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| <b>Form 5500</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security<br>Administration<br><br>Pension Benefit Guaranty Corporation | <b>Annual Return/Report of Employee Benefit Plan</b><br><br>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► Complete all entries in accordance with the instructions to the Form 5500.</b> | OMB Nos. 1210-0110<br>1210-0089               |
|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                    | <b>2011</b>                                   |
|                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                    | <b>This Form is Open to Public Inspection</b> |

|                                                                                                          |                                                                                                                                                                                                                                           |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                            | <b>Annual Report Identification Information</b>                                                                                                                                                                                           |
| For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u> |                                                                                                                                                                                                                                           |
| <b>A</b> This return/report is for:                                                                      | <input type="checkbox"/> a multiemployer plan; <input type="checkbox"/> a multiple-employer plan; or<br><input checked="" type="checkbox"/> a single-employer plan; <input type="checkbox"/> a DFE (specify) ____                         |
| <b>B</b> This return/report is:                                                                          | <input type="checkbox"/> the first return/report; <input type="checkbox"/> the final return/report;<br><input type="checkbox"/> an amended return/report; <input type="checkbox"/> a short plan year return/report (less than 12 months). |
| <b>C</b> If the plan is a collectively-bargained plan, check here. . . . .                               | <input type="checkbox"/>                                                                                                                                                                                                                  |
| <b>D</b> Check box if filing under:                                                                      | <input checked="" type="checkbox"/> Form 5558; <input type="checkbox"/> automatic extension; <input type="checkbox"/> the DFVC program;<br><input type="checkbox"/> special extension (enter description)                                 |

|                                                                                                                                                                                                                                        |                                                                                                                                                                                                   |
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| <b>Part II</b>                                                                                                                                                                                                                         | <b>Basic Plan Information</b> —enter all requested information                                                                                                                                    |
| <b>1a</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                                                                                                                                                 | <b>1b</b> Three-digit plan number (PN) ► <u>001</u><br><b>1c</b> Effective date of plan <u>05/01/1951</u>                                                                                         |
| <b>2a</b> Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan)<br><br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u><br><br><u>4720 PIEDMONT ROW DRIVE</u><br><u>CHARLOTTE, NC 28210</u> | <b>2b</b> Employer Identification Number (EIN)<br><u>56-0556998</u><br><b>2c</b> Sponsor's telephone number<br><u>704-364-3120</u><br><b>2d</b> Business code (see instructions)<br><u>221210</u> |

**Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.**

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

|                  |                                                          |                   |                                                              |
|------------------|----------------------------------------------------------|-------------------|--------------------------------------------------------------|
| <b>SIGN HERE</b> | <u>Filed with authorized/valid electronic signature.</u> | <u>10/14/2012</u> | <u>RENEE H. METZLER</u>                                      |
|                  | Signature of plan administrator                          | Date              | Enter name of individual signing as plan administrator       |
| <b>SIGN HERE</b> |                                                          |                   |                                                              |
|                  | Signature of employer/plan sponsor                       | Date              | Enter name of individual signing as employer or plan sponsor |
| <b>SIGN HERE</b> |                                                          |                   |                                                              |
|                  | Signature of DFE                                         | Date              | Enter name of individual signing as DFE                      |

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Form 5500 (2011)  
v.012611

|                                                                                                                                                                                     |                                                                                                               |
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| <b>3a</b> Plan administrator's name and address (if same as plan sponsor, enter "Same")<br>PIEDMONT NATURAL GAS COMPANY, INC.<br><br>4720 PIEDMONT ROW DRIVE<br>CHARLOTTE, NC 28210 | <b>3b</b> Administrator's EIN<br>56-0556998<br><br><b>3c</b> Administrator's telephone number<br>704-364-3120 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                       |                                   |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| <b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:<br><br><b>a</b> Sponsor's name | <b>4b</b> EIN<br><br><b>4c</b> PN |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|

|                                                                         |          |      |
|-------------------------------------------------------------------------|----------|------|
| <b>5</b> Total number of participants at the beginning of the plan year | <b>5</b> | 2300 |
|-------------------------------------------------------------------------|----------|------|

|                                                                                                                                                        |           |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|------|
| <b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ). |           |      |
| <b>a</b> Active participants.....                                                                                                                      | <b>6a</b> | 1554 |
| <b>b</b> Retired or separated participants receiving benefits.....                                                                                     | <b>6b</b> | 287  |
| <b>c</b> Other retired or separated participants entitled to future benefits.....                                                                      | <b>6c</b> | 321  |
| <b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....                                                                               | <b>6d</b> | 2162 |
| <b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....                                              | <b>6e</b> | 92   |
| <b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....                                                                                                | <b>6f</b> | 2254 |
| <b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....         | <b>6g</b> |      |
| <b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....             | <b>6h</b> | 5    |

|                                                                                                                                      |          |  |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|--|
| <b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) ..... | <b>7</b> |  |
|--------------------------------------------------------------------------------------------------------------------------------------|----------|--|

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:

1A 1E 1G 3H

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

|                                                                                |                                                                                |
|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| <b>9a</b> Plan funding arrangement (check all that apply)                      | <b>9b</b> Plan benefit arrangement (check all that apply)                      |
| <b>(1)</b> <input type="checkbox"/> Insurance                                  | <b>(1)</b> <input type="checkbox"/> Insurance                                  |
| <b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts | <b>(2)</b> <input type="checkbox"/> Code section 412(e)(3) insurance contracts |
| <b>(3)</b> <input checked="" type="checkbox"/> Trust                           | <b>(3)</b> <input checked="" type="checkbox"/> Trust                           |
| <b>(4)</b> <input type="checkbox"/> General assets of the sponsor              | <b>(4)</b> <input type="checkbox"/> General assets of the sponsor              |

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

**a Pension Schedules**

- (1)** ☒ **R** (Retirement Plan Information)  
  
**(2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary  
  
**(3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

**b General Schedules**

- (1)** ☒ **H** (Financial Information)  
**(2)** ☐ **I** (Financial Information – Small Plan)  
**(3)** ☐ **A** (Insurance Information)  
**(4)** ☒ **C** (Service Provider Information)  
**(5)** ☒ **D** (DFE/Participating Plan Information)  
**(6)** ☐ **G** (Financial Transaction Schedules)

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
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| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2011</b><br><br><b>This Form is Open to Public Inspection</b> |
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

|                                                                                                                                           |                                                                                                                                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                                                     | <b>B</b> Three-digit plan number (PN) ▶ <u>001</u>                                                                                                      |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u>                     | <b>D</b> Employer Identification Number (EIN)<br><u>56-0556998</u>                                                                                      |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B | <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |

|                                                                                                                                                                                                                 |                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>Part I</b>                                                                                                                                                                                                   | <b>Basic Information</b>                                                           |
| <b>1</b> Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>                                                                                                                               |                                                                                    |
| <b>2</b> Assets:                                                                                                                                                                                                |                                                                                    |
| <b>a</b> Market value .....                                                                                                                                                                                     | <b>2a</b> <u>251537615</u>                                                         |
| <b>b</b> Actuarial value .....                                                                                                                                                                                  | <b>2b</b> <u>233303557</u>                                                         |
| <b>3</b> Funding target/participant count breakdown:                                                                                                                                                            |                                                                                    |
| <b>a</b> For retired participants and beneficiaries receiving payment .....                                                                                                                                     | <b>3a</b> (1) Number of participants <u>370</u> (2) Funding Target <u>37996842</u> |
| <b>b</b> For terminated vested participants .....                                                                                                                                                               | <b>3b</b> <u>313</u> <u>16600277</u>                                               |
| <b>c</b> For active participants:                                                                                                                                                                               |                                                                                    |
| (1) Non-vested benefits .....                                                                                                                                                                                   | <b>3c(1)</b> <u>7480876</u>                                                        |
| (2) Vested benefits .....                                                                                                                                                                                       | <b>3c(2)</b> <u>127846051</u>                                                      |
| (3) Total active .....                                                                                                                                                                                          | <b>3c(3)</b> <u>1618</u> <u>135326927</u>                                          |
| <b>d</b> Total .....                                                                                                                                                                                            | <b>3d</b> <u>2301</u> <u>189924046</u>                                             |
| <b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b) .....                                                                                                                   | <input type="checkbox"/>                                                           |
| <b>a</b> Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                       | <b>4a</b>                                                                          |
| <b>b</b> Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor ..... | <b>4b</b>                                                                          |
| <b>5</b> Effective interest rate .....                                                                                                                                                                          | <b>5</b> <u>6.05 %</u>                                                             |
| <b>6</b> Target normal cost .....                                                                                                                                                                               | <b>6</b> <u>6834313</u>                                                            |

**Statement by Enrolled Actuary**

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

|                                                                           |                                        |
|---------------------------------------------------------------------------|----------------------------------------|
| <b>SIGN HERE</b>                                                          | <u>10/09/2012</u>                      |
| Signature of actuary                                                      | Date                                   |
| <u>GARO AGHJAYAN</u>                                                      | <u>11-06816</u>                        |
| Type or print name of actuary                                             | Most recent enrollment number          |
| <u>MERCER</u>                                                             | <u>704-805-7500</u>                    |
| Firm name                                                                 | Telephone number (including area code) |
| <u>100 N. TRYON STREET, SUITE 3400</u><br><u>CHARLOTTE, NC 28202-4023</u> |                                        |
| Address of the firm                                                       |                                        |

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

**For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.**

**Schedule SB (Form 5500) 2011**  
**v.012611**

| <b>Part II Beginning of year carryover and prefunding balances</b>                                                                |                       |                        |
|-----------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
|                                                                                                                                   | (a) Carryover balance | (b) Prefunding balance |
| <b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year) .....                          | 15276541              | 0                      |
| <b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                       | 0                     | 0                      |
| <b>9</b> Amount remaining (line 7 minus line 8) .....                                                                             | 15276541              | 0                      |
| <b>10</b> Interest on line 9 using prior year's actual return of <u>13.85</u> % .....                                             | 2115801               |                        |
| <b>11</b> Prior year's excess contributions to be added to prefunding balance:                                                    |                       |                        |
| <b>a</b> Present value of excess contributions (line 38 from prior year) .....                                                    |                       | 20823324               |
| <b>b</b> Interest on (a) using prior year's effective rate of <u>6.62</u> % except as otherwise provided (see instructions) ..... |                       | 1378504                |
| <b>c</b> Total available at beginning of current plan year to add to prefunding balance .....                                     |                       | 22201828               |
| <b>d</b> Portion of (c) to be added to prefunding balance .....                                                                   |                       | 0                      |
| <b>12</b> Other reductions in balances due to elections or deemed elections .....                                                 | 0                     | 0                      |
| <b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12) .....                                      | 17392342              | 0                      |

| <b>Part III Funding percentages</b>                                                                                                                                        |           |          |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| <b>14</b> Funding target attainment percentage .....                                                                                                                       | <b>14</b> | 113.68 % |
| <b>15</b> Adjusted funding target attainment percentage .....                                                                                                              | <b>15</b> | 122.84 % |
| <b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement ..... | <b>16</b> | 135.91 % |
| <b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage .....                                        | <b>17</b> | %        |

| <b>Part IV Contributions and liquidity shortfalls</b>                                    |                                   |                                 |                          |                                   |                                 |
|------------------------------------------------------------------------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
| <b>18</b> Contributions made to the plan for the plan year by employer(s) and employees: |                                   |                                 |                          |                                   |                                 |
| (a) Date<br>(MM-DD-YYYY)                                                                 | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
|                                                                                          |                                   |                                 |                          |                                   |                                 |
| Totals ►                                                                                 |                                   |                                 | <b>18(b)</b>             | 0                                 | <b>18(c)</b> 0                  |

|                                                                                                                                                                             |            |         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------|
| <b>19</b> Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:                                        |            |         |
| <b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years. ....                                                                        | <b>19a</b> | 0       |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date .....                                                                                          | <b>19b</b> | 0       |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date .....                                                     | <b>19c</b> | 0       |
| <b>20</b> Quarterly contributions and liquidity shortfalls:                                                                                                                 |            |         |
| <b>a</b> Did the plan have a "funding shortfall" for the prior year? ..... <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                              |            |         |
| <b>b</b> If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ..... <input type="checkbox"/> Yes <input type="checkbox"/> No |            |         |
| <b>c</b> If 20a is "Yes," see instructions and complete the following table as applicable:                                                                                  |            |         |
| Liquidity shortfall as of end of quarter of this plan year                                                                                                                  |            |         |
| (1) 1st                                                                                                                                                                     | (2) 2nd    | (3) 3rd |
|                                                                                                                                                                             |            |         |
|                                                                                                                                                                             |            |         |
|                                                                                                                                                                             |            |         |

**Part V Assumptions used to determine funding target and target normal cost**

|                                                                                                                                                                                              |                       |                       |                        |                                                     |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|-----------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                                                                                                                                                                     |                       |                       |                        |                                                     |
| <b>a</b> Segment rates:                                                                                                                                                                      | 1st segment:<br>2.94% | 2nd segment:<br>5.82% | 3rd segment:<br>6.46 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code) .....                                                                                                                                                 |                       |                       |                        | <b>21b</b> 0                                        |
| <b>22</b> Weighted average retirement age .....                                                                                                                                              |                       |                       |                        | <b>22</b> 61                                        |
| <b>23</b> Mortality table(s) (see instructions) <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                       |                       |                        |                                                     |

**Part VI Miscellaneous items**

|                                                                                                                                                                        |                                                                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment. .... | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment. ....                                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....                             | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....                   | <b>27</b>                                                           |

**Part VII Reconciliation of unpaid minimum required contributions for prior years**

|                                                                                                                                     |           |   |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
| <b>28</b> Unpaid minimum required contributions for all prior years .....                                                           | <b>28</b> | 0 |
| <b>29</b> Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)..... | <b>29</b> | 0 |
| <b>30</b> Remaining amount of unpaid minimum required contributions (line 28 minus line 29) .....                                   | <b>30</b> | 0 |

**Part VIII Minimum required contribution for current year**

|                                                                                                                                                                                      |                     |                    |               |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|--------------------|---------------|
| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                   |                     |                    |               |
| <b>a</b> Target normal cost (line 6) .....                                                                                                                                           | <b>31a</b>          | 6834313            |               |
| <b>b</b> Excess assets, if applicable, but not greater than 31a .....                                                                                                                | <b>31b</b>          | 6834313            |               |
| <b>32</b> Amortization installments:                                                                                                                                                 |                     |                    |               |
| <b>a</b> Net shortfall amortization installment .....                                                                                                                                | Outstanding Balance | Installment        |               |
| <b>b</b> Waiver amortization installment .....                                                                                                                                       | 0                   | 0                  |               |
| <b>33</b> If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount ..... | <b>33</b>           |                    |               |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...                                                            | <b>34</b>           | 0                  |               |
|                                                                                                                                                                                      | Carryover balance   | Prefunding balance | Total balance |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                                | 0                   | 0                  | 0             |
| <b>36</b> Additional cash requirement (line 34 minus line 35) .....                                                                                                                  | <b>36</b>           | 0                  |               |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c) .....                                                  | <b>37</b>           | 0                  |               |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                  |                     |                    |               |
| <b>a</b> Total (excess, if any, of line 37 over line 36) .....                                                                                                                       | <b>38a</b>          | 0                  |               |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances .....                                                                | <b>38b</b>          | 0                  |               |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37) .....                                                                      | <b>39</b>           | 0                  |               |
| <b>40</b> Unpaid minimum required contributions for all years.....                                                                                                                   | <b>40</b>           | 0                  |               |

**Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)**

|                                                                                                                 |                                                                                                                         |  |  |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--|--|
| <b>41</b> If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule: |                                                                                                                         |  |  |
| <b>a</b> Schedule elected .....                                                                                 | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                               |  |  |
| <b>b</b> Eligible plan year(s) for which the election in line 41a was made .....                                | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 |  |  |
| <b>42</b> Amount of acceleration adjustment .....                                                               | <b>42</b>                                                                                                               |  |  |
| <b>43</b> Excess installment acceleration amount to be carried over to future plan years .....                  | <b>43</b>                                                                                                               |  |  |

|                                                                                                                                                                                                               |                                                                                                                                                                                                                |                                                |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------|
| <b>SCHEDULE C</b><br><b>(Form 5500)</b><br>Department of the Treasury<br>Internal Revenue Service<br>Department of Labor<br>Employee Benefits Security Administration<br>Pension Benefit Guaranty Corporation | <b>Service Provider Information</b><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110                              |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>2011</b>                                    |
|                                                                                                                                                                                                               |                                                                                                                                                                                                                | <b>This Form is Open to Public Inspection.</b> |

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

|                                                                                                            |                                                                    |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                      | <b>B</b> Three-digit plan number (PN) ▶ <u>001</u>                 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u> | <b>D</b> Employer Identification Number (EIN)<br><u>56-0556998</u> |

**Part I Service Provider Information (see instructions)**

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

THOMPSON, SIEGEL & WALMSLEY, LLC

54-0854396

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 28                     | INVT MGR                                                                                          | 249510                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**(a)** Enter name and EIN or address (see instructions)

PACIFIC INVESTMENT MANAGEMENT

33-0629048

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 28                     | INVT MGR                                                                                          | 232136                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**(a)** Enter name and EIN or address (see instructions)

MERCER

13-2834414

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 11                     | ACTUARY                                                                                           | 219087                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

NEBCO AMWINS

05-0461576

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 13                     | GROUP BEN ADMIN                                                                                   | 186081                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**(a)** Enter name and EIN or address (see instructions)

FISHER INVESTMENTS, INC

02-0432775

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 28 19                  | INVST MGR                                                                                         | 169733                                                                 | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**(a)** Enter name and EIN or address (see instructions)

HEWITT ENNISKNUPP, INC

36-3109431

| (b)<br>Service Code(s) | (c)<br>Relationship to employer, employee organization, or person known to be a party-in-interest | (d)<br>Enter direct compensation paid by the plan. If none, enter -0-. | (e)<br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | (f)<br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | (g)<br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | (h)<br>Did the service provider give you a formula instead of an amount or estimated amount? |
|------------------------|---------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------|
| 28                     | INVST ADVSR                                                                                       | 57068                                                                  | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                  | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                       |                                                                                                                                                                                 | Yes <input type="checkbox"/> No <input type="checkbox"/>                                     |

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

AON CONSULTING

59-2706923

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 28                            | INVST ADVSR                                                                                              | 56534                                                                         | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                         | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                              |                                                                                                                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                            |

**(a)** Enter name and EIN or address (see instructions)

DODGE & COX

94-1441976

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| 28                            | INVST MGR                                                                                                | 34786                                                                         | Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>                                         | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                              |                                                                                                                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                            |

**(a)** Enter name and EIN or address (see instructions)

| <b>(b)</b><br>Service Code(s) | <b>(c)</b><br>Relationship to employer, employee organization, or person known to be a party-in-interest | <b>(d)</b><br>Enter direct compensation paid by the plan. If none, enter -0-. | <b>(e)</b><br>Did service provider receive indirect compensation? (sources other than plan or plan sponsor) | <b>(f)</b><br>Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures? | <b>(g)</b><br>Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-. | <b>(h)</b><br>Did the service provider give you a formula instead of an amount or estimated amount? |
|-------------------------------|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
|                               |                                                                                                          |                                                                               | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                    | Yes <input type="checkbox"/> No <input type="checkbox"/>                                                                              |                                                                                                                                                                                        | Yes <input type="checkbox"/> No <input type="checkbox"/>                                            |

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|---------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |
| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |
| (a) Enter service provider name as it appears on line 2             | (b) Service Codes<br>(see instructions)                                                                                                                            | (c) Enter amount of indirect compensation |
|                                                                     |                                                                                                                                                                    |                                           |
| (d) Enter name and EIN (address) of source of indirect compensation | (e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation. |                                           |
|                                                                     |                                                                                                                                                                    |                                           |



**Part III** **Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
(complete as many entries as needed)

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                    |                     |
|--------------------|---------------------|
| <b>a</b> Name:     | <b>b</b> EIN:       |
| <b>c</b> Position: |                     |
| <b>d</b> Address:  | <b>e</b> Telephone: |
|                    |                     |

Explanation:

|                                                                                                                                                                                                               |                                                                                                                                                                                                                              |                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE D</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small> | <b>DFE/Participating Plan Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><div style="text-align: center; font-size: 1.2em; font-weight: bold;">2011</div><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

|                                                                                                                   |                                                                        |            |
|-------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|------------|
| <b>A</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                             | <b>B</b> Three-digit plan number (PN)                                  | <u>001</u> |
|                                                                                                                   |                                                                        |            |
| <b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500<br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u> | <b>D</b> Employer Identification Number (EIN)<br><br><u>56-0556998</u> |            |

|                                                                      |                                                                                                   |
|----------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| Part I                                                               | Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) |
| (Complete as many entries as needed to report all interests in DFEs) |                                                                                                   |

**a** Name of MTIA, CCT, PSA, or 103-12 IE: PIEDMONT NAT. GAS COMP MASTER TRUST

**b** Name of sponsor of entity listed in (a): PIEDMONT NATURAL GAS COMPANY, INC.

|                                       |                               |                                                                                                                      |
|---------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN <u>56-6039828-010</u> | <b>d</b> Entity code <u>M</u> | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>260985215</u> |
|---------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

**a** Name of MTIA, CCT, PSA, or 103-12 IE:

**b** Name of sponsor of entity listed in (a):

|                 |                      |                                                                                                     |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|
| <b>c</b> EIN-PN | <b>d</b> Entity code | <b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) |
|-----------------|----------------------|-----------------------------------------------------------------------------------------------------|

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

|                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                              |                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>SCHEDULE H</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Financial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><div style="font-size: 24pt; font-weight: bold;">2011</div><br><br><b>This Form is Open to Public Inspection</b> |
| For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>                                                                                                                                                                 |                                                                                                                                                                                                                                                                              |                                                                                                                                           |
| <b>A</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                                                                                                                                                                                    |                                                                                                                                                                                                                                                                              | <b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span> <u>001</u>                                                     |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u>                                                                                                                                                               |                                                                                                                                                                                                                                                                              | <b>D</b> Employer Identification Number (EIN)<br><br><u>56-0556998</u>                                                                    |

| Part I Asset and Liability Statement                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                 |                       |                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-----------------------|-----------------|
| <b>1</b> Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. <b>Round off amounts to the nearest dollar.</b> MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions. |                 |                       |                 |
| Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                 | (a) Beginning of Year | (b) End of Year |
| <b>a</b> Total noninterest-bearing cash .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1a</b>       |                       |                 |
| <b>b</b> Receivables (less allowance for doubtful accounts):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                 |                       |                 |
| <b>(1)</b> Employer contributions .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1b(1)</b>    |                       |                 |
| <b>(2)</b> Participant contributions .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1b(2)</b>    |                       |                 |
| <b>(3)</b> Other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <b>1b(3)</b>    | 5383051               |                 |
| <b>c</b> General investments:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(1)</b>    | 7258728               |                 |
| <b>(2)</b> U.S. Government securities.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(2)</b>    | 33772574              |                 |
| <b>(3)</b> Corporate debt instruments (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(3)(A)</b> |                       |                 |
| <b>(B)</b> All other.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>1c(3)(B)</b> | 23006255              |                 |
| <b>(4)</b> Corporate stocks (other than employer securities):                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                 |                       |                 |
| <b>(A)</b> Preferred .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(4)(A)</b> | 327214                |                 |
| <b>(B)</b> Common .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(4)(B)</b> | 57327931              |                 |
| <b>(5)</b> Partnership/joint venture interests .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>1c(5)</b>    | 982215                |                 |
| <b>(6)</b> Real estate (other than employer real property) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <b>1c(6)</b>    |                       |                 |
| <b>(7)</b> Loans (other than to participants) .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | <b>1c(7)</b>    |                       |                 |
| <b>(8)</b> Participant loans .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <b>1c(8)</b>    |                       |                 |
| <b>(9)</b> Value of interest in common/collective trusts.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>1c(9)</b>    |                       |                 |
| <b>(10)</b> Value of interest in pooled separate accounts.....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | <b>1c(10)</b>   |                       |                 |
| <b>(11)</b> Value of interest in master trust investment accounts .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(11)</b>   |                       | 260985215       |
| <b>(12)</b> Value of interest in 103-12 investment entities .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(12)</b>   |                       |                 |
| <b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | <b>1c(13)</b>   | 145958952             |                 |
| <b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>1c(14)</b>   |                       |                 |
| <b>(15)</b> Other .....                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>1c(15)</b>   |                       |                 |

| <b>1d</b> Employer-related investments:                              |              | (a) Beginning of Year | (b) End of Year |
|----------------------------------------------------------------------|--------------|-----------------------|-----------------|
| (1) Employer securities .....                                        | <b>1d(1)</b> |                       |                 |
| (2) Employer real property .....                                     | <b>1d(2)</b> |                       |                 |
| <b>e</b> Buildings and other property used in plan operation .....   | <b>1e</b>    |                       |                 |
| <b>f</b> Total assets (add all amounts in lines 1a through 1e) ..... | <b>1f</b>    | 274016920             | 260985215       |

**Liabilities**

|                                                                           |           |          |        |
|---------------------------------------------------------------------------|-----------|----------|--------|
| <b>g</b> Benefit claims payable .....                                     | <b>1g</b> |          |        |
| <b>h</b> Operating payables .....                                         | <b>1h</b> |          |        |
| <b>i</b> Acquisition indebtedness .....                                   | <b>1i</b> |          |        |
| <b>j</b> Other liabilities .....                                          | <b>1j</b> | 17304352 | 231968 |
| <b>k</b> Total liabilities (add all amounts in lines 1g through 1j) ..... | <b>1k</b> | 17304352 | 231968 |

**Net Assets**

|                                                           |           |           |           |
|-----------------------------------------------------------|-----------|-----------|-----------|
| <b>l</b> Net assets (subtract line 1k from line 1f) ..... | <b>1l</b> | 256712568 | 260753247 |
|-----------------------------------------------------------|-----------|-----------|-----------|

**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income**

|                                                                                                            |                 | (a) Amount | (b) Total |
|------------------------------------------------------------------------------------------------------------|-----------------|------------|-----------|
| <b>a Contributions:</b>                                                                                    |                 |            |           |
| (1) Received or receivable in cash from: <b>(A)</b> Employers .....                                        | <b>2a(1)(A)</b> | 423000     |           |
| <b>(B)</b> Participants .....                                                                              | <b>2a(1)(B)</b> |            |           |
| <b>(C)</b> Others (including rollovers) .....                                                              | <b>2a(1)(C)</b> |            |           |
| (2) Noncash contributions .....                                                                            | <b>2a(2)</b>    |            |           |
| (3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> ..... | <b>2a(3)</b>    |            | 423000    |
| <b>b Earnings on investments:</b>                                                                          |                 |            |           |
| (1) Interest:                                                                                              |                 |            |           |
| <b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....       | <b>2b(1)(A)</b> |            |           |
| <b>(B)</b> U.S. Government securities .....                                                                | <b>2b(1)(B)</b> |            |           |
| <b>(C)</b> Corporate debt instruments .....                                                                | <b>2b(1)(C)</b> |            |           |
| <b>(D)</b> Loans (other than to participants) .....                                                        | <b>2b(1)(D)</b> |            |           |
| <b>(E)</b> Participant loans .....                                                                         | <b>2b(1)(E)</b> |            |           |
| <b>(F)</b> Other .....                                                                                     | <b>2b(1)(F)</b> |            |           |
| (G) Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....                                     | <b>2b(1)(G)</b> |            | 0         |
| (2) Dividends: <b>(A)</b> Preferred stock .....                                                            | <b>2b(2)(A)</b> |            |           |
| <b>(B)</b> Common stock .....                                                                              | <b>2b(2)(B)</b> |            |           |
| <b>(C)</b> Registered investment company shares (e.g. mutual funds) .....                                  | <b>2b(2)(C)</b> |            |           |
| (D) Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....                         | <b>2b(2)(D)</b> |            | 0         |
| (3) Rents .....                                                                                            | <b>2b(3)</b>    |            |           |
| (4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....                                 | <b>2b(4)(A)</b> |            |           |
| <b>(B)</b> Aggregate carrying amount (see instructions) .....                                              | <b>2b(4)(B)</b> |            |           |
| (C) Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....                         | <b>2b(4)(C)</b> |            | 0         |

|                                                                                                   |          | (a) Amount | (b) Total |
|---------------------------------------------------------------------------------------------------|----------|------------|-----------|
| <b>2b</b> (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....              | 2b(5)(A) |            |           |
| (B) Other .....                                                                                   | 2b(5)(B) |            |           |
| (C) Total unrealized appreciation of assets.<br>Add lines 2b(5)(A) and (B).....                   | 2b(5)(C) |            | 0         |
| (6) Net investment gain (loss) from common/collective trusts .....                                | 2b(6)    |            |           |
| (7) Net investment gain (loss) from pooled separate accounts .....                                | 2b(7)    |            |           |
| (8) Net investment gain (loss) from master trust investment accounts .....                        | 2b(8)    |            | 16633090  |
| (9) Net investment gain (loss) from 103-12 investment entities .....                              | 2b(9)    |            |           |
| (10) Net investment gain (loss) from registered investment<br>companies (e.g., mutual funds)..... | 2b(10)   |            |           |
| <b>c</b> Other income.....                                                                        | 2c       |            |           |
| <b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....           | 2d       |            | 17056090  |

**Expenses**

|                                                                                            |       |          |          |
|--------------------------------------------------------------------------------------------|-------|----------|----------|
| <b>e</b> Benefit payment and payments to provide benefits:                                 |       |          |          |
| (1) Directly to participants or beneficiaries, including direct rollovers .....            | 2e(1) | 11385207 |          |
| (2) To insurance carriers for the provision of benefits .....                              | 2e(2) |          |          |
| (3) Other .....                                                                            | 2e(3) |          |          |
| (4) Total benefit payments. Add lines 2e(1) through (3).....                               | 2e(4) |          | 11385207 |
| <b>f</b> Corrective distributions (see instructions) .....                                 | 2f    |          |          |
| <b>g</b> Certain deemed distributions of participant loans (see instructions).....         | 2g    |          |          |
| <b>h</b> Interest expense.....                                                             | 2h    |          |          |
| <b>i</b> Administrative expenses: (1) Professional fees .....                              | 2i(1) | 219087   |          |
| (2) Contract administrator fees .....                                                      | 2i(2) |          |          |
| (3) Investment advisory and management fees .....                                          | 2i(3) | 785670   |          |
| (4) Other .....                                                                            | 2i(4) | 186081   |          |
| (5) Total administrative expenses. Add lines 2i(1) through (4).....                        | 2i(5) |          | 1190838  |
| <b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total..... | 2j    |          | 12576045 |

**Net Income and Reconciliation**

|                                                                |       |  |         |
|----------------------------------------------------------------|-------|--|---------|
| <b>k</b> Net income (loss). Subtract line 2j from line 2d..... | 2k    |  | 4480045 |
| <b>l</b> Transfers of assets:                                  |       |  |         |
| (1) To this plan.....                                          | 2l(1) |  | 0       |
| (2) From this plan .....                                       | 2l(2) |  | 439366  |

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: MCGLADREY LLP

(2) EIN: 42-0714325

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

**Part IV Compliance Questions**

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

|                                                                                                                                                                                                                                                                                                                 | Yes | No | Amount  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|----|---------|
| <b>a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....                 |     | X  |         |
| <b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.)..... |     | X  |         |
| <b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....                                                                                                                            |     | X  |         |
| <b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....                                                                                                                  |     | X  |         |
| <b>e</b> Was this plan covered by a fidelity bond?.....                                                                                                                                                                                                                                                         | X   |    | 5000000 |
| <b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....                                                                                                                                                                         |     | X  |         |
| <b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                                                                                                                      |     | X  |         |
| <b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....                                                                                                                            |     | X  |         |
| <b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....                                                                                                                                                   | X   |    |         |
| <b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....                                                                                    |     | X  |         |
| <b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....                                                                                                                                              |     | X  |         |
| <b>l</b> Has the plan failed to provide any benefit when due under the plan? .....                                                                                                                                                                                                                              |     | X  |         |
| <b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....                                                                                                                                                                                     |     | X  |         |
| <b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....                                                                                                                        |     |    |         |
| <b>4n</b>                                                                                                                                                                                                                                                                                                       |     |    |         |

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?

If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

**5b(1)** Name of plan(s)

PIEDMONT NATURAL GAS COMPANY GROUP BENEFITS PLAN

| 5b(2) EIN(s) | 5b(3) PN(s) |
|--------------|-------------|
| 56-0556998   | 501         |
|              |             |
|              |             |
|              |             |
|              |             |

|                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                            |                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>SCHEDULE R</b><br><b>(Form 5500)</b><br><br>Department of the Treasury<br>Internal Revenue Service<br><br>Department of Labor<br>Employee Benefits Security Administration<br><br>Pension Benefit Guaranty Corporation | <b>Retirement Plan Information</b><br><br>This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).<br><br>▶ <b>File as an attachment to Form 5500.</b> | OMB No. 1210-0110<br><br><b>2011</b><br><br><b>This Form is Open to Public Inspection.</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

|                                                                                                            |                                                                    |
|------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|
| <b>A</b> Name of plan<br><u>RETIREMENT PLAN OF PIEDMONT NATURAL GAS COMPANY, INC.</u>                      | <b>B</b> Three-digit plan number (PN) ▶<br><u>001</u>              |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500<br><u>PIEDMONT NATURAL GAS COMPANY, INC.</u> | <b>D</b> Employer Identification Number (EIN)<br><u>56-0556998</u> |

|               |                      |
|---------------|----------------------|
| <b>Part I</b> | <b>Distributions</b> |
|---------------|----------------------|

All references to distributions relate only to payments of benefits during the plan year.

|                                                                                                                                                                                                                                                                |          |           |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|-----------|
| <b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....                                                                                                                          | <b>1</b> | <u>0</u>  |
| <b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):<br>EIN(s): <u>56-1354495</u> |          |           |
| Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.                                                                                                                                                                                               |          |           |
| <b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....                                                                                                                                | <b>3</b> | <u>47</u> |

|                |                                                                                                                                                                              |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part II</b> | <b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part) |
|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                             |                              |                             |                                         |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| <b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....                                                                                                                                                                                                                                         | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> N/A |
| If the plan is a defined benefit plan, go to line 8.                                                                                                                                                                                                                                                                                                        |                              |                             |                                         |
| <b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____<br>If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule. |                              |                             |                                         |
| <b>6 a</b> Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived) .....                                                                                                                                                                                                              | <b>6a</b>                    |                             |                                         |
| <b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....                                                                                                                                                                                                                                                                  | <b>6b</b>                    |                             |                                         |
| <b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....                                                                                                                                                                                                             | <b>6c</b>                    |                             |                                         |
| If you completed line 6c, skip lines 8 and 9.                                                                                                                                                                                                                                                                                                               |                              |                             |                                         |
| <b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....                                                                                                                                                                                                                                                          | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> N/A            |
| <b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....                                                                                  | <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input checked="" type="checkbox"/> N/A |

|                 |                   |
|-----------------|-------------------|
| <b>Part III</b> | <b>Amendments</b> |
|-----------------|-------------------|

|                                                                                                                                                                                                                            |                                   |                                   |                               |                                        |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|
| <b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box..... | <input type="checkbox"/> Increase | <input type="checkbox"/> Decrease | <input type="checkbox"/> Both | <input checked="" type="checkbox"/> No |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|-------------------------------|----------------------------------------|

|                |                                                                                                                                                   |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Part IV</b> | <b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part. |
|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                             |                              |                             |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------|
| <b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....                                                      | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>11 a</b> Does the ESOP hold any preferred stock? .....                                                                                                                                   | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| <b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....                                                                              | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. Complete as many entries as needed to report all applicable employers.

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

|                                                                          |            |  |
|--------------------------------------------------------------------------|------------|--|
| <b>a</b> The current year .....                                          | <b>14a</b> |  |
| <b>b</b> The plan year immediately preceding the current plan year ..... | <b>14b</b> |  |
| <b>c</b> The second preceding plan year .....                            | <b>14c</b> |  |

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

|                                                                                                       |            |  |
|-------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> The corresponding number for the plan year immediately preceding the current plan year ..... | <b>15a</b> |  |
| <b>b</b> The corresponding number for the second preceding plan year .....                            | <b>15b</b> |  |

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

|                                                                                                                                                                        |            |  |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|--|
| <b>a</b> Enter the number of employers who withdrew during the preceding plan year .....                                                                               | <b>16a</b> |  |
| <b>b</b> If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers ..... | <b>16b</b> |  |

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 44% Investment-Grade Debt: 44% High-Yield Debt: 5% Real Estate: 4% Other: 3%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☒ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate item 19(b)?

☒ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify):

# **Retirement Plan of Piedmont Natural Gas Company, Inc.**

Statements of Net Assets Available for Benefits as of December 31,  
2011 and 2010 and Statements of Changes in Net Assets Available  
for Benefits for the Years Ended December 31, 2011 and 2010

Supplemental Schedules as of December 31, 2011 and Independent  
Auditor's Report

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### Financial Statements

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### Supplemental Schedule

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| Form 5500, Schedule H, Part IV, Line 4i – Schedule of assets (held at end of year) | 21 |
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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

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## Independent Auditor's Report

To the Benefits Committee and Participants in the  
Retirement Plan of Piedmont Natural Gas Company, Inc.  
Charlotte, North Carolina

We were engaged to audit the accompanying statements of net assets available for benefits of the Retirement Plan of Piedmont Natural Gas Company, Inc. (the "Plan") as of December 31, 2011 and 2010, the related statement of changes in net assets available for benefits for the years then ended, and the supplemental schedules of assets (held at end of year) as of December 31, 2011. These financial statements and supplemental schedules are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified or provided by Wells Fargo Bank, N.A., the trustee of the Plan, except for comparing this information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the trustee holds the Plan's assets and executes transactions. The Plan Administrator has obtained certifications from the trustee regarding the completeness and accuracy of the information summarized in Note 7 that was provided to the Plan Administrator by the trustee as of and for the year ended December 31, 2011 and December 31, 2010.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The supplemental schedule is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified or provided by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the United States Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

*McGladrey LLP*

Charlotte, North Carolina  
October 8, 2012

# Retirement Plan of Piedmont Natural Gas Company, Inc.

## Statements of Net Assets Available for Benefits December 31, 2011 and 2010

|                                                             | 2011                  | 2010                  |
|-------------------------------------------------------------|-----------------------|-----------------------|
| <b>Assets</b>                                               |                       |                       |
| Plan interest in the Master Trust (Notes, 5, 6, 7, 8 and 9) | \$ 255,746,012        | \$ -                  |
| Investments - at fair value:                                |                       |                       |
| Cash equivalents                                            | -                     | 7,443,636             |
| Government and agency bonds                                 | -                     | 33,472,847            |
| Corporate bonds                                             | -                     | 21,456,782            |
| Corporate stocks - common                                   | -                     | 37,682,682            |
| Mutual funds - equity                                       | -                     | 25,255,850            |
| Mutual funds - international equity                         | -                     | 31,321,219            |
| Common trust fund - equity                                  | -                     | 20,085,906            |
| Contracts and other                                         | -                     | 1,030,556             |
| Asset-backed securities                                     | -                     | 490,917               |
| Mutual funds - fixed taxable bonds                          | -                     | 71,456,847            |
| Outside collective funds                                    | -                     | 982,215               |
| Hedge fund - equity/other                                   | -                     | 12,581,595            |
| <b>Total investments</b>                                    | -                     | 263,261,052           |
| Net assets held in 401(h) account                           | -                     | 5,390,136             |
| Cash                                                        | -                     | 10,000                |
| Receivables:                                                |                       |                       |
| Due from banker for securities purchased                    | -                     | 4,923,843             |
| Accrued interest and dividends                              | -                     | 431,888               |
| <b>Total receivables</b>                                    | -                     | 5,355,731             |
| <b>Total assets</b>                                         | <b>255,746,012</b>    | <b>274,016,919</b>    |
| <b>Liabilities</b>                                          |                       |                       |
| Amounts related to obligation of 401(h) account             | -                     | 5,390,136             |
| Due to broker for securities purchased                      | -                     | 17,062,367            |
| Accrued administrative expenses                             | 231,968               | 241,985               |
| <b>Total liabilities</b>                                    | <b>231,968</b>        | <b>22,694,488</b>     |
| <b>Net assets available for benefits</b>                    | <b>\$ 255,514,044</b> | <b>\$ 251,322,431</b> |

See Notes to Financial Statements.

**Retirement Plan of Piedmont Natural Gas Company, Inc.**

**Statements of Changes in Net Assets Available for Benefits  
For the Years Ended December 31, 2011 and 2010**

|                                                                   | <b>2011</b>           | <b>2010</b>    |
|-------------------------------------------------------------------|-----------------------|----------------|
| Additions to net assets attributed to:                            |                       |                |
| Investment income (loss) in Master Trust:                         |                       |                |
| Net depreciation in fair value of investments (Notes 5, 6, and 7) | <b>\$ (1,630,311)</b> | \$ -           |
| Interest                                                          | <b>10,083,723</b>     | -              |
| Dividends and other                                               | <b>8,201,741</b>      | -              |
| <b>Total investment income in Master Trust</b>                    | <b>16,655,153</b>     | -              |
| Investment income:                                                |                       |                |
| Net appreciation in fair value of investments (Notes 5, 6, and 7) | -                     | 16,375,765     |
| Interest                                                          | -                     | 5,110,405      |
| Dividends and other                                               | -                     | 8,138,997      |
| <b>Total investment income</b>                                    | -                     | 29,625,167     |
| Employer contributions                                            | -                     | 22,000,000     |
| <b>Total additions</b>                                            | <b>16,655,153</b>     | 51,625,167     |
| Deductions from net assets attributed to:                         |                       |                |
| Benefits paid directly to participants                            | <b>11,385,207</b>     | 10,414,036     |
| Administrative expenses                                           | <b>1,078,333</b>      | 1,123,928      |
| <b>Total deductions</b>                                           | <b>12,463,540</b>     | 11,537,964     |
| <b>Net increase</b>                                               | <b>4,191,613</b>      | 40,087,203     |
| Net assets available for benefits:                                |                       |                |
| Beginning of year                                                 | <b>251,322,431</b>    | 211,235,228    |
| End of year                                                       | <b>\$ 255,514,044</b> | \$ 251,322,431 |

See Notes to Financial Statements.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 1. Description of the Plan

The following brief description of the Retirement Plan of Piedmont Natural Gas Company, Inc. (the "Plan") is provided for general information purposes only. Participants should refer to the Plan document for more complete information.

General: The Plan is a defined benefit pension plan covering most employees of Piedmont Natural Gas Company, Inc. (the "Company" and "Plan Sponsor"). The Benefits Committee of the Board of Directors of the Company controls and manages the operation and administration of the Plan. Wells Fargo Bank, N.A. ("Wells Fargo") serves as the trustee of the Plan, and together with the Benefits Committee manages the Plan's investments. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective January 1, 2008, the Plan was amended for all employees not covered by the bargaining unit contract in Nashville, Tennessee to close the Plan to employees hired after December 31, 2007 and to modify how benefits are accrued in the future for existing employees. Employees hired prior to January 1, 2008 will continue to participate in the amended traditional defined benefit pension plan. These same amendments were effective on January 1, 2009 for employees covered by the bargaining unit contract in Nashville, Tennessee.

Employees hired or rehired after December 31, 2007 (or December 31, 2008 for employees covered by the bargaining unit contract in Nashville, Tennessee) will not participate in the amended traditional pension plan but will be participants in the Piedmont Natural Gas Company, Inc. Money Purchase Pension Plan, a defined contribution pension plan that allows the employee to direct the investments.

Plan administration: The Plan is administered by the Benefits Committee. Effective January 1, 2011, the Company entered into an agreement with Wells Fargo to create the Piedmont Natural Gas Company, Inc. Master Trust (the "Master Trust"). The Master Trust includes the investment assets of each of the plans as described in more detail in Note 6. Wells Fargo is responsible for the custody and management of the Plan's assets.

Pension benefits: In general, monthly retirement benefits begin at age 65 and are determined based on a participant's year of birth, final average compensation, social security taxable wage base and years of service. The Plan also provides for early retirement and late retirement.

For service earned after December 31, 2007, a consistent rate will be applied to each year of service so that employees accrue benefits more evenly. For service earned prior to January 1, 2008, the rate used in the formula to calculate an employee's pension benefit is greater for the first twenty years of service than it is for the next fifteen years of service. Employees can be credited with up to a total of 35 years of service. When an employee leaves the Company, his benefit payment will be calculated as the greater of the accrued benefit as of December 31, 2007 under the old formula plus the accrued benefit under the new formula for years of service after December 31, 2007, or the benefit for all years of service up to 35 years under the new formula.

Vesting: The Plan provides for full vesting of benefits after five years of service.

Payment of benefits: Benefits to participants are paid as a straight life annuity, joint and 50%/75%/100% survivor annuity, as 5, 10, and 15-year certain and life options, or as a lump-sum payment. Straight life annuity, period certain options and lump-sum options require the spouse's consent.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 1. Description of the Plan (Continued)

Death and disability benefits: The Plan contains provisions for the payment of early retirement benefits, disability benefits, and vested benefits at termination for reasons other than retirement or disability.

401(h) account: For the plan year 2010 and prior, a separate account was established and maintained in the Plan for the net assets related to the medical-benefit component ("401(h) account"). In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Any assets transferred to the 401(h) account from the defined benefit pension plan in a qualified transfer of excess pension plan assets (and any income allocable thereto) that are not used during the Plan year must be transferred out of the account to the pension plan. The related obligations for health benefits are not included in this Plan's obligations in the statement of accumulated plan benefits but are reflected as obligations in the financial statements of the health and welfare benefit plan. Plan participants do not contribute to the 401(h) account. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the Company. Certain of the Plan's net assets are restricted to fund a portion of postretirement health benefits for retirees and their beneficiaries in accordance with IRC Section 401(h).

#### Note 2. Summary of Accounting Policies

Accounting records: The accounting records of the Plan are maintained by the trustee, Wells Fargo. Annual financial statements and supplemental schedules are furnished to the Plan by the trustee.

Basis of accounting: The accompanying financial statements of the Plan are maintained on the accrual basis of accounting.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Plan Administrator to make estimates and assumptions that affect the reported amounts of assets, liabilities, and net assets available for benefits, and changes therein, disclosure of contingent assets and liabilities, and the actuarial present value of accumulated plan benefits at the date of the financial statements and changes therein. Actual results could differ from those estimates.

Investment valuation and income recognition: The Plan's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Plan Sponsor utilizes market data or assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated or generally observable. The Plan Sponsor primarily applies the market approach for recurring fair value measurements and endeavors to utilize the best available information. Accordingly, the Plan Sponsor uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The Plan Sponsor is able to classify fair value balances based on the observance of those inputs into the fair value hierarchy levels as set forth in the fair value accounting guidance.

Following is a description of the valuation methodologies used for the investment assets in the Master Trust measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

---

#### Note 2. Summary of Accounting Policies (Continued)

Cash equivalents: Valued at the net asset value ("NAV") of the funds in which it participates at year-end.

Common stock and hedging instruments: Valued at the closing price reported on the active market on which individual securities are traded.

Common stock fund: Calculated based on the closing price reported on the active market on which the securities in the fund are traded.

Mutual funds and net assets held in 401(h) account: Valued at the NAV of shares held by the Master Trust at year-end.

Common trust fund, commodities fund, and multi-strategy hedge fund: Valued at the NAV of the funds in which it participates at year-end.

Hedge fund of funds: Valued based on a quarterly compilation of the financial statements from the underlying partnerships in which the fund invests.

Corporate bonds, collateralized mortgage obligations, government and agency bonds, municipal bonds, and mortgage-backed pass-throughs: Valued based on a compilation of primarily observable market information or a broker quote in a non-active market.

Common collective trust fund: Valued at NAV based on information provided by the trustee and using the audited financial statements of the common collective trust at year-end. This asset is held in the Master Trust.

Level 1 inputs are quoted prices (unadjusted) or NAVs in active markets that we have the ability to access as of the reporting date and consist of investments in cash equivalents, common stock, a common stock fund, hedging instruments, and mutual funds. Level 2 inputs are inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly corroborated or observable as of the reporting date and generally use valuation methodologies, and consist of common trust funds, various fixed income investment types, multi-strategy hedge funds, commodities funds, and a common collective trust fund. These investments are classified as Level 2 as their fair value is estimated using pricing models and discounted cash flows that consider standard input factors such as observable market data, benchmark yields, interest rate volatilities, broker/dealer quotes, and credit spreads. Level 3 inputs include significant pricing inputs that are generally less observable from objective sources and consist of hedge fund of funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Purchases and sales of investments are recorded on a trade-date basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Management fees and operating expenses charged to the Plan for investments in the mutual funds and common trust fund are deducted from income earned on a daily basis and are not separately reflected.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

---

#### Note 2. Summary of Accounting Policies (Continued)

Consequently, management fees and operating expenses are reflected as a reduction of investment return for such investments.

Risks and uncertainties: Through the Master Trust, the Plan utilizes various investment instruments including U.S. government securities, corporate debt instruments, mutual funds, and corporate stocks. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in values of investment securities will occur in the near term and those changes could materially affect the amounts reported in the financial statements.

Plan contributions are made and the actuarial present value of accumulated plan benefits are prepared based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimation and assumption process, it is at least reasonably possible that changes in these estimates and assumptions in the near term could be material to the financial statements.

Payment of benefits: Benefit payments to participants are recorded upon distribution.

Expenses: Administrative expenses of the Plan are paid by the Plan, as provided by the Plan document.

Subsequent events: The Plan Administrator has evaluated subsequent events (events occurring after December 31, 2011) through October 8, 2012, the date the financial statements were available to be issued.

Accounting pronouncements: In January 2010, the FASB released Accounting Standards Update No. 2010-06 ("ASU 2010-06"), *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurement*. The update requires the Plan to (a) disclose transfers in and out of Levels One and Two, in addition to transfers in and out of Level Three and (b) separately disclose purchases, sales, issuances, and settlements of Level Three securities. Additionally, ASU 2010-06 clarifies the information the Plan currently discloses regarding valuation techniques, inputs used in those valuation models, and at what level of detail fair value disclosures should be provided. ASU 2010-06 was effective for interim and annual reporting periods beginning after December 15, 2009, except for the disaggregation of the Level Three activity, which was effective for interim and annual periods beginning after December 15, 2010. ASU 2010-06 did not materially impact the Plan's fair value disclosures.

Accounting pronouncements not yet effective: In May 2011, the FASB issued an amendment ("ASU 2011-04"), *Fair Value Measurement: Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS*, which provides guidance to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The amendments are not intended to change the application of the current fair value requirements, but to clarify the application of existing requirements. The guidance does change particular principles or requirements for measuring fair value or disclosing information about fair value measurements. To improve consistency, language has been changed to ensure that U.S. GAAP and IFRS fair value measurement and disclosure requirements are described in the same way. The guidance will be effective for annual periods beginning after December 15, 2011. The guidance will primarily impact the Plan's disclosures but otherwise is not expected to have a material impact on the Plan's financial statements.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 3. Funding Policy

Contributions to provide benefits under the Plan are made solely by the Company. The Company's funding policy is to make cash contributions to the Plan that at least meet the minimum funding requirements but do not exceed the tax deductible limits as determined by the Plan's independent actuary. The Company met the minimum funding requirements of ERISA in 2011 and 2010.

#### Note 4. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions, that are attributable under the Plan's provisions to service rendered by employees as of the valuation date. Accumulated plan benefits include benefits expected to be paid to (1) retired or terminated employees or their beneficiaries, (2) beneficiaries of employees who have died, and (3) present employees or their beneficiaries.

Benefits under the Plan are based on employees' highest 60 consecutive months of compensation during their last ten years of service. Benefits payable under all circumstances--retirement, death, disability, and termination of employment--are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by an independent actuary and is that amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. The effect of Plan amendments on accumulated plan benefits is recognized during the year in which such amendments become effective.

The actuarial present value of accumulated plan benefits as of December 31, 2011 and 2010 is as follows:

|                                                       | <b>2011</b>           | <b>2010</b>    |
|-------------------------------------------------------|-----------------------|----------------|
| Vested benefits:                                      |                       |                |
| Participants currently receiving payments             | <b>\$ 33,430,591</b>  | \$ 31,948,006  |
| Active participants                                   | <b>114,409,980</b>    | 106,642,693    |
| Inactive participants with deferred benefits          | <b>12,829,097</b>     | 12,877,510     |
| Total vested benefits                                 | <b>160,669,668</b>    | 151,468,209    |
| Nonvested benefits                                    | <b>961,342</b>        | 1,802,021      |
| Total actuarial present value of accumulated benefits | <b>\$ 161,631,010</b> | \$ 153,270,230 |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 4. Actuarial Present Value of Accumulated Plan Benefits (Continued)

The changes in actuarial present value of the Plan's accumulated plan benefits for the years ended December 31, 2011 and 2010 are as follows:

|                                                                            | 2011                         | 2010                         |
|----------------------------------------------------------------------------|------------------------------|------------------------------|
| Actuarial present value of accumulated plan benefits,<br>beginning of year | <u>\$ 153,270,230</u>        | <u>\$ 144,915,451</u>        |
| Increase (decrease) during year attributable to:                           |                              |                              |
| Interest due to decrease in discount period                                | 11,768,259                   | 11,176,720                   |
| Benefits accumulated and (gains) losses                                    | 7,321,148                    | 7,590,961                    |
| Benefit payments                                                           | (11,385,207)                 | (10,412,902)                 |
| Change in actuarial assumptions                                            | <u>656,580</u>               | <u>-</u>                     |
| Net increase                                                               | <u>8,360,780</u>             | <u>8,354,779</u>             |
| Actuarial present value of accumulated plan benefits,<br>end of year       | <u><u>\$ 161,631,010</u></u> | <u><u>\$ 153,270,230</u></u> |

The significant actuarial assumptions utilized in the December 31, 2011 and 2010 valuations of the actuarial present value of accumulated plan benefits were as follows:

|                        |                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Actuarial Cost Method: | Projected Unit Credit Method                                                                                                                                                                                                                                                                                                                                                                                          |
| Interest Rate:         | 8% compounded annually.                                                                                                                                                                                                                                                                                                                                                                                               |
| Mortality Rate 2011:   | Section 430(h)(3) prescribed separate generational annuitant and non-annuitant mortality tables. These tables are based on the RP 2000 mortality tables projected with continual mortality improvement. Revenue ruling 96-7 table for participants who became disabled before 1995. Revenue ruling 96-7 table for participants who became disabled after 1994 and are eligible for Social Security disabled benefits. |
| Mortality Rate 2010:   | RP 2000 table for males and females with a 50% blend of blue collar/white collar employees and a ten-year projection for funding. Revenue Ruling 96-7 Mortality Table for males and females for determining RPA '94 and gateway current liability. 1985 Pension Disability Table with disability mortality rates for males and liability.                                                                             |
| Normal Retirement Age  | Attainment of age 62.                                                                                                                                                                                                                                                                                                                                                                                                 |

The foregoing actuarial assumptions are based on the presumption that the Plan will continue. If the Plan were to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 5. Investments

The Master Trust's investments that represent 5% or more of net assets available for benefits as of December 31, 2011 are as follows:

|                                                              | <u>2011</u>   |
|--------------------------------------------------------------|---------------|
| Wells Fargo Stable Return Fund (G) * - 695,298 shares        | \$ 34,941,345 |
| Paps Long Duration Corporate Bond Fund -<br>5,650,385 shares | 65,487,958    |

\* Represents fully benefit-responsive investment contracts.

As of December 31, 2011, the Plan holds 5,650,385 shares of Paps Long Duration Corporate Bond Fund with a fair value of \$65,487,958, which represents 5% or more of the Master Trust's net assets available for benefits.

The Master Trust invests in fully benefit-responsive investment contracts through a collective trust in the Wells Fargo Stable Return Fund (G) in 2011. As described in the authoritative guidance, fully benefit-responsive investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan.

As required by the guidance, the statements of net assets available for benefits presents the fair value of the investments in the collective trust as well as the adjustment of the investment in the collective trust from fair value to contract value relating to the investment contracts.

The Plan's investments that represent 5% or more of net assets available for benefits as of December 31, 2010 are as follows:

|                                                  | <u>2010</u>   |
|--------------------------------------------------|---------------|
| Paps Long Duration Corporate Bond                | \$ 59,059,098 |
| Harbor Capital Appreciation Fund                 | 13,350,854    |
| Fisher Investment Inst Group Foreign Equity Fund | 20,085,906    |
| Thornburg International Value Fund R5            | 18,994,332    |
| JP Morgan Multi Strategy Fund II, Ltd.           | 12,581,595    |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 6. Plan Interest in Master Trust

Effective January 1, 2011, the Plan's assets are held in a Master Trust. The Master Trust holds the assets of the Piedmont Natural Gas Company, Inc. 401(k) Plan, the Piedmont Natural Gas Company, Inc. Money Purchase Pension Plan, and the Retirement Plan of Piedmont Natural Gas Company, Inc. (collectively the "Plans"). The Plans' record keeper maintains supporting records for the purpose of allocating net assets and net gains or losses of the investments to each of the Plans and to each participant's account, as necessary. The net investment income or loss of the investment assets is allocated by the record keeper to each Plan and to each participant's account based on the investment held in participant directed balances. Wells Fargo Bank, N.A., the trustee and recordkeeper of the Plan, has certified these assets (see Note 7).

The net assets of the Master Trust at December 31, 2011 consist of the following:

#### Assets

|                                      |                    |
|--------------------------------------|--------------------|
| Investments at fair value            |                    |
| Participant-directed investments     | \$ 153,139,333     |
| Non-participant-directed investments | 268,641,197        |
|                                      | <u>421,780,530</u> |
| Receivables                          |                    |
| Due from broker for securities sold  | 4,376,381          |
| Participant loans                    | 6,680,260          |
|                                      | <u>11,056,641</u>  |
| Other assets                         |                    |
| Cash                                 | 1,385              |
| Accrued interest and dividends       | 482,759            |
| Net assets held in 401(h)            | 5,239,203          |
|                                      | <u>5,723,347</u>   |
| <b>Total assets</b>                  | <b>438,560,518</b> |

#### Liabilities

|                                                 |                   |
|-------------------------------------------------|-------------------|
| Due to broker for securities purchased          | 17,754,956        |
| Amounts related to obligation of 401(h) account | 5,239,203         |
|                                                 | <u>22,994,159</u> |

**Net assets available for benefits at fair value** **415,566,359**

|                                                                                                                                                      |                  |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Adjustment from fair value to contract value for interest<br>in common collective trust relating to fully benefit-responsive<br>investment contracts | <u>(872,470)</u> |
|------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|

**Net assets available for benefits** **\$ 414,693,889**

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 6. Plan Interest in Master Trust (Continued)

##### Net investment in Master Trust - by Plan

|                                                                    |                |
|--------------------------------------------------------------------|----------------|
| Piedmont Natural Gas Company, Inc. 401(k) Plan                     |                |
| Investment in Master Trust                                         | \$ 158,259,915 |
| Plan's percentage interest in net assets of the Master Trust       | 38.2%          |
| <br>Piedmont Natural Gas Company, Inc. Money Purchase Pension Plan |                |
| Investment in Master Trust                                         | \$ 687,962     |
| Plan's percentage interest in net assets of the Master Trust       | 0.2%           |
| <br>Retirement Plan of Piedmont Natural Gas Company, Inc.          |                |
| Investment in Master Trust                                         | \$ 255,746,012 |
| Plan's percentage interest in net assets of the Master Trust       | 61.6%          |

Investment income of the Master Trust for the year ended December 31, 2011 consists of the following:

|                                                                  |                             |
|------------------------------------------------------------------|-----------------------------|
| Investment income                                                |                             |
| Interest and dividends                                           | <u>\$ 20,297,598</u>        |
| <br>Net appreciation/(depreciation) in fair value of investments |                             |
| Cash equivalents                                                 | 20,468                      |
| Fixed income                                                     | (14,323)                    |
| Hedging instruments                                              | 196,034                     |
| Mutual funds                                                     | (434,707)                   |
| Common stock                                                     | (2,234,457)                 |
| Common trust funds                                               | (913,987)                   |
| Stable return fund                                               | 203,142                     |
| Common stock fund                                                | 1,401,786                   |
| Other types                                                      | <u>(1,105,931)</u>          |
| Total net investment depreciation                                | <u>(2,881,975)</u>          |
| Net investment income                                            | <u><u>\$ 17,415,623</u></u> |
| <br>Net investment income (loss) from Master Trust - by Plan     |                             |
| Piedmont Natural Gas Company, Inc. 401(k) Plan                   | \$ 782,552                  |
| Piedmont Natural Gas Company, Inc. Money Purchase Pension Plan   | (22,082)                    |
| Retirement Plan of Piedmont Natural Gas Company, Inc.            | 16,655,153                  |
|                                                                  | <u><u>\$ 17,415,623</u></u> |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 7. Information Certified by Wells Fargo Bank, N.A. (the "Trustee")

The following is a summary of the plan's asset information as of December 31, 2011 and 2010, and for the year ended December 31, 2011 and 2010, included in the Plan's financial statements and the supplemental schedule, that was prepared by or derived from information provided by the trustee and furnished to the Plan Administrator. The Plan Administrator has obtained certifications from the trustee that information provided to the Plan Administrator by the trustee related to the following assets is complete and accurate. Accordingly, as permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA, the Plan Administrator instructed the Plan's independent auditors not to perform any auditing procedures with respect to the information which appears throughout the financial statements and supplemental schedules related to the following assets:

|                                     | <b>December 31,<br/>2011</b> | December 31,<br>2010  |
|-------------------------------------|------------------------------|-----------------------|
| Plan interest in the Master Trust   | <b>\$ 255,746,012</b>        | \$ -                  |
| Investments:                        |                              |                       |
| Cash equivalents                    | -                            | 7,443,636             |
| Government and agency bonds         | -                            | 33,472,847            |
| Corporate bonds                     | -                            | 21,456,782            |
| Corporate stocks - common           | -                            | 37,682,682            |
| Mutual funds - equity               | -                            | 25,255,850            |
| Mutual funds - international equity | -                            | 31,321,219            |
| Common trust fund - equity          | -                            | 20,085,906            |
| Other                               | -                            | 1,030,556             |
| Asset-backed securities             | -                            | 490,917               |
| Mutual funds - fixed taxable bonds  | -                            | 71,456,847            |
| Outside collective funds            | -                            | 982,215               |
| Hedge fund - equity/other           | -                            | 12,581,595            |
|                                     | <b>\$ -</b>                  | <b>\$ 263,261,052</b> |
| Net assets held in 401(h) account   | <b>\$ -</b>                  | <b>\$ 5,390,136</b>   |
| Cash                                | <b>\$ -</b>                  | <b>\$ 10,000</b>      |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

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#### Note 7. Information Certified by Wells Fargo Bank, N.A. (the "Trustee") (Continued)

Wells Fargo Bank, N.A. also certified for the years ended December 31, 2011 and December 31, 2010, to the best of their knowledge, to the completeness and accuracy of (\$1,630,311) and \$16,375,765 of net appreciation (depreciation) in fair value of investments and \$18,285,464 and \$13,249,402 of interest, dividends and other income related to the aforementioned investments for the years ended December 31, 2011 and 2010, respectively.

During 2011, the Plan's investments held in Master Trust (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value and during 2010 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

|                          | <b>2011</b>           | <b>2010</b>          |
|--------------------------|-----------------------|----------------------|
| Cash and cash equivalent | \$ 20,468             | \$ -                 |
| Fixed Income             | (14,323)              | (1,893,450)          |
| Hedging instruments      | 196,034               | (708,658)            |
| Mutual funds             | 2,891,530             | 10,145,167           |
| Common stock             | (2,234,457)           | 5,713,196            |
| Common trust funds       | (1,383,632)           | 3,114,095            |
| Other types              | (1,105,931)           | 5,415                |
|                          | <b>\$ (1,630,311)</b> | <b>\$ 16,375,765</b> |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 8. Fair Value of Financial Instruments

The investments reported in the Statement of Net Assets Available for Benefits, including investments held in Master Trust and participant-directed investments are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. Our assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and their consideration within the fair value hierarchy levels. The following tables set forth, by level within the fair value hierarchy, the assets measured at fair value as of December 31, 2011 and 2010:

|                                                     | December 31, 2011                               |                                                     |                                                 |                       |
|-----------------------------------------------------|-------------------------------------------------|-----------------------------------------------------|-------------------------------------------------|-----------------------|
|                                                     | Quoted Prices<br>in Active<br>Markets (Level 1) | Significant<br>Other Observable<br>Inputs (Level 2) | Significant<br>Unobservable<br>Inputs (Level 3) | Total                 |
| Cash and cash equivalents                           | \$ 8,130,894                                    | \$ -                                                | \$ -                                            | \$ 8,130,894          |
| Mutual funds:                                       |                                                 |                                                     |                                                 |                       |
| High yield bond                                     | 12,588,545                                      | -                                                   | -                                               | 12,588,545            |
| Long duration bonds                                 | 65,487,958                                      | -                                                   | -                                               | 65,487,958            |
| Equity                                              | 10,870,261                                      | -                                                   | -                                               | 10,870,261            |
| Global real estate                                  | 14,325,093                                      | -                                                   | -                                               | 14,325,093            |
| International                                       | 26,817,557                                      | -                                                   | -                                               | 26,817,557            |
| Small Cap                                           | 12,628,834                                      | -                                                   | -                                               | 12,628,834            |
| Mid Cap                                             | 12,052,473                                      | -                                                   | -                                               | 12,052,473            |
| Large Cap                                           | 42,401,103                                      | -                                                   | -                                               | 42,401,103            |
| Moderate Allocation                                 | 7,582,506                                       | -                                                   | -                                               | 7,582,506             |
| Bond funds - intermediate and inflation<br>adjusted | 19,985,505                                      | -                                                   | -                                               | 19,985,505            |
| Fixed income:                                       |                                                 |                                                     |                                                 |                       |
| Government and agencies                             | -                                               | 21,329,268                                          | -                                               | 21,329,268            |
| Corporate bonds                                     | -                                               | 26,065,787                                          | -                                               | 26,065,787            |
| Municipal bonds                                     | -                                               | 321,960                                             | -                                               | 321,960               |
| Collateralized Mortgage-Backed                      | -                                               | 1,468,301                                           | -                                               | 1,468,301             |
| Common stock:                                       |                                                 |                                                     |                                                 |                       |
| Health care                                         | 2,863,296                                       | -                                                   | -                                               | 2,863,296             |
| Utilities                                           | 1,977,277                                       | -                                                   | -                                               | 1,977,277             |
| Financials                                          | 8,351,526                                       | -                                                   | -                                               | 8,351,526             |
| Consumer staples                                    | 990,413                                         | -                                                   | -                                               | 990,413               |
| Consumer discretionary                              | 5,111,481                                       | -                                                   | -                                               | 5,111,481             |
| Materials                                           | 1,212,363                                       | -                                                   | -                                               | 1,212,363             |
| Energy                                              | 2,027,051                                       | -                                                   | -                                               | 2,027,051             |
| Information technology                              | 2,676,271                                       | -                                                   | -                                               | 2,676,271             |
| Industrials                                         | 3,850,871                                       | -                                                   | -                                               | 3,850,871             |
| Telecommunication service                           | 72,306                                          | -                                                   | -                                               | 72,306                |
| Miscellaneous                                       | 3,171,896                                       | -                                                   | -                                               | 3,171,896             |
| Common trust funds:                                 |                                                 |                                                     |                                                 |                       |
| International                                       | -                                               | 17,021,779                                          | -                                               | 17,021,779            |
| Enhanced stock                                      | -                                               | 16,766,149                                          | -                                               | 16,766,149            |
| Common stock fund - energy                          | 8,248,132                                       | -                                                   | -                                               | 8,248,132             |
| Common collective trust fund -<br>Stable Return     | -                                               | 34,941,345                                          | -                                               | 34,941,345            |
| Other types of instruments:                         |                                                 |                                                     |                                                 |                       |
| Hedging instruments                                 | 124,246                                         | -                                                   | -                                               | 124,246               |
| Multi-strategy hedge funds                          | -                                               | 16,296,961                                          | -                                               | 16,296,961            |
| Hedge fund of funds                                 | -                                               | -                                                   | 2,353,300                                       | 2,353,300             |
| Commodities funds                                   | -                                               | 11,667,822                                          | -                                               | 11,667,822            |
|                                                     | <u>\$ 273,547,858</u>                           | <u>\$ 145,879,372</u>                               | <u>\$ 2,353,300</u>                             | <u>\$ 421,780,530</u> |
| Net assets held in 401(h) accounts                  | <u>\$ 5,239,203</u>                             | <u>\$ -</u>                                         | <u>\$ -</u>                                     | <u>\$ 5,239,203</u>   |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 8. Fair Value of Financial Instruments (Continued)

As of December 31, 2011, the fair value of the Plan's portion of investments held in the Master Trust was \$268,641,197. See Note 6 for further discussion on the Master Trust.

The following tables set forth, by level within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2010:

|                                    | December 31, 2010                                  |                                                        |                                                    |                       |
|------------------------------------|----------------------------------------------------|--------------------------------------------------------|----------------------------------------------------|-----------------------|
|                                    | Quoted Prices<br>in Active<br>Markets<br>(Level 1) | Significant<br>Other Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) | Total                 |
| Cash and money market funds        | \$ 7,443,636                                       | \$ -                                                   | \$ -                                               | \$ 7,443,636          |
| Mutual funds:                      |                                                    |                                                        |                                                    |                       |
| High yield bond                    | 71,456,847                                         | -                                                      | -                                                  | 71,456,847            |
| Equity                             | 25,255,850                                         | -                                                      | -                                                  | 25,255,850            |
| Global real estate                 | 12,326,887                                         | -                                                      | -                                                  | 12,326,887            |
| International                      | 18,994,332                                         | -                                                      | -                                                  | 18,994,332            |
| Fixed income:                      |                                                    |                                                        |                                                    |                       |
| Government and agencies            | -                                                  | 33,472,847                                             | -                                                  | 33,472,847            |
| Corporate bonds                    | -                                                  | 21,456,782                                             | -                                                  | 21,456,782            |
| Asset-backed securities            | -                                                  | 490,917                                                | -                                                  | 490,917               |
| Equities:                          |                                                    |                                                        |                                                    |                       |
| U.S. companies                     | 37,682,682                                         | -                                                      | -                                                  | 37,682,682            |
| Common trust funds:                |                                                    |                                                        |                                                    |                       |
| International                      | -                                                  | 20,085,906                                             | -                                                  | 20,085,906            |
| Other types of investments:        |                                                    |                                                        |                                                    | -                     |
| Hedging instruments                | 1,030,556                                          | -                                                      | -                                                  | 1,030,556             |
| Multi-strategy hedge fund          | -                                                  | 12,581,595                                             | -                                                  | 12,581,595            |
| Outside collective funds           | -                                                  | -                                                      | 982,215                                            | 982,215               |
|                                    | <u>\$ 174,190,790</u>                              | <u>\$ 88,088,047</u>                                   | <u>\$ 982,215</u>                                  | <u>\$ 263,261,052</u> |
| Net assets held in 401(h) accounts | \$ 5,390,136                                       | \$ -                                                   | \$ -                                               | \$ 5,390,136          |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 8. Fair Value of Financial Instruments (Continued)

The changes in the Master Trust's Level 3 assets measured at fair value are summaries as follows:

|                             | Hedge Fund<br>of Funds |
|-----------------------------|------------------------|
| Balance, beginning of year  | \$ -                   |
| Transfer in to Master Trust | 982,215                |
| Purchases                   | 1,285,800              |
| Unrealized gain             | 85,285                 |
| Balance, end of year        | <u>\$ 2,353,300</u>    |

#### Note 9. Net Asset Value Per Share

The following table sets forth additional disclosures of the investments whose fair value is estimated using net asset value per share (or its equivalent) as of December 31, 2011 for the Master Trust and December 31, 2010 for the Plan:

| Fair Value Estimated Using Net Asset Value per Share<br>December 31, 2011 |               |                        |                         |                                     |                                |
|---------------------------------------------------------------------------|---------------|------------------------|-------------------------|-------------------------------------|--------------------------------|
| Investment                                                                | Fair Value    | Unfunded<br>Commitment | Redemption<br>Frequency | Other<br>Redemption<br>Restrictions | Redemption<br>Notice<br>Period |
| Common collective<br>trust fund (a)                                       | \$ 34,941,345 | \$ -                   | Daily                   | Written notice                      | 30 days                        |
| Common trust fund<br>Enhanced Stock (b)                                   | 16,766,149    | -                      | Daily                   | None                                | None                           |
| International (c)                                                         | 17,021,779    | -                      | Monthly                 | None                                | 10 days                        |
| Multi-strategy hedge<br>fund (d)                                          | 16,296,961    | -                      | Quarterly               | None                                | 65 days                        |
| Hedge fund of funds<br>US (e)                                             | 1,293,083     | -                      | Limited                 | **                                  | Limited                        |
| Global (f)                                                                | 561,255       | -                      | Limited                 | **                                  | Limited                        |
| Direct (g)                                                                | 419,028       | -                      | Limited                 | **                                  | Limited                        |
| Emerging (h)                                                              | 79,934        | -                      | Limited                 | **                                  | Limited                        |
| Commodities fund (i)                                                      | 11,667,822    | -                      | Monthly                 | *                                   | 35 days                        |

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 9. Net Asset Value Per Share (Continued)

| Investment                     | Fair Value Estimated Using Net Asset Value per Share |            |           |              |         |
|--------------------------------|------------------------------------------------------|------------|-----------|--------------|---------|
|                                | December 31, 2010                                    |            |           |              |         |
|                                | Fair Value                                           | Commitment | Frequency | Restrictions | Period  |
| International common trust     |                                                      |            |           |              |         |
| fund (c)                       | \$ 20,085,906                                        | \$ -       | Daily     | None         | Daily   |
| Multi-strategy hedge fund (d ) | 12,581,595                                           | -          | Daily     | None         | Daily   |
| Outside collective funds       |                                                      |            |           |              |         |
| US (e )                        | 678,408                                              | -          | Limited   | **           | Limited |
| Global (f)                     | 127,067                                              | -          | Limited   | **           | Limited |
| Direct (g)                     | 176,740                                              | -          | Limited   | **           | Limited |

\* If 95% or more of the balance is requested, 95% of the balance will be paid within 30 days. Any outstanding balance or interest owed will be paid after the annual audit is complete.

\*\* Investors will have only very limited withdrawal rights for specific legal or regulatory reasons, and any transfer of an interest will be subject to approval.

- (a) The objective of the Fund is to protect principal while providing a higher rate of return than shorter maturity investments, such as money market funds or certificates of deposit. To achieve this, the Fund invests in instruments which are not expected to experience significant price fluctuation in most economic or interest rate environments. However, there is no assurance that this objective can be achieved.
- (b) The objective of the Fund is to achieve long-term total return greater than the return on the S&P 500 Index while maintaining risk characteristics similar to the risk characteristics of the stocks in the S&P 500 Index.
- (c) The Fund seeks to outperform the MSCI EAFE Index on average by 2-7% per annum over a full market cycle by investing in securities of issuers domiciled outside the United States.
- (d) The Fund seeks to generate capital appreciation over the long term through a portfolio having a diversified risk profile with relatively low volatility and a low correlation with traditional equity and fixed income markets.
- (e) The Fund seeks global and regional strategies. Over a three to four-year period, the US strategy typically invests in 60-75 total funds that invest a substantial portion of their assets in North American companies.
- (f) The Fund's strategy allocates capital to private equity investments that invest a substantial portion of their assets in companies primarily located in Western Europe with a primary focus on buyout and growth equity.
- (g) The Fund's strategy is to leverage relationships with venture, growth, and equity, and buyout general partners around the globe to generate differentiated deal flow.
- (h) The Fund's strategy is to invest in a diversified portfolio of private equity partnerships that in turn will invest principally in companies based in emerging markets.

## **Retirement Plan of Piedmont Natural Gas Company, Inc.**

### **Notes to Financial Statements**

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#### **Note 9. Net Asset Value Per Share (Continued)**

- (i) The fund seeks to produce attractive long-term risk adjusted returns in excess of traditional commodity index exposure

#### **Note 10. Plan Termination**

Although it has not expressed any intention to do so, the Company has the right under the Plan, in certain circumstances, to discontinue its contributions at any time and to terminate the Plan subject to the provisions set forth in ERISA. In the event that the Plan is terminated, the net assets of the Plan will be allocated for payment of Plan benefits to the participants in an order of priority determined in accordance with ERISA, applicable regulations thereunder, and the Plan document.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal-age retirement benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a statutory ceiling on the amount of an individual's monthly benefit.

Whether all participants receive their benefits, should the Plan be terminated at some future time, will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid and the level and type of benefits guaranteed by the PBGC. Some benefits may be fully or partially provided for by the then existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

#### **Note 11. Federal Income Tax Status**

The Internal Revenue Service has determined and informed the Company by a letter dated December 10, 2009, that the Plan and related trust were designed in accordance with the applicable regulations of the Internal Revenue Code. The Company and the Plan Administrator believe that the Plan is currently designed and operated in compliance with the applicable requirements of the Internal Revenue Code and that the Plan and related trust continue to be tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan. Management evaluated the Plan's tax positions and concluded that the Plan had maintained its tax-exempt status and had taken no uncertain tax positions that require recognition or disclosure in the financial statements. With few exceptions, the Plan is no longer subject to income tax examinations by the U.S. federal, state, or local tax authorities for years before 2008.

#### **Note 12. Exempt Party-in-Interest Transactions**

Certain plan investments are shares of a money market fund and units of participation in common trust funds managed by Wells Fargo. Wells Fargo is the trustee as defined by the Plan, and therefore, these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for trustee and investment management services were \$ 91,923 for 2010. These fees were paid by the Master Trust for 2011 and totaled \$89,204.

## Retirement Plan of Piedmont Natural Gas Company, Inc.

### Notes to Financial Statements

#### Note 13. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2011 and 2010:

|                                                                              | December 31           |                       |
|------------------------------------------------------------------------------|-----------------------|-----------------------|
|                                                                              | 2011                  | 2010                  |
| Net assets available for benefits as presented in these financial statements | \$ 255,514,044        | \$ 251,322,431        |
| Net assets held in 401(h) account included as assets in Form 5500            | 5,239,203             | 5,390,136             |
| Net assets available for benefits per the Form 5500                          | <u>\$ 260,753,247</u> | <u>\$ 256,712,567</u> |

The net assets of the 401(h) account included in Form 5500 are not available to pay pension benefits but can only be used to pay retiree health benefits.

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2011:

|                                           | Amounts Per<br>Financial<br>Statements | 401(h)<br>Account | Reclassifications | Amounts per<br>Form 5500 |
|-------------------------------------------|----------------------------------------|-------------------|-------------------|--------------------------|
| Appreciation in fair value of investments | \$ (1,630,311)                         | \$ (85,005)       | \$ 1,715,316      | \$ -                     |
| Interest                                  | 10,083,723                             | 105               | (10,083,828)      | -                        |
| Dividends and other                       | 8,201,741                              | 137,373           | (8,339,114)       | -                        |
| Investment gain from master trust         | -                                      | -                 | 16,633,090        | 16,633,090               |
| Employer contributions                    | -                                      | 423,000           | -                 | 423,000                  |
| Administrative expense                    | (1,078,333)                            | -                 | (112,505)         | (1,190,838)              |
| Premium expense                           | -                                      | (187,041)         | 187,041           | -                        |
| Transfer to other plans                   | -                                      | (439,366)         | -                 | (439,366)                |

The following is a reconciliation of the changes in net assets available for benefits per the financial statements to Form 5500 for the year ended December 31, 2010:

|                                           | Amounts Per<br>Financial<br>Statements | 401(h)<br>Account | Additional<br>Contribution | Amounts per<br>Form 5500 |
|-------------------------------------------|----------------------------------------|-------------------|----------------------------|--------------------------|
| Appreciation in fair value of investments | \$ 28,429,902                          | \$ 461,672        | \$ -                       | \$ 28,891,574            |
| Interest                                  | 1,100,697                              | 221               | -                          | 1,100,918                |
| Dividends and other                       | 6,117,267                              | 163,134           | -                          | 6,280,401                |
| Employer contributions                    | 22,000,000                             | 531,000           | 22,000,000                 | 44,531,000               |
| Premium expense                           | -                                      | (157,481)         | -                          | (157,481)                |
| Transfer to other plans                   | -                                      | (469,020)         | -                          | (469,020)                |

**Retirement Plan of Piedmont Natural Gas Company, Inc.**

**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)**

**December 31, 2011**

| Identity of issuer, borrower,<br>lessor, or similar party | Description of investment<br>including maturity date,<br>rate of interest, collateral,<br>par or maturity value | Cost           | Current<br>value |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------|------------------|
| * Plan interest in investment held in Master Trust        | Piedmont Natural Gas Company, Inc.                                                                              | \$ 244,465,622 | \$ 255,746,012   |

\*Represents a party-in-interest.

**Schedule SB, Line 22 — Description of Weighted Average Retirement Age**

Each employee is assumed to retire in accordance with the table of retirement rates. The proportion of employees expected to retire each potential retirement age is shown below. The average retirement age is 61.

| (A)<br><br>Retirement<br>age | (B)<br><br>Retirement<br>Rates | (C)<br><br>Assumed<br>Number of<br>Survivors | (D)<br><br>Number of<br>employees<br>expected to retire<br>(B) x (C) | (E)<br><br>Number of<br>Retirements<br>times Age<br>(A) x (D) |
|------------------------------|--------------------------------|----------------------------------------------|----------------------------------------------------------------------|---------------------------------------------------------------|
| 55                           | 5.0%                           | 10,000                                       | 500.00                                                               | 27,500                                                        |
| 56                           | 5.0%                           | 9,500                                        | 475.00                                                               | 26,600                                                        |
| 57                           | 5.0%                           | 9,025                                        | 451.25                                                               | 25,721                                                        |
| 58                           | 5.0%                           | 8,574                                        | 428.69                                                               | 24,864                                                        |
| 59                           | 5.0%                           | 8,145                                        | 407.25                                                               | 24,028                                                        |
| 60                           | 10.0%                          | 7,738                                        | 773.78                                                               | 46,427                                                        |
| 61                           | 10.0%                          | 6,964                                        | 696.40                                                               | 42,480                                                        |
| 62                           | 75.0%                          | 6,268                                        | 4,700.72                                                             | 291,445                                                       |
| 63                           | 75.0%                          | 1,567                                        | 1,175.18                                                             | 74,036                                                        |
| 64                           | 75.0%                          | 392                                          | 293.79                                                               | 18,803                                                        |
| 65                           | 100.0%                         | 98                                           | 97.94                                                                | 6,366                                                         |
|                              |                                |                                              |                                                                      |                                                               |
| Total                        |                                |                                              | 10,000.00                                                            | 608,270                                                       |
| Average                      |                                |                                              |                                                                      | 60.83                                                         |

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods****Actuarial assumptions**

|                                        |                                                                                                                                                                                                                                                                                   |
|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Discount rate sponsor elections</b> |                                                                                                                                                                                                                                                                                   |
| ▪ Segment rates or full yield curve    | Segment rates                                                                                                                                                                                                                                                                     |
| ▪ Look-back months                     | 0                                                                                                                                                                                                                                                                                 |
| ▪ First 5 years                        | 2.94%                                                                                                                                                                                                                                                                             |
| ▪ Next 15 years                        | 5.82%                                                                                                                                                                                                                                                                             |
| ▪ Over 20 years                        | 6.46%                                                                                                                                                                                                                                                                             |
| <b>Mortality sponsor elections</b>     |                                                                                                                                                                                                                                                                                   |
| ▪ Healthy participants                 | Section 430(h)(3) prescribed separate generational annuitant and nonannuitant mortality tables. These tables are based on the RP-2000 mortality tables projected with mortality improvement to the valuation year plus 7 and 15 years based on Scale AA                           |
| ▪ Pre-1995 disabilities                | Revenue Ruling 96-7 table for participants who became disabled before 1995                                                                                                                                                                                                        |
| ▪ Post-1994 disabilities               | Revenue Ruling 96-7 table for participants who became disabled after 1994 and are eligible for Social Security disability benefits                                                                                                                                                |
| <b>417(e) lump sums</b>                | Liabilities are determined based on the underlying annuity used by the plan to determine the lump sum amount, rather than valuing the lump sum payment. This annuity is valued based on funding interest rates rather than 417(e) rates and current year 417(e) unisex mortality. |
| <b>Non-417(e) lump sums</b>            |                                                                                                                                                                                                                                                                                   |
| ▪ Mortality table                      | UP84                                                                                                                                                                                                                                                                              |
| ▪ Interest rate                        | 6.00%                                                                                                                                                                                                                                                                             |
| <b>Cash balance plans</b>              |                                                                                                                                                                                                                                                                                   |
| ▪ Interest accumulation rate           | 4.00%                                                                                                                                                                                                                                                                             |
| ▪ Whipsaw calculations                 | No                                                                                                                                                                                                                                                                                |
| ▪ Annuity conversion                   |                                                                                                                                                                                                                                                                                   |
| – Mortality table                      | 2011 PPA unisex mortality                                                                                                                                                                                                                                                         |
| – Interest rate basis                  | Funding segment rates                                                                                                                                                                                                                                                             |

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods****Other economic assumptions**

|                              |                                                                                                                                 |
|------------------------------|---------------------------------------------------------------------------------------------------------------------------------|
| ▪ Salary increases           | 3.87% weighted average increase, see table of sample rates                                                                      |
| ▪ Social Security wage base  | 3.50% per year                                                                                                                  |
| ▪ Inflation                  | 2.50% per year                                                                                                                  |
| ▪ Expected investment return | 7.50% per year for years 2009 through 2011                                                                                      |
| ▪ Expenses                   | Administrative expenses are assumed to be equal to previous year's actual administrative expenses (\$288,603 for current year). |

**Demographic assumptions**

Withdrawal See table of sample rates.

Disability incidence 1985 Disability Table – Class 1

| Retirement age | Attained age | Percentage |
|----------------|--------------|------------|
|                | Under 55     | 0%         |
|                | 55           | 5%         |
|                | 56           | 5%         |
|                | 57           | 5%         |
|                | 58           | 5%         |
|                | 59           | 5%         |
|                | 60           | 10%        |
|                | 61           | 10%        |
|                | 62           | 75%        |
|                | 63           | 75%        |
|                | 64           | 75%        |
|                | 65 and above | 100%       |

Benefit commencement age for

|                           |    |
|---------------------------|----|
| ▪ Future vested deferred  | 62 |
| ▪ Current vested deferred | 62 |

| Spouse assumptions      | <u>Male participants</u> | <u>Female participants</u> |
|-------------------------|--------------------------|----------------------------|
| ▪ Percentage married    | 80%                      | 60%                        |
| ▪ Spouse age difference | 3 years younger          | 3 years older              |

| Form of payment           | <u>Lump sum</u> | <u>Single life*</u> |
|---------------------------|-----------------|---------------------|
| ▪ Active retirements      | 90%             | 10%                 |
| ▪ Future vested deferred  | 90%             | 10%                 |
| ▪ Future disabilities     | 90%             | 10%                 |
| ▪ Future deaths           | 90%             | 10%                 |
| ▪ Current vested deferred | 0%              | 100%                |

\* For married participants with a Progress Energy cash balance benefit, the assumed form of payment is J&S 50% due to no reduction from the single life annuity.

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**

|                                                   |                |
|---------------------------------------------------|----------------|
| <b>Unpredictable contingent event assumptions</b> | Not applicable |
|---------------------------------------------------|----------------|

**Table of sample rates**

| Attained Age | Percentage |         |                         |         |
|--------------|------------|---------|-------------------------|---------|
|              | Disability |         | Withdrawal <sup>1</sup> |         |
|              | Males      | Females | Males                   | Females |
| 20           | .0290%     | .0300%  | 2.9000%                 | 5.8000% |
| 25           | .0380%     | .0470%  | 2.3500%                 | 4.7000% |
| 30           | .0480%     | .0800%  | 1.8500%                 | 3.7000% |
| 35           | .0690%     | .1360%  | 1.4000%                 | 2.8000% |
| 40           | .1170%     | .2110%  | 1.1000%                 | 2.2000% |
| 45           | .2020%     | .3230%  | .9000%                  | 1.8000% |
| 50           | .3580%     | .5330%  | .6500%                  | 1.3000% |
| 55           | .7220%     | .9520%  | .0000%                  | .0000%  |
| 60           | 1.2560%    | 1.1590% | .0000%                  | .0000%  |
| 65           | .0000%     | .0000%  | .0000%                  | .0000%  |

| Attained Age | Percentage           |                          |
|--------------|----------------------|--------------------------|
|              | Earnings Progression |                          |
|              | Attained Age         | Increase at Attained Age |
|              | 20                   | 9.0%                     |
|              | 25                   | 9.0%                     |
|              | 30                   | 8.0%                     |
|              | 35                   | 7.0%                     |
|              | 40                   | 6.0%                     |
|              | 45                   | 5.0%                     |
|              | 50                   | 4.0%                     |
|              | 55                   | 3.0%                     |
|              | 60                   | 3.0%                     |

<sup>1</sup> 10% turnover for the first two years of employment and the ultimate withdrawal rates thereafter

## Schedule SB, Part V — Statement of Actuarial Assumptions/Methods

### Actuarial methods

#### Asset methods

The asset valuation method is an average of the adjusted market value for each year during the last two years preceding the valuation date. The adjusted market value is the market value at each determination date adjusted to the valuation date based on actual cash flows and expected interest at the lesser of the expected rate of return and the third segment rate. This amount is adjusted to be no greater than 110 percent and no less than 90 percent of the fair market value, as defined in IRC Section 430.

A characteristic of this asset method is that, over time, it is slightly more likely to produce an actuarial value of assets that is less than the market value of assets than an actuarial value that is greater than the market value.

#### Participant methods

Participants or former participants are included or excluded from the valuation as described below:

- **Participants included:** The plan sponsor provides us with data on all employees as of the valuation date, but only those employees who have completed the plan's eligibility requirements are included in the valuation of liabilities.
- **Participants excluded:** No actuarial liability is included for nonvested participants who terminated prior to the valuation date. For this purpose, participants with a break in service on the valuation date are treated as terminated participants.
- **Insurance contracts:** The plan does not have any insurance contracts.

#### Minimum funding methods

The funding target for minimum funding calculations is computed using the traditional unit credit method of funding. The objective under this method is to fund each participant's benefits under the plan as they accrue. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- The plan's valuation date is the beginning of the plan year.
- An individual's **funding target** is the present value of future benefits based on credited service and average pay as of the beginning of the plan year, and an individual's **target normal cost** is the present value of the benefit expected to accrue in the plan year. If multiple decrements are used, the funding target and the target normal cost for an individual is the sum of the component funding targets and target normal costs associated with the various anticipated separation dates.

**Schedule SB, Part V — Statement of Actuarial Assumptions/Methods**

- The plan provides disability benefits which are not based on service at disability. These benefits are attributed to service using the ratio of service on the valuation date to service at first eligibility.
- This plan provides benefits that are not a function of a participant's accrued benefit or years of service. This benefit is allocated to funding target based on the ratio of the participant's service at the beginning of the plan year to their service at each decrement age and is allocated to target normal cost based on the proportionate benefit attributable to the increase in the participant's service and compensation during the plan year.
- The plan's **target normal cost** is the sum of the individual target normal costs, and the plan's **funding target** is the sum of the individual funding targets for all participants under the plan.

**Maximum deductible contribution method**

Calculations of maximum deductible contributions include the excess of the funding target computed using the projected unit credit method over the minimum funding target. The objective of the projected unit credit method is to fund each participant's benefits under the plan as they accrue, taking into consideration expected future compensation increases. Thus, the total pension to which each participant is expected to become entitled at retirement is broken down into units, each associated with a year of past or future credited service.

A detailed description of the calculation follows:

- An individual's **projected funding target** is the present value of benefits based on credited service as of the beginning of the plan year and projected compensation that would be used in the calculation of the benefit on each expected separation date. If multiple decrements are used, the projected funding target for an individual is the sum of the component projected funding targets associated with the various anticipated separation dates.
- The plan's **projected funding target** is the sum of the projected funding targets for all participants under the plan. The excess of the plan's projected funding target over the plan's funding target is included in the "cushion amount."

## Schedule SB, Part V — Summary of Plan Provisions

### Benefits included or excluded

Unless noted below, all benefits provided by the plan, as restated January 1, 2008, are included in this valuation.

- **Plan amendments excluded:** None
- **IRC Section 436 benefit restrictions:**
  - *Unpredictable contingent event benefits:* This valuation excludes restricted contingent event benefits that occurred before the valuation date but includes contingent event benefits which are expected to occur on or after the valuation date regardless of anticipated funding-based limitations.
  - *Plan amendments:* See above.
  - *Prohibited payments:* Limitations on prohibited benefits (if any) are reflected for annuity starting dates before the valuation date but are ignored for annuity starting dates on or after the valuation date.
  - *Benefit accruals:* The plan's funding target does not reflect any limitation on benefit accruals. The target normal cost does not reflect any limitation on benefit accruals.
- **Late retirement increases:**
  - *Active participants:* Late retirement actuarial increases apply to active participants who defer retirement beyond normal retirement. This valuation includes increases for current participants over age 65.
  - *Deferred vested participants:* Current deferred vested participants over normal retirement age are valued including the late retirement actuarial increase.
- **Unpredictable contingent event benefits:** The plan does not have any unpredictable contingent event benefits.
- **IRC Section 415(b) benefit limitations:** The limitations of Internal Revenue Code Section 415(b) have been incorporated into our calculations.
- **IRC Section 416 rules for top-heavy plans:** We did not test whether this plan is top-heavy (when the present value of benefits for key employees equals or exceeds 60 percent of the present value for all participants). However, we expect that the plan is not top-heavy due to the large number of rank-and-file participants; therefore, the funding target and target normal cost do not reflect any liability for top-heavy benefit accruals.

**Schedule SB, Part V — Summary of Plan Provisions****Summary of major plan provisions*****Piedmont***

|                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective date and plan year                     | Original plan: January 1, 1968<br>Restated plan: January 1, 2008<br>Plan year: Calendar year                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Status of the plan                               | The plan has ongoing benefit accruals for current participants but is closed to new entrants as of January 1, 2009.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Significant events that occurred during the year | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Definitions</b>                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| ▪ Covered employees                              | Individuals employed by Piedmont Natural Gas Company, Inc. or any adopting member of a related group.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| ▪ Participation                                  | <p>Each employee hired prior to January 1, 2008 shall become a participant on the January 1 or July 1 coinciding with or next following the date on which he either:</p> <p>(a) attains age 21 and completes 1,000 hours of service during the 12-month period commencing on his employment date (or completes 1,000 hours of service during a calendar year following his employment date), or</p> <p>(b) attains age 30.</p> <p>All participants in the Nashville Gas Company Pension Plan became participants on January 1, 1987.</p> <p>Former NCNG participants of the Progress Energy Pension Plan became participants on October 1, 2003.</p> |
| ▪ Employee contributions                         | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ▪ Vesting service                                | Plan years during which the employee completes 1,000 or more hours of service, including service with Nashville Gas Company prior to January 1, 1987, and service with Progress Energy prior to October 1, 2003, but excluding years prior to attaining age 22 (age 18 beginning 1985) and years prior to the effective date of the plan.                                                                                                                                                                                                                                                                                                            |

**Schedule SB, Part V — Summary of Plan Provisions**

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Credited service       | <p>Plan years after the employee satisfies eligibility requirements for each full month and any partial calendar month ending on his employment termination date during which he was a participant.</p> <p>Nashville Gas Company Pension participants shall be credited with all benefit accrual service under that plan prior to January 1, 1987.</p> <p>Progress Energy Pension Plan participants shall begin accruing benefit accrual service at October 1, 2003.</p> |
| ▪ Pensionable earnings   | <p>Annual W-2 compensation, plus any amounts contributed to a 401(k) plan, plus any Section 125 premiums. For plan years beginning after December 31, 2001, the compensation limit of Code Section 401(a)(17) is increased to \$200,000 and is applied retroactively to the extent permitted by the Code. The compensation limit is indexed annually.</p>                                                                                                                |
| ▪ Final average earnings | <p>Average of compensation for the sixty (60) consecutive months of highest earnings during the last ten years of employment immediately preceding the determination date.</p>                                                                                                                                                                                                                                                                                           |
| ▪ Covered compensation   | <p>The 35-year average of F.I.C.A. Wage Bases ending in the year before an employee attains his social security retirement age.</p>                                                                                                                                                                                                                                                                                                                                      |
| ▪ Accrued benefit        | <p>Amount payable to a participant as a single life annuity beginning at age 65.</p>                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Normal retirement</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| ▪ Eligibility            | <p>Attainment of age 65</p>                                                                                                                                                                                                                                                                                                                                                                                                                                              |

**Schedule SB, Part V — Summary of Plan Provisions**

|                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Benefit               | <p>A lifetime benefit commencing at normal retirement equal to the greater of (a) plus (b) or (c):</p> <p>(a) the accrued benefit under the plan in effect December 31, 2007 (December 31, 2008 for Nashville union).</p> <p>(b) (1.2% of final average earnings plus 0.5% of final average earnings in excess of covered compensation) times credited service earned after 2007 (2008 for Nashville union) up to 35. (Note the 35 year cap is reduced by the number of years used in the calculation of (a)).</p> <p>(c) (1.2% of final average earnings plus 0.5% of final average earnings in excess of covered compensation) times credited service up to 35 years.</p>                                                       |
| <b>Early retirement</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| ▪ Eligibility           | <p>A participant may retire prior to normal retirement, provided he has attained age 55 and has completed 10 years of service.</p> <p>(A Nashville participant may retire after age 50 with 15 years of service and receive only the early retirement benefit accrued as of December 31, 1986, under the Nashville Plan, with the Piedmont Plan portion of the early retirement benefit payable after age 55.)</p>                                                                                                                                                                                                                                                                                                                |
| ▪ Benefit               | <p>For benefits earned prior to 2008 (2009 for Nashville union) a lifetime benefit commencing at early retirement equal to the actuarial equivalent of the accrued benefit, with the actuarial factors being 0.35% per month by which benefit commencement date precedes normal retirement date. The early retirement reduction factor for the excess portion of the benefit equals 5/9 of 1% for the first 60 months which retirement precedes age 65 and 5/18 of 1% for the next 60 months which retirement precedes age 60.</p> <p>For benefits earned after 2007 (2008 for Nashville union), a lifetime benefit commencing at early retirement reduced by 0.35% for each month that benefit commencement precedes age 65.</p> |
| <b>Late retirement</b>  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| ▪ Eligibility           | <p>A participant remains in employment past his Normal Retirement Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**Schedule SB, Part V — Summary of Plan Provisions**

|                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Benefit                                   | A lifetime benefit calculated in the same manner as the normal retirement benefit using final average earnings and credited service at late retirement.                                                                                                                                                                                                                                                                                 |
| <b>Deferred vested</b>                      |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ▪ Eligibility                               | The participant terminates employment for reasons other than death or retirement after completing at least 5 years of service.                                                                                                                                                                                                                                                                                                          |
| ▪ Benefit                                   | He shall be entitled to receive a monthly benefit commencing at normal retirement and continuing for the remainder of his lifetime. The amount of benefit shall be 100% of the accrued benefit provided the participant has completed 5 years of service. The participant who has completed 5 years of service may elect to receive a reduced benefit commencing on the first day of any month following his termination of employment. |
| <b>Disability</b>                           |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ▪ Eligibility                               | A participant who has 5 years of service when his leave of absence that results in a long-term disability begins.                                                                                                                                                                                                                                                                                                                       |
| ▪ Benefit                                   | The participant will continue to accrue pension benefits based on their base rate of pay.                                                                                                                                                                                                                                                                                                                                               |
| <b>Pre-retirement death</b>                 |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ▪ Eligibility                               | Death of a participant who has completed 5 years of service.                                                                                                                                                                                                                                                                                                                                                                            |
| ▪ Benefit prior to normal retirement        | The death benefit will be equal to what the beneficiary would have received had he elected a 50% J&S annuity prior to death. The death benefit can be paid as a lump sum.                                                                                                                                                                                                                                                               |
| ▪ Benefit after normal retirement           | Beneficiary shall be entitled to any remaining benefit due under an elected alternate form of payment.                                                                                                                                                                                                                                                                                                                                  |
| <b>Form of benefits</b>                     |                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ▪ Automatic form for unmarried participants | The normal form of payment is a life annuity.                                                                                                                                                                                                                                                                                                                                                                                           |
| ▪ Automatic form for married participants   | Benefits to married participants will be paid in the form of an actuarially reduced 50% joint & survivor annuity unless the participant and spouse properly elect to receive another form of payment.                                                                                                                                                                                                                                   |
| ▪ Optional forms                            | Optional forms of payment include 75% and 100% joint and survivor options; 5, 10 and 15-year certain and life options; and a lump-sum option.                                                                                                                                                                                                                                                                                           |

**Schedule SB, Part V — Summary of Plan Provisions**

|                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Optional form conversion factors</li> </ul>                  | <u>Optional form conversion except lump sums</u><br>Mortality: 1984 Unisex Pension Mortality<br>Interest: 6% per annum<br><br><u>Lump sums</u> - the greater of above or<br>Mortality: 417(e) mortality<br>Interest: PPA lump sum segment rates for the month of November prior to plan year                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Miscellaneous</b>                                                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <ul style="list-style-type: none"> <li>Cost-of-living benefit increases after retirement</li> </ul> | Retirement benefits are increased or decreased on January 1 each year by an amount equal to the original retirement benefit multiplied by the ratio of the cost-of-living index figure on the preceding November 30 to the cost-of-living index figure at retirement. Changes from one year to the next of less than 1% are ignored and the adjusted benefit will not decrease below the original benefit nor increase above the original benefit increased by compound interest of 3% per year. These cost-of-living increases do not apply to terminated/vested employees or to benefits accrued by non-union employees after December 31, 1992, NC/SC union employees after June 30, 1998, and Nashville union employees after July 31, 1999. |
| <ul style="list-style-type: none"> <li>Maximum compensation</li> </ul>                              | Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2011, the limit is \$245,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <ul style="list-style-type: none"> <li>Maximum benefits</li> </ul>                                  | Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2011, the limit is \$195,000.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**Schedule SB, Part V — Summary of Plan Provisions****NCNG**

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Effective date           | The effective date is February 13, 2004.                                                                                                                                                                                                                                                                                                                                                                                                                             |
| <b>Definitions</b>       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| ▪ Covered employees      | All participating employees who, as of September 30, 2003, had an accrued benefit under The Progress Energy Pension Plan became participants on February 13, 2004. No other individuals are or may become eligible to participate in the Plan on or after February 13, 2004.                                                                                                                                                                                         |
| ▪ Participation          | <p>Participation is limited to persons who, as of September 30, 2003, had an accrued benefit under The Progress Energy Pension Plan which includes:</p> <p>(a) "continuing employees" as defined in the Stock Purchase Agreement;</p> <p>(b) certain former employees of The Progress Energy Pension Plan who, as of September 30, 2003, were deferred vested participants; and</p> <p>(c) certain retired employees as defined in the Stock Purchase Agreement.</p> |
| ▪ Employee contributions | None                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ▪ Vesting service        | <p>(a) Years of vesting service under The Progress Energy Pension Plan as of September 30, 2003; plus</p> <p>(b) one year of service if credited with at least one hour of service during the period beginning October 1, 2003 and ending December 31, 2003; plus</p> <p>(c) one year of service for each calendar year on or after January 1, 2004 during which the participant is credited with at least 1,000 hours.</p>                                          |
| ▪ Credited service       | <p>Plan years after the employee satisfies eligibility requirements for each full month and any partial calendar month ending on his employment termination date during which he was a participant.</p> <p>Progress Energy Pension Plan participants shall begin accruing benefit accrual service at October 1, 2003.</p>                                                                                                                                            |

**Schedule SB, Part V — Summary of Plan Provisions**

|                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Pensionable earnings   | <p>Annual W-2 compensation, plus any amounts contributed to a 401(k) plan, plus any Section 125 premiums. For plan years beginning after December 31, 2001, the compensation limit of Code Section 401(a)(17) is increased to \$200,000 and is applied retroactively to the extent permitted by the Code. The compensation limit is indexed annually.</p> <p><u>For LTD employees with Progress Energy:</u></p> <p>For purposes of calculating pay credits and transition credits, members on approved disability shall be imputed with compensation at the annual rate they were earning immediately prior to their cessation of active service.</p>                            |
| ▪ Benefit                | <p>A participant's cash balance account as of September 30, 2003 under The Progress Energy Pension Plan as adjusted for interest credits.</p> <p>Interest credits shall be credited to the cash balance account on December 31, or retirement date if earlier, at an annual rate of 6% for 2004 and 4% thereafter.</p>                                                                                                                                                                                                                                                                                                                                                           |
| ▪ Accrued benefit        | <p>The sum of</p> <ul style="list-style-type: none"> <li>(a) Frozen NCNG accrued benefit</li> <li>(b) Frozen Progress Energy accrued benefit</li> <li>(c) The benefit earned under this plan for final average compensation and benefit service for the period of active participation through December 31, 2007.</li> </ul>                                                                                                                                                                                                                                                                                                                                                     |
| <b>Normal retirement</b> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| ▪ Eligibility            | Attainment of age 65                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| ▪ Benefit                | <p>All retirement benefits are 100% vested at all times. A lifetime benefit commencing at normal retirement equal to the sum of (a) and (b) below:</p> <ul style="list-style-type: none"> <li>(a) participant's frozen NCNG accrued benefit as of December 31, 1999, if any, and;</li> <li>(b) the participant's frozen Progress Energy accrued benefit equal to the greater of (i) and (ii) below: <ul style="list-style-type: none"> <li>(i) the participant's frozen cash balance account pension benefit as of September 30, 2003; and</li> <li>(ii) the participant's frozen progress final average pay benefit determined as of September 30, 2003.</li> </ul> </li> </ul> |

**Schedule SB, Part V — Summary of Plan Provisions****Early retirement**

- **Eligibility** A participant may retire prior to normal retirement, provided he has attained age 55 and has been credited with 10 or more years of service.
- **Benefit** A lifetime benefit commencing at early retirement equal to (1) plus the greater of (2) or (3), where:
  - (1) is the participant's frozen NCNG accrued benefit, reduced by 1/15 for the first 5 years which retirement precedes age 65 and by 1/30 for the next 5 years which retirement precedes age 60.
  - (2) is the participant's frozen Progress Energy final average pay benefit, multiplied by a percentage in accordance with the following table of factors:
 

| Age at<br>Commencement<br>of Retirement<br>Benefit | At Least 10<br>years<br>but less than<br>20 Years of<br>Service | 20 or More Years<br>of Service |
|----------------------------------------------------|-----------------------------------------------------------------|--------------------------------|
| 55                                                 | 75.5                                                            | 75.0                           |
| 56                                                 | 77.5                                                            | 77.5                           |
| 57                                                 | 80.0                                                            | 80.0                           |
| 58                                                 | 82.5                                                            | 82.5                           |
| 59                                                 | 85.0                                                            | 85.0                           |
| 60                                                 | 87.5                                                            | 87.5                           |
| 61                                                 | 90.0                                                            | 90.0                           |
| 62                                                 | 92.5                                                            | 100.0                          |
| 63                                                 | 95.0                                                            | 100.0                          |
| 64                                                 | 97.5                                                            | 100.0                          |
  - (3) is the participant's cash balance account pension benefit, multiplied by an adjustment factor in accordance with the plan.

**Late retirement**

- **Eligibility** A participant is employed past his Normal Retirement Date.
- **Benefit** A lifetime benefit calculated in the same manner as the normal retirement benefit as of the participant's late retirement date.

**Schedule SB, Part V — Summary of Plan Provisions****Deferred vested**

- |               |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|---------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Eligibility | A participant terminates employment.                                                                                                                                                                                                                                                                                                                                                                                                |
| ▪ Benefit     | All termination benefits are 100% vested at all times. If the participant terminates employment, he shall be entitled to receive a monthly benefit commencing at normal retirement and continuing for the remainder of his lifetime. The participant may elect to receive a reduced benefit commencing on the first day of any month following his 55th birthday, provided he had 10 years of service at termination of employment. |

**Disability**

- |               |                                                                                                                                                                                                                                      |
|---------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Eligibility | A participant who, as of September 30, 2003, was eligible to receive disability benefits from a long-term disability program of Progress Energy, Inc. and its predecessors.                                                          |
| ▪ Benefit     | For LTD employees with Progress Energy:<br>Pay credits shall be credited to the cash balance account on December 31. This is determined by multiplying the percentage factor by the member's compensation. See table of pay credits. |

| Age at<br>Beginning<br>of Year | Basic<br>Annual Credits | Additional<br>Annual Credit* |
|--------------------------------|-------------------------|------------------------------|
| Less than 34                   | 3.00%                   | 3.00%                        |
| 35-39                          | 3.50%                   | 3.50%                        |
| 40-44                          | 4.25%                   | 4.25%                        |
| 45-49                          | 5.00%                   | 5.00%                        |
| 50-54                          | 6.00%                   | 6.00%                        |
| 55 and Over                    | 7.00%                   | 7.00%                        |

\* Additional Credit for pay in excess of 80% of Social Security Taxable Wage Base

**Schedule SB, Part V — Summary of Plan Provisions**

For LTD employees with Progress Energy:

Transition credits shall be credited to the cash balance account on December 31. This is determined by multiplying the percentage factor by the member's compensation. See table of transition credits.

| Attained age<br>at beginning<br>of year of<br>Credit | NCNG Transition Credits Made at End<br>of each Plan Year Commencing on or<br>after January 1, 2000<br>Based on Age of Supplement A<br>Participant on January 1, 2000 |       |       |       |
|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|-------|-------|
|                                                      | Less<br>than<br>35                                                                                                                                                   | 35-44 | 45-54 | 55-65 |
| Less than 29                                         | 0.5%                                                                                                                                                                 |       |       |       |
| 29-33                                                | 1.0                                                                                                                                                                  |       |       |       |
| 34-38                                                | 1.5                                                                                                                                                                  | 2.5%  |       |       |
| 39-43                                                | 2.0                                                                                                                                                                  | 3.5   |       |       |
| 44-48                                                | 2.5                                                                                                                                                                  | 4.5   | 6.0%  |       |
| 49-53                                                | 3.0                                                                                                                                                                  | 5.5   | 8.0   |       |
| 54                                                   | 3.5                                                                                                                                                                  | 6.5   | 11.0  | 9.5%  |
| 55                                                   | 3.5                                                                                                                                                                  | 6.5   | 11.0  | 10.5  |
| 56                                                   | 3.5                                                                                                                                                                  | 6.5   | 11.0  | 11.5  |
| 57                                                   | 3.5                                                                                                                                                                  | 6.5   | 11.0  | 12.5  |
| 58                                                   | 3.5                                                                                                                                                                  | 6.5   | 11.0  | 13.5  |
| 59                                                   | 4.0                                                                                                                                                                  | 6.5   | 13.5  | 14.5  |
| 60                                                   | 4.0                                                                                                                                                                  | 7.5   | 13.5  | 15.5  |
| 61                                                   | 4.0                                                                                                                                                                  | 7.5   | 13.5  | 16.5  |
| 62                                                   | 4.0                                                                                                                                                                  | 7.5   | 13.5  | 17.5  |
| 63                                                   | 4.0                                                                                                                                                                  | 7.5   | 13.5  | 18.5  |
| 64-65                                                | 4.0                                                                                                                                                                  | 7.5   | 13.5  | 19.5  |

**Schedule SB, Part V — Summary of Plan Provisions**

| <b>Pre-retirement death</b>                 |                                                                                                                                                                                                                                                                                                                                                            |
|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Eligibility                               | Upon the death of a married vested participant who has not yet begun receiving benefits, the participant's surviving spouse will receive the survivor portion of a 50% joint & survivor annuity.                                                                                                                                                           |
| ▪ Benefit prior to early retirement         | For participants dying on or before the earliest retirement age the annuity is calculated as if the participant had separated from service on the day of his death, and had died the day after attaining the earliest retirement age.                                                                                                                      |
| ▪ Benefit after early retirement            | For participants dying after the earliest retirement age, the annuity is calculated as if the participant had begun receiving the annuity the day before he died.                                                                                                                                                                                          |
| <b>Form of benefits</b>                     |                                                                                                                                                                                                                                                                                                                                                            |
| ▪ Automatic form for unmarried participants | The normal form of payment is a life annuity.                                                                                                                                                                                                                                                                                                              |
| ▪ Automatic form for married participants   | Benefits to married participants will be paid in the form of an actuarially reduced 50% joint & survivor annuity unless the participant and spouse properly elect to receive another form of payment.                                                                                                                                                      |
| ▪ Optional forms                            | <u>NCNG and Progress Energy benefit</u> : Optional forms of payment include 50%, 75% and 100% joint and survivor options; 10 year certain and life option; lump-sum;<br><u>Progress Energy benefit only</u> : unreduced 50% joint and survivor annuity, Social Security leveling form; refund annuity and 100% survivor annuity with life reversion option |
| ▪ Optional form conversion factors          | <u>Optional form conversion except lump sums</u><br>Mortality: 1984 Unisex Pension Mortality<br>Interest: 6% per annum<br><br><u>Lump sums</u> - the greater of above or<br>Mortality: 417(e) mortality table<br>Interest: PPA lump sum segment rates for the month of November prior to the plan year                                                     |

**Schedule SB, Part V — Summary of Plan Provisions**

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**Miscellaneous**

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|                                      |                                                                                                                                                                                                                                                          |
|--------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ▪ Maximum compensation               | Compensation for any 12-month period used to determine accrued benefits may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins. This limit is indexed annually. For 2011, the limit is \$245,000. |
| ▪ Maximum benefits                   | Annual benefits may not exceed the limits in IRC Section 415. This limit is indexed annually. For 2011, the limit is \$195,000.                                                                                                                          |
| ▪ Administration                     | Benefit Plan Committee appointed by the Board of Directors of the Piedmont Natural Gas Company, Inc.                                                                                                                                                     |
| ▪ Funding medium                     | Trust.                                                                                                                                                                                                                                                   |
| ▪ Benefits not included in valuation | None                                                                                                                                                                                                                                                     |

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**Plan provision changes since prior valuation**

Maximum compensation and maximum benefits were updated from 2010 to 2011.

**Schedule SB, Line 24 — Change in Actuarial Assumptions**

- Interest discount and mortality table rates were updated from 2010 to 2011 in accordance with PPA and plan sponsor elections.
- The disability incidence was changed to the 1985 Pension Disability Table – Class 1 for males and females to better reflect anticipated future experience.
- The form of payment assumptions were changed for the Progress Energy and NCNG benefits to be the same as the Piedmont benefits. 90% of active retirement, future deferreds, disabilities, and deaths are assumed to elect a lump sum and the other 10% are assumed to elect a single life annuity (married participants with the Progress Energy cash balance benefit are assumed to elect the J&S 50% since there is no reduction from the single life annuity).

**Schedule SB, Line 26 — Schedule of Active Participant Data**

| Attained age | Years of credited service |              |               |              |              |              |              |              |              |         |                 |
|--------------|---------------------------|--------------|---------------|--------------|--------------|--------------|--------------|--------------|--------------|---------|-----------------|
|              | Under 1                   | 1-4          | 5-9           | 10-14        | 15-19        | 20-24        | 25-29        | 30-34        | 35-39        | 40 & Up | Total           |
| Under 25     |                           | 4            |               |              |              |              |              |              |              |         | 4               |
| 25-29        |                           | 17           | 12            |              |              |              |              |              |              |         | 29              |
| 30-34        |                           | 25<br>54,115 | 61<br>57,496  | 12           |              |              |              |              |              |         | 98              |
| 35-39        |                           | 18           | 108<br>63,993 | 54<br>62,694 | 24<br>66,120 |              |              |              |              |         | 204             |
| 40-44        |                           | 20<br>60,058 | 101<br>68,110 | 46<br>60,376 | 53<br>70,693 | 27<br>74,684 |              |              |              |         | 247             |
| 45-49        |                           | 10           | 108<br>68,656 | 31<br>66,136 | 55<br>70,940 | 55<br>68,837 | 37<br>70,612 | 1            |              |         | 297             |
| 50-54        |                           | 14           | 100<br>70,066 | 28<br>83,926 | 31<br>69,956 | 62<br>83,322 | 90<br>77,691 | 5            | 3            |         | 333             |
| 55-59        |                           | 11           | 84<br>60,569  | 15           | 18           | 24<br>78,754 | 53<br>74,498 | 38<br>74,463 | 10           |         | 253             |
| 60-64        |                           | 1            | 39<br>64,856  | 6            | 11           | 10           | 12           | 16           | 24<br>73,366 | 3       | 122             |
| 65-69        |                           |              | 9             | 8            | 2            | 1            | 2            | 1            | 1            | 5       | 29              |
| 70 & Up      |                           |              | 1             |              |              |              |              |              |              | 1       | 2               |
| Total        |                           | 120          | 623           | 200          | 194          | 179          | 194          | 61           | 38           | 9       | 1,618<br>69,038 |

In each cell, the top number is the count of active participants for each age/service combination and the bottom number is average pay for 2010 limited to \$245,000. Average pay is not shown for cells with fewer than 20 participants.

|                                                                                                                                                                                                                                                                           |                                                                                                                                                                                                                                                                                                                                    |                                                                                           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| <b>SCHEDULE SB</b><br><b>(Form 5500)</b><br><br><small>Department of the Treasury<br/>Internal Revenue Service</small><br><br><small>Department of Labor<br/>Employee Benefits Security Administration</small><br><br><small>Pension Benefit Guaranty Corporation</small> | <b>Single-Employer Defined Benefit Plan</b><br><b>Actuarial Information</b><br><br>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).<br><br><b>► File as an attachment to Form 5500 or 5500-SF.</b> | OMB No. 1210-0110<br><br><b>2011</b><br><br><b>This Form is Open to Public Inspection</b> |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

► **Round off amounts to nearest dollar.**  
 ► **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

|                                                                                                                                                         |                                                                 |     |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------|-----|
| <b>A</b> Name of plan<br><br>Retirement Plan of Piedmont Natural Gas Company, Inc.                                                                      | <b>B</b> Three-digit plan number (PN) ►                         | 001 |
| <b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF<br><br>Piedmont Natural Gas Company, Inc.                                      | <b>D</b> Employer Identification Number (EIN)<br><br>56-0556998 |     |
| <b>E</b> Type of plan: <input checked="" type="checkbox"/> Single <input type="checkbox"/> Multiple-A <input type="checkbox"/> Multiple-B               |                                                                 |     |
| <b>F</b> Prior year plan size: <input type="checkbox"/> 100 or fewer <input type="checkbox"/> 101-500 <input checked="" type="checkbox"/> More than 500 |                                                                 |     |

|                                                                                                                                                                                                         |              |                            |                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------------|--------------------|
| <b>Part I Basic Information</b>                                                                                                                                                                         |              |                            |                    |
| <b>1</b> Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>                                                                                                                         |              |                            |                    |
| <b>2</b> Assets:                                                                                                                                                                                        |              |                            |                    |
| a Market value .....                                                                                                                                                                                    | <b>2a</b>    | 251,537,615                |                    |
| b Actuarial value .....                                                                                                                                                                                 | <b>2b</b>    | 233,303,557                |                    |
| <b>3</b> Funding target/participant count breakdown:                                                                                                                                                    |              |                            |                    |
|                                                                                                                                                                                                         |              | (1) Number of participants | (2) Funding Target |
| a For retired participants and beneficiaries receiving payment.....                                                                                                                                     | <b>3a</b>    | 370                        | 37,996,842         |
| b For terminated vested participants .....                                                                                                                                                              | <b>3b</b>    | 313                        | 16,600,277         |
| c For active participants:                                                                                                                                                                              |              |                            |                    |
| (1) Non-vested benefits.....                                                                                                                                                                            | <b>3c(1)</b> |                            | 7,480,876          |
| (2) Vested benefits.....                                                                                                                                                                                | <b>3c(2)</b> |                            | 127,846,051        |
| (3) Total active.....                                                                                                                                                                                   | <b>3c(3)</b> | 1,618                      | 135,326,927        |
| d Total.....                                                                                                                                                                                            | <b>3d</b>    | 2,301                      | 189,924,046        |
| <b>4</b> If the plan is in at-risk status, check the box and complete lines (a) and (b) <input type="checkbox"/>                                                                                        |              |                            |                    |
| a Funding target disregarding prescribed at-risk assumptions .....                                                                                                                                      | <b>4a</b>    |                            |                    |
| b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor..... | <b>4b</b>    |                            |                    |
| <b>5</b> Effective interest rate .....                                                                                                                                                                  | <b>5</b>     | 6.05 %                     |                    |
| <b>6</b> Target normal cost .....                                                                                                                                                                       | <b>6</b>     | 6,834,313                  |                    |

**Statement by Enrolled Actuary**  
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

|                  |                                                                   |                                                                     |  |
|------------------|-------------------------------------------------------------------|---------------------------------------------------------------------|--|
| <b>SIGN HERE</b> | <u>G.A.</u><br><br>Signature of actuary                           | <u>10/09/2012</u><br><br>Date                                       |  |
|                  | <u>GARO AGHJAYAN</u><br><br>Type or print name of actuary         | <u>11-06816</u><br><br>Most recent enrollment number                |  |
|                  | <u>MERCER</u><br><br>Firm name                                    | <u>(704) 805-7500</u><br><br>Telephone number (including area code) |  |
|                  | <u>100 N. TRYON STREET, SUITE 3400</u><br><br>Address of the firm |                                                                     |  |
|                  | <u>CHARLOTTE</u><br><br>Address of the firm                       |                                                                     |  |
|                  | <u>NC 28202-4023</u><br><br>Address of the firm                   |                                                                     |  |

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

**Part II Beginning of year carryover and prefunding balances**

|                                                                                                                                  | (a) Carryover balance | (b) Prefunding balance |
|----------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|
| <b>7</b> Balance at beginning of prior year after applicable adjustments (line 13 from prior year).....                          | 15,276,541            | 0                      |
| <b>8</b> Portion elected for use to offset prior year's funding requirement (line 35 from prior year) .....                      | 0                     | 0                      |
| <b>9</b> Amount remaining (line 7 minus line 8).....                                                                             | 15,276,541            | 0                      |
| <b>10</b> Interest on line 9 using prior year's actual return of <u>13.85</u> %.....                                             | 2,115,801             |                        |
| <b>11</b> Prior year's excess contributions to be added to prefunding balance:                                                   |                       |                        |
| <b>a</b> Present value of excess contributions (line 38 from prior year) .....                                                   |                       | 20,823,324             |
| <b>b</b> Interest on (a) using prior year's effective rate of <u>6.62</u> % except as otherwise provided (see instructions)..... |                       | 1,378,504              |
| <b>c</b> Total available at beginning of current plan year to add to prefunding balance.....                                     |                       | 22,201,828             |
| <b>d</b> Portion of (c) to be added to prefunding balance.....                                                                   |                       | 0                      |
| <b>12</b> Other reductions in balances due to elections or deemed elections.....                                                 | 0                     | 0                      |
| <b>13</b> Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....                                      | 17,392,342            | 0                      |

**Part III Funding percentages**

|                                                                                                                                                                           |           |          |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|----------|
| <b>14</b> Funding target attainment percentage .....                                                                                                                      | <b>14</b> | 113.68 % |
| <b>15</b> Adjusted funding target attainment percentage .....                                                                                                             | <b>15</b> | 122.84 % |
| <b>16</b> Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement..... | <b>16</b> | 135.91 % |
| <b>17</b> If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage. ....                                       | <b>17</b> | %        |

**Part IV Contributions and liquidity shortfalls****18** Contributions made to the plan for the plan year by employer(s) and employees:

| (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees | (a) Date<br>(MM-DD-YYYY) | (b) Amount paid by<br>employer(s) | (c) Amount paid by<br>employees |
|--------------------------|-----------------------------------|---------------------------------|--------------------------|-----------------------------------|---------------------------------|
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
|                          |                                   |                                 |                          |                                   |                                 |
| <b>Totals</b>            |                                   |                                 | <b>18(b)</b>             | 0                                 | <b>18(c)</b> 0                  |

**19** Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:

|                                                                                                                        |            |   |
|------------------------------------------------------------------------------------------------------------------------|------------|---|
| <b>a</b> Contributions allocated toward unpaid minimum required contributions from prior years. ....                   | <b>19a</b> | 0 |
| <b>b</b> Contributions made to avoid restrictions adjusted to valuation date.....                                      | <b>19b</b> | 0 |
| <b>c</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date..... | <b>19c</b> | 0 |

**20** Quarterly contributions and liquidity shortfalls:

- a** Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No
- b** If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No
- c** If 20a is "Yes," see instructions and complete the following table as applicable:

| Liquidity shortfall as of end of quarter of this plan year |         |         |         |
|------------------------------------------------------------|---------|---------|---------|
| (1) 1st                                                    | (2) 2nd | (3) 3rd | (4) 4th |
|                                                            |         |         |         |

**Part V Assumptions used to determine funding target and target normal cost**

|                                                 |                                                                                                                                              |                        |                        |                                                     |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|-----------------------------------------------------|
| <b>21</b> Discount rate:                        |                                                                                                                                              |                        |                        |                                                     |
| <b>a</b> Segment rates:                         | 1st segment:<br>2.94 %                                                                                                                       | 2nd segment:<br>5.82 % | 3rd segment:<br>6.46 % | <input type="checkbox"/> N/A, full yield curve used |
| <b>b</b> Applicable month (enter code).....     |                                                                                                                                              |                        |                        | <b>21b</b> 0                                        |
| <b>22</b> Weighted average retirement age.....  |                                                                                                                                              |                        |                        | <b>22</b> 61                                        |
| <b>23</b> Mortality table(s) (see instructions) | <input type="checkbox"/> Prescribed - combined <input checked="" type="checkbox"/> Prescribed - separate <input type="checkbox"/> Substitute |                        |                        |                                                     |

**Part VI Miscellaneous items**

|                                                                                                                                                                       |                                                                     |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------|
| <b>24</b> Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment..... | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>25</b> Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.....                                      | <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <b>26</b> Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....                            | <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No |
| <b>27</b> If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....                  | <b>27</b>                                                           |

**Part VII Reconciliation of unpaid minimum required contributions for prior years**

|                                                                                                                                     |           |   |
|-------------------------------------------------------------------------------------------------------------------------------------|-----------|---|
| <b>28</b> Unpaid minimum required contributions for all prior years.....                                                            | <b>28</b> | 0 |
| <b>29</b> Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)..... | <b>29</b> | 0 |
| <b>30</b> Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....                                    | <b>30</b> | 0 |

**Part VIII Minimum required contribution for current year**

| <b>31</b> Target normal cost and excess assets (see instructions):                                                                                                                  |                                                                                                                                                                                                                                                                                                                             |                   |                    |  |                     |             |                                                      |   |   |                                               |   |   |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|--------------------|--|---------------------|-------------|------------------------------------------------------|---|---|-----------------------------------------------|---|---|
| <b>a</b> Target normal cost (line 6).....                                                                                                                                           | <b>31a</b>                                                                                                                                                                                                                                                                                                                  | 6,834,313         |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>b</b> Excess assets, if applicable, but not greater than 31a.....                                                                                                                | <b>31b</b>                                                                                                                                                                                                                                                                                                                  | 6,834,313         |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>32</b> Amortization installments:                                                                                                                                                | <table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td><b>a</b> Net shortfall amortization installment.....</td> <td>0</td> <td>0</td> </tr> <tr> <td><b>b</b> Waiver amortization installment.....</td> <td>0</td> <td>0</td> </tr> </tbody> </table> |                   |                    |  | Outstanding Balance | Installment | <b>a</b> Net shortfall amortization installment..... | 0 | 0 | <b>b</b> Waiver amortization installment..... | 0 | 0 |
|                                                                                                                                                                                     | Outstanding Balance                                                                                                                                                                                                                                                                                                         | Installment       |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>a</b> Net shortfall amortization installment.....                                                                                                                                | 0                                                                                                                                                                                                                                                                                                                           | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>b</b> Waiver amortization installment.....                                                                                                                                       | 0                                                                                                                                                                                                                                                                                                                           | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>33</b> If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount..... | <b>33</b>                                                                                                                                                                                                                                                                                                                   |                   |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>34</b> Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...                                                           | <b>34</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
|                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                             | Carryover balance | Prefunding balance |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>35</b> Balances elected for use to offset funding requirement.....                                                                                                               |                                                                                                                                                                                                                                                                                                                             | 0                 | 0                  |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>36</b> Additional cash requirement (line 34 minus line 35).....                                                                                                                  | <b>36</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>37</b> Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....                                                  | <b>37</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>38</b> Present value of excess contributions for current year (see instructions)                                                                                                 |                                                                                                                                                                                                                                                                                                                             |                   |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>a</b> Total (excess, if any, of line 37 over line 36).....                                                                                                                       | <b>38a</b>                                                                                                                                                                                                                                                                                                                  | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>b</b> Portion included in line 38a attributable to use of prefunding and funding standard carryover balances.....                                                                | <b>38b</b>                                                                                                                                                                                                                                                                                                                  | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>39</b> Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37).....                                                                      | <b>39</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |
| <b>40</b> Unpaid minimum required contributions for all years.....                                                                                                                  | <b>40</b>                                                                                                                                                                                                                                                                                                                   | 0                 |                    |  |                     |             |                                                      |   |   |                                               |   |   |

**Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)**

|                                                                                                                 |                                                                                                                         |  |  |
|-----------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|--|--|
| <b>41</b> If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule: |                                                                                                                         |  |  |
| <b>a</b> Schedule elected.....                                                                                  | <input type="checkbox"/> 2 plus 7 years <input type="checkbox"/> 15 years                                               |  |  |
| <b>b</b> Eligible plan year(s) for which the election in line 41a was made.....                                 | <input type="checkbox"/> 2008 <input type="checkbox"/> 2009 <input type="checkbox"/> 2010 <input type="checkbox"/> 2011 |  |  |
| <b>42</b> Amount of acceleration adjustment.....                                                                | <b>42</b>                                                                                                               |  |  |
| <b>43</b> Excess installment acceleration amount to be carried over to future plan years.....                   | <b>43</b>                                                                                                               |  |  |

**Retirement Plan of Piedmont Natural Gas Company, Inc.**

**Form 5500, Schedule H, Part IV, Line 4i - Schedule of Assets (Held at End of Year)**

**December 31, 2011**

| Identity of issuer, borrower,<br>lessor, or similar party | Description of investment<br>including maturity date,<br>rate of interest, collateral,<br>par or maturity value | Cost           | Current<br>value |
|-----------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|----------------|------------------|
| * Plan interest in investment held in Master Trust        | Piedmont Natural Gas Company, Inc.                                                                              | \$ 244,465,622 | \$ 255,746,012   |

\*Represents a party-in-interest.