

DOMINION RESOURCES INC /VA/
Form 424B5
August 20, 2003
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Filed pursuant to Rule 424(b)(5)

Registration No. 333-106790

PROSPECTUS SUPPLEMENT

(To Prospectus dated July 11, 2003)

U.S. \$2,490,000,000

Dominion Resources, Inc.

Medium-Term Notes, Series B

We plan to use this prospectus supplement to offer medium-term notes from time to time. We will provide final terms for each Note in a pricing supplement. The following terms may apply to the Notes:

Maturities of 9 months or more from date of issue

Redemption and/or repayment provisions, that may be mandatory or at our option or the noteholders option

Payments in U.S. dollars or one or more foreign currencies

Minimum denominations of \$25 or \$1,000 in U.S. dollars or equivalent amounts in foreign currencies

Interest at fixed or floating rates. The floating interest rate may be based on one or more of the following indices:

CD rate	Prime rate
LIBOR	Treasury rate
Federal funds rate	CMT rate
Commercial paper rate	

Interest payments on fixed rate Notes on a semi-annual basis

Interest payments on floating rate Notes on a monthly, quarterly, semi-annual or annual basis

Investing in the Notes involves certain risks. See RISK FACTORS beginning on page S-5.

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	<u>Public Offering Price</u>	<u>Agents Discounts And Commissions (1)</u>	<u>Proceeds to Dominion</u>
Per Note	100%	0.125%-0.750%	99.250%-99.875%
Total(2)	U.S.\$2,490,000,000	U.S.\$3,112,500 U.S.\$18,675,000	U.S.\$2,471,325,000 U.S.\$2,486,887,500

(1) Or as agreed, in the case of Notes with a maturity of more than 30 years.

(2) Or the equivalent in one or more foreign or composite currencies.

We may offer the Notes through agents who solicit offers to purchase the Notes and receive a commission based on the principal amount of the Notes offered, to agents who purchase the Notes as principal for resale at varying or fixed offering prices and receive a negotiated commission, or directly to investors.

From time to time we may sell other securities described in the accompanying base prospectus, and the amount of Notes offered hereby will be reduced as a result of these sales.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus or any applicable pricing or prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Banc of America Securities LLC

Credit Suisse First Boston

JPMorgan

Lehman Brothers

McDonald Investments Inc.

Merrill Lynch & Co.

Morgan Stanley

The date of this Prospectus Supplement is August 20, 2003

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ABOUT THIS PROSPECTUS SUPPLEMENT AND PRICING SUPPLEMENTS

This prospectus supplement is part of a registration statement that we have filed with the Securities and Exchange Commission (SEC) utilizing a shelf registration process. Under this shelf process, we may sell up to a total of \$2.49 billion of securities, including medium-term notes (Notes). The Notes will be sold in one or more offerings using this prospectus supplement, the accompanying base prospectus and future pricing supplements. From time to time we may sell other securities described in the accompanying base prospectus, and the amount of Notes offered hereby will be reduced as a result of these sales.

This prospectus supplement provides you with a general description of the Notes we may offer. The accompanying base prospectus provides more general information about securities we may offer from time to time, some of which does not apply to the Notes we may offer. Generally, when we refer to the prospectus, we are referring to both this prospectus supplement and the base prospectus. Each time we sell Notes, we will provide a pricing supplement that will contain specific information about the terms of that offering and the Notes offered by us in that offering. The pricing supplement may also add, update or change information in this prospectus supplement. You should read the accompanying base prospectus, this prospectus supplement and any pricing supplement together with additional information described under the heading WHERE YOU CAN FIND MORE INFORMATION.

You should rely only on the information contained in this document or to which this document refers you. We have not, and the agents have not, authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate as of the date of this document. Our business, financial condition, results of operations and prospects may have changed since that date.

In this prospectus supplement, the words Dominion, Company, we, our and us refer to Dominion Resources, Inc., a Virginia corporation, and its subsidiaries and predecessors.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's web site at <http://www.sec.gov>. You may also read and copy any document we file at the SEC's public reference room in Washington, D.C. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. You may also read and copy these documents at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and later information that we file with the SEC will automatically update or supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), until such time as all of the securities covered by this prospectus supplement have been sold:

Annual Report on Form 10-K for the year ended December 31, 2002, which should be read along with our Current Report on Form 8-K filed May 9, 2003 providing certain financial information that has been reformatted to reflect the transfer of our electric transmission operations to the Dominion Energy segment from the Dominion Delivery segment effective January 1, 2003;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2003 and June 30, 2003; and

Current Reports on Form 8-K, filed January 23, 2003, February 11, 2003, March 4, 2003, May 9, 2003, May 21, 2003, July 17, 2003 and July 22, 2003.

You may request a copy of these filings, at no cost, by writing or telephoning us at: Corporate Secretary, Dominion Resources, Inc., 120 Tredegar Street, Richmond, Virginia 23219, Telephone (804) 819-2000.

You should not assume that the information in this prospectus supplement and any future pricing supplement is accurate as of any date other than the date on the front of those documents regardless of the time you receive them. Additional updating information with respect to the matters discussed in this prospectus supplement and any pricing supplement may be provided in the future by means of appendices or supplements including future pricing supplements and documents incorporated by reference.

FORWARD-LOOKING INFORMATION

We have included certain information in this prospectus supplement which is forward-looking information as defined by the Private Securities Litigation Reform Act of 1995. Examples include discussions as to our expectations, beliefs, plans, goals, objectives and future financial or other performance or assumptions concerning matters discussed in this prospectus supplement. This information, by its nature, involves estimates, projections, forecasts and uncertainties that could cause actual results or outcomes to differ substantially from those expressed in the forward-looking statements.

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Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control. We have identified a number of these factors in our most recent Quarterly Report on Form 10-Q, under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations – Risk Factors and Cautionary Statements That May Affect Future Results”, which is incorporated by reference in this prospectus supplement and we refer you to that report for further information. The factors include weather conditions; governmental regulations; cost of environmental compliance; inherent risk in the operation of nuclear facilities; fluctuations in energy-related commodities prices and the effect these could have on our earnings, liquidity position and the underlying value of our assets; trading counterparty credit risk; capital market conditions, including price risk due to marketable securities held as investments in trusts and benefit plans; fluctuations in interest rates; the ultimate success of our investments in telecommunications; changes in rating agency requirements or ratings; changes in accounting standards; the risks of operating businesses in regulated industries that are in the process of becoming deregulated; the transfer of control over electric transmission facilities to a regional transmission organization; completing the divestiture of Dominion Capital, Inc. and CNG International Corporation; collective bargaining agreements and labor negotiations; and political and economic conditions (including inflation and deflation). Although we strive to mitigate market risk through our risk management activities, changes in commodity prices can have an adverse impact on our earnings and asset values.

IMPORTANT INFORMATION FOR NON-U.S. RESIDENTS

The information set forth in this prospectus supplement and any pricing supplement is directed to prospective purchasers who are U.S. residents, and we disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of payments of principal, any premium and interest on the Notes. Non-U.S. residents should consult their own financial and legal advisers with regard to these matters.

IMPORTANT CURRENCY INFORMATION

Purchasers are required to pay for the Notes in U.S. dollars, or in other currencies, including composite currencies, as may be specified in the applicable pricing supplement (the Specified Currency), and payments of principal, any premium and interest on the Notes will also be made in U.S. dollars, unless the applicable pricing supplement provides that payments will be made in a Specified Currency. Currently, there are limited facilities in the United States for the conversion of U.S. dollars into the Specified Currencies and vice versa. Most banks do not currently offer non-U.S. dollar denominated checking or savings account facilities in the United States. Accordingly, unless otherwise specified in the applicable pricing supplement or unless alternative arrangements are made, payment of principal, any premium and interest made in a Specified Currency other than U.S. dollars will be made to an account at a bank outside of the United States. See DESCRIPTION OF THE NOTES and

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SPECIAL PROVISIONS RELATING TO NOTES DENOMINATED IN A SPECIFIED CURRENCY OTHER THAN U.S. DOLLARS.

RISK FACTORS

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. We have identified a number of these factors in our most recent periodic report filed with the SEC for the quarter ended June 30, 2003 under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Risk Factors and Cautionary Statements That May Affect Future Results," which is specifically incorporated by reference into this prospectus supplement. We may include additional risk factors in future filings with the SEC, including quarterly and annual reports.

Your investment in the Notes involves certain risks. In consultation with your own financial and legal advisers, you should carefully consider, among other matters, the following discussion of risks before deciding whether an investment in the Notes is suitable for you. Notes are not an appropriate investment for you if you do not understand their significant features and do not know if you can bear all of the investment risk that your Notes involve.

Notes Indexed to Interest Rate, Currency or Other Indices or Formulas May Have Risks Not Associated With a Conventional Debt Security

If you invest in Notes indexed to one or more interest rate, currency or other indices or formulas, you will be subject to significant risks not associated with a conventional fixed rate or floating rate debt security. These risks include fluctuation of the particular indices or formulas and the possibility that you will receive a lower, or no, amount of principal, premium or interest and at different times than you expected. We have no control over a number of matters, including economic, financial and political events, that are important in determining the existence, magnitude and longevity of these risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of the Notes contains a multiplier or leverage factor, the effect of any change in the particular index or formula will be magnified. In recent years, values of certain indices and formulas have been volatile and volatility in those and other indices and formulas may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

Redemption May Adversely Affect Your Return on the Notes

If your Notes are redeemable at our option, we may choose to redeem your Notes at times when prevailing interest rates are relatively low. In addition, if your Notes are subject to mandatory redemption, we may be required to redeem your Notes at times when prevailing interest rates are relatively low. As a result, you generally will not be able to

reinvest the redemption proceeds in a comparable security at an effective interest rate as high as the interest rate on your Notes being redeemed.

There May Not Be Any Trading Market for Your Notes; Many Factors Affect the Trading and Market Value of Your Notes

Upon issuance, your Notes will not have an established trading market. We cannot assure you a trading market for your Notes will ever develop or be maintained if

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developed. In addition to our creditworthiness, many factors affect the trading market for, and trading value of, your Notes. These factors include:

the complexity and volatility of the index or formula applicable to your Notes,

the method of calculating the principal, premium and interest in respect of your Notes,

the time remaining to the maturity of your Notes,

the outstanding amount of Notes,

any redemption features of your Notes,

the amount of other debt securities linked to the index or formula applicable to your Notes, and

the level, direction and volatility of market interest rates generally.

There may be a limited number of buyers when you decide to sell your Notes. This may affect the price you receive for your Notes or your ability to sell your Notes at all. In addition, Notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility than those not so designed.

Foreign Currency Notes Are Subject to Exchange Rate and Exchange Control Risks

If you invest in Notes that are denominated and/or payable in a Specified Currency other than U.S. dollars (Foreign Currency Notes), you will be subject to significant risks not associated with an investment in a debt security denominated and payable in U.S. dollars, including the possibility of material changes in the exchange rate between U.S. dollars and the applicable foreign currency and the imposition or modification of exchange controls by the applicable governments. We have no control over the factors that generally affect these risks, including economic, financial and political events and the supply and demand for the applicable currencies. Moreover, if payments on your Foreign Currency Notes are determined by reference to a formula containing a multiplier or leverage factor, the effect of any change in the exchange rates between the applicable currencies will be magnified. In recent years, exchange rates between certain currencies have been highly volatile and volatility between these currencies or with other currencies may be expected in the future. Fluctuations between currencies in the past are not necessarily indicative, however, of fluctuations that may occur in the future. Depreciation of your payment currency would result in a decrease in the U.S. dollar equivalent yield of your Foreign Currency Notes, in the U.S. dollar equivalent value of the principal and any premium payable at maturity or any earlier redemption of your Foreign Currency Notes and,

generally, in the U.S. dollar equivalent market value of your Foreign Currency Notes.

Governmental exchange controls could affect exchange rates and the availability of the payment currency for your Foreign Currency Notes on a required payment date. Even if there are no exchange controls, it is possible that your payment currency will not be available on a required payment date as a result of circumstances beyond our control. In these cases, we will be allowed to satisfy our obligations in respect of your Foreign Currency Notes in U.S. dollars.

Our Credit Ratings May Not Reflect All Risks of an Investment in the Notes

The credit ratings of our medium-term note program may not reflect the potential

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impact of all risks related to structure and other factors on any trading market for, or trading value of, your Notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading market for, or trading value of, your Notes.

DOMINION

Dominion is a fully integrated gas and electric energy holding company headquartered in Richmond, Virginia. As of June 30, 2003, we had approximately \$42.3 billion in assets.

Our primary operating segments are:

Dominion Energy Dominion Energy manages our 24,000 megawatt portfolio of electric power generation assets, our 7,900 miles of gas transmission pipeline, our 6,000 miles of electric transmission lines and an approximately 960 billion cubic foot natural gas storage network. It also guides our generation growth strategy and our commodity trading, marketing and risk management activities. We currently operate generation facilities in Connecticut, Indiana, Illinois, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia. Dominion Energy also manages our Cove Point, Maryland liquefied natural gas facility.

Dominion Delivery Dominion Delivery manages our local electric and gas distribution systems serving 3.8 million customers and our customer service operations. We currently operate distribution systems in Virginia, West Virginia, North Carolina, Pennsylvania and Ohio. Dominion Delivery also includes our managing equity interest in Dominion Fiber Ventures, LLC, which owns Dominion Telecom, Inc. with its 16,900 route-mile fiber optic network (including 6,700 route miles of lit fiber) and related telecommunications and advanced data services located principally in the eastern half of the United States.

Dominion Exploration & Production Dominion Exploration & Production manages our onshore and offshore oil and gas exploration and production activities. With approximately 6.3 trillion cubic feet of proved natural gas equivalent reserves and 450 billion cubic feet of annual production, Dominion Exploration & Production is one of the nation's largest independent oil and gas operators. We operate on the outer continental shelf and deep water areas of the Gulf of Mexico, western Canada, the Appalachian Basin, the Permian Basin, the Mid-Continent Region and other selected regions in the continental United States.

Principal Subsidiaries

Dominion's principal direct legal subsidiaries include Virginia Electric and Power Company (Dominion Virginia Power), a regulated public utility that generates, transmits and distributes power for sale in Virginia and northeastern North Carolina, Consolidated Natural Gas Company (CNG), a producer, transporter, distributor and retail marketer of natural gas serving customers in Pennsylvania, Ohio, West Virginia, New York, and other states and various cities in the Northeast and Mid-Atlantic and Dominion Energy, Inc., a merchant generation, energy trading and marketing, and natural gas and oil exploration and production company in the United States and Canada.

Other

Because of the changes our industry is undergoing, we continue to encounter opportunities for acquisitions of assets and business combinations that would be consistent with our strategic principles. We regularly investigate any opportunities we learn about that may increase shareholder value or build on our existing asset platform.

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We often participate in bidding and negotiating processes for those transactions. Any acquisitions or combinations of this type will likely require us to access external financing sources or issue additional equity. Additionally, recent capital conditions in our industry have weakened some of our competitors and may require some of our competitors to divest assets, which may increase acquisition opportunities for us.

Dominion's address and telephone number are 120 Tredegar Street, Richmond, Virginia 23219, telephone (804) 819-2000.

For additional information about us, see WHERE YOU CAN FIND MORE INFORMATION on page S-3.

USE OF PROCEEDS

The proceeds from the sale of the Notes will be used to meet a portion of the general capital requirements of the Company and for the refinancing of other outstanding debt. The refinancing of debt may include a portion of our commercial paper.

RATIO OF EARNINGS TO FIXED CHARGES

For purposes of this ratio, earnings are determined by adding distributed income of

equity investees and fixed charges (excluding interest capitalized) to income before income taxes and minority interest after eliminating the equity in earnings or losses of equity investees. These earnings are then divided by total fixed charges. Fixed charges consist of interest charges (without reduction for Allowance for Funds Used During Construction) on long-term and short-term debt, interest capitalized, the portion of rental expense that is representative of the interest factor and preferred stock dividends of consolidated subsidiaries (grossed-up by a factor of pre-tax net income divided by net income).

The ratio of earnings to fixed charges for each of the periods indicated is as follows:

Twelve Months Ended June 30, 2003 ^{1,2}	Twelve Months Ended December 31,				
	2002	2001 ³	2000 ⁴	1999	1998
2.83	2.82	1.82	1.56	2.35	2.28

¹

Unaudited.

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- ² Earnings for the twelve months ended June 30, 2003 include a \$13 million write-down of Dominion Capital Inc. assets, \$21 million for severance costs related to workforce reductions, \$40 million impairment of certain assets held-for-sale, and \$100 million related to the cost of refinancings and impairments at Dominion Fiber Ventures, LLC. Excluding these items from the calculation would result in a higher ratio of earnings to fixed charges for the twelve months ended June 30, 2003.
- ³ Earnings for the twelve months ended December 31, 2001 include \$220 million related to the cost of the buyout of power purchase contracts and non-utility generating plants previously serving the company under long-term contracts, a \$40 million loss associated with the divestiture of Saxon Capital Inc., a \$281 million write-down of Dominion Capital, Inc. assets, \$151 million charge associated with Dominion's estimated Enron-related exposure, and \$105 million associated with a senior management restructuring initiative and related costs. Excluding these items from the calculation above would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2001.
- ⁴ Earnings for the twelve months ended December 31, 2000 include \$579 million in restructuring and other acquisition-related costs resulting from the CNG acquisition and a write-down at Dominion Capital, Inc. Excluding these items from the calculation above would result in a higher ratio of earnings to fixed charges for the twelve months ended December 31, 2000.

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DESCRIPTION OF THE NOTES

Set forth below is a description of the specific terms of the Notes. This description supplements, and should be read together with, the description of the general terms and provisions of the Senior Debt Securities set forth in the accompanying base prospectus under the captions DESCRIPTION OF DEBT SECURITIES and ADDITIONAL TERMS OF SENIOR DEBT SECURITIES. The following description does not purport to be complete and is subject to, and is qualified in its entirety by reference to the Senior Indenture and the supplemental indenture pertaining to the Notes. Capitalized terms used in this DESCRIPTION OF THE NOTES that are not defined in this prospectus supplement have the meanings given to them in the Senior Indenture or the supplemental indenture.

General

The Notes will be issued under our Indenture, dated as of June 1, 2000, as supplemented by a Fourteenth Supplemental Indenture, dated as of August 1, 2003 (as further amended or modified from time to time, the Senior Indenture) between the Company and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as trustee (the Trustee). There is no limitation on the aggregate principal amount of Notes that we may issue. Also, we may, without the consent of the holders of Notes, issue additional Notes having the same ranking and the same interest rate, maturity and other terms as any tranche of Notes. Any additional Notes having such similar terms, together with the Notes, will constitute a single series of Notes under the Senior Indenture.

The terms and conditions set forth in this prospectus supplement will apply to each Note unless otherwise specified herein or in the applicable pricing supplement and in the Note. The Notes will likely be issued in book-entry form and will constitute a series of Debt Securities issued under the Senior Indenture. Notes issued in book-entry form will be represented by certificates deposited with, or on behalf of, The Depository Trust Company (the Depository) and registered in the name of the Depository's nominee (Book-Entry Notes). Any Notes issued in certificated form will be represented by certificates delivered to the purchasers designated by the Agents named under the heading PLAN OF DISTRIBUTION.

The Notes will be offered on a continuing basis and each Note will be due nine months or more from its date of issue, as selected by the purchaser and agreed to by the Company prior to the issuance thereof (the fixed date on which a Note is due is referred to as the Stated Maturity Date). Maturity Date means the date on which the principal amount of a Note is due, whether at the Stated Maturity Date, or the date of earlier redemption or repayment.

Interest rates offered by the Company with respect to the Notes may differ depending upon, among other things, the aggregate principal amount of the Notes purchased in any single transaction.

References to U.S. dollars, U.S. \$, dollars or \$ in this prospectus or any supplement hereto are to the legal currency of the United States of America.

The pricing supplement for each Note will state the following:

the principal amount of the Note;

the Specified Currency in which the Note is denominated (or, if the currency is no

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longer legal tender for the payment of public and private debts in the country issuing the applicable currency or, in the case of the euro, in the member states of the European Union that have adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union, the currency which is then legal tender) and if the Note is denominated in a Specified Currency other than U.S. dollars, the pricing supplement will include information relative to the Specified Currency;

the date on which the Note will be issued;

the Stated Maturity Date of the Note;

the Fixed Rate if a Fixed Rate Note or, if a Floating Rate Note, the Base Rate at which the Note will bear interest (including the Spread and/or Spread Multiplier (each as defined below) applicable thereto and any Minimum and/or Maximum Interest Rates (each as defined below) applicable thereto);

the specified Interest Payment Dates;

the redemption terms, if any, of the Note;

the repayment terms, if any, of the Note; and

additional terms (if any) applicable to the Note.

As used herein, Business Day means any day, other than a Saturday or Sunday, that is neither a legal holiday nor a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in New York City provided, however, that, with respect to Notes the payment of which is to be made in a Specified Currency other than U.S. dollars, that day is also not a day on which commercial banking institutions are authorized or required by law, regulation or executive order to close in the Principal Financial Center (as defined below) of the country issuing the Specified Currency (or, in the case of the euro, is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open); provided, further that, with respect to Notes as to which LIBOR is an applicable Base Rate, the day is also a London Business Day (as defined below).

London Business Day means any day on which commercial banks are open for business (including for dealings in the Index Currency) in London.

Principal Financial Center will generally be the capital city of the country issuing the Specified Currency, or to which the Index Currency relates, except that with respect to United States dollars, euros, Swiss francs, Australian dollars, Canadian dollars and South African rand, the Principal Financial Center will be New York City, London (solely in the

case of Index Currency), Zurich, Sydney, Toronto and Johannesburg, respectively.

Ranking

The Notes will be our direct, unsecured and unsubordinated obligations, ranking equally with all of our other senior unsecured indebtedness and will rank senior in right of payment to all our subordinated indebtedness. The Notes will be effectively subordinated to our secured debt, if any.

Because we are a holding company and conduct all of our operations through our subsidiaries, our ability to meet our obligations under the Notes is dependent on the earnings and cash flows of those subsidiaries and the ability of those

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subsidiaries to pay dividends or to advance or repay funds to us. Holders of Notes will generally have a junior position to claims of creditors of our subsidiaries, including trade creditors, debtholders, secured creditors, taxing authorities, guarantee holders and any preferred stockholders. As of June 30, 2003, Dominion Virginia Power had approximately 2.59 million issued and outstanding shares of preferred stock with an aggregate liquidation preference of \$259 million. Affiliated trusts of Dominion Virginia Power and CNG currently have \$600 million of outstanding obligated mandatorily redeemable preferred securities. Beginning July 1, 2003, under new accounting requirements, we have stopped reporting the obligated mandatorily redeemable preferred securities on our consolidated balance sheet and will report the related \$619 million of junior subordinated debentures issued by Dominion Virginia Power and CNG, held by the affiliated trusts, as long-term debt. In addition to trade debt, most of our operating subsidiaries have ongoing corporate debt programs used to finance their business activities. As of June 30, 2003, our subsidiaries had approximately \$8.9 billion of outstanding long-term debt (including securities due within one year). This amount does not reflect approximately \$1.2 billion of projected costs funded by third-party lessors through June 30, 2003 related to special purpose entities with which we, through subsidiaries, have entered into agreements to finance and lease several new power generation projects, corporate headquarters and aircraft. Beginning July 1, 2003, under new accounting requirements, a substantial portion of these costs will be reflected as long-term debt on our consolidated balance sheet.

The Senior Indenture contains no restrictions on the amount of additional indebtedness that we may incur.

Interest

General

Unless otherwise specified in the applicable pricing supplement, each Note will bear interest from its date of issue at the rate per annum, in the case of a Fixed Rate Note, or under the interest rate formula, in the case of a Floating Rate Note, Floating Rate/Fixed Rate Note, or Inverse Floating Rate Note, in each case as specified in the applicable pricing supplement, until the principal thereof is paid or duly made available for payment. Interest payments in respect of the Notes will equal the amount of interest accrued from and including the immediately preceding Interest Payment Date in respect of which interest has been paid or duly made available for payment (or from and including the date of issue, if no interest has been paid with respect to the applicable Note) to but excluding the related Interest Payment Date or the Maturity Date.

Interest will be payable in arrears on each Interest Payment Date specified in the applicable pricing supplement on which an installment of interest is due and payable and on the Maturity Date. Unless otherwise specified in the applicable pricing supplement, the first payment of interest on any Note originally issued between a Record Date (as defined below) and the related Interest Payment Date or on an Interest Payment Date will be made on the Interest Payment Date immediately following the next succeeding Record Date to the Holder on the next succeeding Record Date.

So long as the Notes remain in book-entry only form, the record date for each

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Interest Payment Date will be the close of business on the immediately preceding business day. In the event the Notes are not in book-entry only form, the record date for each Interest Payment Date will be the close of business on the 15th calendar day prior to the applicable Interest Payment Date (whether or not a Business Day).

Fixed Rate Notes

Unless otherwise specified in the applicable pricing supplement, the Interest Payment Dates for the Fixed Rate Notes will be May 1 and November 1 of each year. Unless otherwise specified in the applicable pricing supplement, interest on Fixed Rate Notes will be computed on the basis of a 360-day year of twelve 30-day months.

If any Interest Payment Date or the Maturity Date of a Fixed Rate Note falls on a day that is not a Business Day, the required payment of principal, any premium and interest will be made on the next succeeding Business Day as if made on the date the payment was due, and no interest will accrue on the payment for the period from and after the Interest Payment Date or the Maturity Date, as the case may be, to the date of the payment on the next succeeding Business Day.

Floating Rate Notes

Each Floating Rate Note will bear interest from the date of issuance until the principal thereof is paid or made available for payment at a rate determined by reference to an interest rate basis or formula based on the Index Maturity (the Base Rate), which may be adjusted by a Spread and/or Spread Multiplier (each as defined below). The applicable pricing supplement will designate one or more of the following Base Rates as applicable to each Floating Rate Note:

the CD Rate (a CD Rate Note),

the Commercial Paper Rate (a Commercial Paper Rate Note),

the Federal Funds Rate (a Federal Funds Rate Note),

LIBOR (a LIBOR Note),

the Prime Rate (a Prime Rate Note),

the Treasury Rate (a Treasury Rate Note),

the CMT Rate (a CMT Rate Note), or

some other Base Rate or interest rate formula as is set forth in the pricing supplement and in the Floating Rate Note.

The Index Maturity for any Floating Rate Note is the period to maturity of the instrument or obligation from which the Base Rate is calculated and will be specified in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the interest rate on each Floating Rate Note will be calculated by reference to the specified Base Rate (i) plus or minus the Spread, if any, and/or (ii) multiplied by the Spread Multiplier, if any. The Spread is the number of basis points (one one-hundredth of a percentage point) specified in the applicable pricing supplement to be added to or subtracted from the Base Rate for the Floating Rate Note, and the Spread Multiplier is the percentage specified in the applicable pricing supplement to be applied to the Base Rate for the Floating Rate Note.

As specified in the applicable pricing supplement, a Floating Rate Note may also have either or both of the following: (i) a maximum limitation, or ceiling, on the rate of interest which may accrue during any interest period (Maximum Interest Rate); and (ii) a minimum limitation, or floor, on the rate of interest which may accrue during any interest period (Minimum Interest Rate).

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In addition to any Maximum Interest Rate that may be applicable to any Floating Rate Note pursuant to the above provisions, the interest rate on a Floating Rate Note will in no event be higher than the maximum rate from time to time permitted by New York law, as the rate may be modified by United States law of general application.

Unless otherwise specified in the applicable pricing supplement, the rate of interest on each Floating Rate Note will be reset daily, weekly, monthly, quarterly, semiannually or annually (that period being the Interest Reset Period for the Note, and the first day of each Interest Reset Period being an Interest Reset Date), as specified in the applicable pricing supplement. Unless otherwise specified in the pricing supplement, the Interest Reset Date will be, in the case of Floating Rate Notes which reset:

daily, on each Business Day;

weekly, on the Wednesday of each week (other than Treasury Rate Notes which reset the Tuesday of each week, unless otherwise provided below);

monthly, on the third Wednesday of each month;

quarterly, on the third Wednesday of March, June, September and December;

semiannually, on the third Wednesday of two months of each year, as specified in the applicable pricing supplement; and

annually, on the third Wednesday of one month of each year, as specified in the applicable pricing supplement;

provided, however, that the interest rate in effect from the date of issue to the first Interest Reset Date with respect to a Floating Rate Note will be the initial interest rate set forth in the applicable pricing supplement (the Initial Interest Rate). If any Interest Reset Date for any Floating Rate Note would otherwise be a day that is not a Business Day, the Interest Reset Date will be postponed to the next succeeding Business Day, except that in the case of a LIBOR Note, if the next succeeding Business Day is in the next succeeding calendar month, the Interest Reset Date will be the immediately preceding Business Day.

With respect to Floating Rate/Fixed Rate Notes (as defined below), the rate of interest thereon will not reset after the particular fixed rate commencement date, as set forth in the pricing supplement.

Except as provided below, unless otherwise specified in the applicable pricing supplement, the date on which interest on Floating Rate Notes will be payable is, in the case of Floating Rate Notes which reset:

daily, weekly or monthly, on the third Wednesday of each month, as specified in the applicable pricing supplement;

quarterly, on the third Wednesday of March, June, September and December;

semiannually, on the third Wednesday of the two months specified in the applicable pricing supplement; and

annually, on the third Wednesday of the month specified in the applicable pricing supplement.

If any Interest Payment Date for any Floating Rate Note would fall on a day that is not a Business Day with respect to that Floating Rate Note, the Interest Payment Date will be postponed to the following day that is a Business Day with respect to that Floating Rate Note, except that, in the case of a LIBOR Note, if the following Business Day is in the next succeeding calendar month, the Interest Payment Date will be the immediately preceding day that is a

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Business Day with respect to the LIBOR Note. If the Maturity Date of a Floating Rate Note falls on a day that is not a Business Day, the payment of principal, premium, if any, and interest will be made on the next succeeding Business Day, and no interest on the payment will accrue for the period from and after the Maturity Date.

With respect to a Floating Rate Note, accrued interest will be calculated by multiplying the principal amount of the Floating Rate Note by an accrued interest factor. The accrued interest factor will be computed by adding the interest factors calculated for each day in the period for which interest is being accrued. Unless otherwise specified in the applicable pricing supplement, the interest factor for each day in the interest period is computed by dividing the interest rate applicable to the day by 360, in the case of CD Rate Notes, Commercial Paper Rate Notes, Federal Funds Rate Notes, LIBOR Notes (except for LIBOR Notes denominated in pounds sterling) and Prime Rate Notes, by 365, in the case of LIBOR Notes denominated in pounds sterling, or by the actual number of days in the year, in the case of Treasury Rate Notes and CMT Rate Notes. All percentages used in or resulting from any calculation of the rate of interest on a Floating Rate Note will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward, and all amounts used in or resulting from that calculation on Floating Rate Notes will be rounded, in the case of U.S. dollars, to the nearest cent or, in the case of a foreign currency, to the nearest unit (with one-half cent or unit being rounded upwards). The interest rate in effect on any Interest Reset Date will be the applicable rate as reset on that date. The interest rate applicable to any other day is the interest rate from the immediately preceding Interest Reset Date (or, if none, the Initial Interest Rate).

Unless otherwise stated in the applicable pricing supplement, the calculation agent (the Calculation Agent) with respect to any issue of Floating Rate Notes will be JPMorgan Chase Bank. Upon the request of the holder of any Floating Rate Note, the Calculation Agent will provide the interest rate then in effect and, if determined, the interest rate that will become effective on the next Interest Reset Date with respect to that Floating Rate Note.

The Interest Determination Date pertaining to an Interest Reset Date for Commercial Paper Rate Notes, Federal Funds Rate Notes and Prime Rate Notes will be the Business Day immediately preceding the related Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for CD Rate Notes and CMT Rate Notes will be the second Business Day next preceding that Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a LIBOR Note will be the second London Business Day immediately preceding that Interest Reset Date, unless the Index Currency (as defined below) is British pounds sterling, in which case the Interest Determination Date will be the applicable Interest Reset Date. The Interest Determination Date pertaining to an Interest Reset Date for a Treasury Rate Note will be the day of the week in which that Interest Reset Date falls on which Treasury bills would normally be auctioned. Treasury bills are normally sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is normally held on the immediately following Tuesday, but the auction may be held on the preceding Friday. If, as the result of a legal

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holiday, an auction is held on the preceding Friday, that Friday will be the Interest Determination Date pertaining to the Interest Reset Date occurring in the next succeeding week.

Unless otherwise specified in the applicable pricing supplement, the Calculation Date, where applicable, pertaining to an Interest Determination Date will be the earlier of (i) the tenth calendar day after that Interest Determination Date, or, if that day is not a Business Day, the next succeeding Business Day, or (ii) the Business Day preceding the applicable Interest Payment Date or Maturity Date, as the case may be.

Floating Rate/Fixed Rate Notes

If a Floating Rate Note is designated as a Floating Rate/Fixed Rate Note, the particular Floating Rate Note will bear interest at the rate determined by reference to the applicable Base Rate:

plus or minus the applicable Spread, if any, and/or

multiplied by the applicable Spread Multiplier, if any.

Commencing on the first Interest Reset Date, the rate at which interest on a Floating Rate/Fixed Rate Note is payable will be reset as of each Interest Reset Date; provided, however, that:

the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate; and

the interest rate in effect commencing on the fixed rate commencement date will be the fixed interest rate, if specified in the applicable pricing supplement, or, if not so specified, the interest rate in effect on the day immediately preceding the fixed rate commencement date.

Inverse Floating Rate Notes

If a Floating Rate Note is designated as an Inverse Floating Rate Note, the particular Floating Rate Note will bear interest at the fixed interest rate minus the rate determined by reference to the applicable Base Rate:

plus or minus the applicable Spread, if any, and/or

multiplied by the applicable Spread Multiplier, if any;

provided, however, that interest on an Inverse Floating Rate Note will not be less than zero. Commencing on the first Interest Reset Date, the rate at which interest on an Inverse Floating Rate Note is payable will be reset as of each Interest Reset Date; provided, further, that the interest rate in effect for the period, if any, from the date of issue to the first Interest Reset Date will be the Initial Interest Rate.

Unless otherwise specified in the applicable pricing supplement, interest rates will be determined by the Calculation Agent as follows:

CD Rate Notes

CD Rate Notes will bear interest at the interest rate (calculated with reference to the CD Rate and the Spread and/or Spread Multiplier, if any, and subject to the Minimum Interest Rate and the Maximum Interest Rate, if any) specified in the CD Rate Notes and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, CD Rate means, with respect to any Interest Determination Date, the rate on that date for negotiable U.S. dollar certificates of deposit having the Index Maturity designated in the applicable pricing supplement as published

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by the Board of Governors of the Federal Reserve System in Statistical Release H.15(519), Selected Interest Rates, or any successor publication of the Board of Governors of the Federal Reserve System (H.15(519)) under the heading CDs (secondary market).

The following procedures will be followed if the CD Rate cannot be determined as described above:

If the above rate is not published by 3:00 P.M., New York City time, on the Calculation Date pertaining to the applicable Interest Determination Date, the CD Rate will be the rate on that Interest Determination Date for negotiable certificates of deposit of the Index Maturity designated in the applicable pricing supplement as published in the daily update of H.15(519), available through the internet site of the Board of Governors of the Federal Reserve System at <http://www.federalreserve.gov/releases/h15/> update, or any successor site or publication (the H.15 Daily Update), or some other recognized electronic source for the purpose of displaying the rate, under the heading CDs (secondary market).

If the rate is not yet published in H.15(519), the H.15 Daily Update or some other recognized electronic source for the purpose of displaying the rate, by 3:00 P.M., New York City time, on the Calculation Date pertaining to the applicable Interest Determination Date, the CD Rate on the Interest Determination Date will be calculated by the Calculation Agent and will be the arithmetic mean of the secondary market offered rates as of 10:00 A.M., New York City time, on the Interest Determination Date for certificates of deposit in an amount that is representative for a single transaction at that time with a remaining maturity closest to the Index Maturity designated in the pricing supplement of three leading nonbank dealers in negotiable U.S. dollar certificates of deposit in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for negotiable certificates of deposit of major United States money center banks.

If the dealers selected by the Calculation Agent are not quoting as set forth above, the CD Rate in effect for the applicable period will be the same as the CD Rate for the immediately preceding Interest Reset Period (or, if there was no Interest Reset Period, the rate of interest payable on the CD Rate Notes for which the CD Rate is being determined will be the Initial Interest Rate).

Commercial Paper Rate Notes

Commercial Paper Rate Notes will bear interest at the interest rate (calculated with reference to the Commercial Paper Rate and the Spread and/or Spread Multiplier, if any, and subject to the Minimum Interest Rate and the Maximum Interest Rate, if any) specified in the Commercial Paper Rate Notes and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, Commercial Paper Rate means, with respect to any Interest Determination Date, the Money Market Yield (as defined below) of the rate on that date for commercial paper having the Index Maturity specified in the applicable pricing supplement, as the rate is published in H.15(519), under the heading Commercial Paper Nonfinancial.

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The following procedures will be followed if the Commercial Paper Rate cannot be determined as described above:

If the above rate is not published by 3:00 P.M., New York City time, on the Calculation Date pertaining to the applicable Interest Determination Date, then the Commercial Paper Rate will be the Money Market Yield of the rate on the Interest Determination Date for commercial paper of the specified Index Maturity as published in H.15 Daily Update or some other recognized electronic source for the purpose of displaying the rate, under the heading Commercial Paper Nonfinancial.

If by 3:00 P.M., New York City time, on the Calculation Date the rate is not yet available in either H.15(519) or H.15 Daily Update, or some other recognized electronic source for the purpose of displaying the rate, then the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the offered rates as of 11:00 A.M., New York City time, on the Interest Determination Date of three leading dealers of U.S. dollar commercial paper in New York City (which may include the Agents or their affiliates) selected by the Calculation Agent for commercial paper of the specified Index Maturity, placed for an industrial issuer whose bond rating is AA, or the equivalent, from a nationally recognized statistical rating organization.

If the dealers selected by the Calculation Agent are not quoting offered rates as mentioned above, the Commercial Paper Rate in effect for the applicable period will be the same as the Commercial Paper Rate for the immediately preceding Interest Reset Period (or, if there was no Interest Reset Period, the rate of interest payable on the Commercial Paper Rate Notes for which the Commercial Paper Rate is being determined will be the Initial Interest Rate).

Money Market Yield will be a yield calculated in accordance with the following formula and expressed as a percentage:

Money Market Yield =

D x 360 &nbs