DOMINION RESOURCES INC /VA/
Form DEF 14A
March 20, 2009
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

(Amendment No. __)

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to §240.14a-12

Dominion Resources Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

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2009 Proxy Statement

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2009 Proxy Statement Contents

Important Notice Regarding the Availability of Proxy Materials for Dominion s Annual Meeting of Shareholders to be Held on May 5, 2009

Dominion s Notice of Annual Meeting, 2009 Proxy Statement and 2008 Annual Report on Form 10-K are available on our Web site at www.dom.com/investors/proxy.jsp

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Notice of Annual Meeting

Dominion Resources, Inc.

P.O. Box 26532

Richmond, Virginia 23261

March 20, 2009

Dear Fellow Shareholder:

On Tuesday, May 5, 2009, Dominion Resources, Inc. will hold its Annual Meeting of Shareholders at the National Constitution Center, Kirby Auditorium, Independence Mall, 525 Arch Street, Philadelphia, Pennsylvania 19106. The meeting will begin at 9:30 a.m. Eastern Time. Only shareholders who owned stock at the close of business on February 27, 2009 may vote at this meeting or any adjournments that may take place.

At the meeting we propose to:

- Elect 10 directors;
- Ratify the appointment of independent auditors for the audit of our 2009 financial statements and internal controls over financial reporting;
- Approve the amendment and restatement of the 2005 Incentive Compensation Plan;
- Consider three shareholder proposals, if presented; and
- Attend to other business properly presented at the meeting.

This proxy statement, our 2008 Summary Annual Report and Dominion s Annual Report on Form 10-K will be mailed or be available to you electronically on approximately March 23, 2009. For information on voting your shares and attending the meeting, please see page 2.

Please vote your proxy as soon as possible. Your vote is very important to us and we want your shares to be represented at the meeting.

By Order of the Board of Directors,
Carter M. Reid
Vice President-Governance and Corporate Secretary

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Questions and Answers About the Annual Meeting and Voting

Why did I receive these proxy materials?

You received these materials because you owned shares of Dominion Resources, Inc. (Dominion) common stock as of February 27, 2009, and are therefore eligible to vote at Dominion s 2009 Annual Meeting of Shareholders to be held on May 5, 2009. These materials allow you to exercise your right to vote at the Annual Meeting and provide you with important information about Dominion and the items to be presented for a vote at this meeting.

What is a proxy?

It is your legal designation of another person to vote your shares at the Annual Meeting. The person you designate is called a proxy. When you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card.

The enclosed proxy card is solicited by your Board of Directors for the 2009 Annual Meeting of Shareholders. By signing and returning it, you will be designating two non-employee members of the Board of Directors and Dominion s Corporate Secretary as proxies to vote your shares at the Annual Meeting based on your direction. You also may vote your shares by telephone or Internet as described below.

Who is entitled to vote?

All shareholders that owned common stock at the close of business on February 27, 2009 (the record date) may vote. Each share of Dominion common stock is entitled to one vote on each matter properly brought before the Annual Meeting. There were 586,307,107 shares of Dominion common stock outstanding on the record date.

On what am I voting?

You will be voting on the following:

- The election of the nominees for director
- Ratification of the appointment of Deloitte & Touche LLP as our independent auditors for 2009
- Approval of the amendment and restatement of the 2005 Incentive Compensation Plan
- Three shareholder proposals, if presented

Your Board of Directors is soliciting this proxy for the 2009 Annual Meeting of Shareholders and recommends that you vote **FOR** all of the director nominees, **FOR** the ratification of Deloitte & Touche LLP as our independent auditors for 2009 and **FOR** the approval of the amendment and restatement of the 2005 Incentive Compensation Plan.

Your Board recommends that you vote **AGAINST** the three shareholder proposals.

How do I vote my shares?

Your voting method varies depending on whether you are a Shareholder of Record, Beneficial Owner or participant in one of Dominion s Employee Savings Plans.

Shareholders of Record

If your shares are registered directly in your name on Dominion s records (including any shares held in a Dominion Direct® account, your company s direct stock purchase and dividend reinvestment plan) you are considered, for those shares, to be the Shareholder of Record . The proxy materials have been sent directly to you by Dominion.

You may vote your shares by proxy over the Internet, by telephone or by returning your proxy card by mail in the envelope provided. Instructions to vote over the Internet or by telephone are printed on your proxy card. All votes must be received by the proxy tabulator no later than 6:00 a.m. Eastern Time on the day of the Annual Meeting.

If you attend the Annual Meeting, you may vote your shares in person. For identification requirements, please see *What do I need to bring to be admitted to the Annual Meeting?*

You may revoke your proxy and change your vote before the Annual Meeting by submitting a written notice to our Corporate Secretary, by submitting a later dated and properly signed proxy (including by means of a telephone or Internet vote) or by voting in person at the Annual Meeting.

All shares will be voted according to your instructions if you properly vote your proxy by one of the methods listed above. If you sign your proxy card but do not specify how you want your shares voted, they will be voted as recommended by the Board. However, no vote will be recorded if you specify how you want your shares voted, but do not properly sign your proxy card.

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Beneficial Owners

If your shares are held in a stock brokerage account or by a bank or other holder of record, you are considered a Beneficial Owner of shares held in street name. The proxy materials, including voting instructions, have been forwarded to you by the holder of record. As the Beneficial Owner, you have the right to direct your broker, bank or other holder of record on how to vote your shares.

Follow the instructions on the vote instruction form provided to you by the institution that holds your shares.

To vote in person at the Annual Meeting, you must present a legal proxy provided by the institution that holds your shares.

Please see *What is Discretionary Voting by Brokers?* below.

Dominion Employee Savings Plan Participants

If your shares are held under one of the company s Employee Savings Plans, you are considered the Beneficial Owner of shares held in your plan account. The proxy materials have been forwarded to you by the Trustee for the Plans. As the Beneficial Owner, you have the right to direct the Trustee on how to vote your shares.

You may submit your voting instruction over the Internet, by telephone or by sending your completed voting instruction card to the proxy tabulator in the envelope provided. Instructions to submit your vote instruction over the Internet or by telephone are printed on the voting instruction card provided by the Trustee.

To allow sufficient time for the Trustee to vote your shares, your voting instructions must be received by 6:00 a.m. Eastern Time, April 29, 2009.

The Trustee will vote according to your instructions and will keep your vote confidential.

You may change your voting instructions by submitting a later dated and properly signed instruction card (including by means of a telephone or Internet vote) anytime prior to the deadline.

If you do not vote your Employee Savings Plan shares or if you return your vote instruction card signed with no direction given, your shares will be voted by the Trustee as directed by the independent fiduciary hired by the Plan Administrator.

What is Discretionary Voting by Brokers?

If you hold your shares in street name and you do not provide your broker with timely voting instructions, New York Stock Exchange rules permit brokerage firms to vote at their discretion on certain routine matters, such as the election of directors and the ratification of Deloitte & Touche LLP as our independent auditors. The brokerage firms may not vote on the approval of the amendment and restatement of the 2005 Incentive Compensation Plan or any of the shareholder proposals without instructions from you. Without your voting instructions on items that require them, a broker non-vote will occur.

What is a quorum?

In order for us to conduct the Annual Meeting, a majority of the shares outstanding on February 27, 2009 must be present in person or represented by proxy. This is referred to as a quorum. Your shares are counted as present if you attend the Annual Meeting in person or if you return a properly executed proxy over the Internet, by telephone or by mail. Abstentions and broker non-votes are counted as present for determining a quorum.

What are the voting requirements to elect the directors and to approve each of the proposals in this proxy?

For Item 1, each director nominee must receive a majority of votes cast **FOR** in order to be elected. Items 2 through 6, which are management and shareholder proposals, must receive a majority of votes cast **FOR** in order to be approved. Broker discretionary voting is permitted only for Items 1 and 2, which are for the election of directors and the ratification of the appointment of our independent auditors. Abstentions will not be counted as a vote in favor or against any of the items presented.

Will any other matters be voted on at the Annual Meeting?

Management and the Board are not aware of any matters that may come before the Annual Meeting other than the matters disclosed in this proxy statement. If any other matters are properly presented at the Annual Meeting for consideration, the person or persons voting the proxies will vote them in accordance with their best judgment.

Do I have to attend the Annual Meeting in order to vote my shares?

No. Whether or not you plan to attend this year s meeting, you can vote your shares by proxy. It is important that all Dominion shareholders participate by voting, regardless of the number of shares owned.

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What do I need to bring to be admitted to the Annual Meeting?

Shareholders who attend the meeting will be asked to present valid picture identification, such as a driver s license or passport. Shareholders of Record must bring proof of ownership, such as a copy of their Dominion activity statement. If your shares are held in street name, you must bring a copy of a recent brokerage statement and, if you plan to vote at the meeting, you must have a legal proxy provided by the institution that holds your shares. If you are an authorized proxy, you must present the proper documentation.

Will seating be limited at the Annual Meeting?

Yes, seating will be limited and shareholders who provide proof of ownership and valid picture identification will be admitted on a first come, first served basis. Registration will begin one hour before the start of the meeting.

Cameras (including cell phones with cameras), recording devices and other electronic devices will not be permitted at the meeting. Rules of the meeting will be printed on the back of the agenda that will be given to you at the meeting.

Will shareholders be given the opportunity to ask questions at the Annual Meeting?

Yes. The Chairman will answer questions asked by shareholders during a designated portion of the meeting. When speaking, shareholders must direct questions and comments to the Chairman and limit their remarks to matters that relate directly to the business of the meeting. In order to allow time for everyone who wishes to speak, a shareholder s speaking time may be limited to two minutes.

Who will pay for the cost of this proxy solicitation and who will count the vote?

Dominion will pay for the cost of soliciting proxies. Some of our employees may telephone shareholders after the initial mail solicitation, but will not receive any special compensation for making the calls. We also have retained Georgeson Inc., a proxy solicitation firm, to assist in the solicitation of proxies for a fee of $14,000 and reimbursement of expenses. In addition, we may reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in sending proxy materials to the beneficial owners of stock. We have retained Corporate Election Services, Inc. to tabulate the votes and to assist with the Annual Meeting.

Can I access the Notice of Annual Meeting, 2009 Proxy Statement and 2008 Annual Report on Form 10-K on the Internet?

Yes. These documents may be viewed at www.dom.com/investors/proxy.jsp.

Shareholders of Record can elect to access these documents on the Internet by marking the appropriate box on their proxy card or by following the instructions provided when voting by Internet or by telephone. If you choose this option, you will receive a proxy card by mail, along with instructions on how to access these documents at a specific Internet site. Your choice will remain in effect until you notify Dominion that you wish to resume mail delivery of these documents. You can still request paper copies of these documents by writing us at Dominion Resources, Inc., Shareholder Services, P.O. Box 26532, Richmond, VA 23261; by phoning us at 1-800-552-4034; or by emailing us at shareholder.services@dom.com.

If you hold your shares in street name, please refer to the information provided by the institution that holds your shares for instructions on how to elect this option.

What is householding and how does it affect me?

For Shareholders of Record, a single copy of the 2008 Summary Annual Report and Form 10-K (annual report package) has been sent to multiple shareholders who reside at the same address. Any shareholder who would like to receive a separate annual report package may call or write us at the address above, and we will promptly deliver it.

If you received multiple copies of the annual report package and would like to receive combined mailings in the future, please contact us at the phone number, email address or postal address shown above. Shareholders who hold their shares in street name should contact the institution that holds the shares regarding combined mailing.

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Corporate Governance and Board Matters

The Board is charged with the responsibility of overseeing Dominion s management, as well as the business and affairs of Dominion on behalf of Dominion s shareholders. The Board and management also recognize that the interests of Dominion are advanced by responsibly addressing the concerns of other constituencies, including employees, customers and the communities in which Dominion operates. Dominion s corporate governance guidelines are intended to support the Board in its oversight role and in fulfilling its obligation to shareholders. Our corporate governance guidelines address, among other things, the composition and responsibilities of the Board, director independence standards, details of our bylaw provision concerning the election of directors by majority vote, stock ownership requirements and compensation of non-employee directors, management succession and review, and the recovery of performance-based compensation in the event financial results are restated due to fraud or intentional misconduct. The Compensation, Governance and Nominating (CGN) Committee regularly reviews our corporate governance guidelines and recommends modifications to these guidelines to the Board when appropriate and when New York Stock Exchange (NYSE) and Securities and Exchange Commission (SEC) regulations require changes.

Our corporate governance guidelines, which include our director independence standards, can be found on Dominion s Web site at www.dom.com/about/governance/pdf/corp_gov_guidelines.pdf. In addition to our corporate governance guidelines, other information relating to governance can be found on the governance page of our Web site, www.dom.com/about/governance/index.jsp, including:

- The current members of our board of directors;
- A description of each of our board committees (Audit, CGN, and Finance and Risk Oversight) as well as each committee s current charter and members;
- Our bylaws;
- Our Code of Ethics;
- Our related party transaction guidelines;
- Information related to our political contributions; and
- Information about how to communicate with our non-management directors.

Our Code of Ethics applies to our Board of Directors, our principal executive, financial and accounting officers, and all other employees. Any waivers or changes to our Code of Ethics relating to our executive officers will be posted on the governance section of our Web site at the address noted above.

We will provide a paper copy of our Code of Ethics and any of our other governance documents at no charge upon written or oral request to our Corporate Secretary at Dominion Resources, Inc., P.O. Box 26532, Richmond, Virginia 23261, Telephone (804) 819-2000.

Director Independence

Under our corporate governance guidelines and the requirements of the NYSE, where our common stock is listed, our Board must be comprised of a majority of independent directors. For a director to be considered independent, a director must not be an employee of Dominion and the Board must affirmatively determine that a director has no material relationship with Dominion or any of its subsidiaries. To assist it in determining director independence, our Board has adopted a set of independence standards that meets the independence requirements of the NYSE listing standards. The full text of our independence standards is included in the appendix to our corporate governance guidelines and may be found on our Web site at www.dom.com/about/governance/pdf/corp_gov_guidelines.pdf.

Our independence standards specify the criteria by which the independence of our directors will be determined, including strict guidelines for directors and their immediate families with respect to past employment or affiliation with Dominion or our independent registered public accounting firm; receipt of annual compensation from Dominion exceeding $120,000 (other than director compensation); and service as an executive officer at another company where an executive officer of Dominion serves on the compensation or similar committee. Our Audit Committee and CGN Committee charters also contain additional independence requirements for each committee s members. Our Audit Committee charter prohibits committee members from receiving any compensation from Dominion except in their capacity as a director or committee member or as permitted by SEC rules with respect to fixed amounts of compensation under a retirement plan for prior services. Our CGN Committee charter requires that at least two members of the committee meet the requirements to be considered outside directors under Section 162(m) of the Internal Revenue Code.

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The Board recognizes that, in the ordinary course of business, transactions may occur between Dominion and its subsidiaries and companies or other entities at which some of our directors are or have been officers. The Board annually reviews commercial relationships of directors and, under our independence standards, business transactions meeting the following criteria are not considered to be material transactions that would impair a director s independence:

a) The director is an executive officer or employee, or whose immediate family member is an executive officer, of another company:
   i) that is indebted to Dominion, or to which Dominion is indebted, and the total amount of either company s indebtedness to the other is less than 5% of the total consolidated assets of either company;
   ii) in which Dominion owns a common stock interest, or the other company owns a common stock interest in Dominion, and the amount of the common stock interest is less than 5% of the total shareholders equity of the company in which the interest is owned; or
   iii) that does business with Dominion and the annual sales to, or purchases from, Dominion in any of the last three fiscal years were less than the greater of $1 million or 1% of the consolidated gross revenues of such other organization.

b) The director, or an immediate family member, has an interest in a transaction in which Dominion or one of its subsidiaries is a participant and the total transaction amount is less than $120,000 or is determined by competitive bid or a fixed rate tariff or fee schedule in conformance with governmental regulations.

In addition, our Board also annually reviews the charitable relationships of directors. Under our independence standards, charitable contributions by Dominion or the Dominion Foundation that are less than the greater of $1 million or 2% of the total annual charitable receipts of an organization on which a director, or an immediate family member, serves as an officer, director or trustee are not considered to be material transactions that would impair a director s independence.

Our Board may determine that a director is independent even if that director has a relationship that does not meet the categorical standards relating to commercial relationships and charitable contributions described above, provided that relationship does not violate the NYSE rules. If such determination is made, the basis for the Board s determination will be explained in Dominion s next proxy statement.

The CGN Committee evaluates all directors and director nominees under the independence standards described above, including consideration of the matters described below under *Related Party Transactions,* that might affect a director s independence. Based on its review in February and March 2009, the Committee recommended to the full Board that all nominees except Mr. Farrell be determined independent. In considering the Committee s recommendations, the Board determined that Mr. Farrell is not independent because he is a current Dominion employee. In determining the independence of Dr. Brown, the CGN Committee considered the employment of two adult, financially independent family members during 2008 by a law firm that provides services to Dominion and concluded that Dr. Brown did not have a material interest in those employment relationships. The CGN Committee recommended and the Board concurred that such employment relationships do not affect Dr. Brown s independence.

The CGN Committee also reviewed the benefits provided to Mr. Davidson in accordance with his retirement agreement from his previous service as chief executive officer (CEO) of Consolidated Natural Gas Company (CNG) and in connection with CNG s merger with Dominion. The CGN Committee recommended and the Board concurred that the retirement agreement does not affect Mr. Davidson s independence.

In evaluating the independence of all directors and director nominees, the CGN Committee reviewed all identified commercial and charitable relationships, even though such relationships are categorically excluded under our independence standards and related party transaction guidelines. None of these relationships were deemed to affect the independence of the directors or director nominees.

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RELATED PARTY TRANSACTIONS

Dominion s related party transaction guidelines were recommended by the CGN Committee and established by the Board in February 2007. These guidelines, which were most recently revised in October 2008, were adopted in order to recognize the process the Board uses in identifying potential conflicts of interest arising out of financial transactions, arrangements and relations between Dominion and any related person.

Under our guidelines, a related person is a director, executive officer, director nominee, a beneficial owner of more than 5% of Dominion s common stock or any immediate family member of one of the foregoing persons. A related party transaction is any financial transaction, arrangement or relationship (including any indebtedness or guarantee of indebtedness) or any series of similar transactions, arrangements or relationships in excess of $120,000 in which Dominion (and/or any of its consolidated subsidiaries) is a party and in which the related person has or will have a direct or indirect material interest.

In determining whether a direct or indirect interest is material, the significance of the information to investors in light of all circumstances is also considered. The importance of the interest to the person having the interest, the relationship of the parties to the transaction with each other and the amount involved are among the factors considered in determining the significance of the information to the investors.

Our guidelines set forth certain transactions that are not considered to be related party transactions including, among other items, compensation and expense reimbursement paid to directors and executive officers in the ordinary course of performing their duties; transactions with other companies where the related party s only relationship is as an employee, if the aggregate amount involved does not exceed the greater of $1 million or 2% of that company s gross revenues; and charitable contributions that are less than the greater of $1 million or 2% of the charity s annual receipts. The full text of the guidelines can be found on our Web site at www.dom.com/about/governance/pdf/related_party_guidelines.pdf.

We collect information about potential related party transactions (those in which a related person may have a material interest) in our annual questionnaires completed by directors and executive officers. The Corporate Secretary and the General Counsel review the potential related party transactions and assess whether any of the identified transactions constitutes a related party transaction. Any identified related party transaction is then reported to the CGN Committee. The CGN Committee reviews and considers relevant facts and circumstances and determines whether to ratify or approve the related party transactions identified. The CGN Committee may only approve or ratify related party transactions that are in, or are not inconsistent with, the best interests of Dominion and its shareholders and are in compliance with our Code of Ethics.

Since January 1, 2008, there have been no related party transactions involving Dominion that were required either to be approved under Dominion s policies or reported under the SEC related party transaction rules.

DIRECTOR NOMINATION PROCESS

The CGN Committee, which is comprised entirely of independent directors, is responsible for reviewing the qualifications of and selecting director candidates for nomination by the Board. In accordance with its charter and Dominion s corporate governance guidelines, the CGN Committee selects candidates who represent a mix of backgrounds and experiences that the committee believes will enhance the quality of the Board s deliberations and decisions. These attributes may include a candidate s character, judgment, diversity of experience, acumen and ability to act on behalf of shareholders. Business and financial experience and governmental and community service are also relevant criteria. In selecting candidates, the CGN Committee assesses and considers the Board s diversity, in its broadest sense, reflecting, but not limited to, geography, gender and ethnicity. The committee also considers whether a director candidate is independent in accordance with Dominion s independence standards. Based on its deliberations, the CGN Committee recommends director candidates to the Board for nomination.

A current member of the Board, a member of management or a shareholder may submit director nominations to the CGN Committee. Please refer to the shareholder nomination procedures described in *Shareholder Proposals and Director Nominations* on page 12. The committee considers all nominee recommendations and uses the nomination process described above in selecting nominees. This year the CGN Committee recommended the nominees presented on pages 14 and 15.

Committees and Meeting Attendance

The Board met eight times in 2008. Each Board member attended at least 75% of all Board and committee meetings on which he or she served. All but one of our directors attended the 2008 Annual Meeting of Shareholders.

The Board has established the following standing committees of the Board to assist it with its performance of its responsibilities: Audit Committee; Compensation, Governance and Nominating Committee; and Finance and Risk Oversight Committee. The Board has adopted charters for each of these committees and these charters are available on our Web site at www.dom.com/about/governance/committees.jsp.

Audit Committee

The members of the Audit Committee are David A. Wollard (Chairman), George A. Davidson, Jr., Robert S. Jepson, Jr. and Margaret A. McKenna. As determined by the Board in accordance with our independence standards, these four directors are independent and are audit committee financial experts as defined under SEC rules. This committee is responsible for assisting the Board with oversight of the independence, performance and qualification of our independent auditor; the integrity of Dominion s financial statements and reporting practices; the company s compliance with legal and regulatory requirements; and the performance of the company s internal audit function.

The Audit Committee also retains the independent auditors for the next year and approves the audit and non-audit services provided by the independent auditor. This committee periodically meets with the independent auditor and internal auditor in separate sessions without management present. This committee also consults with the independent and internal auditors regarding the audits of Dominion s consolidated financial statements and the adequacy of internal controls. The Audit Committee s report to shareholders is on page 16. In 2008, this committee met eight times.

Compensation, Governance and Nominating Committee

The members of the CGN Committee are Frank S. Royal (Chairman), John W. Harris, Robert S. Jepson, Jr., Mark J. Kington and David A. Wollard. As determined by the Board in accordance with our independence standards, these five directors are independent. This committee consults directly with its independent compensation consultant, Pearl Meyer & Partners (PM&P), and management to review and evaluate Dominion s organizational structure and compensation practices, which include both Dominion s executive and director compensation programs. This committee also meets with PM&P, without management present, to review and discuss CEO compensation and other matters. The roles of this committee, management and PM&P in designing our executive and director compensation programs are discussed in *Compensation Discussion and Analysis* and *Non-Employee Director Compensation*.

The CGN Committee is also responsible for overseeing Dominion s governance practices, evaluating the Board s effectiveness and reviewing the qualifications of director candidates. It makes recommendations to the Board regarding all of these matters, including director nominees, and administers certain compensation plans. The CGN Committee s report to shareholders is on page 18. In 2008, this committee met 16 times.

Finance and Risk Oversight Committee

The members of the Finance and Risk Oversight Committee are John W. Harris (Chairman), Peter W. Brown, Mark J. Kington and Benjamin J. Lambert, III. As determined by the Board in accordance with our independence standards, these four directors are independent. This committee oversees the company s financial policies and objectives, reviews the company s capital structure, considers our dividend policy and reviews the company s financing activities. In addition, this committee oversees the company s risk assessment and risk management policies and objectives and reviews its insurance coverage. In 2008, this committee met four times.

Compensation Committee Interlocks and Insider Participation

The CGN Committee is comprised entirely of independent directors and no executive officer of Dominion served on the compensation committee or on the board of any company that employed any member of the CGN Committee or the Board of Directors.

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SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Our directors and officers report their stock transactions to the SEC. As part of our ongoing review and confirmation of share ownership, we determined that certain shares indirectly acquired as a result of annual retainer deferrals had not been reported for Messrs. Harris, Kington and Royal, or Ms. McKenna. A Form 4 for each Director was filed in May 2008 to report the one transaction for each director that was inadvertently omitted. To the company s knowledge, for the fiscal year ended December 31, 2008, all other Section 16(a) filing requirements applicable to its executive officers and directors were satisfied. Due to an inadvertent clerical error at the company, Mr. Stutts had one Form 4 relating to a single transaction that was not timely filed in March 2009.

EXECUTIVE SESSIONS

The CGN Committee chairman leads executive sessions of the independent directors at the conclusion of each regularly scheduled Board meeting.

COMMUNICATIONS WITH DIRECTORS

Shareholders and other interested persons may communicate directly with Dominion s non-management directors in two ways by emailing or by writing to them.

Emails may be sent directly to our non-management directors at www.dom.com/about/governance/contact.jsp. Concerns relating to accounting, internal accounting controls and auditing matters may also be submitted confidentially and anonymously through this Web site. You may direct your communications to our non-management directors as a group or to any committee of the Board. The Board has directed the Corporate Secretary or her representative to monitor incoming correspondence and, as appropriate, to review, sort and summarize communications or forward certain communications (such as customer complaints) to other company personnel. All emails received by Dominion are first isolated and scanned for viruses, malicious/disruptive code, spam/junk email and profanity, and are forwarded only if free of these items. When appropriate, the Corporate Secretary consults with the General Counsel and Audit Committee chairman, who then determine whether to communicate further with the Audit Committee and/or the full Board. The non-management directors have access to these emails at all times, as well as a report that tracks how communications have been handled.

Letters may be sent to the non-management directors or one or more directors by writing to the Board of Directors, c/o Corporate Secretary, Dominion Resources, Inc., P.O. Box 26532, Richmond, Virginia 23261. The same general procedures described above will be followed for postal mail. Inappropriate communications (such as commercial solicitations) will not be forwarded to the Board.

NON-EMPLOYEE DIRECTOR COMPENSATION

As provided in our corporate governance guidelines, the CGN Committee annually reviews and assesses the compensation paid to non-employee directors but, depending on the market data and the company s needs, the CGN Committee may recommend changes less frequently. The Board believes that its compensation should be aligned with the interests of the shareholders; therefore, a significant portion of Dominion s director compensation is paid in Dominion stock. The CGN Committee works with PM&P, its independent compensation consultant, to recommend to the full Board a compensation program that is designed to attract and retain qualified and experienced directors, considering the director compensation programs of Dominion s peer group, which is the same peer group used for executive compensation purposes, and for large diversified companies generally. In addition, PM&P advises the Committee on trends in director compensation.

Upon completion of its annual review in 2008, the CGN Committee recommended, and the Board approved, no increase in non-employee director compensation. The annual cash retainer is $60,000. The annual stock retainer is $90,000 to be paid in Dominion stock. All Board and Committee meeting fees are $2,000 per meeting. The Audit and CGN Committee chairmen each receive an additional annual cash retainer of $15,000, while the Finance and Risk Oversight Committee chairman receives an additional $5,000 annual cash retainer. For the second consecutive year, the CGN Committee recommended, and the Board approved, no increase in meeting fees or the annual retainers for 2009, with the exception of an increase in the Finance and Risk Oversight Committee chairman cash retainer from $5,000 to $7,500.

The following tables and footnotes reflect the compensation and fees received in 2008 by our non-employee directors for their services. Mr. Farrell does not receive any compensation for his service as a director.

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Non-Employee Director Compensation

Name	Fees earned or paid in cash[1]	Stock Awards[2]	All Other Compensation[3]	Total
Peter W. Brown	$86,000	$90,020	$31,584	$207,604
George A. Davidson, Jr.	94,000	90,020	43,000	227,020
John W. Harris	113,000	90,020	45,371	248,391
Robert S. Jepson, Jr.	126,000	90,020	23,777	239,797
Mark J. Kington	118,000	90,020	-	208,020
Benjamin J. Lambert, III	86,000	90,020	46,783	222,803
Margaret A. McKenna	94,000	90,020	-	184,020
Frank S. Royal	125,000	90,020	45,608	260,628
David A. Wollard	141,000	90,020	54,183	285,203
All directors	$983,000	$810,180	$290,306	$2,083,486

(1) Directors may defer all or a portion of their compensation or choose to receive stock in lieu of cash for meeting fees under the Non-Employee Directors Compensation Plan. Dr. Lambert chose to receive stock in lieu of cash for his 2008 meeting fees.

(2) Each non-employee director who was elected in May 2008 received an annual stock retainer valued at approximately $90,000, which was equal to 2,000 shares, valued at $45.01 per share based on the closing price of Dominion common stock on May 8, 2008. Non-employee directors may defer all or a portion of this stock retainer. (See share ownership table for February 27, 2009 balances). A total of 18,000 shares of stock, in aggregate, were distributed to directors, or to a trust account for deferrals, for their annual stock retainers.

No options have been granted to directors since 2001. The following non-employee directors had options outstanding as of December 31, 2008: Mr. Davidson (8,000), Dr. Lambert (28,000) and Mr. Wollard (28,000).

(3) *All Other Compensation amounts for 2008 are as follows:*

Director	Dividends[a]	Tax Gross Ups	Matching Gift Donations[b]	Other	Total
Brown	$26,584	-	$5,000	-	$31,584
Davidson	-	-	3,000	$40,000[c]	43,000
Harris	45,371	-	-	-	45,371
Jepson	23,777	-	-	-	23,777
Lambert	45,371	$912	500	-	46,783
Royal	45,371	237	-	-	45,608
Wollard	45,371	6,437	2,375	-	54,183

(a) Amounts represent dividend equivalents earned on the Directors Stock Accumulation Plan (SAP) balances. For directors elected to the Board prior to 2004, the SAP provided non-employee directors a one-time stock award equivalent in value to approximately 17 times the annual cash retainer then in effect. Stock units were credited to a book account and a separate account continues to be credited with additional stock units equal in value to dividends on all stock units held in the director s account. A director must have 17 years of service to receive all of the stock units awarded and accumulated under the SAP. Reduced distributions are made where a director has at least 10 years of service or has reached age 62 when service as a director ends. Dividend earnings under the SAP are paid at the same rate declared by the company for all shareholders.

(b) Under a company-wide program, qualifying charitable contributions by directors and employees are matched up to $5,000 by the Dominion Foundation.

(c) This amount represents the costs of benefits arising from CNG s merger with Dominion and in accordance with Mr. Davidson s retirement agreement as CEO of CNG for financial planning, office space, nominal clerical help, downtown office parking space, telephone service and laptop. These benefits were deemed deferred compensation payable with respect to past services provided by Mr. Davidson to CNG as an executive and were part of an overall agreement relating to his retirement from such position. Effective January 1, 2008, the form of payment of the company s obligation for Mr. Davidson s benefits was changed to an annual payment of $40,000 per year, to be adjusted annually for any increase in the average consumer price index.

Expense Reimbursements

We pay and/or reimburse directors for travel, lodging and related expenses they incur in attending Board and committee meetings and for other business-related travel. These reimbursements include the expenses incurred by directors spouses in accompanying the directors to one Board meeting and the Annual Meeting each year. Because the company considers this to be business related, we reimburse directors for estimated taxes on imputed income as a result of these expenses. In addition, directors and their spouses may accompany the CEO or other senior executives on corporate aircraft for both business and personal travel. Beginning in 2009, we will cease all tax gross-ups on any imputed income for directors.

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Director Compensation Plans

Non-Employee Directors Compensation Plan

Our non-employee directors are paid their annual retainer and meeting fees under this plan. A director may elect to receive all or a portion of his or her meeting fees in the form of cash or stock. If a director does not make an election, meeting fees are paid in cash. The plan also allows directors to defer all or a portion of their annual retainer and meeting fees into stock unit or cash accounts. Stock unit accounts are credited quarterly with additional stock units equal in value to dividends paid on Dominion common stock and cash accounts are credited monthly with interest at an annual rate established for the Fixed Rate Fund (which was 5% in 2008) under Dominion s frozen Executive Deferred Compensation Plan. Shares of Dominion common stock equal in value to stock units held for directors under this plan are issued into a trust and directors retain all voting and other rights as shareholders. Distributions under this plan are made when a director ceases to serve on the Board. In addition, this plan provides a means for the Board to receive grants of restricted stock awards and stock options. No stock options have been granted under this plan.

Frozen Directors Plans

In order to comply with tax law changes resulting from the enactment of the American Jobs Creation Act, on December 31, 2004, the Board froze the following director plans: Deferred Cash Compensation Plan, Stock Compensation Plan and Stock Accumulation Plan (described in Footnote (a) under the *All Other Compensation* table to the *Non-Employee Director Compensation* table). These plans provided a means to compensate directors and allowed directors to defer that compensation, whether in cash or stock, until they ceased to be a director or reached a specified age. In the case of the Deferred Cash Compensation Plan, deferred fees were credited to either an interest bearing account (interest is credited based on the average three-month U.S. Treasury Bill rate) or a Dominion common stock equivalent account. Under the frozen plans, dividend equivalents continue to accrue and may be held in trust until distributions are made. Prior to 2005, the stock portion of a director s retainer was paid under the Stock Compensation Plan and directors had the option to defer receipt of that stock.

Other Director Benefits

Charitable Contribution Program

This program was discontinued in January 2000. For directors elected before that time, Dominion funded the program by purchasing life insurance policies on the directors. Participating directors (currently Messrs. Harris and Wollard and Drs. Lambert and Royal) will derive no financial or tax benefits from the program because all insurance proceeds and charitable tax deductions accrue solely to Dominion. Upon a participating director s death, $500,000 will be paid in 10 annual installments to the qualifying charitable organization(s) designated by that director.

Matching Gifts Program

The Dominion Foundation will match a director s donations, on a one-to-one basis, to one or more 501(c)(3) organizations up to a maximum of $5,000 per year. If the donation is to an organization on whose board the director serves or for which the director volunteers more than 50 hours of work during a year, the Dominion Foundation will match the donation on a two-to-one basis, up to the $5,000 maximum. This benefit is available to all Dominion employees as well as our directors.

Insurance

All employees and our directors are covered by business travel accident insurance while traveling on business for Dominion or any of its subsidiaries. The policy provides 24-hour coverage while traveling on business and has a maximum benefit of $250,000 for employees and $200,000 for directors in the event of death or a percentage of the death benefit in the event of permanent bodily dismemberment. There is no incremental cost for covering the directors under this insurance policy, as the premium would remain the same even if coverage for the directors was removed. Dominion also provides director and officer liability insurance for its non-employee directors.

Share Ownership Requirement

All non-employee directors are expected to acquire and hold the lesser of 12,000 shares of Dominion stock or shares equal in value to five times the annual retainer within four years of their election to the board. All of our non-employee directors currently meet their share ownership requirement.

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Shareholder Proposals and Director Nominations

Under SEC rules, if a shareholder wishes to submit a proposal for possible inclusion in the 2010 proxy statement, Dominion s Corporate Secretary must receive it no later than the close of business on November 23, 2009. Shareholders should refer to Rule 14a-8 of the Securities Exchange Act of 1934, as amended, which sets standards for eligibility and specifies the types of proposals that are not appropriate for inclusion in the proxy statement. Shareholder proposals should be sent to our Corporate Secretary at Dominion Resources, Inc., 120 Tredegar Street, Richmond, Virginia 23219.

To nominate a director at the 2010 Annual Meeting, you must be a shareholder and deliver written notice to our Corporate Secretary at least 60 days before the meeting. If the meeting date has not been publicly announced 70 days before the meeting, then notice can be given up to 10 days following the public announcement. Any notice must include the following information:

1. Your name and address;
2. Each nominee s name and address;
3. A statement that you are an owner of Dominion stock entitled to vote at the meeting and you intend to appear in person or by proxy to nominate your nominee;
4. A description of all arrangements or undertakings between you and each nominee and any other person concerning the nomination;
5. Other information about the nominee that would be included in a proxy statement soliciting proxies for the election of directors; and
6. The consent of the nominee to serve as a director.

If you wish to bring any other matter (other than the nomination of director) in person before the 2010 Annual Meeting, you must notify the Corporate Secretary in writing no later than 90 days before the anniversary of the date of this year s Annual Meeting. The notice must be received by February 4, 2010 and must contain the following information regarding each matter:

- A brief description of the business you wish to bring before the Annual Meeting, including the complete text of any related resolutions to be presented and the reasons for conducting such business at the meeting;
- Your name and address;
- The number of shares of stock that you own; and
- Any material interest you have in such business.

If you do not provide the proper notice by February 4, 2010, the chairman of the meeting may exclude the matter, and it will not be acted upon at the meeting. If the chairman does not exclude the matter, the proxies may vote in the manner they believe is appropriate, in accordance with SEC rules.

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Share Ownership

Director and Officer Share Ownership

Name of Beneficial Owner	Shares	Deferred Stock Accounts (1)	Restricted Shares	Exercisable Stock Options	Total
	Beneficial Share Ownership of Common Stock as of February 27, 2009				
Peter W. Brown	25,533	2,251	-	-	27,784
George A. Davidson, Jr.	213,834	5,170	-	8,000	227,004
Thomas F. Farrell, II (2)	340,047	-	356,942	400,000	1,096,989
John W. Harris	81,292	32,216	-	-	113,508
Robert S. Jepson, Jr.	115,730	2,251	-	-	117,981
Mark J. Kington	50,928	11,760	-	-	62,688
Benjamin J. Lambert, III	7,265	13,781	-	8,000	29,046
Margaret A. McKenna	4,407	24,246	-	-	28,653
Frank S. Royal	12,289	17,565	-	-	29,854
David A. Wollard	16,074	2,057	-	28,000	46,131
Thomas N. Chewning	280,345	-	155,692	300,000	736,037
David A. Christian	54,454	-	38,651	-	93,105
Paul D. Koonce	59,086	-	56,431	-	115,517
Mark F. McGettrick	70,451	-	83,322	-	153,773
All directors and executive officers as a group (21 persons) (3)	1,544,826	111,297	834,275	744,000	3,234,398

(1) Shares in trust for which a director has voting rights. Amounts include shares issued to a trust for certain directors from their frozen Deferred Cash Compensation Plan accounts.

(2) Mr. Farrell disclaims ownership of 798 shares.

(3) No individual director or executive officer, nor all of the directors or executive officers as a group, own more than one percent of the shares outstanding at February 27, 2009.

Significant Shareholder

Name and address of Beneficial Owner	Beneficial Ownership of Common Stock (based on 13G filing)	Percentage of Common Shares Outstanding
Capital Research Global Investors 333 South Hope Street Los Angeles, CA 90071	37,508,230	6.5%

The shareholder disclaims beneficial ownership of the shares reported. The ownership results from the shareholder acting as an investment advisor to various investment companies.

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Item 1 Election of Directors

Our bylaws and Corporate Governance Guidelines require that directors be elected by a majority of the votes cast unless the election is contested. A majority of votes cast means that the number of shares voted for a director exceeds the number of votes cast against the director. (In a contested election, where the number of nominees for director exceeds the number of directors to be elected, directors are elected by a plurality of the votes cast.) If an incumbent director in an uncontested election does not receive a majority of votes cast for his or her election, the director is required to submit a letter of resignation promptly to the Board of Directors. Within 90 days of the certification of the election results, the Board must act on the resignation, taking into consideration any recommendation by the CGN Committee and any additional relevant information and factors. The director who tenders his or her resignation does not participate in the decisions of the CGN Committee or the Board relating to the resignation.

Presented below is information about each nominee for director. Each nominee is an incumbent director recommended by the CGN Committee and nominated by the Board. Directors are elected annually; therefore, each director s term of office will end at the next Annual Meeting of Shareholders or when his or her successor has been elected. Because this year s election is not contested, each director must receive a majority of the votes cast in order to be elected as described above. Your proxy will be voted for all of the nominees unless you tell us you want to vote against a candidate or to abstain. If any nominee is not available to serve (for reasons such as death or disability), your proxy will be voted for a substitute nominee if the Board of Directors nominates one.

PETER W. BROWN, M.D., 66, has been a director of Dominion since 2002. Dr. Brown has been a physician in private practice at Virginia Surgical Associates, P.C. since 1978. He is a director of Bassett Furniture Industries, Inc. Dr. Brown serves on the Bon Secours St. Mary s Healthcare Foundation and the Medical College of Virginia Foundation. He received his undergraduate and medical degrees from Emory University and is a clinical associate professor of surgery at Virginia Commonwealth University Medical Center. Dr. Brown serves on the Finance and Risk Oversight Committee.

GEORGE A. DAVIDSON, JR., 70, has been a director of Dominion since 2000. Mr. Davidson retired as chairman of the board of directors of Dominion in August 2000 and was former chairman and chief executive officer of Consolidated Natural Gas Company (CNG) from May 1987 until January 2000. He is a director of PNC Financial Services Group, Inc. and Goodrich Corporation. Mr. Davidson also serves on the Pittsburgh Cultural Trust, Sewickley Valley Hospital Foundation and the University of Pittsburgh Board of Trustees. Mr. Davidson received his undergraduate degree in petroleum engineering from the University of Pittsburgh. He served in a variety of management and executive positions with CNG for 34 years and is a former chairman of the American Gas Association. Mr. Davidson serves on the company s Audit Committee.

THOMAS F. FARRELL, II, 54, has been a director of Dominion since 2005. Mr. Farrell has been chairman, president and chief executive officer of Dominion since April 2007. Mr. Farrell served as president and chief executive officer of Dominion from January 2006 to April 2007, president and chief operating officer from January 2004 to January 2006, and prior to that, executive vice president. He is chairman of the board and chief executive officer of Virginia Electric and Power Company, a wholly-owned subsidiary of Dominion, and was chairman, president and chief executive officer of CNG, a former wholly-owned subsidiary of Dominion that merged into Dominion in June 2007. Mr. Farrell is a director of Altria Group, Inc. and is a board member of the Edison Electric Institute and the Institute of Nuclear Power Operations. He received his undergraduate and law degrees from the University of Virginia.

JOHN W. HARRIS, 61, has been a director of Dominion since 1999. Mr. Harris has been president and chief executive officer of Lincoln Harris, LLC (formerly The Harris Group), a real estate consulting firm, since 1999 and is a former president of The Bissell Companies, Inc., a commercial real estate and investment management company.

He is a director of Piedmont Natural Gas Company, Inc. and Mapeley Limited, a commercial real estate management and outsourcing company located in the United Kingdom. Mr. Harris is also a director of the Presbyterian Hospital Foundation. He received his undergraduate degree from the University of North Carolina at Chapel Hill. Mr. Harris serves on the Finance and Risk Oversight and Compensation, Governance and Nominating Committees.

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ROBERT S. JEPSON, JR., 66, has been a director of Dominion since 2003. Mr. Jepson has been chairman and chief executive officer of Jepson Associates, Inc., a private investment firm, since 1989. Mr. Jepson was recently appointed a member of Georgia Ports Authority. He received his undergraduate and graduate degrees in business and commerce from the University of Richmond, where he currently serves on the Board of Trustees. Mr. Jepson is the principal contributor and founder of the University of Richmond s Jepson School of Leadership Studies. Mr. Jepson serves on the Audit and Compensation, Governance and Nominating Committees.

BENJAMIN J. LAMBERT, III, 72, has been a director of Dominion since 1994. Dr. Lambert has been an optometrist since 1963. He is a director of Consolidated Bank & Trust Company and a former director of SLM Corporation. Dr. Lambert also serves on the Virginia Union University Board of Trustees and the J. Sargeant Reynolds Community College Educational Foundation. Dr. Lambert received his undergraduate degree from Virginia Union University and a graduate degree from the New England College of Optometry. He was a member of the Virginia Senate from 1986 through 2007 and a member of the House of Delegates from 1978 to 1986. Dr. Lambert serves on the Finance and Risk Oversight Committee.

MARK J. KINGTON, 49, has been a director of Dominion since 2005. Mr. Kington has been managing director, X-10 Capital Management, LLC since 2004 and president of Kington Management Corporation, an investment firm. He is and has been the principal officer and investor in several communications firms and is a founding and managing member of Columbia Capital, LLC, a venture capital firm specializing in the communications and information technology industries. Mr. Kington serves on the University of Virginia Foundation Board of Directors and the Northern Virginia Health Foundation. Mr. Kington received his undergraduate degree from the University of Tennessee and an MBA from the University of Virginia. Mr. Kington serves on the Finance and Risk Oversight and Compensation, Governance and Nominating Committees.

MARGARET A. McKENNA, 63, has been a director of Dominion since 2000. Ms. McKenna has been president of The Wal-Mart Foundation since 2007 and served as president of Lesley University from 1985 to 2007. She currently serves on the Greater Boston Chamber of Commerce and is a director of the Cisco Learning Institute. Ms. McKenna received her undergraduate degree from Emmanuel College and her law degree from Southern Methodist University. She was a civil rights attorney with the U.S. Department of Justice and held a variety of positions with the U.S. government from 1976 to 1981, including deputy counsel in the White House and deputy under secretary of education. Ms. McKenna serves on the Audit Committee.

FRANK S. ROYAL, M.D., 69, has been a director of Dominion since 1994. Dr. Royal has been a physician since 1969. He is a director of SunTrust Banks, Inc. and Smithfield Foods, Inc. Dr. Royal also served as a director of Chesapeake Corporation from 1990 to 2007 and CSX Corporation from 1994 to 2008. Dr. Royal received his undergraduate degree from Virginia Union University and his medical degree from Meharry Medical College and currently serves on the Board of Trustees of both of those institutions. Dr. Royal serves on the Compensation, Governance and Nominating Committee.

DAVID A. WOLLARD, 71, has been a director of Dominion since 1999. Mr. Wollard is founding chairman of the board, emeritus, Exempla Healthcare (1997 to 2001). He is a director of Vectra Bank Colorado. Mr. Wollard has previously served as chairman of the Denver Chamber of Commerce and Metro Denver Network. He received his undergraduate degree from Harvard College and graduated from the Stonier Graduate School of Banking. Mr. Wollard held a variety of executive positions with banking institutions in Florida and Colorado, where he was the president of Bank One Colorado, N.A. Mr. Wollard serves on the Audit and Compensation, Governance and Nominating Committees.

Your Board of Directors recommends that you vote

FOR these nominees.

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The Audit Committee Report

Our Committee operates under a written charter that was most recently revised in December 2008. Our charter can be found on the company s Web site at www.dom.com/about/governance/committees.jsp.

Our Committee reviews and oversees Dominion s financial reporting process and related disclosure and internal controls. Each November, we develop the coming year s meeting schedule and agendas. The agendas include reviews of Dominion s internal controls testing, disclosure controls and procedures, charter requirements, charitable giving, auditor independence requirements, pre-approval of fees, and other issues that we, management and the independent auditors feel should be addressed more closely.

During 2008, the Committee reviewed a number of topics with management and the independent auditors, including:

- Quarterly and year-end results, financial statements and reports prior to public disclosure;
- The activities of management s disclosure committee and Dominion s disclosure controls and procedures, including internal controls;
- Management s compliance with Section 404 of the Sarbanes-Oxley Act relative to documentation, and internal and external auditors testing of internal controls;
- New and proposed accounting standards and their potential effect on Dominion s financial statements;
- The status of internal audit s staffing, qualifications and audit plans;
- Dominion s nuclear operations and performance; and
- Dominion s compliance program for employees.

Our Committee conducts pre-meeting sessions to review with management a single topic in more detail. The topics are chosen as part of the November planning process. In 2008, sessions focused on: Dominion Generation s construction program; risk overview (enterprise-wide risk assessment process, political and environmental risks, compliance and litigation risks); and nuclear energy policy issues.

Throughout 2008, we met with the internal and independent auditors, with and without management present, to discuss the plans for, and scope and results of, their audits and reviews of Dominion s internal controls and the overall quality of Dominion s financial reporting. At three of the Committee s meetings, we also met with the internal auditors, independent auditors and management in separate executive sessions.

Management has represented that Dominion s consolidated financial statements were prepared in accordance with generally accepted accounting principles. We reviewed and discussed the audited consolidated financial statements with management and the independent auditors. In accordance with the requirements established by the Statement on Auditing Standards No. 61, *Communication with Audit Committees (as amended by Auditing Standards 89 and 90)*, this discussion included a review of significant accounting estimates and controls, and the quality of Dominion s accounting principles.

We have received written disclosures and letters from the independent auditors required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditors communications with the Committee concerning independence and the NYSE governance standards regarding internal quality control procedures. We have discussed with the independent auditors the issue of their independence from Dominion, including any non-audit services performed by them.

2008 Consolidated Financial Statements

Relying on these reviews and discussions, we recommended to the Board of Directors, and the Board approved, the inclusion of the audited financial statements and management s annual report on internal control over financial reporting in Dominion s Annual Report on Form 10-K for the year ended December 31, 2008, for filing with the SEC.

Independent Auditors for 2009

Our Committee discussed with management and reviewed with the independent auditors their plans and proposed fees for auditing the 2009 consolidated financial statements and internal controls over financial reporting of Dominion and its subsidiaries, as well as their proposed audit-related and non-audit services and fees. Based on our discussions and review of the proposed fee schedule, we have retained Deloitte & Touche LLP, a registered public accounting firm that is independent of us, as Dominion s independent auditors for 2009, and in accordance with our pre-approval policy, approved the fees for the services presented to us. We determined that the non-audit related services proposed to us do not impair Deloitte & Touche s independence and that it is more economical and efficient to use them for the proposed services. Permission for any other specific non-audit related services will require prior approval by our Committee or its chairman. When appropriate, Dominion seeks competitive bids for non-audit related services.

David A. Wollard, *Chairman*

George A. Davidson, Jr.

Robert S. Jepson, Jr.

Margaret A. McKenna

February 24, 2009

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Auditors

Fees and Pre-Approval Policy

The Audit Committee has a pre-approval policy for Deloitte & Touche s services and fees. Each year, the Audit Committee pre-approves a schedule that details the services to be provided for the following year and an estimated charge for such services. At its December 2008 meeting, the Committee approved the schedule of services and fees for 2009. In accordance with Dominion s pre-approval policy, any changes to the schedule may be approved by the Committee at its next meeting.

The following table presents fees paid to Deloitte & Touche for the fiscal years ended December 31, 2008 and 2007 all of which were pre-approved by the Audit Committee.

Type of Fees (millions)	2008	2007
Audit fees	$ 6.45	$ 7.34
Audit-related fees	1.14	4.01
Tax fees	0.02	0.02
All other fees	-	-
Total	$ 7.61	$ 11.37

Audit Fees. These amounts represent fees of Deloitte & Touche for the audit of our annual consolidated financial statements, the review of financial statements included in our quarterly Form 10-Q reports, the audit of internal control over financial reporting, and the services that an independent auditor would customarily provide in connection with subsidiary audits, statutory requirements, regulatory filings, and similar engagements for the fiscal year, such as comfort letters, attest services, consents, and assistance with review of documents filed with the SEC.

Audit-Related Fees. Audit-Related Fees consist of assurance and related services that are reasonably related to the performance of the audit or review of Dominion s consolidated financial statements or internal control over financial reporting. This category may include fees related to the performance of audits and attest services not required by statute or regulations, including audits in connection with acquisitions and divestitures, audits of our employee benefit plans, due diligence related to mergers, acquisitions, and investments, and accounting consultations about the application of generally accepted accounting principles to proposed transactions.

Tax Fees. These amounts are for tax compliance services, tax consulting services and related costs.

Other Information about the Auditors

Representatives of Deloitte & Touche will be present at the Annual Meeting. They will have an opportunity to make a statement if they desire, and will be available to respond to shareholder questions.

Item 2 Ratification of Appointment of Auditors

Our Audit Committee has retained Deloitte & Touche LLP, an independent registered public accounting firm, as Dominion s independent auditors for 2009. Although ratification is not required by our bylaws or otherwise, the Board is submitting the selection of Deloitte & Touche LLP to our shareholders for ratification as a matter of good corporate practice.

Your Board of Directors recommends that you vote

FOR ratification of the Committee s action.

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Compensation, Governance and Nominating Committee Report

In preparation for filing this proxy statement, the Compensation, Governance and Nominating Committee has reviewed and discussed with management the following Compensation Discussion and Analysis (CD&A), which describes in detail our committee s process and decisions with regard to Dominion s executive compensation programs. Based on such review and discussion, we recommend to the Board of Directors that the CD&A be included in this proxy statement and incorporated by reference in Dominion s Annual Report on Form 10-K for the year ended December 31, 2008.

Frank S. Royal, *Chairman*

John W. Harris

Robert S. Jepson, Jr.

Mark J. Kington

David A. Wollard

February 23, 2009

Compensation Discussion and Analysis

INTRODUCTION

This Compensation Discussion and Analysis (CD&A) provides a transparent, understandable and detailed explanation of the objectives and principles that underlie Dominion s executive compensation program, its elements and the way successful performance is measured, evaluated and rewarded.

During one of the most challenging economic periods in recent memory, Dominion delivered strong operating and financial performance in 2008, exceeding its earnings guidance for the year. Dominion also increased its dividend rate by 11 percent and maintained more than adequate liquidity. While total shareholder returns across all major sectors, including energy, were negative in 2008, Dominion performed well against its sector, the S&P 500 and the S&P Utility Index. In 2008, Dominion ranked fourth among its peer group of 14 companies (excluding Dominion) in cumulative total shareholder return for the one-year period ending December 31, 2008 and sixth out of 14 peers for the two-year period ending December 31, 2008. The successful divestiture of a significant portion of our exploration and production (E&P) business and resulting realignment of the company toward a utility-based infrastructure supported these superior results. Dominion s executive compensation program plays an important role in our success by linking a significant amount of compensation to the achievement of performance objectives.

Although our program and processes generally apply to all of Dominion s officers, this discussion and analysis focuses primarily on compensation for our five named executive officers (NEOs). During 2008, Dominion s NEOs were:

Thomas F. Farrell, II, Chairman, President and Chief Executive Officer (CEO)
Thomas N. Chewning, Executive Vice President and Chief Financial Officer (CFO)

Mark F. McGettrick, Executive Vice President and President and CEO Dominion Generation
Paul D. Koonce, Executive Vice President and CEO Dominion Energy
David A. Christian, President and Chief Nuclear Officer Dominion Nuclear

The CD&A is divided into three sections:

1. **Objectives of Dominion s Executive Compensation Program and the Compensation Decision-Making Process.** We identify the major objectives of our program and describe the processes and tools the CGN Committee uses to assist it with fulfilling its responsibilities related to NEO compensation and making decisions that support our objectives.
2. **Elements of Dominion s Compensation Program**. We describe the four compensation elements we use to achieve our objectives. This section also includes data regarding compensation earned by the NEOs in 2008, including performance targets for the 2007 and 2008 incentive programs.
3. **Other Relevant Compensation Practices**. We discuss other matters that we consider in designing our compensation program.

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OBJECTIVES OF DOMINION S EXECUTIVE COMPENSATION PROGRAM AND THE COMPENSATION DECISION-MAKING PROCESS

Our Objectives

The major objectives of our compensation program are to:

- Attract, motivate and retain an experienced and superior management team;
- Motivate and reward the creation of long-term shareholder value;
- Reinforce our core values of safety, ethics, excellence and One Dominion, our term for teamwork; and
- Support our business and strategic plans with a performance-based program that sets expectations in line with the plans, and rewards the achievement of these expectations.

To determine whether we are meeting the objectives of our compensation program, the CGN Committee reviews the company s actual performance as compared to our short-term and long-term goals, our strategies, and performance at our peer companies. Dominion s 2008 performance indicates that the design of our compensation program is meeting these objectives. Our NEOs have service with Dominion ranging from 10 to 33 years. We have attracted, motivated and maintained a superior leadership team with skills, industry knowledge and institutional experience that strengthen their ability to act as sound stewards of shareholder dollars. We are performing well relative to our internal goals and as compared to our peers.

Our Process for Setting Compensation

The CGN Committee is responsible for reviewing and approving NEO compensation and our overall executive compensation program. Each year, the CGN Committee conducts a comprehensive assessment and analysis of the executive compensation program, including each NEO s compensation, with input from management and our independent compensation consultant. As part of its assessment, the CGN Committee reviews the performance of the CEO and other executive officers, meets at least annually with the CEO to discuss succession planning for his position and the positions of his senior officers, reviews the share ownership guidelines and executive officer compliance with the guidelines, and establishes compensation programs designed to achieve Dominion s objectives.

THE ROLE OF THE INDEPENDENT COMPENSATION CONSULTANT

The CGN Committee has retained PM&P as its independent compensation consultant. PM&P does not provide any services to Dominion other than its consulting services to the CGN Committee on executive and director compensation matters. Our PM&P consultant participates in CGN Committee meetings as requested by the chairman of the committee, either in person or by teleconference. Our consultant also communicates directly with the chairman of the committee outside of meetings. The nature and scope of PM&P s services for our executive compensation program for 2008 were as follows:

- To perform a detailed review of base salary plus annual bonus potential (total cash), the value of targeted long-term incentives, and total direct compensation (total cash plus targeted long-term incentive compensation) for our NEOs, and to provide a full report to the CGN Committee on its findings;
- To participate in the selection of our peer companies, providing independent advice to the CGN Committee on the process used to select the peer group and the appropriateness of our peer group;
- To participate in CGN Committee executive sessions without management present to discuss CEO compensation and any other relevant matters, including the appropriate relationship between pay and performance and emerging trends, to answer technical questions, and to review and comment on management proposals; and
- To generally review and offer advice to the CGN Committee regarding other aspects of our executive compensation program, including special projects, plan design, best practices and other matters as requested by or on behalf of the CGN Committee.

MANAGEMENT S ROLE IN OUR PROCESS

The CGN Committee relies on our internal compensation specialists in our Governance and Executive Compensation Departments for additional counsel, data and analysis for the executive compensation program, including an ongoing assessment of the effectiveness of the program, peer practices and executive compensation trends and best practices. Working with the CFO s team, our Human Resources group, the CEO and others, our internal compensation specialists assist in the design of our incentive compensation plans, including performance target recommendations consistent with the strategic goals of the company, and in establishing the peer group. This group also provides information to the independent compensation consultant at the direction of the CGN Committee.

On an annual basis, the CEO is responsible for reviewing with the CGN Committee his succession plans for his own position and for his senior officers. He is also responsible for reviewing the performance of his senior officers, including the other NEOs, with the CGN Committee at least annually. He makes recommendations on the compensation and benefits for the NEOs other than himself to the CGN Committee and provides other information and counsel as appropriate or as requested by the CGN Committee, but all

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decisions are ultimately made by the CGN Committee. Although the CEO typically does not make any recommendations with respect to his own compensation, in early 2009 he asked the CGN Committee to not consider any increase in his compensation for 2009.

The Peer Group and Peer Group Comparisons

Each year, the CGN Committee approves a peer group of companies. The CGN Committee and Dominion use peer company data to: (i) compare Dominion s stock and financial performance against its peers using a number of different metrics and time periods to evaluate how we are performing versus our peers; (ii) analyze compensation practices within our industry; (iii) help determine peer company practices and the peer median and 75th percentile benchmarks for base pay, annual incentive pay, long-term incentive pay, total direct compensation generally and for specific positions; and (iv) compare our Employment Continuity Agreements and other benefits.

In selecting our peer group, we use a methodology recommended by our independent compensation consultant to identify companies in our industry that compete for customers, executive talent and investment capital. We screen this group based on size and usually eliminate companies that are much smaller or larger than Dominion s size in revenues, assets and market capitalization. We also consider the geographic locations and regulatory environment in which potential peer companies operate.

Dominion s peer group is generally consistent from year to year, with merger and acquisition activity being the primary reason for any changes. The 2008 peer group was a diversified group consisting of the following 14 energy companies:

Ameren Corporation	FirstEnergy Corp.
American Electric Power Company, Inc.	FPL Group, Inc.
Constellation Energy Group, Inc.	NiSource, Inc.
DTE Energy Company	PPL Corporation
Duke Energy Corporation	Progress Energy, Inc.
Entergy Corporation	Public Service Enterprise Group Inc.
Exelon Corporation	Southern Company

How We Use Survey Data

Survey compensation data is used as a reference point for market comparison of the elements of compensation for all officers. In conducting its review of NEO compensation, PM&P uses a combination of survey and peer group information to establish the 50th percentile and the 75th percentile for base salary, total cash compensation, long-term incentive awards and total direct compensation for the NEO positions. For 2008 compensation decisions, the survey information used for NEO positions consisted of an average of three to four broad-based or industry-specific surveys of compensation paid to officers holding similar positions at companies with corporate revenues consistent with our revenues. The CGN Committee does not consider the individual components of each survey in making its compensation decisions. The component companies of the surveys used in 2008 are listed in the Appendix.

Historically and for 2008, PM&P has considered survey data and specific peer company data, if relevant position matches are available, in establishing the blended market benchmarks for the NEO positions. As part of its annual evaluation, PM&P determines the appropriate weighting of market data resources for each NEO. The relative weighting of survey compensation data and peer group compensation data depends on the availability of appropriate peer group matches for the specific NEO. For 2008, survey data was weighted at least 50%, with weighting up to 100% where the number of appropriate peer group matches was not sufficient to provide meaningful comparisons. The CGN Committee typically considers the blended market data as context for its compensation determinations, rather than each of the specific market data resources.

Due to the broad participation in the surveys, we do not benchmark our financial performance against any of the survey population. We consider our peer companies to be more relevant and therefore we benchmark our financial and stock performance against our peer companies as part of our annual compensation setting process, as discussed in *The Peer Group and Peer Group Comparisons*.

Other Tools

The CGN Committee uses a number of tools in its annual review of the compensation of the CEO and other NEOs, such as charts illustrating the total range of payouts for each performance-based compensation element under a number of different scenarios; spreadsheets showing the cumulative dollar impact on total direct compensation that could result from implementing proposals on any single element of compensation; graphs showing the relationship between the CEO s pay and that of the second highest-paid officer and NEOs as a group; and other information the CGN Committee may request in its discretion. On an annual basis, management s internal compensation specialists provide the CGN Committee with detailed comparisons of the design and features of Dominion s long-term incentive and other executive benefit programs with available information regarding similar programs at the peer companies. These tools are used as part of the overall process to ensure that the program results in appropriate pay relationships versus the market and internally among the NEOs, and that an appropriate balance of at-risk, performance-based compensation is maintained to support the program s core objectives.

Risk Assessment

In early 2009, the CGN Committee, with the assistance of PM&P and Dominion s chief risk officer, reviewed the overall structure of the company s executive compensation program, as well as specific components of the program, to confirm the program does not encourage excessive risk-taking by officers and is aligned with the company s risk management efforts and overall strategies. The CGN Committee believes that our well-balanced program of short-term and long-term incentives with a mix of performance goals, together with our strong stock ownership requirements and retention expectations, appropriately position the overall program from a risk perspective. In addition, as noted in *Recovery of Incentive Compensation*, the CGN Committee has expanded its authority for the recovery of any performance-based compensation in the event of fraudulent conduct or intentional misconduct.

Elements of Dominion s Compensation Program

Our executive compensation program consists of four basic elements:

Pay Element	Primary Objectives	Key Features & Behavioral Focus
Base Salary	Provide competitive level of fixed cash compensation for performing day-to-day responsibilities	Targeted at market median with adjustments based on internal equity and other company considerations
	Attract and retain talent	Rewards individual performance and level of experience
Annual Incentive Plan	Provide at-risk cash compensation for achievement of short-term financial and operational goals	Cash payments based on achievement of annual financial and individual operating and stewardship goals
	Aligns short-term compensation with our annual budget, earnings goals, business plans and core values	Rewards achievement of annual financial goals for Dominion and business unit and individual goals selected to support longer-term strategies
Long-Term Incentive Program	Provide at-risk compensation for achievement of long-term performance goals	A combination of performance-based cash and restricted stock awards (typically, a 50/50 mix)
	Creation of long-term shareholder value Retention tool	Encourages and rewards officers for making decisions and investments that create long-term shareholder value as reflected in superior relative total shareholder returns, as well as achieving desired returns on invested capital

		and book value per share performance
Employee and Executive Benefits	Provide competitive retirement and other benefit programs that attract and retain highly-qualified individuals	Company-wide benefit programs, supplemented by executive retirement plans, limited perquisites, and change in control and other agreements
	Provide competitive terms to encourage executives to remain with us during any potential change in control to ensure an orderly transition of management	Encourages officers to remain with us long-term and to act in the best interest of shareholders, even during any potential change in control

Factors in Setting Compensation

As discussed in *How We Use Survey Data*, blended market data and peer company practices are considered in the compensation setting process. Generally, our program is designed to pay base salary and total cash compensation at or slightly above the 50th percentile for the officers as a group. Total direct compensation is targeted between the 50th and 75th percentiles, but actual achievement of the incentive-based compensation goals will determine what is actually earned. As part of this analysis, we take into account Dominion s larger size and complexity compared with our peer companies. Comparative data, however, is just one of several considerations used in setting compensation at Dominion.

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The CGN Committee reviews the company s overall performance versus its peer companies; its strategies; and its short-term and long-term goals in setting compensation targets, approving payouts and designing future programs. In addition to considering Dominion s overall performance for the year, the CGN Committee takes into consideration several individual factors that are not given any specific weighting in setting each element of compensation for each NEO, including:

- An officer s experience and job performance;
- The scope of responsibility for a position, including any differences from peer company positions and market survey data;
- The relative importance of a particular position to Dominion s strategy and success, and comparability to other officer positions at Dominion;
- Retention and market competitive concerns; and
- The officer s role in any succession plan for other key positions.

CEO Compensation Relative to Other NEOs

Mr. Farrell participates in the same compensation programs and receives compensation based on the same philosophy and factors as other NEOs. Application of the same philosophy and factors to Mr. Farrell s position results in overall CEO compensation that is significantly higher than the compensation of the other NEOs. His compensation is commensurate with his greater responsibilities and decision-making authority, broader scope of duties that encompasses the entirety of the company (as compared to the other NEOs who are responsible for significant but distinct areas within the company) and his overall responsibility for corporate strategy. His compensation also reflects his role as our primary corporate representative to investors, regulators, analysts, politicians, industry and the media.

We consider CEO compensation trends versus the next highest-paid officer and executive officers as a group over a multi-year period to monitor the ratio of Mr. Farrell s pay relative to the pay of other executive officers based on (i) salary only and (ii) total direct compensation. We compare our ratios to that of our peers to confirm that our ratios are consistent with practices at our peer companies. There is no particular ratio or goal, but instead the CGN Committee considers year-to-year trends and comparisons with our peers. The CGN Committee did not make any adjustments to the compensation of any NEOs based on this review in 2008.

Allocation of Total Direct Compensation in 2008

Consistent with our objective to reward strong performance based on the achievement of short-term and long-term goals, a significant portion of total cash and total direct compensation is at risk. Approximately 86% of Mr. Farrell s targeted 2008 total direct compensation is performance-based, tied to pre-approved performance metrics or tied to the performance of our stock. For the other NEOs, performance-based compensation ranges from 65% to 79% of targeted 2008 total direct compensation. This compares to an average of approximately 49% of targeted compensation at risk for most officers at the vice president level and an average of approximately 12% of total pay at risk for non-officer employees.

The charts below illustrate the elements of total direct compensation opportunities in 2008 for Mr. Farrell and the other NEOs and the allocation of such compensation among base salary, targeted 2008 annual incentive plan award and targeted 2008 long-term incentive compensation.

Base Salary

Base salary compensates our officers, along with the rest of our workforce, for committing significant time to working on Dominion s behalf. Annual salary reviews achieve two primary purposes: (i) an annual adjustment, as appropriate, to keep salaries in line and competitive with the market and to reflect changes in responsibility, including promotions; and (ii) a motivational tool to acknowledge and reward excellent individual performance, special skills, experience, the strategic impact of a position relative to other Dominion executives and other relevant considerations.

While the base salary component of our program generally is targeted at or slightly above market median, our primary goal is to compensate our officers at a level that best achieves our objectives and reflects the considerations discussed above. We find that market data resources for particular positions can vary greatly from year to year, so we consider market trends for certain positions over a period of years rather than a one-year period in setting base salaries for such positions. We believe that an overall goal of targeting base salary at or slightly above the market median is a conservative but appropriate target for base pay. As of year-end 2008, Dominion ranked above the peer market median in market capitalization, assets and revenues. In addition to being above the market median in terms of these three measures, the scope of Dominion s business operations is complex and unique in its industry. Successfully managing such a diverse and complex business requires a skilled and experienced management team. We believe we would not be able to successfully recruit and retain such a team if the base pay for officers was below market median, or in the case of our nuclear officers, below levels closer to the 75th percentile. The details of the 2008 base salary increases for the NEOs are discussed below.

We note that the company is taking a different approach for 2009 due to uncertain market conditions and slowed economic growth. While individual and company performance would support merit increases of 4% or more for our NEOs, we are capping base salary increases for the NEOs other than Mr. Farrell at 2.5%. At Mr. Farrell s request, the CGN Committee set his 2009 base salary at the same level as 2008.

Mr. Farrell. Mr. Farrell received a 9% increase in his base salary in early 2008. When Mr. Farrell was promoted to the position of President and Chief Executive Officer in 2006, the CGN Committee determined it would raise his base salary to be in line with the market median for his position over the course of a few years. His salary increase for 2008 brought his base salary in line with the market median for his position. In setting this increase, the CGN Committee also considered Mr. Farrell s exemplary performance and leadership during 2007, including his successful implementation of the Board-approved strategy to divest a significant portion of the company s E&P assets and realign the company s operating segments into the current organizational structure, as described in our summary annual report and Annual Report on Form 10-K.

Mr. Chewning. In 2007, Mr. Chewning skillfully and successfully oversaw the financial ramifications related to the divestiture of a significant portion of our E&P assets, providing strategic guidance with respect to our new dividend policy and investor relations efforts following that divestiture, and the strategy for the use of proceeds from such divestiture, including the repurchase of Dominion common stock and reduction of debt. As expected for someone who has successfully served in his position for over 10 years, Mr. Chewning s base salary was already consistent with the market median for his position. The CGN Committee approved a 6% base salary increase for him in 2008 to keep pace with the anticipated increase in compensation for his peers at such time.

Mr. McGettrick. Mr. McGettrick is the CEO of our Dominion Generation operating segment, overseeing operational performance of our nuclear and fossil and hydro facilities. He has responsibility over a significant capital expenditure plan aimed at implementing Dominion s strategic plans to meet the growing demand for energy in our service territories, along with our significant efforts towards protecting the environment and improving the efficiency of our generation facilities. In recognition of his achievements, and to bring his base salary up to the market median for his position, Mr. McGettrick received a 12% base salary increase in 2008.

Mr. Koonce. In addition to a successful year operationally for Dominion Energy during 2007, Mr. Koonce oversaw the realignment of Dominion Energy s business in late 2007 following the divestiture of a significant portion of our E&P assets, including the transition of the remaining E&P Appalachian business to Dominion Energy. Based on these accomplishments, and to position Mr. Koonce s compensation appropriately in relation to other business unit heads, the CGN Committee approved a 5.6% base salary increase for Mr. Koonce in 2008. Due to the fact that peer company data did not provide market median comparisons for Mr. Koonce s position (as discussed above in *How We Use Survey Data*), the CGN Committee placed greater weight on survey data and on his position relative to his Dominion peers than external comparative factors.

Mr. Christian. In 2007, Mr. Christian was promoted to President of Dominion Nuclear (which is part of the Dominion Generation operating segment), while retaining his position as Chief Nuclear Officer. Consistent with our strategy of compensating our nuclear group at levels closer to the market 75th percentile to promote employee retention in a highly competitive field of expertise, and in recognition of his continuing outstanding performance and that of our nuclear group, the CGN Committee approved a 6% base salary increase for Mr. Christian in 2008, keeping him in line with the market 75th percentile.

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The Annual Incentive Plan

Overview

The Annual Incentive Plan (AIP) plays an important role in meeting Dominion s overall objective of rewarding strong performance. The AIP is a cash-based program focused on short-term goal accomplishments. All non-union employees scheduled to work 1,000 hours or more in a calendar year are eligible to participate in the AIP. Union employees covered under collective bargaining agreements that provide for participation in the company s annual incentive plan are also eligible to participate in the AIP.

The AIP is designed to:

- Tie interests of shareholders and employees closely together;
- Focus our workforce on company, operating group, team and individual goals that ultimately influence operational and financial results;
- Reward corporate and operating group earnings performance;
- Reward operating and stewardship (including safety) and Six Sigma success;
- Emphasize teamwork by focusing on common goals; and
- Provide a competitive total compensation opportunity.

Target Awards

An NEO s compensation opportunity under the AIP is based on his target award. Target awards are determined as a percentage of a participant s base salary (for example, 95% of base salary). The target award is the amount of cash that will be paid if a participant achieves a score of 100% for the goals established at the beginning of the year and the plan is funded at the full funding target set for the year. The AIP target awards established for the NEOs and other officers are generally designed so that the officer s total cash compensation for the year will be at or slightly above the market median if the plan goals are achieved. If AIP goals are exceeded, as they were in 2008, an officer s total cash compensation may be higher than market median depending on the extent to which goals are exceeded, and if the goals are not achieved, the officer s total cash compensation may be significantly lower than market median depending on the extent to which goals are not achieved. For Mr. Christian and other nuclear officers, we target compensation that is more consistent with market 75th percentile overall in recognition of the significant size and outstanding performance of our nuclear unit, competition in that industry, and the unique skills and experience that our nuclear officers contribute to that critical area of our business strategy. Annual incentive target awards levels are also consistent with our intent to have a significant portion of NEO compensation at risk.

The 2008 AIP targets for the NEOs, as a percentage of their base salary, were: Mr. Farrell 125%; Mr. Chewning 95%; Mr. McGettrick 95%; Mr. Koonce 90%; and Mr. Christian 70%. The targets for Messrs. Farrell and Koonce increased by 5% from their 2007 AIP targets to move their targeted total cash compensation closer to the market median. The AIP targets for the other NEOs did not increase in 2008 from their 2007 percentages.

Funding of the 2008 AIP

Funding of the 2008 AIP was based solely on consolidated operating earnings per share, with potential funding ranging from 0% to 200% of the target funding. Consolidated operating earnings per share are our reported earnings determined in accordance with generally accepted accounting principles (GAAP), adjusted for certain items. We believe that by placing a focus on pre-established consolidated operating earnings per share targets, we increase employee awareness of the company s financial objectives and encourage behavior and performance that will help achieve these objectives.

The 2008 AIP had a full funding target of $3.09 operating earnings per share, the approximate mid-point of our 2008 earnings guidance announced in January 2008, or $1.8 billion in consolidated operating earnings. Once the target is achieved, funding is based on a formula that provides equal sharing of consolidated operating earnings between AIP participants and shareholders up to the maximum AIP funding level of 200%. We did not modify our 2008 AIP funding goal in any manner due to the economic conditions in 2008.

Full funding means that the AIP is 100% funded and participants can receive their full targeted AIP payout if they achieve a score of 100% for their particular goal package, as described below in *How We Determine AIP Payouts*. At the maximum plan funding level of 200%, participants can earn up to two times their targeted AIP payout, subject to achievement of their individual goal packages.

Dominion reported $3.16 operating earnings per share for 2008, or $1.83 billion in consolidated operating earnings, which for 2008 is the same as our earnings reported in accordance with GAAP. This resulted in 157% funding for the 2008 AIP.

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How We Determine AIP Payouts

For most officers, payout of their funded bonuses for 2008 was subject to the accomplishment of business unit financial, operating and stewardship (including a required safety goal) and Six Sigma goals. The percentage allocated to each category of goals represents the percentage of the funded bonus subject to the performance of that goal.

Officer goals are weighted according to their responsibilities. The overall score cannot exceed 100%. The table below summarizes the goal weighting for the NEOs. The consolidated financial goal represents the portion of the target bonus subject to consolidated operating earnings per share funding only.

Name	Consolidated Financial Goal	Business Unit Financial Goals	Operating/ Stewardship*	Six Sigma
Thomas F. Farrell, II	90%	N/A	5%	5%
Thomas N. Chewning	90%	N/A	5%	5%
Mark F. McGettrick	60%	30%	5%	5%
Paul D. Koonce	60%	30%	5%	5%
David A. Christian	40%	30%	25%	5%

*5% of this goal weighting is for a safety goal. Only Mr. Christian had other, non-safety operating and stewardship goals, as described below.

For the NEOs other than Mr. Chewning, whose compensation is not subject to deduction limits imposed by Section 162(m) of the Internal Revenue Code (the Code), business unit financial goals, operating and stewardship and Six Sigma goals are discretionary goals, rather than necessary targets to be achieved to earn a full payout. To preserve the tax deduction for payouts made to the NEOs whose compensation is subject to Code Section 162(m) deduction limits, payouts are based solely on the achievement of the consolidated operating earnings goals, with the CGN Committee having the ability to exercise negative discretion as deemed appropriate based on actual achievement of the discretionary goals.

Business unit financial goals provide a line-of-sight performance target for officers within a business unit and, on a combined basis, support the consolidated operating earnings target for Dominion. The 2008 business unit financial goals and accomplishment levels for Mr. Koonce (Dominion Energy) and Messrs. McGettrick and Christian (Dominion Generation) were as follows:

Company (Millions)	Threshold (Net Income)	100% Payout (Net Income)	2008 (Net Income)	2008 Accomplishment
Dominion Energy	$359	$449	$468	100%
Dominion Generation	884	1,105	1,227	100%

Operating and stewardship goals provide line-of-sight performance targets that may not be financial and that can be customized for each individual or by segments of each business unit. Operating and stewardship goals promote our core values of safety, ethics, excellence and teamwork, which in turn contribute to our financial success. In 2008, safety was a required operating and stewardship goal for all officers and employees, with a minimum weighting of 5%.

Messrs. Farrell, Chewning, McGettrick and Christian adopted a safety goal of minimizing OSHA recordable incident rates to a specified target number. Mr. Koonce also adopted a safety goal of minimizing days away, restricted duty and lost time (DART) incidents. All of the NEOs achieved their safety goals and the company overall had its fifth straight year of improved safety performance.

With the exception of Mr. Christian, the NEOs did not hold any operating and stewardship goals other than safety goals. In addition to his safety goal, which was weighted 6.25%, Mr. Christian had operating and stewardship goals in four other categories, weighted as indicated:

- Collective Radiation Exposure (5%): Mr. Christian s Collective Radiation Exposure (CRE) goal was to minimize the radiation exposure to all personnel in the nuclear business unit based on As Low As Reasonably Achievable (ALARA) standards and performance in this area was better than the targeted goal.
- Capacity Factor (5%): Mr. Christian s Capacity Factor (CF) goal was to achieve or exceed a targeted CF percentage; CF, expressed as a percentage, is actual generation divided by projected generation. The CF goal was not fully achieved.

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Environmental Stewardship (3.75%): Mr. Christian s Environmental Stewardship goal was to minimize the number of environmental performance points assessed at our nuclear stations to a target number. This goal was not achieved, with more points actually assessed than the target number.

Production Cost (5%): Mr. Christian s Production Cost goal was to cap these costs at targeted numbers. The Production Cost goal was not fully achieved.

Due to the CF, Production Cost, and Environmental Stewardship goal shortfalls, Mr. Christian s goal achievement in the operating and stewardship goal category was 84% (or 21% of the possible 25% goal score for the operating and stewardship goal category).

Dominion implemented the Six Sigma program in 2001 to use data and statistical analysis to measure and improve operational performance. Six Sigma goals are designed to increase productivity, reduce costs and improve customer service. The Six Sigma goal for 2008 had a 5% weighting made up of two parts, with 2% tied to financial and improvement targets established for each business unit and a 3% weighting tied to a Dominion-wide savings goal of at least $85 million. Achievement of the business unit goals contributed to the overall $85 million financial target. If the positive financial impact for Dominion was $120 million or more, a 2% credit was granted that could be applied to offset any shortfall in operating and stewardship goals other than goals based on safety and regulatory compliance. Each business unit achieved its individual Six Sigma goals for 2008. The Six Sigma positive financial impact for Dominion exceeded $120 million, resulting in all employees earning the 2% extra credit, which was applied to offset any goal shortfalls other than goals based on safety and regulatory compliance.

As discussed above, we determine the payout for the NEOs other than Mr. Chewning based on the consolidated financial goal only and this goal was fully achieved resulting in a 100% payout score. Mr. Chewning received full credit for achieving his operating and stewardship safety goal and the Six Sigma goal, resulting in a 100% total payout score. With the exception of Mr. Christian, the other NEOs also fully achieved their discretionary business unit financial, operating and stewardship, and safety goals, resulting in a 100% total payout score for these discretionary goals. For Mr. Christian, the 2% extra credit earned by exceeding the Six Sigma goal was applied to offset his CF and Production Cost goal shortfalls in the operating and stewardship category, but was not applied to the Environmental Stewardship goal shortfall as this was a regulatory goal. As a result, his total payout score was 98%.

2008 AIP PAYOUTS

The formula for calculating an award is:

Amounts earned under the 2008 AIP by NEOs are shown below and are reflected in the *Non-Equity Incentive Plan Compensation* column of the *Summary Compensation Table*. The CGN Committee exercised negative discretion to lower Mr. Christian s payout score from 100% (based on the consolidated financial goal only) to 98% due to his operating and stewardship goal shortfalls.

Name	Base Salary		Target Award		Funding %		Total Payout Score%		2008 AIP Payout
Thomas F. Farrell, II	$1,200,000	x	125%	x	157%	x	100%	=	$2,355,000
Thomas N. Chewning	680,500	x	95%	x	157%	x	100%	=	1,014,966
Mark F. McGettrick	635,000	x	95%	x	157%	x	100%	=	947,103
Paul D. Koonce	485,800	x	90%	x	157%	x	100%	=	686,435
David A. Christian	540,300	x	70%	x	157%	x	98%	=	581,973*

* 2008 AIP Payout reflects rounding of Total Payout Score percentage.

The Long-Term Incentive Program

OVERVIEW

Our long-term incentive program focuses on Dominion s longer-term strategic goals and retention. In recent years, 50% percent of our long-term incentives have been full value equity awards in the form of restricted stock with time-based vesting and the other 50% have been performance-based awards. We believe restricted stock serves as a strong retention tool and also creates a focus on stock price to further align the interests of officers with the interests of our shareholders. For those officers who have made substantial progress towards their share ownership guidelines, 50% of their long-term award is in the form of a cash performance grant. Because officers are expected to retain ownership of shares upon vesting of restricted stock awards, as explained in *Share Ownership Guidelines,* the long-term cash performance grant balances the program and allows a portion of the long-term incentive award to be accessible to our NEOs during the course of their employment.

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On average, the long-term incentive values for our NEOs and other officers are between the market median and the 75th percentile, which is consistent with Dominion s larger size and complexity compared with our peer companies. For certain officers, however, including Mr. Chewning and Mr. Christian, we target the 75th percentile to address and recognize their experience, performance, and specific skills, as well as competitive market pressures and demands for their positions. However, actual performance versus pre-set performance goals determines whether the final compensation earned is at market median, at target or at or above market 75th percentile.

The fact that an officer may have received long-term incentive awards over the course of his or her career is not a significant factor in determining the officer s entitlement to appropriate long-term incentive awards in the current year. If a newer officer does not have prior grants outstanding due to his or her short tenure, we do not increase the compensation paid to such officer due to a lack of outstanding grants from prior years.

2008 Restricted Stock Grants

All officers received a restricted stock grant on April 1, 2008 based on a stated dollar value. The number of shares awarded was determined by dividing the stated dollar value by the closing price of Dominion s common stock on March 31, 2008. The grants have a three-year vesting term, with cliff vesting at the end of the restricted period on April 1, 2011. Dividends are paid to officers during the restricted period. The fair value of each NEO s 2008 restricted stock grant is disclosed in the *Grants of Plan-Based Awards* table.

2008 Cash Performance Grants

Most officers, including the NEOs, received cash performance grants on April 1, 2008. Officers who have not achieved 50% of their targeted share ownership guideline received stock-based performance grants. Dividend equivalents are not paid on any performance-based grants. The performance period commenced on January 1, 2008 and will end on December 31, 2009. Like our 2007 performance grants, the 2008 grants are denominated as a target award, with potential payouts ranging from 0-200% of the target based on Dominion s total shareholder return (TSR) relative to the peer group of companies selected by the CGN Committee and return on invested capital (ROIC). In addition, 2008 performance grants include a third metric: increase in book value per share.

Relative TSR (50% weighting). TSR is the difference between the value of a share of common stock at the beginning and end of the two-year performance period, plus dividends paid as if reinvested in stock. For this metric, Dominion s TSR is compared to TSR levels at its peer companies for the same two-year period. The TSR metric was selected to focus our officers on long-term shareholder value when developing and implementing their strategic plans and in turn, reward management based on the achievement of TSR levels as measured relative to our peer companies. The peer group for the 2008 performance grant is the same group of companies described above in *The Peer Group and Peer Group Comparisons.* The relative TSR targets and corresponding payout scores are as follows:

Relative TSR Performance	Percentage Payout of TSR Percentage*
Top Quartile 75% to 100%	150% 200%
2nd Quartile 50% to 74.9%	100% 149.9%
3rd Quartile 25% to 49.9%	50% 99.9%
4th Quartile below 25%	0%

*TSR weighting is interpolated between the top and bottom of the percentages within a quartile. A minimum payment of 25% of the TSR percentage will be made if the TSR performance is at least 10% on a compounded annual basis for the performance period, regardless of relative performance.

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ROIC (40% weighting). ROIC reflects the company s total return divided by average invested capital for the performance period. For this purpose, total return is the company s consolidated operating earnings plus its after-tax interest and related charges, plus preferred dividends. The ROIC metric was selected to reward officers for the achievement of expected levels of return on the company s investments. We believe an ROIC measure encourages management to choose the right investments, and with those investments, to achieve the highest returns possible through prudent decisions, management and control of costs. We designed our ROIC goals to provide 100% payout if we achieve an ROIC of 8.70% over the two-year performance period. For the 2007 performance grants, ROIC goal achievement for the 2007-2008 performance period was 8.4%. The ROIC performance targets and corresponding payout scores are as follows:

ROIC Performance	Percentage Payout of ROIC Percentage*
8.90% and above	200%
8.80% - 8.89%	150% - 199.9%
8.70% - 8.79%	100% - 149.9%
8.60% - 8.69%	50% - 99.9%
Below 8.60%	0%

*ROIC percentage payout is interpolated between the top and bottom of the percentages for any range.

Book Value per Share (Book Value Performance) (10% weighting). Book Value Performance measures the company s value according to its balance sheet (the difference between assets and liabilities) as opposed to the market value of company stock, subject to certain pre-approved exclusions, whether positive or negative, as set forth in the awards. It measures the use of funds as well as the efficiency of issuing stock. The Book Value Performance metric promotes better long-term value of Dominion assets by effective capital allocation and management and encourages a decision-making process that minimizes write-offs and issuances of stock below anticipated share prices. The CGN Committee applied a 10% weighting to this new measure in order to allow a mix of performance measures while maintaining the desired focus on relative TSR and ROIC. Book Value Performance will be calculated as common shareholders equity divided by the number of outstanding shares as of December 31, 2009. The Book Value Performance targets and corresponding payout scores are as follows:

Book Value Performance	Percentage Payout of Book Value Performance Percentage*
$20.80 and above	200%
$20.70 - $20.79	150% - 199.9%
$20.60 - $20.69	100% - 149.9%
$20.50 - $20.59	50% - 99.9%
Below $20.50	0%

*Book Value Percentage payout is interpolated between the top and bottom of the percentages for any range.

Vesting Terms for the 2008 Restricted Stock Grants and Performance Grants

The grants are forfeited in their entirety if an officer voluntarily terminates his or her employment or is terminated with cause before the vesting date. The grants have pro-rated vesting for retirement, termination without cause, death or disability, rewarding the officers or their estate only for the period of time they provided services to Dominion. In the case of retirement, pro-rated vesting will not occur if the CEO (or, for the CEO, the CGN Committee) determines the officer s retirement is detrimental to the company.

For the performance grants, payout for an officer who retires or whose employment is terminated without cause is made following the end of the performance period so that the officer is rewarded only to the extent the performance goals are achieved. In the case of death or disability, payout is made as soon as possible to facilitate the administration of the officer s estate or financial planning; the payout amount will be the greater of the officer s target award or an amount based on the predicted performance used for compensation cost disclosure purposes on Dominion s financial statements.

In the event of a change in control, we use a modified double trigger for the vesting of our restricted stock awards, with pro-rated vesting as of the change of control date, and full vesting if an officer s employment is terminated, or constructively terminated by the successor entity before the scheduled vesting date. This approach appropriately rewards officers for their service with Dominion up through the date of the change in control and also encourages them to remain with the successor entity to ensure an orderly transition of management following the change in control.

We take a different approach for performance grants. Given that the TSR, ROIC and Book Value Performance metrics are exclusively Dominion-related goals, we do not consider it reasonable or fair to continue to apply those goals in the event of a change in control. Accordingly, the payout of the performance grants will occur as soon as administratively feasible following the change in control date at an amount that is the greater of an officer s target award or an amount based on the predicted performance used for compensation cost disclosure purposes on Dominion s financial statements.

Payout under 2007 Performance Grants

In February 2009, payouts were made to officers who received 2007 performance grants, including the NEOs. The 2007 performance grants were based on two evenly-weighted goals: TSR for the two-year period ended December 31, 2008 relative to a peer group of companies and ROIC for the two-year period (the ROIC goal).

Relative TSR performance was measured on the same scale set forth above for the 2008 performance grants, but our 2007 peer group for this grant did not include Ameren Corporation and DTE Energy Company.

Because of uncertainty related to the pending E&P divestitures in April 2007 when the 2007 performance grants were awarded, certain officers who at that time were potentially subject to the deduction limits imposed by Code Section 162(m), including the NEOs, were given awards with ROIC targets based in part on the 2007 budget that excluded any assumed earnings from the E&P business unit. In order to preserve the company s ability to deduct the performance-based compensation paid to these officers, the CGN Committee did not have authority to modify the ROIC targets for these awards based on subsequent adjustments to the 2007 budget. The ROIC performance targets and corresponding payout scores for these officers are as follows:

ROIC Performance	Percentage Payout of ROIC Percentage*
5.90% or greater	200%
5.70% 5.89%	150% 199.9%
5.50% 5.69%	100% 149.9%
5.30% 5.49%	50% 99.9%
Below 5.30%	0%

*ROIC percentage payout is interpolated between the top and bottom of the percentages for any range.

Revised two-year ROIC goals for officers and employees, with the exception of the goals for officers who were potentially subject to the deduction limits imposed by Code Section 162(m), were approved by the CGN Committee in 2008 based on adjustments to the 2007 budget due primarily to the impact of the E&P divestitures. The CGN Committee s discretionary authority to revise the ROIC goals was provided for under the terms of the grants. The revised ROIC targets and corresponding payout scores are as follows:

ROIC Performance	Percentage Payout of ROIC Percentage*
8.50% or greater	200%
8.30% 8.49%	150% 199.9%
8.10% 8.29%	100% 149.9%
7.90% 8.09%	50% 99.9%
Below 7.90%	0%

*ROIC percentage payout is interpolated between the top and bottom of the percentages for any range.

Based on the achievement of the performance criteria, the CGN Committee approved a 146% payout for the 2007 performance grants. The following table summarizes the achievement of the 2007 performance criteria:

Measure	Goal Weight%		Goal Achievement%		Payout%
TSR	50%	X	116.6%	=	58%
ROIC	50%	X	176.3%	=	88%
			Combined Overall Performance Score		146%

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Based on the achievement of the performance criteria for NEOs and other officers who had different ROIC goals, as described above, their grant payouts would have been at a 158% level instead of the approved 146% level due to 200% goal achievement of their ROIC goal. The CGN Committee exercised negative discretion to lower the payouts for these officers by 12% so that their payouts were consistent with payouts for other officers. The resulting payout amounts for the NEOs for the 2007 Performance Grants are shown below and are also reflected in the *Non-Equity Incentive Plan Compensation* column of the *Summary Compensation Table*.

Name	2007 Performance Grant Award		Overall Performance Score		Calculated Performance Grant Payout
Thomas F. Farrell, II	$ 3,000,000	x	146%	=	$ 4,380,000
Thomas N. Chewning	1,000,000	x	146	=	1,460,000
Mark F. McGettrick	750,000	x	146	=	1,095,000
Paul D. Koonce	450,000	x	146	=	657,000
David A. Christian	325,000	x	146	=	474,500

2009 Long-Term Incentive Program

In January 2009, the CGN Committee approved the 2009 long-term incentive grants for the NEOs. We have not modified the design of our long-term incentive program for 2009 as a result of the negative impact of uncertain market conditions on the value of outstanding stock awards (nor have we modified the terms of any outstanding equity or performance-based awards). The target award levels, terms and conditions of these grants are substantially similar to the 2008 long-term incentive grants described above, with the same TSR goals and peer group, and ROIC and Book Value Performance goals updated to reflect the 2009-2010 business plan and consolidated operating earnings targets. The CGN Committee moved the grant date up from the early April grant date used for the 2007 and 2008 long-term incentive programs to an early February 2009 grant date. With this change to an earlier grant date, long-term incentive grants are made closer to the beginning of the performance cycle than our prior grants and shortly after the public disclosure of Dominion s earnings for the prior year. This grant date timing is also more consistent with the grant date practices of other companies in our industry.

Employee and Executive Benefits

Benefit plans and limited perquisites comprise the fourth element of our compensation program. These benefits serve as a retention tool and reward long-term employment.

Retirement Plans

We sponsor two types of tax-qualified retirement plans for eligible employees, including our NEOs: a defined benefit pension plan (the Pension Plan) and a defined contribution 401(k) savings plan (the 401(k) Plan). The NEOs, as employees hired before 2008, are eligible for a pension benefit upon attainment of retirement age based on a formula that takes into account final compensation and years of service. They also receive a cash balance benefit under which the company contributes 2% of each participant s compensation to a special retirement account, which may be paid in a lump sum or added to the annuity benefit upon retirement. The formula for the Pension Plan is explained in the narrative following the *Pension Benefits* table. The change in pension value for 2008 for the NEOs is included in the *Summary Compensation Table*.

Officers whose matching contributions under our 401(k) Plan are limited by Internal Revenue Code limits receive a cash payment to make them whole for the company match lost as a result of these limits. These cash payments are currently taxable. The company matching contributions to the 401(k) Plan and the cash payments of company matching contributions above Internal Revenue Code limits for the NEOs are included in the

All Other Compensation column of the *Summary Compensation Table* and detailed in the footnote for that column.

We also maintain two nonqualified retirement plans for our executives, the Retirement Benefit Restoration Plan (BRP) and the Executive Supplemental Retirement Plan (ESRP). Unlike the Pension Plan and 401(k) Plan, these plans are unfunded, unsecured obligations of the company. These plans keep us competitive in attracting and retaining officers. Because of Internal Revenue Code limits on Pension Plan benefits and because a more substantial portion of total compensation for our officers is paid as incentive compensation than for other employees, the Pension Plan and 401(k) Plan alone will produce a lower percentage of replacement income in retirement for officers than these plans will for other employees. The BRP restores benefits that will not be paid under the Pension Plan due to the Internal Revenue Code limits. The ESRP provides a benefit that covers a portion (25%) of final base salary and target annual incentive compensation to partially make up for this gap in retirement income. The BRP and ESRP do not include long-term incentive compensation in benefit calculations and, therefore, a significant portion of the potential compensation for our officers is excluded from calculation in any retirement plan benefit. Please refer to the narrative following the *Pension Benefits* table for additional information regarding these retirement plans.

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As consideration for the benefits earned under the BRP and ESRP, all officers agree to comply with one-year non-competition and non-solicitation requirements set forth in the plan documents following their retirement or other termination from the company.

In individual situations and primarily for mid-career changes or retention purposes, the CGN Committee has granted certain officers additional years of credited age and service for purposes of calculating benefits under the Pension Plan and BRP. Age and service credits granted to the NEOs are described in *Additional Post-Employment Benefits for NEOs* under *Potential Payments Upon Termination or Change in Control*. Additional Pension Plan benefits attributable to age and service credits will be paid from company assets and not from the trust established for the Pension Plan. Additional age and service may also be earned under the terms of an officer s Employment Continuity Agreement in the event of a change in control, as described in *Change in Control* under *Potential Payments Upon Termination or Change in Control*.

The present value of accumulated benefits under these retirement plans is disclosed in the *Pension Benefits* table and the terms of the plans are fully explained in the narrative following that table.

Other Benefit Programs

Dominion s officers participate in all of the benefit programs available to other Dominion employees. The core benefit programs include medical, dental and vision benefit plans, a health savings account, health and dependent care flexible spending accounts, group-term life insurance, travel accident coverage, short-term disability and long-term disability coverage and a paid time off program. There are other miscellaneous employee benefit programs, including employee assistance programs and employee leave policies.

We also maintain an Executive Life Insurance Program for officers to replace a former company-wide retiree life insurance program that was discontinued in 2003. The plan is fully-insured by individual policies that provide death benefits equal to a multiple (one to three times) of an officer s base salary. This life insurance coverage is in addition to the group-term insurance that is provided to all employees. The officer is the owner of the policy and the company makes premium payments until the later of 10 years or the date the officer attains age 64. Officers are taxed on the premiums paid by the company. The premiums for these policies are included in the *All Other Compensation* column of the *Summary Compensation Table*.

Perquisites

We provide perquisites for our officers to enable them to perform their duties and responsibilities as efficiently as possible and to minimize distractions. The CGN Committee annually reviews the perquisites to ensure they are an effective and efficient use of corporate resources. We believe the benefits we receive from offering these perquisites outweighs the costs of providing them. In addition to incidental perquisites associated with maintaining an office, we offer the following perquisites to all officers:

- An allowance of up to $9,500 a year to be used for health club memberships and wellness programs, comprehensive executive physical exams and financial and estate planning. Dominion wants officers to be proactive with preventive healthcare and also wants executives to use professional, independent financial and estate planning consultants to ensure proper tax reporting of company-provided compensation and to help officers optimize their use of Dominion s retirement and other employee benefit programs.
- A company-leased vehicle, including the cost of insurance, gas and maintenance, up to an established lease-payment limit (if the lease payment exceeds the allowance, the officer pays for the excess amount on the vehicle).
- In limited circumstances, use of company aircraft for personal travel by executive officers. For security and other reasons, the Board requires Mr. Farrell to use the aircraft for all travel, including personal travel. His family and guests may accompany Mr. Farrell on any personal trips. The use of company aircraft for personal travel by other executive officers is limited and usually related to (i) travel with the CEO or (ii) personal travel to accommodate business demands on an executive s schedule. The company will also transport spouses of executives to business meetings when spouses are invited to attend. With the exception of Mr. Farrell, personal use of aircraft is not available when there is a company need for the aircraft. Use of company aircraft saves substantial time and allows us to have better access to our executives for business purposes. Over 97% of the use of Dominion s aircraft is for business purposes. Other than Mr. Farrell s travel and one trip by Mr. Chewning, none of the NEOs or other executive officers used company aircraft for personal travel in 2008.

Other than costs associated with comprehensive executive physical exams, these perquisites are fully taxable to officers. In 2008, the company provided a tax gross-up for personal use of company aircraft by the executive officers and their immediate family members. Effective January 1, 2009, tax gross-ups for personal use of company aircraft were discontinued. There is no tax gross-up for imputed income on other perquisites.

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Employment Continuity Agreements

Dominion has entered into Employment Continuity Agreements with all officers to ensure continuity in the event of a change in control of the company. While Dominion has determined these agreements are consistent with the practices of its peer companies, the most important reason for these agreements is to protect the company in the event of an anticipated or actual change in control of Dominion. In a time of transition, it is critical to protect shareholder value by retaining and continuing to motivate the company s core management team. In a change in control situation, workloads typically increase dramatically, outside competitors are more likely to attempt to recruit top performers away from the company, and officers and other key employees may consider other opportunities when faced with uncertainties at their own company. Therefore, the Employment Continuity Agreements provide security and protection to officers in such circumstances for the long-term benefit of the company and its shareholders.

In determining the appropriate multiples of compensation and benefits payable upon a change in control, the company evaluated peer group and general practices and considered the levels of protection necessary to retain officers in such situations. The Employment Continuity Agreements are double-trigger agreements that require both a change in control and a qualifying termination of employment to trigger a benefit. The specific terms of the Employment Continuity Agreements are discussed in *Additional Post-Employment Benefits for NEOs* under *Potential Payments Upon Termination or Change in Control*.

Other Agreements

Dominion does not have comprehensive employment agreements or se