

October 30, 2008

Dominion Announces Third-Quarter 2008 Earnings

- ***Third-quarter GAAP earnings of 87 cents per share***
- ***Operating earnings of 94 cents per share exceed guidance of 87 cents to 92 cents per share***
- ***Affirms 2008 annual guidance of \$3.10 to \$3.15 operating earnings per share***
- ***Affirms 2009 outlook of \$3.30 to \$3.45 operating earnings per share***
- ***Conference call scheduled for 10 a.m. EDT today***

RICHMOND, Va. – Dominion (NYSE: D) today announced unaudited net income determined in accordance with Generally Accepted Accounting Principles (GAAP) for the three months ended Sept. 30, 2008, of \$508 million (87 cents per share). This compares to net income of \$2.3 billion (\$3.62 per share) for the same period in 2007, which primarily reflected the benefit from the sale of the majority of the company's non-Appalachian E&P operations.

Operating earnings for the three months ended Sept. 30, 2008, amounted to \$545 million (94 cents per share) compared to operating earnings of \$551 million (86 cents per share) for the same period in 2007. Operating earnings are defined as GAAP earnings adjusted for certain items.

Dominion uses operating earnings as the primary performance measurement of its earnings outlook and results for public communications with analysts and investors. Dominion also uses operating earnings internally for budgeting, for reporting to the board of directors, for the company's incentive compensation plans and for its targeted dividend payout ratios. Dominion management believes operating earnings provide a more meaningful representation of the company's fundamental earnings power.

Business segment results and detailed descriptions of items included in 2008 and 2007 GAAP earnings but excluded from operating earnings can be found on Schedules 1, 2 and 3 of this release.

Thomas F. Farrell II, chairman, president and chief executive officer, said:

"Amid the present economic turmoil and despite unfavorable weather, our quarterly earnings exceeded the top end of our provided guidance. Year to date, we continue to see strong results, driven by our generation and energy infrastructure businesses.

"We feel comfortable affirming our full year guidance of \$3.10 to \$3.15 operating earnings per share, as well as our 2009 outlook of \$3.30 to \$3.45 operating earnings per share.

"Given its confidence in the strength of our company's earnings and business model, the board of directors recently declared our fourth-quarter dividend and reconfirmed our dividend policy to sustain increases in 2009 and 2010 that will allow us to reach our targeted 2010 payout ratio of 55 percent."

Third-quarter 2008 operating earnings compared to guidance

Third-quarter 2008 operating earnings of 94 cents per share compare favorably to guidance of 87 cents to 92 cents per share. Drivers that compared favorably to guidance include higher contributions from the producer services business, lower expenses at the utility generation business and higher contributions from the gas distribution business. Factors that compared negatively to guidance include milder-than-normal weather in the company's electric utility service area and lower contributions from Dominion Retail.

Third-quarter 2008 operating earnings compared to 2007

The increase in third-quarter 2008 operating earnings per share as compared to 2007 is primarily attributable to higher margins from the merchant generation business, higher contributions from the producer services business and accretion due to share repurchases in 2007. These positives were partially offset by a higher effective tax rate and milder-than-normal weather in the company's electric utility service area. Complete details of third-quarter 2008 operating earnings compared to 2007 can be found on Schedule 4 of this release.

Fourth-quarter 2008 operating earnings guidance

Dominion expects fourth-quarter 2008 operating earnings in the range of 67 cents per share to 72 cents per share. This compares to operating earnings of 52 cents per share in the fourth quarter of 2007. Drivers expected to compare favorably to 2007 include higher contributions from the merchant generation business, lower outage expenses at the utility generation business, higher contributions from the gas distribution and gas transmission businesses and higher margins from the company's remaining E&P operations.

Expected offsets include the absence of earnings from Peoples Natural Gas and Hope Gas, Inc.; lower contributions from the company's producer services business; higher depreciation and amortization expense at the electric utility; and higher interest expense. Complete details of the company's fourth-quarter 2008 guidance can be found in Dominion's third-quarter 2008 Earnings Release Kit published this morning on Dominion's Web page under Financial Modeling, Earnings Release Kits at <http://www.dom.com/investors/>.

In providing its fourth-quarter, full year 2008 guidance and full year 2009 operating earnings outlook, the company notes that there will be differences between expected GAAP and operating earnings for matters such as, but not limited to, divestitures or changes in accounting principles. At this time, Dominion management is not able to estimate the impact, if any, of these items on GAAP earnings. Accordingly, Dominion is not able to provide a corresponding GAAP equivalent for its operating earnings guidance and outlook.

Conference call today

Dominion will host its third-quarter earnings conference call at 10 a.m. EDT on Thursday, Oct. 30. Dominion management will discuss third-quarter 2008 financial results, fourth-quarter 2008 guidance and other matters of interest to the financial community.

Domestic callers should dial **(866) 710-0179**. The passcode for the conference call is "Dominion." International callers should dial **(334) 323-9871**. Participants should dial

in 10 minutes to 15 minutes prior to the scheduled start time. Members of the media also are invited to listen.

A live webcast of the conference call will be available on the company's investor information page at <http://www.dom.com/investors/>.

A replay of the conference call will be available beginning about 1 p.m. EDT Oct. 30 and lasting until 11 p.m. EST Nov. 6. Domestic callers may access the recording by dialing **(877) 919-4059**. International callers should dial **(334) 323-7226**. The **PIN** for the replay is **26607556**. Additionally, a replay of the webcast will be available on the company's investor information page by the end of the day Oct. 30.

Dominion is one of the nation's largest producers and transporters of energy, with a portfolio of approximately 27,000 megawatts of generation, 1.1 trillion cubic feet equivalent of proved natural gas and oil reserves, 14,000 miles of natural gas transmission, gathering and storage pipeline and 6,000 miles of electric transmission lines. Dominion operates the nation's largest natural gas storage facility with 975 billion cubic feet of storage capacity and serves retail energy customers in 12 states. For more information about Dominion, visit the company's Web site at <http://www.dom.com/>.

This release contains certain forward-looking statements, including our forecasted operating earnings for 2008 and 2009 as well as our projected future long-term policy for dividend growth rates, that are subject to various risks and uncertainties. Factors that could cause actual results to differ materially from management's projections, forecasts, estimates and expectations may include factors that are beyond the company's ability to control or estimate precisely, such as fluctuations in energy-related commodity prices, the timing of the closing dates of acquisitions or divestitures, estimates of future market conditions, estimates of proved and unproved reserves, the company's ability to meet its natural gas and oil production forecasts, the timing and receipt of regulatory approvals necessary for planned projects, acquisitions and divestitures, and the ability to complete planned construction or expansion projects as scheduled. Other factors include, but are not limited to, weather conditions, including the effects of hurricanes on operations, the behavior of other market participants, state and federal legislative and regulatory developments and changes to environmental and other laws and regulations, including those related to climate change, greenhouse gases and other emissions to which we are subject, economic conditions in the company's service area, risks of operating businesses in regulated industries that are subject to changing regulatory structures, changes to regulated gas and electric rates collected by Dominion, changes to rating agency requirements and ratings, changing financial accounting standards, trading counter-party credit risks, risks related to energy trading and marketing, adverse outcomes in litigation matters, the receipt of board approval for future increases to the dividend and other uncertainties. Other risk factors are detailed from time to time in Dominion's most recent quarterly report on Form 10-Q or annual report on Form 10-K filed with the Securities & Exchange Commission.

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- Financial schedules that accompany the news release ([PDF document](#), requires the free [Adobe Acrobat Reader](#))

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