Chief Financial Officer, principal accounting officer or controller was employed by such auditor and participated in any audit of the Company during the preceding year.

(e) actively engaging in a dialogue with the outside auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the outside auditors; and

(f) taking appropriate action on any disclosed relationships to satisfy itself of the outside auditors' independence.

4. At least annually, obtain and review a report by the independent auditor describing: the firm's internal quality-control procedures; any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the auditor's independence) all relationships between the independent auditor and the Company.

5. Discuss the annual audited financial statements and quarterly financial statements with management and the independent auditor, including the company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."

6. Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies. The responsibility to discuss earnings releases as well as financial information and earnings guidance may be done generally (*i.e.*, discussion of the types of information to be disclosed and the type of presentation to be made). The Committee need not discuss in advance each earnings release or each instance in which a company may provide earnings guidance.

7. Inquire of management, internal audit staff, and the outside auditors about

significant financial risks or exposures, the Company's processes for identifying and assessing such risks and exposures and the steps management has taken to minimize such risks and exposures to the Company. Also, review and assess the Company's processes for identifying and assessing significant risks or exposures and for formulating and implementing steps to minimize such risks and exposures to the Company.

8. Review with the outside auditors their plans for, and the scope of, their annual audit and other examinations of the Company's quarterly, annual and other financial information.

9. Review with internal audit staff and the outside auditors the coordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of internal and external audit resources.

10. Consider and review separately with management, the outside auditors and internal audit staff at least once each fiscal quarter:

(a) The adequacy and effectiveness of the Company's internal controls and procedures for financial reporting including computerized information system controls and security.

(b) Any related significant findings and recommendations of the independent auditors and internal audit staff regarding internal controls and procedures for financial reporting, together with management's responses thereto.

11. Review with management and the outside auditors (and where appropriate the internal auditors) at the completion of the annual examination:

(a) The Company's annual financial statements and related footnotes.

(b) The outside auditors' audit of the financial statements and report thereon.

(c) Any significant changes required in the outside auditors' audit plan.

(d) Any serious difficulties or disputes with management encountered during the course of the audit.

(e) Any material correcting adjustments that have been identified by the outside auditors in accordance with generally accepted accounting principles and applicable laws, rules and regulations.

(f) Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entities or other persons, that may have a material current or future effect on financial condition, changes in financial condition, results of operations, liquidity, capital expenditures, capital resources, or significant components of revenues or expenses.

(g) Other matters related to the conduct of the audit which are to be communicated to the Committee under generally accepted auditing standards, including under Statement on Auditing Standards No. 61, Communications with Audit Committees.

12. Based on the review and discussions with management and the outside auditors, determine whether to recommend to the Board that the audited financial statements be included in the Company's Annual Report on Form 10-K for the past fiscal year.

13. Approve the Audit Committee report to be included in the Company's proxy statement, and receive the information to be provided by the outside auditors for inclusion in the proxy statement, including with regard to fees relating to the audit.

14. Inquire of management, internal audit staff, and the outside auditors about key financial statement risk areas, the Company's processes for identifying and assessing such risk areas and the steps the Company has taken with regard to such risk areas.

15. Review and evaluate the Company's processes for identifying and assessing key financial statement risk areas and for formulating and implementing steps to address such risk areas.

16. Receive, review and recommend an appropriate response with respect to certifications from the Chief Executive Officer and the Chief Financial Officer as to any significant deficiencies or material weaknesses in issuer's internal controls and with respect to any possible internal fraud or accounting irregularities.

17. Consider the outside auditors' reports and judgments brought to the attention of the Audit Committee about the quality and appropriateness of the Company's accounting principles as applied in its financial reporting, significant accounting policies, audit conclusions regarding the reasonableness of significant accounting estimates and any audit adjustments. Also, review and consider information received from the outside auditors regarding all critical accounting policies and practices to be used by the Company, all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, ramifications of the use of such alternative disclosures and treatments, the treatment preferred by the outside auditors, and other material written communications between the outside auditors and management, including any management letter or schedule of unadjusted differences.

18. Consider and review with management and internal audit staff, including where appropriate the senior member of the internal audit staff:

(a) Significant findings during the year by the outside auditors and internal audit staff, and management's responses thereto;

(b) Any difficulties encountered in the course of internal audit activities, including any restrictions on the scope of their work or access to required information;

(c) Any changes required in the planned scope of the internal audit plan;

(d) The adequacy of the internal auditing department budget and staffing; and

(e) The internal auditing department charter.

19. Review with management, internal audit staff and the outside auditors their assessments of the adequacy of the internal control structure and procedures of the Company for financial reporting (including any annual report on internal controls required in the annual report to shareholders), the resolution of any identified material weaknesses in such internal control structure and procedures and the assessments of such internal control structure and procedures to be included in filings with the SEC or other publicly available documents.

20. Review with a representative of management and the outside auditors the financial information contained in the Company's quarterly earnings announcements as well as the Company's guidance concerning its future financial performance prior to public release and any material issues brought to the attention of the Committee by the outside auditors or internal audit staff regarding the interim financial reports before each is filed with the SEC. Discuss with the outside auditors any matters required to be communicated by the outside auditors to the Audit Committee or its Chair in connection with the outside auditors' review of the interim financial statements of the Company. The Chair or another member of the Audit Committee designated by the Chair shall be available to review with management current disclosures regarding material changes in the financial condition or operations of the Company.

21. Review policies and procedures with respect to Company transactions in which officers or directors have an interest; where appropriate, including when their review is requested by management or the outside auditors, review policies and procedures with regard to officers' expense accounts and perquisites, including their use of corporate assets and consider the results of any review of these areas by the internal audit staff or outside auditors. Review all related-party transactions and similar matters to the extent required by the Relevant Stock Market to be approved by an audit committee or comparable body.

22. Review with the internal audit staff, and where appropriate the outside auditors, the Company's Code of Business Conduct and Ethics that applies to all directors, officers, and employees and the Code of Ethics that applies to the Chief Executive Officer and certain financial officers, any significant issues noted during the implementation of the program and any significant changes recommended in the scope of the program. Review and make recommendations to the Board of Directors regarding the Code of Business Conduct and Ethics adopted or to be adopted by the Board of Directors for the principal executive officer, principal financial officer, principal accounting officer

or controller.

23. Review with the Company's counsel legal and regulatory matters brought to the attention of the Audit Committee that may have a material impact on the financial statements. Respond appropriately to any matters reported to the Audit Committee by counsel, including adopting, as necessary, appropriate remedial measures or sanctions, or recommending such action to the Board of Directors.

24. As circumstances dictate, meet with internal audit staff, the outside auditors, and management in separate executive sessions to discuss any matters that the Committee or these groups believe should be discussed privately with the Audit Committee.

25. Establish procedures for (A) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (B) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

26. Report Committee actions to the Board of Directors with such recommendations as the Committee may deem appropriate.

27. Conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

28. Retain, at such times and on such terms as the Committee determines in its sole discretion and at the Company's expense, special legal, accounting or other experts or consultants to advise and assist it in complying with its responsibilities set forth herein. The Committee shall have the authority to engage independent counsel, accountants, or other experts or advisers as it determines necessary to carry out its duties, and the Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers retained by the Committee under this paragraph.

29. Set clear hiring policies for employees or former employees of the Company's independent auditors.

30. Conduct an annual performance evaluation of the Committee.

31. Perform such other functions as may be required by applicable laws, rules and regulations and the Relevant Stock Market, the Company's Articles of Incorporation and Bylaws, or by the Board of Directors.

It is acknowledged that all of the above listed tasks and focus areas may not be relevant to all of the matters and tasks that the Committee may consider and act upon from time to time, and the members of the Committee in their judgment may determine the relevance thereof and the attention such items will receive in any particular context.

PIEDMONT NATURAL GAS COMPANY, INC.

Charter of the Compensation Committee
of
The Board of Directors

The primary function of the Compensation Committee is to provide overall guidance in the development of executive compensation programs, including the Employee Salary Administration Plan, the Executive Long-Term Incentive Plan and any other equity-compensation plan, and to produce an annual report on executive compensation for inclusion in the Company's proxy statement, in accordance with applicable rules and regulations. The goals of the Compensation Committee are to create compensation packages for officers and key managers that will attract and retain persons of outstanding ability and to reward those officers and key managers for superior corporate performance as measured by financial results and strategic achievements. The Committee has the sole authority to retain and terminate consulting firms to assist in the evaluation of director, CEO or senior executive compensation and to approve the fees of such consultants.

1. Composition of Committee.

The Compensation Committee shall consist of three (3) or more Independent Directors selected by the Board from among its members and elected by a majority of the Independent Directors of the entire Board. In addition, each member of the Committee must be (i) a "Non-Employee" director (within the meaning of Section 16b-3 of the Securities Exchange Act of 1934), (ii) an "outside director" as defined in Section 162(m) of the Internal Revenue Code, (iii) have no relationship to the Company that may interfere with the exercise of his or her independence from management of the Company, and (iv) otherwise qualify under any applicable laws, rules and regulations.

Members of the Directors and Corporate Governance Committee may be removed at any time by a vote of the majority of the Independent Directors of the entire Board. The Compensation Committee may determine its own rules of procedure, and may delegate certain ministerial functions to a subcommittee of one or more members of the Committee.

2. Committee Governance and Meetings.

The Board shall designate the chair of the Compensation Committee. The Compensation Committee may determine its own rules of procedure. The Compensation Committee shall meet at least once annually, or more frequently as circumstances dictate.

3. Scope of Responsibilities.

The Compensation Committee shall:

(1) Evaluate the performance of management and report the results of such evaluation to the Board;

(2) Consider management succession and related matters and make recommendations to the Board with respect to the same;

(3) Review the qualifications of present and/or potential officers and make recommendations to the Board with respect to promotions or other changes in positions;

(4) Review the Company's Performance Management Program for salaried employees and make recommendations to the Board with respect to the same;

(5) Review the compensation (including salaries and any other compensation reportable on IRS Form W-2) of all employees who are members of the Board and of all officers of the Company who are elected by the Board and make recommendations to the Board with respect to the same;

(6) Review the ownership of the Company's stock by the officers and other key employees of the Company, establish goals and/or guidelines with respect to such ownership and recommend to the Board plans and procedures for achieving such goals and/or guidelines.

(7) Review the Company's Executive Long-Term Incentive Plan (the "LTIP") and make recommendations to the Board with respect to the LTIP, and in that connection, the Committee shall:

i. Construe and interpret the LTIP;

ii. Determine the terms and provisions of awards to be granted under the LTIP;

iii. Define the terms used in the LTIP and in the awards granted thereunder;

iv. Prescribe, amend and rescind rules and regulations relating to the LTIP;

v. Determine the individuals to whom and the times at which awards shall be granted and the number of shares to be subject to each award; and

vi. Make all other determinations necessary or advisable for the administration of the LTIP;

provided, however that the decisions of the Committee as to eligibility, measures of performance and form of awards shall be subject to the approval of the Board;

In determining the long-term incentive component of CEO compensation, the committee should consider the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the listed company's CEO in past years.

(8) Review and make recommendations to the Board with respect to any other incentive-compensation plans and equity based plans.

(9) Review the Company's Salary Administration Plan and make recommendations to the Board with respect to such plan;

(10) Provide the Compensation Committee Report required by the Rules and Regulations of the Securities and Exchange Commission;

(11) Review and approve specific corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation with the approval of a majority of the Independent Directors of the Board.

(12) Determine if the compensation for each of the five highest paid officers is reasonable as compared with executives in similarly situated positions in peer group companies in view of the Company's performance and the contribution of those officers to established performance standards;

(13) Have the authority to negotiate and, with the approval of the Board, enter into arrangements, execute or authorize the execution of and the affixing of the corporate seal to such contracts and documents as it may deem appropriate in cases relating to the terms and conditions of employment of officers of the Company;

(14) In its discretion and at its sole authority, retain, terminate and approve the fees of independent compensation consultants to assist the Committee in its review and evaluations; and

(15) Conduct an annual performance evaluation of the Committee.

PIEDMONT NATURAL GAS COMPANY, INC.

Charter of the Directors and Corporate Governance Committee of The Board of Directors

The primary function of the Directors and Corporate Governance Committee is to review and articulate the governance structure of the Board of Directors and the Company's position and practices on significant issues of public responsibility. The committee is responsible for recommending qualified candidates to the Board for election as directors of the Company, including the slate of directors that the Board proposes for election by stockholders at the Annual Meeting.

1. Composition of Committee.

The Directors and Corporate Governance Committee shall consist of three (3) or more Independent Directors elected by a majority of the Independent Directors of the entire Board. Members of the Directors and Corporate Governance Committee may be removed at any time by a vote of the majority of the Independent Directors of the entire Board. The Directors and Corporate Governance Committee may determine its own rules of procedure, and may delegate certain ministerial functions to a subcommittee of one or more members of the Committee.

2. Committee Governance and Meetings.

The Board shall designate the chair of the Directors and Corporate Governance Committee. The Directors and Corporate Governance Committee may determine its own rules of procedure. The Directors and Corporate Governance Committee shall meet at least once annually, or more frequently as circumstances dictate.

3. Scope of Responsibilities.

The Directors and Corporate Governance Committee shall:

(1) Advise and make recommendations to the Board on all matters concerning directorship practices, including retirement policies, and recommendations concerning the functions, duties, membership and chairs of the committees of the Board;

(2) Advise and make recommendations to the Board on the form and amount of non-employee director compensation, including the periodic review thereof, which should be targeted at the median with other non-employee director compensation arrangements at peer companies;

(3) Monitor the Company's Corporate Governance Principles for revision and compliance;

(4) Recommend processes for and oversee assessment of Board performance, which, at a minimum, must contain an annual performance evaluation of the Board and a review of the annual evaluations of each committee of the Board;

(5) Review and consider the Company's position and practices on significant issues of corporate public responsibility, such as workforce diversity, protection of the environment, and philanthropic contributions;

(6) Develop and maintain criteria and procedures for the identification and recruitment of candidates for Board membership on the basis of recognized achievements, broad knowledge and experience and the ability to bring sound business judgment to the deliberations of the Board. These criteria and procedures shall include:

(a) limitations on the number of boards on which a director may serve,

(b) director tenure,

(c) director retirement,

(d) director succession,

(e) director responsibilities, including basic duties and responsibilities with respect to attendance at board meetings and advance review of meeting materials,

(f) director compensation,

(g) director continuing education, and

(h) annual self-evaluation.

(7) Have the sole authority to retain and terminate any search firm to be used to identify director candidates, including sole authority to approve the search firm's fees and other retention terms**;**

(8) Recommend qualified candidates to the Board for election as directors of the Company; and

(9) Conduct an annual performance evaluation of the Committee and have the oversight of the evaluation of the Board and management**.**

PIEDMONT NATURAL GAS COMPANY, INC.

Charter of the Finance Committee
of
The Board of Directors

The primary function of the Finance Committee is to review the financial condition of the Company and to make recommendations to the Board with respect to the Company's capital budget and financing needs.

1. Composition of Committee.

The Committee shall consist of three (3) or more Non-Management Directors. The Committee may determine its own rules of procedure. The Committee shall meet at least once annually, or more frequently as circumstances dictate.

2. Committee Governance and Meetings.

The Board shall designate the chair of the Finance Committee. The Finance Committee may determine its own rules of procedure. The Finance Committee shall meet at least once annually, or more frequently as circumstances dictate.

3. Scope of Responsibilities.

The Finance Committee shall:

(1) Regularly review the financial condition of the Company so as to counsel the Board on the total financial resources, strength and capabilities of the Company;

(2) Review and make recommendations to the Board with respect to proposals of the Company's management concerning long- and short-term financing and investments;

(3) Review and make recommendations to the Board with respect to the Company's capital budget;

(4) Review and evaluate any off-balance sheet financing of the Company; and

(5) Conduct an annual performance evaluation of the Committee.

PIEDMONT NATURAL GAS COMPANY, INC.

Charter of the Post-Retirement Benefits and Insurance Committee
of
The Board of Directors

The primary function of the Post-Retirement Benefits and Insurance Committee shall be to oversee the operation and administration of the Company's Retirement Plan (the "Plan"), and other post-retirement benefits and insurance.

1. Composition of Committee.

The Committee shall consist of three (3) or more Non-Management Directors who shall not be current or past employees of the Company. The Committee may determine its own rules of procedure. The Committee shall meet at least once annually, or more frequently as circumstances dictate.

2. Committee Governance and Meetings.

The Board shall designate the chair of the Post-Retirement Benefits and Insurance Committee. The Post-Retirement Benefits and Insurance Committee may determine its own rules of procedure. The Post-Retirement Benefits and Insurance Committee shall meet at least once annually, or more frequently as circumstances dictate.

3. Scope of Responsibilities.

In consultation with the Vice President of Human Resources and the Chief Financial Officer, the Post-Retirement Benefits and Insurance Committee shall:

(1) Have the duty and responsibility to oversee the operation and administration of the Plan;

(2) Meet on a regular basis with the named fiduciaries of the Plan and, if appropriate, with the trustees and any investment manager of the Plan;

(3) Determine whether or not the named fiduciaries are acting prudently as to Plan assets and Plan administration and whether or not the named fiduciaries, trustees and any investment manager of the Plan should be retained or replaced;

(4) Make periodic reviews of the investment performances of the trustees and of any investment manager of the Plan;

(5) Make periodic reviews of the funding policy of the Plan in light of actual requirements;

(6) Establish an organizational structure with respect to the management, administration and investments of the Plan; define the scope and limits of

responsibility of each level of the Plan organization; and designate competent persons to manage and administer the Plan, including the designation of an administrative committee of the Plan to perform the day-to-day operational and administrative aspects of the Plan;

(7) Make periodic reports of its findings and recommendations with respect to the Plan to the entire Board, which reports shall include a recommendation as to whether the named fiduciaries, trustees and any investment manager of the Plan should be retained or replaced;

(8) Regularly review the Company's insurance coverage, including, but not limited to,

(i) Commercial General Liability Insurance;

(ii) Workers' Compensation and Occupational Disease Insurance;

(iii) Comprehensive Automobile Liability Insurance;

(iv) Excess or Umbrella Bodily Injury and/or Property Damage Liability Insurance; and

(v) Directors and Officers Liability Insurance.

(9) Counsel the Board on the adequacy of the Company's Insurance coverage;

(10) Review and make recommendations to the Board with respect to proposals of the Company's management concerning the proper types and amounts of insurance coverage; and

(11) Conduct an annual performance evaluation of the Committee.