

DOMINION RESOURCES INC /VA/
Form S-4
November 10, 2004
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As Filed with the Securities and Exchange Commission on November 10, 2004

File No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

Dominion Resources, Inc.

(Exact name of registrant as specified in its charter)

Virginia
(State or other jurisdiction of
incorporation or organization)

4911
(Primary Standard Industrial
Classification Code Number)
120 Tredegar St.

54-1229715
(I.R.S. Employer
Identification Number)

Richmond, VA 23219

(804) 819-2000

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Patricia A. Wilkerson, Vice President and Corporate Secretary

James P. Carney, Assistant Treasurer

120 Tredegar St.

Richmond, VA 23219

(804) 819-2000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

James F. Stutts

D. Michael Jones

Dominion Resources, Inc.

McGuireWoods LLP

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120 Tredegar St.

901 East Cary Street

Richmond, VA 23219

Richmond, VA 23219

(804) 819-2000

(804) 775-1181

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G check the following box: "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: "

CALCULATION OF REGISTRATION FEE ⁽¹⁾

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per security to be registered ⁽¹⁾	Proposed maximum aggregate offering price	Amount of registration fee
2004 Series C 2.125% Notes Due 2023	\$220,000,000	99.75%	\$ 219,450,000(2)	\$27,805
Common Stock	(3)	N/A	N/A	N/A

(1) Estimated in accordance with Rule 457(f) solely for the purpose of calculating this registration fee and net of an exchange fee equal to 0.25%.

(2) Exclusive of accrued interest, if any.

(3) Includes an indeterminate number of shares of common stock that may be issued upon conversion of the Notes registered hereby, which shares are not subject to an additional fee pursuant to Rule 457(i) of the Securities Act.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(a) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(a), MAY DETERMINE.

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The information in this prospectus is not complete and may change. We may not complete the exchange offer and issue these securities until the registration statement filed with the Securities and Exchange Commission is declared effective. This prospectus is not an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

PROSPECTUS (Subject to Completion)

Issued November 10, 2004

Dominion Resources, Inc.

OFFER TO EXCHANGE

*2004 Series C 2.125% Convertible Senior Notes due 2023
and an Exchange Fee for all our outstanding
2003 Series G 2.125% Convertible Senior Notes due 2023*

Subject to the Terms and Conditions described in this Prospectus

The Exchange Offer

We are offering to exchange, upon the terms and subject to the conditions set forth in this prospectus and the accompanying letter of transmittal, our 2004 Series C 2.125% Convertible Senior Notes due 2023 (the New Notes) and an exchange fee for all of our outstanding 2003 Series G 2.125% Convertible Senior Notes due 2023 (the Old Notes). We refer to this exchange as the exchange offer.

Upon our completion of the exchange offer, each \$1,000 principal amount of Old Notes that are validly tendered and not validly withdrawn will be exchanged for \$1,000 principal amount of New Notes and an exchange fee of \$2.50.

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Tenders of Old Notes may be withdrawn at any time before midnight on the expiration date of the exchange offer.

As explained more fully in this prospectus, the exchange offer is subject to customary conditions, which we may waive.

The exchange offer expires at midnight, New York City time, on Thursday, December 9, 2004, which we refer to as the expiration date, unless extended.

The New Notes

The New Notes are convertible into cash and shares of our common stock initially having a combined aggregate value equal to 13.5865 shares of our common stock per \$1,000 principal amount of New Notes, subject to adjustment under the circumstances and during the periods described in this prospectus.

Holders of the New Notes will have the right to require us to purchase all or a portion of their New Notes in cash at a purchase price equal to 100% of the principal amount of the New Notes plus accrued and unpaid interest, including contingent interest, if any, on December 15, 2006, December 15, 2008, December 15, 2013 and December 15, 2018 or upon a fundamental change as described in this prospectus.

Interest Payments: We will pay interest on the New Notes on June 15 and December 15 of each year. Interest on the New Notes will accrue from the last interest payment date on which interest was paid on the Old Notes.

Optional Redemption: We may redeem some or all of the New Notes, at any time on or after December 20, 2006, at the prices set forth in this prospectus.

THE NEW NOTES WILL REQUIRE US TO SETTLE ALL CONVERSIONS FOR A COMBINATION OF CASH AND SHARES, IF ANY, IN LIEU OF ONLY SHARES. WE WILL PAY CASH IN AN AMOUNT EQUAL TO THE LESSER OF THE PRINCIPAL AMOUNT OF THE NEW NOTES AND THEIR CONVERSION VALUE AND ISSUE SHARES OF OUR COMMON STOCK TO THE EXTENT THAT THE CONVERSION VALUE EXCEEDS THE PRINCIPAL AMOUNT OF THE NEW NOTES.

*Investing in the New Notes involves risks. For a description of these risks, See **Risk Factors** beginning on page 14.*

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or this transaction, passed upon the merits or fairness of this transaction, or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The dealer manager for the exchange offer is:

MORGAN STANLEY

November , 2004

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ABOUT THIS PROSPECTUS

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

WHERE YOU CAN FIND MORE INFORMATION

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

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

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prospectus are sold:

Annual Report on Form 10-K for the year ended December 31, 2003;

Quarterly Reports on Form 10-Q for the quarters ended March 31, 2004, June 30, 2004 and September 30, 2004;

Current Reports on Form 8-K, filed January 14, 2004, July 27, 2004, September 10, 2004 and October 19, 2004;
and

The Description of our Common Stock included in our Registration Statement on Form 8-B dated April 29, 1983.

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

In order for you to receive timely delivery of the documents before the expiration of the exchange offer, you should request copies of these filings by December 1, 2004.

FORWARD LOOKING INFORMATION

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

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our ability to control. We have identified a number of these factors in our most recent Quarterly Report on Form 10-Q, under the heading Management's Discussion and Analysis of Financial Condition and Results of Operations Risk Factors and Cautionary Statements That May Affect Future Results, which is incorporated by reference in this prospectus, and we refer you to that report for further information. The factors include weather conditions; governmental regulations; cost of environmental compliance; inherent risk in the operation of nuclear facilities; fluctuations in energy-related commodities prices and the effect these could have on our earnings, liquidity position and the underlying value of our assets; trading counterparty credit risk; capital market conditions, including price risk due to marketable securities held as investments in trusts and benefit plans; fluctuations in interest rates; changes in rating agency requirements or ratings; changes in accounting standards; collective bargaining agreements and labor negotiations; the risks of operating businesses in regulated industries that

are becoming deregulated; the transfer of control over electric transmission facilities to a regional transmission organization; completing the divestiture of investments held by Dominion Capital, Inc.; board approval of future dividends; and political and economic conditions (including inflation and deflation). Although we strive to mitigate market risk through our risk management activities, changes in commodity prices can have an adverse impact on our earnings and asset values.

Any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made.

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SUMMARY

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

The following summary contains basic information about the exchange offer. It may not contain all the information that is important to you. The following summary is qualified in its entirety by reference to the more detailed information appearing elsewhere in this prospectus.

DOMINION

Dominion is a fully integrated gas and electric energy holding company headquartered in Richmond, Virginia. As of September 30, 2004, we had approximately \$46.1 billion in assets.

Our four primary operating segments are:

Dominion Delivery Dominion Delivery manages our local electric and gas distribution systems serving 4.0 million customer accounts and our customer service operations. We currently operate distribution systems in Virginia, West Virginia, North Carolina, Pennsylvania and Ohio. Dominion Delivery also operates our nonregulated retail energy marketing business serving approximately 1.3 million customer accounts and manages 200 billion cubic feet of natural gas storage in Ohio and Pennsylvania.

Dominion Energy Dominion Energy manages our 7,900 miles of gas transmission pipeline, our 6,000 miles of electric transmission lines, an approximately 760 billion cubic foot natural gas storage network and our Cove Point, Maryland liquefied natural gas facility. It also guides our commodity trading, marketing and risk management activities.

Dominion Exploration & Production Dominion Exploration & Production manages our onshore and offshore oil and gas exploration and production activities. With approximately 6.4 trillion cubic feet of proved natural gas equivalent reserves and 450 billion cubic feet of annual production, Dominion Exploration & Production is one of the nation's largest independent oil and gas operators. We operate on the outer continental shelf and deepwater areas of the Gulf of Mexico, western Canada, the Appalachian Basin, the Permian Basin, the Mid-Continent Region and other selected regions in the continental United States.

Dominion Generation Dominion Generation manages our 25,500 megawatt portfolio of electric power generation and guides our generation growth strategy. We currently operate generation facilities in Connecticut, Illinois, Indiana, North Carolina, Ohio, Pennsylvania, Virginia and West Virginia.

Principal Subsidiaries

Dominion's principal legal subsidiaries include Virginia Electric and Power Company (Dominion Virginia Power), a regulated public utility engaged in the

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generation, transmission, distribution and sale of electric energy in Virginia and northeastern North Carolina, Consolidated Natural Gas Company (CNG), an oil and gas producer and a transporter, distributor and retail marketer of natural gas serving customers in Pennsylvania, Ohio, West Virginia, New York and various cities in the Northeast and Mid-Atlantic and Dominion Energy, Inc., an independent power and natural gas subsidiary.

Industry Opportunities

Because of the changes our industry is undergoing, we continue to encounter opportunities for acquisitions of assets and business combinations that would be consistent with our strategic principles. We regularly investigate any opportunities we learn about that may increase shareholder value or build on our existing asset platform. We often participate in bidding and negotiating processes for those transactions. Any acquisitions or combinations of this type will likely require us to access external financing sources or issue additional equity.

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

For additional information about our company, see [Where You Can Find More Information](#) on page 2.

Ratio of Earnings to Fixed Charges

9 Months Ended September 30, 2004	12 Months	Years				
	Ended September 30, 2004	Ended December 31,				
		2003	2002	2001	2000	1999
3.00	2.42	2.29	2.82	1.82	1.56	2.35

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THE EXCHANGE OFFER

Purpose of the Exchange Offer	We are offering to exchange Old Notes for New Notes with different terms in contemplation of the transition method provided by Emerging Issues Task Force Issue No. 04-8, <i>The Effect of Contingently Convertible Instruments on Diluted Earnings per Share</i> , which is expected to become effective on December 31, 2004. EITF 04-8 will require that the calculation of diluted earnings per share reflect shares issuable under contingently convertible debt regardless of whether the contingent feature has been met. The conversion feature of the New Notes will result in fewer shares included in the calculation of diluted earnings per share upon adoption of EITF 04-8, since exercise of the conversion feature would result in a payment of cash, rather than shares, for the principal amount of the New Notes.
The Exchange Offer and Exchange Fee	We are offering to exchange \$1,000 principal amount of New Notes and an exchange fee of \$2.50 for each \$1,000 principal amount of Old Notes accepted for exchange.
Conditions to Exchange Offer	The exchange offer is subject to certain customary conditions, including that the registration statement and any post-effective amendment to the registration statement covering the New Notes be effective under the Securities Act of 1933, as amended (the Securities Act). See The Exchange Offer Conditions to the Exchange Offer.
Expiration Date; Extension	The exchange offer will expire at midnight, New York City time, on Thursday, December 9, 2004, which we refer to as the expiration date, unless extended or earlier terminated by us. We may extend the expiration date for any reason. If we decide to extend the expiration date, we will announce any extensions by press release or other permitted means no later than 9:00 a.m. on the next business day after the previously scheduled expiration of the exchange offer.
Deciding Whether to Participate in the Exchange Offer	Neither we, our officers or directors, the dealer manager, the information agent, the exchange agent nor the trustee make any recommendation as to whether you should tender or refrain from tendering all or any portion of your Old Notes in the exchange offer. Further, no person has

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been authorized to give any information or make any representations other than those contained herein and, if given or made, such information or representations must not be relied upon as having been authorized. You must make your own decision whether to tender your Old Notes in the exchange offer and, if so, the aggregate amount of Old Notes to tender. You should read this prospectus and the letter of transmittal and consult with your advisors, if any, to make that decision based on your own financial position and requirements.

Withdrawal of Tenders

Tenders of Old Notes may be withdrawn in writing at any time prior to midnight, New York City time, on the expiration date. In addition, tenders may be withdrawn if we have not accepted Old Notes tendered for exchange at any time after January 10, 2005.

Procedures for Exchange

In order to exchange Old Notes, you must tender the Old Notes together with a properly completed letter of transmittal and the other agreements and documents described in the letter of transmittal. If you own Old Notes held through a broker or other third party, or in street name, you will need to follow the instructions in the letter of transmittal on how to instruct them to tender the Old Notes on your behalf, as well as submit a letter of transmittal and the other agreements and documents described in this document. We will determine in our reasonable discretion whether Old Notes have been validly tendered. Old Notes may be tendered by electronic transmission of acceptance through The Depository Trust Company's, or DTC's, Automated Tender Offer Program (ATOP) procedures for transfer or by delivery of a signed letter of transmittal pursuant to the instructions described therein. Custodial entities that are participants in DTC's ATOP must tender Old Notes through DTC's ATOP, by which the custodial entity and the beneficial owner on whose behalf the custodial entity is acting agree to be bound by the letter of transmittal. A letter of transmittal need not accompany tenders effected through ATOP. Please carefully follow the instructions contained in this document on how to tender your securities.

If we decide for any reason not to accept any Old Notes for exchange, they will be returned without expense

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promptly after the expiration or termination of the exchange offer.

Please see pages 25 through 33 for instructions on how to exchange your Old Notes.

Acceptance of Old Notes

We will accept all Old Notes validly tendered and not withdrawn as of the expiration of the exchange offer and will issue the New Notes and pay the exchange fee promptly after expiration of the exchange offer, upon the terms and subject to the conditions in this prospectus and the letter of transmittal. We will accept Old Notes for exchange after the exchange agent has received a timely book-entry confirmation of transfer of Old Notes into the exchange agent's DTC account and, if the Old Notes have not been tendered through the ATOP procedures, a properly completed and executed letter of transmittal. Our oral (promptly confirmed in writing) or written notice of acceptance to the exchange agent will be considered our acceptance of the exchange offer.

Amendment of the Exchange Offer

We reserve the right not to accept any of the Old Notes tendered, and to otherwise interpret, modify or amend any of the terms of this exchange offer, provided that we will comply with applicable laws that require us to extend the period during which securities may be tendered or withdrawn as a result of changes in the terms of or information relating to the exchange offer.

Risk Factors

You should carefully consider the matters described under Risk Factors, as well as other information set forth or incorporated by reference in this prospectus and in the letter of transmittal.

Consequences of Not Exchanging Old Notes

The liquidity and trading market for Old Notes not tendered in the exchange offer could be adversely affected to the extent a significant number of the Old Notes are tendered and accepted in the exchange offer. Holders who do not exchange their Old Notes for New Notes will not receive the exchange fee.

Accrued Interest on the Old Notes

Interest on the New Notes will accrue from the last interest payment date on which interest was paid on the Old Notes. Holders whose Old Notes are accepted for exchange will be deemed to have waived the right to receive any interest accrued on the Old Notes.

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Tax Considerations

The U.S. federal income tax consequences of the exchange offer and of the ownership and disposition of the New Notes are unclear. We intend to take the position that the modifications to the Old Notes resulting from the exchange of Old Notes for New Notes and payment of an exchange fee will not constitute a significant modification of the Old Notes for tax purposes. Consistent with our position, the New Notes will be treated as a continuation of the Old Notes and, apart from the receipt of the exchange fee, there will be no U.S. federal income tax consequences to a holder who exchanges Old Notes for New Notes pursuant to the exchange offer. If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ.

See [Certain United States Federal Income Tax Considerations](#) for a summary of certain U.S. federal income tax consequences or potential consequences that may result from the exchange of Old Notes for New Notes and from the ownership and disposition of the New Notes and common stock received upon conversion of the New Notes.

Old Notes Not Tendered or Accepted for Exchange

Any Old Notes not accepted for exchange for any reason will be returned without expense to you as promptly as practicable after the expiration or termination of this exchange offer. If you do not exchange your Old Notes in this exchange offer, or if your Old Notes are not accepted for exchange, you will continue to hold your Old Notes, you will not receive the exchange fee and you will be entitled to all the rights and subject to all the limitations applicable to the Old Notes.

Trading

Our common stock is traded on the New York Stock Exchange under the symbol [D](#).

Dealer Manager

Morgan Stanley & Co. Incorporated is the dealer manager for this exchange offer. Its address and telephone numbers are located on the back cover of this prospectus.

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Exchange Agent

JPMorgan Chase Bank is the exchange agent for this exchange offer. Its address and telephone numbers are located on the back cover of this prospectus.

Information Agent

D.F. King & Co., Inc. is the information agent for this exchange offer. Its address and telephone numbers are located on the back cover of this prospectus.

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MATERIAL DIFFERENCES BETWEEN THE OLD NOTES AND NEW NOTES

The only material difference between the Old Notes and New Notes is the nature of the consideration payable upon conversion. Upon conversion of the Old Notes, the holder would receive only shares of our common stock and cash in lieu of fractional shares. Upon conversion of the New Notes, the holder will receive a combination of cash and common stock, depending on the value of our common stock during a five-trading day period beginning the second trading day after the conversion date. For a more detailed description of the consideration payable upon conversion of the New Notes, see [Description of the New Notes Conversion Rights Payment](#).

THE NEW NOTES

We are offering up to \$220,000,000 aggregate principal amount of the New Notes.

The New Notes will mature on December 15, 2023 unless earlier redeemed, converted or purchased by us.

The New Notes will be represented by one or more global certificates that will be deposited with the trustee, and registered in the name of The Depository Trust Company, New York, New York (DTC) or its nominee. This means that you will not receive a certificate for your New Notes but, instead, will hold your interest through participants in DTC's book-entry system.

Interest Payment Dates

Interest on the New Notes will be payable semi-annually in arrears on June 15 and December 15. Interest on the New Notes will accrue from the last interest payment date on which interest was paid on the Old Notes.

Contingent Interest

Beginning with the six-month interest period commencing on December 15, 2006, we will pay contingent interest during a six-month interest period if the average trading price of a New Note for the five trading days immediately preceding the first day of the six-month interest period equals or exceeds 120% of the principal amount of the New Note. The amount of contingent interest payable per New Note in respect of any six-month period will equal 0.25% of the average trading price of the New Note for the five trading day reference period. For more information about

contingent interest, see Description of the New Notes Contingent Interest.

Record Dates

So long as the New Notes remain in book-entry only form, the record date for the Interest Payment Date will be the close of business on the business day before the Interest Payment Date.

If the New Notes are not in book-entry only form, the record date for the Interest Payment Date will be the close of business on the fifteenth calendar day prior to the Interest Payment Date (whether or not a business day).

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Conversion Rights

Holders may surrender New Notes for conversion under the following circumstances:

- (i) during any calendar quarter after the quarter ending December 31, 2004 (and only during such calendar quarter) if the last reported sale price of our common stock for at least 20 trading days during the period of 30 consecutive trading days ending on the last trading day of the previous calendar quarter is greater than or equal to 120% of the conversion price per share of our common stock;
- (ii) if the New Notes have been called for redemption by us;
- (iii) upon the occurrence of specified corporate transactions described under [Description of the New Notes Conversion Rights Conversion Upon Specified Corporate Transactions](#) ; or
- (iv) during any period that (a) the long-term credit ratings assigned to the New Notes by both Moody's Investors Service, Inc. and Standard & Poor's Rating Services are lower than Baa3 and BBB-, respectively, (b) both Moody's and Standard & Poor's no longer rate the New Notes or have withdrawn their ratings with respect to the New Notes, or (c) either Moody's or Standard & Poor's no longer rates the New Notes or has withdrawn or suspended such rating and the remaining rating is lower than Baa3 or BBB-, as applicable.

Optional Redemption

Before December 20, 2006, the New Notes will not be redeemable. On or after December 20, 2006, we may redeem some or all of the New Notes at any time at a price equal to 100% of the principal amount of the New Notes to be redeemed, plus accrued and unpaid interest including contingent interest, if any, to but excluding the redemption date. For more information, see [Description of the New Notes Optional Redemption](#).

Repurchase at the Option of Holder

Each holder of New Notes will have the right to require us to repurchase all or a portion of the New Notes held by such holder on December 15, 2006, December 15, 2008, December 15, 2013 and December 15, 2018, each of which is a purchase date, at a price equal to 100% of the principal amount of the New Notes to be repurchased, plus accrued and unpaid interest, including contingent interest, if any, to but excluding the purchase date. For more information, see [Description of the New Notes Repurchase at the Option of the Holder](#).

Fundamental Change

If we undergo a Fundamental Change (as defined under Description of the New Notes Fundamental Change Requires Repurchase at the Option of the Holder) before maturity, holders of the New Notes will have the right, at their option, to require us to purchase, for cash, any or all of their New Notes, or any portion of the principal amount thereof that is equal to \$1,000 or an integral multiple of \$1,000. The cash price we are required to pay is equal to 100% of the principal amount of the New Notes to be purchased plus accrued and unpaid interest, including contingent interest, if any, to but excluding the Fundamental Change purchase date. For more information about

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repurchase at the option of the holder following a Fundamental Change, see Description of the New Notes Fundamental Change Requires Repurchase at the Option of the Holder.

Ranking

The New Notes rank equally with all of our other senior unsecured indebtedness, and are senior in right of payment to all our subordinated indebtedness. The Senior Indenture contains no restrictions on the amount of additional indebtedness that we may incur. Additionally, because we are a holding company that conducts all of our operations through our subsidiaries, holders of New Notes will generally have a junior position to claims of creditors of our subsidiaries. See Description of the New Notes Ranking.

Certain U.S. Federal Income Tax Considerations

The New Notes and the common stock issuable upon conversion of the New Notes will be subject to special and complex U.S. federal income tax rules. We will treat the New Notes as indebtedness that is subject to U.S. Treasury regulations governing contingent payment debt instruments. Each holder of the New Notes will agree for U.S. federal income tax purposes to treat the New Notes as contingent payment debt instruments and to be bound by our determination that the rate at which interest will be deemed to accrue on the New Notes is 6.19% per year, compounded semi-annually. Holders are urged to consult their own tax advisors with respect to the federal, state, local and foreign tax consequences of owning and disposing of the New Notes and common stock issuable upon conversion of the New Notes. Holders should consider the negative United States federal income tax consequences of owning the New Notes described in Risk Factors Risks Related to the New Notes and Certain United States Federal Income Tax Considerations.

No Listing of the New Notes

We do not plan to make application to list the New Notes on any securities exchange or to include them in any automated quotation system. Our shares of common stock are traded on the New York Stock Exchange under the symbol D.

Use of Proceeds

We will not receive any cash proceeds from this exchange offer. Old Notes that are validly tendered and exchanged pursuant to the exchange offer will be retired and canceled. Accordingly, our issuance of New Notes will not result in

any cash proceeds to us.

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RISK FACTORS

An investment in the New Notes involves a number of risks. Some of these risks are shared with any investor in our securities; others are related to the nature of the New Notes themselves or to the exchange offer. Before deciding to buy any New Notes, you should carefully consider the following information. In consultation with your own financial and legal advisors, you should carefully consider, among other matters, the discussion of risks in our periodic reports before deciding whether an investment in the New Notes is suitable for you.

Risks Relating to the Exchange Offer

The United States federal income tax consequences of the exchange offer are unclear; if the IRS disagrees with the position we are taking, you could be subject to additional tax liabilities as a result of the exchange offer. The U.S. federal income tax consequences of the exchange offer are unclear. We intend to take the position that the modifications to the Old Notes resulting from the exchange of Old Notes for New Notes and payment of the exchange fee will not constitute a significant modification of the Old Notes for tax purposes. That position, however, is subject to considerable uncertainty and could be challenged by the IRS. Consistent with our position, the New Notes will be treated as a continuation of the Old Notes and, apart from the receipt of the exchange fee, we believe there will be no U.S. federal income tax consequences to a holder who exchanges Old Notes for New Notes pursuant to the exchange offer. If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ. For example, under one possible alternative characterization, a holder could be required to recognize ordinary income in an amount equal to the excess of the fair market value of the New Notes received in the exchange over the holder's adjusted tax basis in the Old Notes. See [Certain United States Federal Income Tax Considerations Exchange of Old Notes for New Notes](#) for more information.

We intend to treat payment of the exchange fee as ordinary income to holders participating in the exchange offer and to report such payments to holders and the IRS for information purposes in accordance with such treatment. Therefore, the receipt of the exchange fee by a Non-U.S. Holder (as defined in [Certain United States Federal Income Tax Considerations](#)) participating in the exchange offer may be subject to U.S. federal withholding tax. See [Certain United States Federal Income Tax Considerations Exchange of Old Notes for New Notes](#) for more information.

If you do not exchange your Old Notes, we cannot assure you that an active market in the Old Notes will continue to exist and the Old Notes you retain may become less liquid as a result of the exchange offer. If a significant number of Old Notes are exchanged in the exchange offer, the liquidity of the trading market for the Old Notes, if any, after the completion of the exchange offer may be substantially reduced. Any Old Notes exchanged will reduce the aggregate number of Old Notes outstanding. As a result, the Old Notes may trade at a discount to the price at which they would trade if the exchange offer were not consummated, subject to prevailing interest rates, the market for similar securities and other factors. We cannot assure you that an active market in the Old Notes will exist or be maintained and we cannot assure you as to the prices at which the Old Notes may be traded.

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We have not obtained a third-party determination that the exchange offer is fair to holders of the Old Notes. We are not making a recommendation as to whether holders of the Old Notes should exchange them. We have not retained and do not intend to retain any unaffiliated representative to act solely on behalf of the holders of the Old Notes for purposes of negotiating the terms of the exchange offer or preparing a report concerning the fairness of the exchange offer. We cannot assure holders of the Old Notes that the value of the New Notes received in the exchange offer will in the future equal or exceed the value of the Old Notes tendered and we do not take a position as to whether you ought to participate in the exchange offer.

Risks Relating to the New Notes

There are a number of risks related to investing in the New Notes. These risks are substantially similar to the risks related to investing in the Old Notes.

You should consider the United States federal income tax consequences of owning New Notes. We intend to take the position that the exchange of Old Notes for New Notes does not constitute a significant modification of the Old Notes for U.S. federal income tax purposes, and that the New Notes will be treated as a continuation of the Old Notes and will continue to be subject to the same rules governing the treatment of contingent payment debt instruments as were applicable to the Old Notes. Among other things, pursuant to those rules, a holder of the New Notes is required to accrue interest income on the New Notes for each year, in the amounts described in the Old Notes Prospectus, regardless of whether the holder uses the cash or accrual method of tax accounting, and in excess of the accruals on the New Notes for non-tax purposes and any contingent interest payments actually received in that year. If, contrary to our position, the exchange constitutes a significant modification, the tax consequences to you could materially differ. For example, a holder could be required to include in income each year amounts substantially in excess or substantially less than amounts required to be accrued with respect to the Old Notes. See *Certain United States Federal Income Tax Considerations Classification and Treatment of the New Notes* for more information.

Without regard to whether the exchange of Old Notes for New Notes constitutes a significant modification, if at any time we make a distribution of property to our stockholders that would be taxable to the stockholders as a dividend for U.S. federal income tax purposes and, in accordance with the anti-dilution provisions of the New Notes, the conversion rate of the New Notes is increased, such increase may be deemed to be the payment of a taxable dividend to holders of the New Notes. See *Certain United States Federal Income Tax Considerations Classification and Treatment of the New Notes* for more information.

The trading prices for the New Notes will be directly affected by the trading prices of our common stock. The trading prices for the New Notes in the secondary market will be directly affected by the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Trading prices of our common stock will be influenced by our

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operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of common stock by us in the market after the offering of the New Notes, or the perception that such sales could occur, could affect the price of our common stock.

An active trading market for the New Notes may not develop. The New Notes comprise a new issue of securities for which there is currently no public market. We do not plan to list the New Notes on any securities exchange or to include them in any automated quotation system. We cannot assure holders that an active trading market for the New Notes will develop or as to the liquidity or sustainability of any such market, the ability to sell the New Notes or the price at which New Notes may be sold. Future trading prices of the New Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results, the price of our common stock and the market for similar securities.

Holders of New Notes will not be entitled to any rights with respect to our common stock, but will be subject to all changes made with respect to our common stock. Holders of New Notes will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but will be subject to all changes affecting the common stock. Holders of New Notes will only be entitled to rights on the common stock if and when we deliver shares of common stock in exchange for their New Notes and in limited cases under the anti-dilution adjustments of the New Notes. For example, if an amendment is proposed to our articles of incorporation or by-laws requiring stockholder approval and the record date for determining the stockholders of record entitled to vote on the amendment occurs before delivery of the common stock upon conversion of the New Notes, holders of New Notes will not be entitled to vote on the amendment, although they will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

The contingent conversion features of the New Notes could result in your not being entitled to convert a New Note when our common stock is trading at a price above the applicable conversion price of the New Note. The New Notes are convertible into common stock only in the event of specified contingencies. If the specific conditions for conversion are not met, you will not be able to convert a New Note, even though our common stock may be trading at a price above the applicable conversion price of the New Note.

The conversion rate of the New Notes may not be adjusted for all dilutive events that may occur. The conversion rate of the New Notes is subject to adjustment for certain events including, but not limited to, the issuance of stock dividends on our common shares, the issuance of certain rights or warrants, subdivisions or combinations of our common shares, certain distributions of assets, debt securities, capital stock or cash to holders of our common shares and certain issuer tender or exchange offers as described under [Description of the New Notes](#) [Conversion Rights](#) [Conversion Rate Adjustments](#). The conversion rate will not be adjusted for other events, such as stock

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issuances for cash, that may adversely affect the trading price of the New Notes or the common stock or for third-party tender offers. See Description of the New Notes Conversion Rights Conversion Rate Adjustments. We are not restricted from issuing additional common stock during the life of the New Notes and have no obligation to consider the interests of holders of the New Notes in deciding whether to issue common stock. There can be no assurance that an event that adversely affects the value of the New Notes, but does not result in an adjustment to the conversion rate, will not occur.

Risks Relating to Dominion

Our business is influenced by many factors that are difficult to predict, involve uncertainties that may materially affect actual results and are often beyond our control. Risk factors that may affect us, the New Notes and our common stock include:

Our operations are weather sensitive. Our results of operations can be affected by changes in the weather. Weather conditions directly influence the demand for electricity and natural gas and affect the price of energy commodities. In addition, severe weather, including hurricanes, winter storms and droughts, can be destructive, causing outages, production delays and property damage that require us to incur additional expenses.

We are subject to complex government regulation that could adversely affect our operations. Our operations are subject to extensive federal, state and local regulation and may require numerous permits, approvals and certificates from various governmental agencies. We must also comply with environmental legislation and associated regulations. Management believes the necessary approvals have been obtained for our existing operations and that our business is conducted in accordance with applicable laws. However, new laws or regulations, or the revision or reinterpretation of existing laws or regulations, may require us to incur additional expenses.

Costs of environmental compliance, liabilities and litigation could exceed our estimates. Compliance with federal, state and local environmental laws and regulations may result in increased capital, operating and other costs, including remediation and containment expenses and monitoring obligations. In addition, we may be a responsible party for environmental clean-up at a site identified by a regulatory body. Management cannot predict with certainty the amount and timing of all future expenditures related to environmental matters because of the difficulty of estimating clean-up and compliance costs, and the possibility that changes will be made to the current environmental laws and regulations. There is also uncertainty in quantifying liabilities under environmental laws that impose joint and several liability on all potentially responsible parties.

We are exposed to cost-recovery shortfalls because of capped base rates and amendments to the fuel factor statute in effect in Virginia for our regulated electric utility. Under the Virginia Restructuring Act, as amended in April 2004, our base rates (excluding, generally, a fuel factor with limited adjustment provisions, and certain other

allowable adjustments) remain unchanged until December 31, 2010 unless modified or terminated consistent with the Virginia Restructuring Act. Although the Virginia Restructuring Act allows for the

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recovery of certain generation-related costs during the capped rates periods, we remain exposed to numerous risks of cost-recovery shortfalls. These include exposure to potentially stranded costs, future environmental compliance requirements, tax law changes, costs related to hurricanes or other weather events, inflation, the cost of obtaining replacement power during unplanned plant outages and increased capital costs. In addition, under the 2004 amendments to the Virginia fuel factor statute, our current Virginia fuel factor provisions are locked-in until the earlier of July 1, 2007 or the termination of capped rates by order of the Virginia State Corporation Commission.

The amendments provide for a one-time adjustment of our fuel factor, effective July 1, 2007 through December 31, 2010, with no adjustment for previously incurred over-recovery or under-recovery, thus eliminating deferred fuel accounting. As a result, we are exposed to fuel price risk. This risk includes exposure to increased costs of fuel, including the energy portion of certain purchased power costs.

Under the Virginia Restructuring Act, the generation portion of our electric utility operations is open to competition and resulting uncertainty. Under the Virginia Restructuring Act, the generation portion of our electric utility operations in Virginia is open to competition and is no longer subject to cost-based regulation. To date, the competitive market has been slow to develop. Consequently, it is difficult to predict the pace at which the competitive environment will evolve and the extent to which we will face increased competition and be able to operate profitably within this competitive environment.

Our merchant power business is operating in a challenging market. The success of our approximately 7,000-megawatt merchant power business depends upon favorable market conditions as well as our ability to find buyers willing to enter into power purchase agreements at prices sufficient to cover operating costs. Depressed spot and forward wholesale power prices, high fuel and commodity costs and excess capacity in the industry could result in lower than expected revenues in our merchant power business.

There are inherent risks in the operation of nuclear facilities. We operate nuclear facilities that are subject to inherent risks. These include the threat of terrorist attack and ability to dispose of spent nuclear fuel, the disposal of which is subject to complex federal and state regulatory constraints. These risks also include the cost of and our ability to maintain adequate reserves for decommissioning, costs of plant maintenance and exposure to potential liabilities arising out of the operation of these facilities. We maintain decommissioning trusts and external insurance coverage to minimize the financial exposure to these risks. However, it is possible that costs arising from claims could exceed the amount of any insurance coverage.

The use of derivative instruments could result in financial losses and liquidity constraints. We use derivative instruments, including futures, forwards, options and swaps, to manage our commodity and financial market risks. In addition, we purchase and sell commodity-based contracts in the natural gas, electricity and oil markets for trading purposes. In the future, we could recognize financial losses

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on these contracts as a result of volatility in the market values of the underlying commodities or if a counterparty fails to perform under a contract. In the absence of actively quoted market prices and pricing information from external sources, the valuation of these contracts involves management's judgment or use of estimates. As a result, changes in the underlying assumptions or use of alternative valuation methods could affect the reported fair value of these contracts.

In addition, we use financial derivatives to hedge future sales of our gas and oil production. These hedge arrangements generally include margin requirements that require us to deposit funds or post letters of credit with counterparties to cover the fair value of covered contracts in excess of agreed upon credit limits. When commodity prices rise to levels substantially higher than the levels where we have hedged future sales, we may be required to use a material portion of our available liquidity to cover these margin requirements. In some circumstances this could have a compounding effect on our financial liquidity and results.

For additional information concerning derivatives and commodity-based trading contracts, see Management's Discussion and Analysis of Financial Condition and Results of Operations Market Rate Sensitive Instruments and Risk Management and Notes 2 and 8 to the Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2003 which is incorporated by reference into this prospectus.

We are exposed to market risks beyond our control in our energy clearinghouse operations. Our energy clearinghouse and risk management operations, including proprietary energy trading, are subject to multiple market risks including market liquidity, counterparty credit strength and price volatility. Many industry participants have experienced severe business downturns resulting in some companies exiting or curtailing their participation in the energy trading markets. This has led to a reduction in the number of trading partners and lower industry trading revenues. Declining creditworthiness of some of our trading counterparties may limit the level of our trading activities with these parties and increase the risk that these parties may not perform under a contract.

Our exploration and production business is dependent on factors that cannot be predicted or controlled. Factors that may affect our financial results include weather that damages or causes the shutdown of our oil and gas producing facilities, fluctuations in natural gas and crude oil prices, results of future drilling and well completion activities and our ability to acquire additional land positions in competitive lease areas, as well as inherent operational risks that could disrupt production.

Short-term market declines in the prices of natural gas and oil could adversely affect our financial results by causing a permanent write-down of our natural gas and oil properties as required by the full cost method of accounting. Under the full cost method, all direct costs of property acquisition, exploration and development activities are capitalized. If net capitalized costs exceed the present value of estimated future net revenues based on hedge-adjusted period-end prices from the production of proved gas and oil reserves (the ceiling test) in a given country at the end of any

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quarterly period, then a permanent write-down of the assets must be recognized in that period.

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