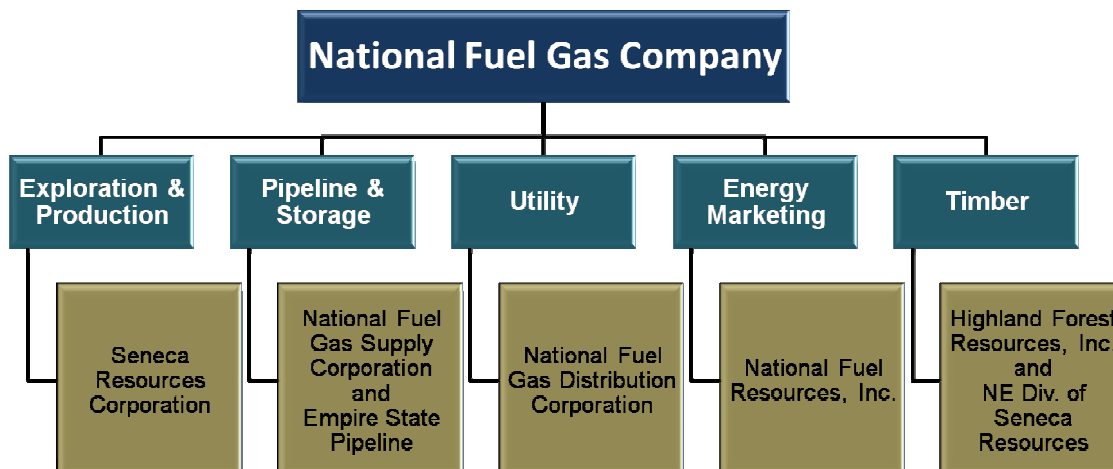


National Fuel Gas Company

Fiscal Year 2008 Financial & Statistical Report



National Fuel[®]



CORPORATE PROFILE

National Fuel Gas Company, incorporated in 1902, is a diversified energy company with its headquarters in Williamsville, New York. The Company has \$4.1 billion invested in assets that are distributed among five business segments: Exploration and Production, Pipeline and Storage, Utility, Energy Marketing and Timber (Note: in fiscal 2009 the Company discontinued segment reporting for its timber operations). National Fuel's history dates from the earliest days of the natural gas and oil industry in the United States, and the Company has been responsible for many industry firsts. Today, the Company continues to be managed in the same innovative and entrepreneurial spirit and takes pride in its 106-year tradition of delivering value and service.

EXPLORATION AND PRODUCTION

Seneca Resources Corporation explores for, develops, and purchases natural gas and oil reserves in California, in the Appalachian region, and in the Gulf Coast region of Texas, Louisiana and Alabama. Currently, Seneca's efforts are focused on evaluating, exploring and developing reserves in the Appalachian Basin, economically producing reserves in California, and exploiting opportunities in the shallow waters of the Gulf of Mexico.

PIPELINE AND STORAGE

National Fuel Gas Supply Corporation and Empire Pipeline, Inc. provide natural gas transportation and storage services to affiliated and nonaffiliated companies through an integrated system of 2,800 miles of pipeline and 31 underground natural gas storage fields (including four storage fields co-owned with nonaffiliated companies). This system is located within an area bounded by the Canadian border at the Niagara River, southwestern Pennsylvania and central New York, just north of Syracuse.

UTILITY

National Fuel Gas Distribution Corporation sells or transports natural gas to customers through a local distribution system located in western New York and northwestern Pennsylvania. The principal metropolitan areas served by this system include Buffalo, Niagara Falls and Jamestown in New York, and Erie and Sharon in Pennsylvania.

ENERGY MARKETING

National Fuel Resources, Inc. sells competitively priced natural gas to industrial, wholesale, commercial, public authority and residential customers primarily in western and central New York and northwestern Pennsylvania.

TIMBER

Highland Forest Resources, Inc. and the Northeast Division of Seneca Resources Corporation, carry out the Timber segment operations for the Company. Highland operates two sawmills in northwestern Pennsylvania. This segment markets timber and lumber from its New York and Pennsylvania land holdings (Note: in fiscal 2009 the Company discontinued segment reporting for its timber operations).

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National Fuel Gas Supply Corporation & Empire State Pipeline

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National Fuel Gas Distribution Corporation

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This report is neither a representation nor prospectus with regard to the Company's securities and is not furnished in connection with any proposed sales or offer to sell or buy any stock or securities. Data contained herein with respect to any particular year should be considered in conjunction with the notes and comments appearing in the Company's annual report to shareholders for that year.

Consolidated Statements of Income and Earnings Reinvested in the Business

Year Ended September 30 (Thousands of Dollars, Except Per Common Share Amounts)

| | 2008 | 2007 ⁽¹⁾ | 2006 | 2005 ⁽²⁾ | 2004 |
|---|--------------|---------------------|--------------|---------------------|--------------|
| Income | | | | | |
| Operating Revenues | \$ 2,400,361 | \$ 2,039,566 | \$ 2,239,675 | \$ 1,860,774 | \$ 1,867,875 |
| Operating Expenses | | | | | |
| Purchased Gas | 1,235,157 | 1,018,081 | 1,267,562 | 959,827 | 949,452 |
| Operation and Maintenance | 432,871 | 396,408 | 395,289 | 388,094 | 374,010 |
| Property, Franchise and Other Taxes | 75,585 | 70,660 | 69,202 | 68,164 | 68,378 |
| Depreciation, Depletion and Amortization | 170,623 | 157,919 | 151,999 | 156,502 | 159,184 |
| | 1,914,236 | 1,643,068 | 1,884,052 | 1,572,587 | 1,551,024 |
| Gain (Loss) on Sale of Timber Properties | - | - | - | - | (1,252) |
| Operating Income | 486,125 | 396,498 | 355,623 | 288,187 | 315,599 |
| Other Income (Expense): | | | | | |
| Income from Unconsolidated Subsidiaries | 6,306 | 4,979 | 3,583 | 3,362 | 805 |
| Impairment of Investment in Partnerships | - | - | - | (4,158) | - |
| Interest Income | 10,815 | 1,550 | 9,409 | 6,236 | 1,771 |
| Other Income | 7,376 | 4,936 | 2,825 | 12,744 | 2,908 |
| Interest Expense on Long-Term Debt | (70,099) | (68,446) | (72,629) | (73,244) | (82,989) |
| Other Interest Expense | (3,870) | (6,029) | (5,952) | (9,069) | (6,354) |
| Income from Continuing Operations Before Income Taxes | 436,650 | 333,488 | 292,859 | 224,058 | 231,740 |
| Income Tax Expense | 167,922 | 131,813 | 108,245 | 85,621 | 89,820 |
| Income from Continuing Operations | 268,728 | 201,675 | 184,614 | 138,437 | 141,920 |
| Discontinued Operations: | | | | | |
| Income (Loss) from Operations, Net of Tax | - | 15,479 | (46,523) | 25,277 | 24,666 |
| Gain on Disposal, Net of Tax | - | 120,301 | - | 25,774 | - |
| Income (Loss) from Discontinued Operations, Net of Tax | - | 135,780 | (46,523) | 51,051 | 24,666 |
| Income Before Cumulative Effect of Changes in Accounting | 268,728 | 337,455 | 138,091 | 189,488 | 166,586 |
| Net Income Available for Common Stock | 268,728 | 337,455 | 138,091 | 189,488 | 166,586 |
| Earnings Reinvested in the Business | | | | | |
| Balance at Beginning of Year | 983,776 | 786,013 | 813,020 | 718,926 | 642,690 |
| | 1,252,504 | 1,123,468 | 951,111 | 908,414 | 809,276 |
| Share Repurchases | (194,776) | (38,196) | (66,269) | - | - |
| Cumulative Effect of Adoption of FIN 48 | (406) | - | - | - | - |
| Dividends on Common Stock | (103,523) | (101,496) | (98,829) | (95,394) | (90,350) |
| Balance at End of Year | \$ 953,799 | \$ 983,776 | \$ 786,013 | \$ 813,020 | \$ 718,926 |
| Earnings Per Common Share: | | | | | |
| Basic: | | | | | |
| Income from Continuing Operations | \$3.27 | \$2.43 | \$2.20 | \$1.66 | \$1.73 |
| Income (Loss) from Discontinued Operations | - | 1.63 | -0.56 | 0.61 | 0.30 |
| Net Income Available for Common Stock | \$3.27 | \$4.06 | \$1.64 | \$2.27 | \$2.03 |
| Diluted: | | | | | |
| Income from Continuing Operations | \$3.18 | \$2.37 | \$2.15 | \$1.63 | \$1.71 |
| Income (Loss) from Discontinued Operations | - | 1.59 | -0.54 | 0.60 | 0.30 |
| Net Income Available for Common Stock | \$3.18 | \$3.96 | \$1.61 | \$2.23 | \$2.01 |
| Weighted Average Common Shares Outstanding: | | | | | |
| Used in Basic Calculation | 82,304,335 | 83,141,640 | 84,030,118 | 83,541,627 | 82,045,535 |
| Used in Diluted Calculation | 84,474,839 | 85,301,361 | 86,028,466 | 85,029,131 | 82,900,438 |

⁽¹⁾ Note: During 2007 the Company completed the sale of SECI, Seneca's wholly owned subsidiary that operated in Canada. SECI's operations are presented in the Company financial statements, and herein, as discontinued operations. Prior year amounts have been reclassified to reflect this change in presentation.

⁽²⁾ Note: During 2005, the Company sold its majority interest in United Energy ("U.E." or "Czech Assets"), a district heating and electric generation business in the Czech Republic. U.E.'s operations are presented in the Company financial statements, and herein, as discontinued operations. Any remaining international activity has been included in corporate operations. Prior year amounts have been reclassified to reflect this change in presentation.

Consolidated Balance Sheets

At September 30 (Thousands of Dollars)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Assets | | | | | |
| Property, Plant and Equipment | \$ 4,873,969 | \$ 4,461,586 | \$ 4,703,040 | \$ 4,423,255 | \$ 4,602,779 |
| Less - Accumulated Depreciation, Depletion and Amortization | 1,719,869 | 1,583,181 | 1,825,314 | 1,583,955 | 1,596,015 |
| | 3,154,100 | 2,878,405 | 2,877,726 | 2,839,300 | 3,006,764 |
| Current Assets | | | | | |
| Cash and Temporary Cash Investments | 68,239 | 124,806 | 69,611 | 57,607 | 57,541 |
| Cash Held in Escrow | - | 61,964 | - | - | - |
| Hedging Collateral Deposits | 1 | 4,066 | 19,676 | 77,784 | 8,612 |
| Receivables - Net | 185,397 | 172,380 | 173,671 | 165,879 | 146,058 |
| Unbilled Utility Revenue | 24,364 | 20,682 | 25,538 | 20,465 | 18,574 |
| Gas Stored Underground | 87,294 | 66,195 | 59,461 | 64,529 | 68,511 |
| Materials and Supplies - at average cost | 31,317 | 35,669 | 36,693 | 33,267 | 35,516 |
| Unrecovered Purchased Gas Costs | 37,708 | 14,769 | 12,970 | 14,817 | 7,532 |
| Other Current Assets | 65,158 | 45,057 | 63,723 | 67,351 | 39,631 |
| Deferred Income Taxes | - | 8,550 | 23,402 | 83,774 | 43,105 |
| | 499,478 | 554,138 | 484,745 | 585,473 | 425,080 |
| Other Assets | | | | | |
| Recoverable Future Taxes | 82,506 | 83,954 | 79,511 | 85,000 | 83,847 |
| Unamortized Debt Expense | 13,978 | 12,070 | 15,492 | 17,567 | 19,573 |
| Other Regulatory Assets | 189,587 | 137,577 | 76,917 | 47,028 | 32,958 |
| Deferred Charges | 4,417 | 5,545 | 3,558 | 4,474 | 3,411 |
| Other Investments | 80,640 | 85,902 | 88,414 | 80,394 | 72,556 |
| Investments in Unconsolidated Subsidiaries | 16,279 | 18,256 | 11,590 | 12,658 | 16,444 |
| Goodwill | 5,476 | 5,476 | 5,476 | 5,476 | 5,476 |
| Intangible Assets | 26,174 | 28,836 | 31,498 | 42,302 | 45,994 |
| Prepaid Pension and Other Post-Retirement Benefit Costs | 21,034 | 61,006 | 64,125 | 14,404 | - |
| Fair Value of Derivative Financial Instruments | 28,786 | 9,188 | 11,305 | - | 23 |
| Deferred Income Taxes | - | - | 9,003 | - | - |
| Other | 7,732 | 8,059 | 4,388 | 15,677 | 25,977 |
| | 476,609 | 455,869 | 401,277 | 324,980 | 306,259 |
| Total Assets | \$ 4,130,187 | \$ 3,888,412 | \$ 3,763,748 | \$ 3,749,753 | \$ 3,738,103 |
| Capitalization and Liabilities | | | | | |
| Capitalization: | | | | | |
| Comprehensive Shareholders' Equity | | | | | |
| Common Stock, \$1 Par Value | \$ 79,121 | \$ 83,461 | \$ 83,403 | \$ 84,357 | \$ 82,990 |
| Paid In Capital | 567,716 | 569,085 | 543,730 | 529,834 | 506,560 |
| Earnings Reinvested in the Business | 953,799 | 983,776 | 786,013 | 813,020 | 718,926 |
| Total Common Shareholders' Equity Before Items of Other Comprehensive Income (Loss) | 1,600,636 | 1,636,322 | 1,413,146 | 1,427,211 | 1,308,476 |
| Accumulated Other Comprehensive Income (Loss) | 2,963 | (6,203) | 30,416 | (197,628) | (54,775) |
| Total Comprehensive Shareholders' Equity | 1,603,599 | 1,630,119 | 1,443,562 | 1,229,583 | 1,253,701 |
| Long-Term Debt, Net of Current Portion | 999,000 | 799,000 | 1,095,675 | 1,119,012 | 1,133,317 |
| Total Capitalization | 2,602,599 | 2,429,119 | 2,539,237 | 2,348,595 | 2,387,018 |
| Minority Interest in Foreign Subsidiaries | - | - | - | - | 37,048 |
| Current and Accrued Liabilities | | | | | |
| Notes Payable to Banks and Commercial Paper | - | - | - | - | 156,800 |
| Current Portion of Long-Term Debt | 100,000 | 200,024 | 22,925 | 9,393 | 14,260 |
| Accounts Payable | 142,520 | 109,757 | 133,034 | 155,485 | 115,979 |
| Amounts Payable to Customers | 2,753 | 10,409 | 23,935 | 1,158 | 3,154 |
| Dividends Payable | 25,714 | 25,873 | 25,008 | 24,445 | 23,210 |
| Interest Payable on Long-Term Debt | 22,114 | 18,158 | 18,420 | 18,438 | 18,439 |
| Customer Advances | 33,017 | 22,863 | 29,417 | 24,471 | 20,500 |
| Other Accruals and Current Liabilities | 45,220 | 36,062 | 27,040 | 44,596 | 28,513 |
| Deferred Income Taxes | 1,871 | - | - | - | - |
| Fair Value of Derivative Financial Instruments | 1,362 | 16,200 | 39,983 | 209,072 | 95,099 |
| | 374,571 | 439,346 | 319,762 | 487,058 | 475,954 |
| Deferred Credits | | | | | |
| Deferred Income Taxes | 634,372 | 575,356 | 544,502 | 489,720 | 501,200 |
| Taxes Refundable to Customers | 18,449 | 14,026 | 10,426 | 11,009 | 11,065 |
| Unamortized Investment Tax Credit | 4,691 | 5,392 | 6,094 | 6,796 | 7,498 |
| Cost of Removal Regulatory Liability | 103,100 | 91,226 | 85,076 | 90,396 | 82,020 |
| Other Regulatory Liabilities | 91,933 | 76,659 | 75,456 | 66,339 | 66,488 |
| Pension and Other Post-Retirement Benefit Liabilities | 78,909 | 70,555 | 32,918 | 143,687 | 70,410 |
| Asset Retirement Obligation | 93,247 | 75,939 | 77,392 | 41,411 | 32,292 |
| Other Deferred Credits | 128,316 | 110,794 | 72,885 | 64,742 | 67,110 |
| | 1,153,017 | 1,019,947 | 904,749 | 914,100 | 838,083 |
| Commitments and Contingencies | - | - | - | - | - |
| Total Capitalization and Liabilities | \$ 4,130,187 | \$ 3,888,412 | \$ 3,763,748 | \$ 3,749,753 | \$ 3,738,103 |

Consolidated Statements of Cash Flows

Year Ended September 30 (Thousands of Dollars)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Activities | | | | | |
| Net Income Available for Common Stock | \$ 268,728 | \$ 337,455 | \$ 138,091 | \$ 189,488 | \$ 166,586 |
| Adjustments to Reconcile Net Income to Net Cash | | | | | |
| Provided by Operating Activities: | | | | | |
| Gain on Sale of Discontinued Operations | - | (159,873) | - | (27,386) | - |
| (Gain) Loss on Sale of Timber Properties | - | - | - | - | 1,252 |
| (Gain) Loss on Sale of Oil and Gas Producing Properties | - | - | - | - | (4,645) |
| Impairment of Oil and Gas Producing Properties | - | - | 104,739 | - | - |
| Depreciation, Depletion and Amortization | 170,623 | 170,803 | 179,615 | 193,144 | 189,538 |
| Deferred Income Taxes | 72,496 | 52,847 | (5,230) | 40,388 | 40,329 |
| (Income) Loss from Unconsolidated Subsidiaries, | | | | | |
| Net of Cash Distributions | 1,977 | (3,366) | 1,067 | (1,372) | (19) |
| Impairment of Investment in Partnership | - | - | - | 4,158 | - |
| Minority Interest in Foreign Subsidiaries | - | - | - | 2,645 | 1,933 |
| Excess Tax Benefits Associated with Stock-Based | | | | | |
| Compensation Awards | (16,275) | (13,689) | (6,515) | - | - |
| Other | 4,858 | 16,399 | 4,829 | 7,390 | 9,839 |
| Change in: | | | | | |
| Hedging Collateral Deposits | 4,065 | 15,610 | 58,108 | (69,172) | (7,151) |
| Receivables and Unbilled Utility Revenue | (16,815) | 5,669 | (12,343) | (25,828) | 3,917 |
| Gas Stored Underground and Materials and Supplies | (22,116) | (5,714) | 1,679 | 1,934 | 13,662 |
| Unrecovered Purchased Gas Costs | (22,939) | (1,799) | 1,847 | (7,285) | 21,160 |
| Prepayments and Other Current Assets | (36,376) | 18,800 | (39,572) | (42,409) | 35,647 |
| Accounts Payable | 32,763 | (26,002) | (23,144) | 48,089 | (5,134) |
| Amounts Payable to Customers | (7,656) | (13,526) | 22,777 | (1,996) | 2,462 |
| Customer Advances | 10,154 | (6,554) | 4,946 | 3,971 | 4,970 |
| Other Accruals and Current Liabilities | (3,641) | 8,950 | (17,754) | 18,715 | 2,082 |
| Other Assets | (11,887) | 4,109 | (22,700) | (13,461) | (4,829) |
| Other Liabilities | 54,817 | (5,922) | 80,960 | (3,667) | (34,450) |
| Net Cash Provided by Operating Activities | \$ 482,776 | \$ 394,197 | \$ 471,400 | \$ 317,346 | \$ 437,149 |
| Investing Activities | | | | | |
| Capital Expenditures | \$ (397,734) | \$ (276,728) | \$ (294,159) | \$ (219,530) | \$ (172,341) |
| Investment in Partnerships | - | (3,300) | - | - | - |
| Net Proceeds from Sale of Foreign Subsidiary | - | 232,092 | - | 111,619 | - |
| Cash Held in Escrow | 58,397 | (58,248) | - | - | - |
| Net Proceeds from Sale of Oil and Gas Producing Properties | 5,969 | 5,137 | 13 | 1,349 | 7,162 |
| Other | 4,376 | (725) | (3,230) | 3,238 | 1,974 |
| Net Cash Used in Investing Activities | \$ (328,992) | \$ (101,772) | \$ (297,376) | \$ (103,324) | \$ (163,205) |
| Financing Activities | | | | | |
| Change in Notes Payable to Banks and Commercial Paper | \$ - | \$ - | \$ - | \$ (115,359) | \$ 38,600 |
| Excess Tax Benefits Associated with Stock-Based | | | | | |
| Compensation Awards | 16,275 | 13,689 | 6,515 | - | - |
| Shares Repurchased Under Repurchase Plan | (237,006) | (48,070) | (85,168) | - | - |
| Net Proceeds from Issuance of Long-Term Debt | 296,655 | - | - | - | - |
| Reduction of Long-Term Debt | (200,024) | (119,576) | (9,805) | (13,317) | (243,085) |
| Net Proceeds from Issuance of Common Stock | 17,432 | 17,498 | 23,339 | 20,279 | 23,763 |
| Dividends Paid on Common Stock | (103,683) | (100,632) | (98,266) | (94,159) | (89,092) |
| Dividends Paid to Minority Interest | - | - | - | (12,676) | - |
| Net Cash Used in Financing Activities | \$ (210,351) | \$ (237,091) | \$ (163,385) | \$ (215,232) | \$ (269,814) |
| Effect of Exchange Rates on Cash | - | (139) | 1,365 | 1,276 | 3,451 |
| Cash and Temporary Cash Investments | | | | | |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | \$ (56,567) | \$ 55,195 | \$ 12,004 | \$ 66 | \$ 7,581 |
| Cash and Temporary Cash Investments at Beginning of Year | 124,806 | 69,611 | 57,607 | 57,541 | 49,960 |
| Cash and Temporary Cash Investments at End of Year | \$ 68,239 | \$ 124,806 | \$ 69,611 | \$ 57,607 | \$ 57,541 |
| Supplemental Disclosure of Cash Flow Information | | | | | |
| Cash Paid For: | | | | | |
| Interest | \$ 69,841 | \$ 75,987 | \$ 78,003 | \$ 84,455 | \$ 90,705 |
| Income Taxes | \$ 103,154 | \$ 97,961 | \$ 54,359 | \$ 83,542 | \$ 30,214 |

Consolidated Statements of Comprehensive Income

Year Ended September 30 (Thousands of Dollars)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net Income Available for Common Stock | \$ 268,728 | \$ 337,455 | \$ 138,091 | \$ 189,488 | \$ 166,586 |
| Other Comprehensive Income (Loss), Before Tax: | | | | | |
| Minimum Pension Liability Adjustment | - | - | 165,914 | (83,379) | 56,612 |
| Decrease in the Funded Status of the Pension and Other Post-Retirement Benefit Plans | (13,584) | | | | |
| Reclassification Adjustment for Amortization of Prior Year Funded Status of the Pension and Other Post-Retirement Benefit Plans | 1,924 | - | - | - | - |
| Foreign Currency Translation Adjustment | 12 | 7,874 | 7,408 | 14,286 | 21,466 |
| Reclassification Adjustment for Realized Foreign Currency Translation Gain in Net Income | - | (42,658) | (716) | (37,793) | - |
| Unrealized Gain (Loss) on Securities Available for Sale Arising During the Period | (4,856) | 4,747 | 2,573 | 2,891 | 3,629 |
| Reclassification Adjustment for Realized Gains on Securities Available for Sale in Net Income | - | - | - | (651) | - |
| Unrealized Gain/(Loss) on Derivative Financial Instruments Arising During the Period | (31,490) | 8,495 | 90,196 | (206,847) | (129,934) |
| Reclassification Adjustment for Realized Losses on Derivative Financial Instruments in Net Income | 64,645 | 5,106 | 91,743 | 97,689 | 49,142 |
| Other Comprehensive Income (Loss), Before Tax | 16,651 | (16,436) | 357,118 | (213,804) | 915 |
| Income Tax Expense (Benefit) Related to Minimum Pension Liability Adjustment | - | - | 58,070 | (29,183) | 19,814 |
| Income Tax Benefit Related to the Decrease in the Funded Status of the Pension and Other Post-Retirement Benefit Plans | (5,127) | - | - | - | - |
| Reclassification Adjustment for Income Tax Benefit Related to the Amortization of the Prior Year Funded Status of the Pension and Other Post-Retirement Benefit Plans | 726 | - | - | - | - |
| Income Tax Expense Related to Foreign Currency Translation Adjustment | - | - | - | 112 | - |
| Reclassification Adjustment for Income Tax Expense on Foreign Currency Translation Adjustment in Net Income | - | - | - | (112) | - |
| Income Tax Expense (Benefit) Related to Unrealized Gain (Loss) on Securities Available for Sale Arising During the Period | (1,434) | 1,724 | 894 | 1,012 | 1,270 |
| Reclassification Adjustment for Income Tax Expense on Realized Gains from Securities Available for Sale in Net Income | - | - | - | (228) | - |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/(Loss) on Derivative Financial Instruments Arising During the Period | (13,228) | 3,153 | 34,772 | (79,059) | (49,113) |
| Reclassification Adjustment for Income Tax Benefit on Realized Losses on Derivative Financial Instruments in Net Income | 26,548 | 2,824 | 35,338 | 36,507 | 18,182 |
| Income Taxes - Net | 7,485 | 7,701 | 129,074 | (70,951) | (9,847) |
| Other Comprehensive Income (Loss) | 9,166 | (24,137) | 228,044 | (142,853) | 10,762 |
| Comprehensive Income | \$ 277,894 | \$ 313,318 | \$ 366,135 | \$ 46,635 | \$ 177,348 |

Schedule of Business Segment Information

Year Ended September 30 (Thousands of Dollars)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|-------------------------------|--------------|--------------|--------------|--------------|--------------|
| Operating Revenues | | | | | |
| Utility | \$ 1,210,269 | \$ 1,120,724 | \$ 1,280,763 | \$ 1,117,067 | \$ 1,152,641 |
| Pipeline and Storage | 216,556 | 211,966 | 214,352 | 215,859 | 209,707 |
| Exploration and Production | 466,760 | 324,037 | 274,896 | 230,650 | 253,605 |
| Energy Marketing | 551,232 | 413,612 | 497,069 | 329,714 | 284,349 |
| Timber | 49,516 | 58,897 | 65,029 | 61,286 | 55,970 |
| Total Reportable Segments | 2,494,333 | 2,129,236 | 2,332,109 | 1,954,576 | 1,956,272 |
| All Other | 17,864 | 14,111 | 12,748 | 13,354 | 13,695 |
| Intersegment Eliminations (1) | (111,836) | (103,781) | (105,182) | (107,156) | (102,092) |
| Total Consolidated | \$ 2,400,361 | 2,039,566 | 2,239,675 | 1,860,774 | 1,867,875 |

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Depreciation, Depletion & Amortization | | | | | |
| Utility | \$ 39,113 | \$ 40,541 | \$ 40,172 | \$ 40,159 | \$ 39,101 |
| Pipeline and Storage | 32,871 | 32,985 | 36,876 | 38,050 | 37,345 |
| Exploration and Production | 92,221 | 78,174 | 67,122 | 67,647 | 74,838 |
| Energy Marketing | 42 | 33 | 53 | 41 | 102 |
| Timber | 4,904 | 4,709 | 6,495 | 6,601 | 6,277 |
| Total Reportable Segments | 169,151 | 156,442 | 150,718 | 152,498 | 157,663 |
| All Other | 783 | 785 | 789 | 3,537 | 1,071 |
| Corporate | 689 | 692 | 492 | 467 | 450 |
| Total Consolidated | \$ 170,623 | \$ 157,919 | \$ 151,999 | \$ 156,502 | \$ 159,184 |

| | | | | | |
|---|------|------|------|----------|----------|
| Significant Items | | | | | |
| All Other - Impairment of Investment in Partnership | \$ - | \$ - | \$ - | \$ 4,158 | \$ - |
| Timber - (Gain) Loss on Sale of Timber Properties | \$ - | \$ - | \$ - | \$ - | \$ 1,252 |

| | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|
| Operating Income (Loss) | | | | | |
| Utility | \$ 122,461 | \$ 111,819 | \$ 105,969 | \$ 80,389 | \$ 98,642 |
| Pipeline and Storage | 96,300 | 100,644 | 95,113 | 96,178 | 88,748 |
| Exploration and Production | 270,004 | 169,130 | 139,486 | 101,033 | 114,529 |
| Energy Marketing | 8,657 | 12,186 | 8,909 | 7,288 | 8,749 |
| Timber (2) | 1,707 | 8,540 | 11,211 | 9,556 | 10,802 |
| Total Reportable Segments | 499,129 | 402,319 | 360,688 | 294,444 | 321,470 |
| All Other (3) | 1,443 | 1,851 | 225 | (1,996) | 2,367 |
| Corporate | (14,447) | (7,672) | (5,290) | (4,261) | (8,238) |
| Total Consolidated | \$ 486,125 | \$ 396,498 | \$ 355,623 | \$ 288,187 | \$ 315,599 |

| | | | | | |
|--|----------|----------|----------|----------|--------|
| Income from Unconsolidated Subsidiaries | | | | | |
| (in All Other segment) | \$ 6,303 | \$ 4,979 | \$ 3,583 | \$ 3,362 | \$ 805 |

| | | | | | |
|---------------------------------------|-----------|------------|----------|----------|----------|
| Interest Income | | | | | |
| Utility | \$ 1,836 | \$ (2,345) | \$ 4,889 | \$ 4,111 | \$ 552 |
| Pipeline and Storage | 843 | 357 | 454 | 76 | 217 |
| Exploration and Production | 10,921 | 9,905 | 7,816 | 4,401 | 1,831 |
| Energy Marketing | 323 | 682 | 445 | 783 | 521 |
| Timber | 1,053 | 1,249 | 747 | 438 | 312 |
| Total Reportable Segments | 14,976 | 9,848 | 14,351 | 9,809 | 3,433 |
| All Other | 179 | 16 | 22 | 19 | 15 |
| Corporate & Intersegment Eliminations | (4,340) | (8,314) | (4,964) | (3,592) | (1,677) |
| Total Consolidated | \$ 10,815 | \$ 1,550 | \$ 9,409 | \$ 6,236 | \$ 1,771 |

⁽¹⁾ Represents primarily reserve that the Pipeline and Storage segment receives from the Utility segment.

⁽²⁾ 2004 includes an adjustment to reduce the 2003 gain on sale of timber properties by \$1.3 million pretax.

⁽³⁾ 2005 includes impairment of an investment in a partnership of \$4.2 million pretax.

Schedule of Business Segment Information (cont'd.)

Year Ended September 30 (Thousands of Dollars)

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|--------------|--------------|--------------|--------------|--------------|
| Interest Expense | | | | | |
| Utility | \$ 27,683 | \$ 28,190 | \$ 26,174 | \$ 22,900 | \$ 21,945 |
| Pipeline and Storage | 13,783 | 9,623 | 6,620 | 7,128 | 10,933 |
| Exploration and Production | 41,645 | 51,743 | 50,457 | 48,856 | 50,233 |
| Energy Marketing | 175 | 263 | 227 | 11 | 33 |
| Timber | 3,142 | 3,265 | 3,095 | 2,764 | 2,218 |
| Total Reportable Segments | 86,428 | 93,084 | 86,573 | 81,659 | 85,362 |
| All Other | 640 | 2,687 | 2,555 | 1,726 | 919 |
| Corporate & Intersegment Eliminations | (13,099) | (21,296) | (10,547) | (1,072) | 3,062 |
| Total Consolidated | \$ 73,969 | \$ 74,475 | \$ 78,581 | \$ 82,313 | \$ 89,343 |
| Income Tax Expense (Benefit) | | | | | |
| Utility | \$ 36,303 | \$ 31,642 | \$ 35,699 | \$ 23,102 | \$ 31,393 |
| Pipeline and Storage | 34,008 | 35,740 | 33,896 | 39,068 | 30,968 |
| Exploration and Production | 92,686 | 52,421 | 29,351 | 20,996 | 24,129 |
| Energy Marketing | 3,180 | 5,654 | 3,748 | 3,210 | 3,964 |
| Timber | (378) | 2,818 | 3,277 | 2,271 | 3,320 |
| Total Reportable Segments | 165,799 | 128,275 | 105,971 | 88,647 | 93,774 |
| All Other | 2,564 | 1,647 | 969 | (1,425) | 829 |
| Corporate | (441) | 1,891 | 1,305 | (1,601) | (4,783) |
| Total Consolidated | \$ 167,922 | \$ 131,813 | \$ 108,245 | \$ 85,621 | \$ 89,820 |
| Segment Profit (Loss): Income (Loss) from Continuing Operations | | | | | |
| Utility | \$ 61,472 | \$ 50,886 | \$ 49,815 | \$ 39,197 | \$ 46,718 |
| Pipeline and Storage | 54,148 | 56,386 | 55,633 | 60,454 | 47,726 |
| Exploration and Production | 146,612 | 74,889 | 67,494 | 35,581 | 41,999 |
| Energy Marketing | 5,889 | 7,663 | 5,798 | 5,077 | 5,535 |
| Timber (1) | 107 | 3,728 | 5,704 | 5,032 | 5,637 |
| Total Reportable Segments | 268,228 | 193,552 | 184,444 | 145,341 | 147,615 |
| All Other (2) | 5,672 | 2,564 | 359 | (2,616) | 1,530 |
| Corporate | (5,172) | 5,559 | (189) | (4,288) | (7,225) |
| Total Consolidated | \$ 268,728 | \$ 201,675 | \$ 184,614 | \$ 138,437 | \$ 141,920 |
| Capital Expenditures | | | | | |
| Utility | \$ 57,457 | \$ 54,185 | \$ 54,414 | \$ 50,071 | \$ 55,449 |
| Pipeline and Storage (3) | 165,520 | 43,226 | 26,023 | 21,099 | 23,196 |
| Exploration and Production (4) | 192,187 | 175,816 | 208,303 | 122,450 | 77,654 |
| Energy Marketing | 39 | 76 | 16 | 58 | 10 |
| Timber | 1,354 | 3,657 | 2,323 | 18,894 | 2,823 |
| Total Reportable Segments | 416,557 | 276,960 | 291,079 | 212,572 | 159,132 |
| All Other | 131 | 87 | 85 | 463 | 200 |
| Corporate & Intersegment Eliminations (5) | (2,186) | (319) | 2,995 | 6,495 | 13,009 |
| Total Consolidated | \$ 414,502 | \$ 276,728 | \$ 294,159 | \$ 219,530 | \$ 172,341 |
| Segment Assets (At September 30) | | | | | |
| Utility | \$ 1,643,665 | \$ 1,565,593 | \$ 1,498,442 | \$ 1,423,597 | \$ 1,375,024 |
| Pipeline and Storage | 948,984 | 810,957 | 767,889 | 782,546 | 783,145 |
| Exploration and Production | 1,416,120 | 1,326,073 | 1,209,969 | 1,213,525 | 1,078,217 |
| Energy Marketing | 89,527 | 59,802 | 81,374 | 92,470 | 70,039 |
| Timber | 149,896 | 165,224 | 159,421 | 162,052 | 140,992 |
| Total Reportable Segments | 4,248,192 | 3,927,649 | 3,717,095 | 3,674,190 | 3,447,417 |
| All Other | 67,978 | 66,531 | 64,287 | 73,354 | 77,013 |
| Corporate & Intersegment Eliminations (6) | (185,983) | (105,768) | (17,634) | 2,209 | 213,673 |
| Total Consolidated | \$ 4,130,187 | \$ 3,888,412 | \$ 3,763,748 | \$ 3,749,753 | \$ 3,738,103 |

⁽¹⁾ 2004 includes an adjustment to reduce the 2003 gain on sale of timber properties by \$0.8 million after tax.

⁽²⁾ 2005 includes impairment of an investment in a partnership of \$2.7 million after tax.

⁽³⁾ Amount for the year ended September 30, 2008 includes \$16.8 million of accrued capital expenditures related to the Empire Connector Project. This amount has been excluded from the Consolidated Statement of Cash Flows at September 30, 2008 since it represents a non-cash investing activity at that date.

⁽⁴⁾ Includes capital expenditures of discontinued operations: \$29,129 for 2007.

⁽⁵⁾ Includes capital expenditures of discontinued operations: \$5,877 for 2005 and \$7,498 for 2004.

⁽⁶⁾ 2004 includes assets of the former International segment of \$268.1 million, the majority of which have been discontinued with the sale of United Energy.

Common Stock Data

Year Ended September 30

| | 2008 | 2007 ⁽¹⁾ | 2006 ⁽²⁾ | 2005 ⁽³⁾ | 2004 ⁽⁴⁾ |
|--|------------|---------------------|---------------------|---------------------|---------------------|
| Number of Common Shareholders at Year End | 16,544 | 16,989 | 17,767 | 18,369 | 19,063 |
| Shares Outstanding at Year End | 79,120,544 | 83,461,308 | 83,402,670 | 84,356,748 | 82,990,340 |
| Average Daily Volume Traded (Trailing 12 Months) | 654,620 | 589,666 | 445,802 | 322,887 | 223,600 |
| Return on Average Common Equity ⁽⁵⁾ | 16.6% | 22.0% | 10.3% | 15.3% | 13.9% |
| Book Value Per Common Share | \$20.27 | \$19.53 | \$17.31 | \$14.58 | \$15.11 |
| Market Price Range | | | | | |
| High | \$63.71 | \$47.87 | \$39.16 | \$36.00 | \$28.43 |
| Low | \$38.04 | \$35.02 | \$29.25 | \$26.20 | \$21.71 |
| Close | \$42.18 | \$46.81 | \$36.35 | \$34.20 | \$28.33 |
| Market/Book Value at Year End | 208.1% | 239.7% | 210.0% | 234.6% | 187.5% |
| Price/Diluted Earnings Ratio | 13.3 | 11.8 | 22.6 | 15.3 | 14.1 |
| Dividends | | | | | |
| Declared Per Share | \$1.27 | \$1.22 | \$1.18 | \$1.14 | \$1.10 |
| Paid Per Share | \$1.26 | \$1.21 | \$1.17 | \$1.13 | \$1.09 |
| Rate at Year End | \$1.30 | \$1.24 | \$1.20 | \$1.16 | \$1.12 |
| Payout Ratio on Dividends Paid | 39.6% | 30.6% | 72.7% | 50.7% | 54.2% |
| Yield at Year End | 3.1% | 2.6% | 3.3% | 3.4% | 3.9% |
| Dividends to Book Value at Year End | 6.4% | 6.3% | 6.9% | 8.0% | 7.4% |
| Diluted Earnings Per Share | \$3.18 | \$3.96 | \$1.61 | \$2.23 | \$2.01 |

⁽¹⁾ Includes a \$120.3 million gain and income from discontinued operations of \$15.5 million, both related to the sale of SECI, after tax, where applicable.

⁽²⁾ Includes impairment of oil and gas producing properties of (\$68.6) million after tax, where applicable.

⁽³⁾ Includes a \$25.8 million gain and income from discontinued operations of \$10.2 million both related to the sale of Czech Assets and an impairment of an investment in a partnership of \$2.7 million after tax, where applicable.

⁽⁴⁾ Includes an adjustment to the loss on sale of oil and gas producing properties of \$4.6 million after tax and an adjustment to the gain on sale of timber properties of (\$0.8) million after tax, where applicable.

⁽⁵⁾ Calculated using average Total Comprehensive Shareholders' Equity.

Research Coverage *

The following firms were providing equity investment research coverage of National Fuel Gas Company at September 30, 2008:

Argus Research Corp.

Barclays Capital Inc.

BMO Capital Markets Corp.

Citi Investment Research

John S. Herold, Inc.

Morningstar

Tudor, Pickering, Holt & Co. Securities, Inc.

UBS Securities LLC

Value Line Publishing, Inc.

Howard Weil Incorporated

* Note: National Fuel Gas Company is followed by analysts at the firms listed above. Please note that any opinions, estimates or forecasts regarding National Fuel Gas Company's performance made by these analysts are theirs alone and do not represent opinions, forecasts or predictions of National Fuel Gas Company or its management. National Fuel Gas Company does not by its reference above or distribution of this financial and statistical report imply its endorsement of or concurrence with such information, conclusions or recommendations.

Selected Financial Ratios

| Year Ended September 30 | 2008 | 2007 ⁽¹⁾ | 2006 ⁽²⁾ | 2005 ⁽³⁾ | 2004 ⁽⁴⁾ |
|---|-------|---------------------|---------------------|---------------------|---------------------|
| Embedded Cost of Long-Term Debt ⁽⁵⁾ | 6.5% | 6.4% | 6.4% | 6.4% | 6.4% |
| Capitalization Ratios: | | | | | |
| Comprehensive Shareholders' Equity to Total Capitalization | 61.6% | 67.1% | 56.9% | 52.4% | 52.5% |
| Long-Term Debt to Total Capitalization | 38.4% | 32.9% | 43.1% | 47.6% | 47.5% |
| Comprehensive Shareholders' Equity to Total Capitalization Plus Short-Term Debt | 59.3% | 62.0% | 56.3% | 52.1% | 49.0% |
| Long-Term Debt to Total Capitalization Plus Short-Term Debt | 37.0% | 30.4% | 42.8% | 47.5% | 44.3% |
| Short-Term Debt to Total Capitalization Plus Short-Term Debt | 3.7% | 7.6% | 0.9% | 0.4% | 6.7% |
| Effective Federal Income Tax Rate (Includes Taxes from Discontinued Operations) | 38.5% | 34.0% | 35.5% | 35.6% | 35.8% |
| Accumulated Depreciation (% of Average Depreciable Assets) ⁽⁶⁾ | 39.2% | 36.2% | 41.8% | 38.4% | 39.3% |
| Depreciation Charge (% of Average Depreciable Assets) ⁽⁷⁾ | 3.9% | 3.9% | 4.1% | 4.4% | 4.3% |

| Capitalization as Defined by the Company | | | | | |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|
| Capitalization: | | | | | |
| Comprehensive Shareholders' Equity | \$ 1,603,599 | \$ 1,630,119 | \$ 1,443,562 | \$ 1,229,583 | \$ 1,253,701 |
| Long-Term Debt, Net of Current Portion | 999,000 | 799,000 | 1,095,675 | 1,119,012 | 1,133,317 |
| Total Capitalization | \$ 2,602,599 | \$ 2,429,119 | \$ 2,539,237 | \$ 2,348,595 | \$ 2,387,018 |
| Short-Term Debt: | | | | | |
| Notes Payable to Banks and Commercial Paper | \$ - | \$ - | \$ - | \$ - | \$ 156,800 |
| Current Portion of Long-Term Debt | 100,000 | 200,024 | 22,925 | 9,393 | 14,260 |
| Total Short-Term Debt | \$ 100,000 | \$ 200,024 | \$ 22,925 | \$ 9,393 | \$ 171,060 |
| Total Capitalization Plus Short-Term Debt | \$ 2,702,599 | \$ 2,629,143 | \$ 2,562,162 | \$ 2,357,988 | \$ 2,558,078 |

⁽¹⁾ Includes a \$120.3 million gain and income from discontinued operations of \$15.5 million, both related to the sale of SECI, after tax, where applicable.

⁽²⁾ Includes impairment of oil and gas producing properties of (\$68.6) million after tax, where applicable.

⁽³⁾ Includes a \$25.8 million gain and income from discontinued operations of \$10.2 million both related to the sale of Czech Assets and an impairment of an investment in a partnership of \$2.7 million after tax, where applicable.

⁽⁴⁾ Includes an adjustment to the loss on sale of oil and gas producing properties of \$4.6 million after tax and an adjustment to the gain on sale of timber properties of (\$0.8) million after tax, where applicable.

⁽⁵⁾ The Embedded Cost of Long-Term Debt is the weighted average interest rate on all long-term debt outstanding at the year ended September 30.

⁽⁶⁾ Certain amounts for 2002-2004 have been restated to reflect the presentation of U.E. as discontinued operations as a result of the sale of Czech Assets in 2005.

Credit Ratings

| At September 30, 2008 | Standard & Poor's | Moody's | Fitch, Inc. |
|-----------------------|-------------------|---------|-------------|
| Long-Term Debt | BBB+ | Baa1 | A-1 |
| Commercial Paper | A-2 | P-2 | F2 |

Exploration & Production Segment

Gas and Oil Reserves

| Year Ended September 30 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------------|----------------|----------------|----------------|----------------|
| Gas Reserves (MMcf) | | | | | |
| Beginning of Year | 205,389 | 232,575 | 238,140 | 224,784 | 251,117 |
| Extensions and Discoveries | 40,081 | 34,586 | 30,939 | 27,475 | 22,341 |
| Revisions of Previous Estimates | (738) | 4,639 | (12,436) | 15,239 | (15,268) |
| Production | (22,341) | (26,266) | (25,771) | (29,179) | (33,013) |
| Sales of Minerals In Place | (1,758) | (40,145) | (12) | (179) | (393) |
| Purchases of Minerals In Place | 5,266 | - | 1,715 | - | - |
| End of Year | 225,899 | 205,389 | 232,575 | 238,140 | 224,784 |
| Reserve Replacement Ratio (1) | 1.92 | (0.04) | 0.78 | 1.46 | 0.20 |
| Oil Reserves (Mbbbl) | | | | | |
| Beginning of Year | 47,586 | 58,018 | 60,257 | 65,213 | 69,764 |
| Extensions and Discoveries | 827 | 452 | 447 | 366 | 218 |
| Revisions of Previous Estimates | 105 | (5,963) | 673 | (1,331) | 63 |
| Production | (3,070) | (3,450) | (3,608) | (3,869) | (4,528) |
| Sales of Minerals In Place | (1,334) | (1,471) | (25) | (122) | (304) |
| Purchases of Minerals In Place | 2,084 | - | 274 | - | - |
| End of Year | 46,198 | 47,586 | 58,018 | 60,257 | 65,213 |
| Reserve Replacement Ratio(1) | 0.55 | (2.02) | 0.38 | (0.28) | (0.01) |
| Total Gas & Oil Reserves (MMcfe) | | | | | |
| Beginning of Year | 490,905 | 580,683 | 599,682 | 616,062 | 669,700 |
| Extensions and Discoveries | 45,043 | 37,298 | 33,621 | 29,671 | 23,650 |
| Revisions of Previous Estimates | (108) | (31,139) | (8,398) | 7,253 | (14,890) |
| Production | (40,761) | (46,966) | (47,419) | (52,393) | (60,181) |
| Sales of Minerals In Place | (9,762) | (48,971) | (162) | (911) | (2,217) |
| Purchases of Minerals In Place | 17,770 | - | 3,359 | - | - |
| End of Year | 503,087 | 490,905 | 580,683 | 599,682 | 616,062 |
| Reserve Replacement Ratio(1) | 1.30 | (0.91) | 0.60 | 0.69 | 0.11 |

(1) Reserve Replacement Ratio equals the sum of Extensions and Discoveries plus Revisions of Previous Estimates plus Purchases of Minerals in Place plus Sales of Minerals in place divided by Production.

Net Undeveloped Acreage

| at September 30 | 2008 | 2007 | 2006 | 2005 | 2004 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| Region | | | | | |
| Gulf Coast | 102,831 | 89,921 | 85,117 | 94,251 | 115,909 |
| West Coast | - | - | - | - | - |
| Appalachia | 438,040 | 447,802 | 451,733 | 454,513 | 440,004 |
| Canada - Discontinued Operations | - | - | 243,287 | 254,794 | 316,820 |
| Total Net Undeveloped Acreage | 540,871 | 537,723 | 780,137 | 803,558 | 872,733 |

Exploration & Production Segment (cont'd.)

| 2008 | | | | 2007 | | | 2006 | | | 2005 | | | 2004 | | |
|--------------------------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|---------------|-------------|---------------|
| Net Well Completions | | | | | | | | | | | | | | | |
| Year Ended September 30 | | | | | | | | | | | | | | | |
| Region | Productive | Dry | Success Ratio | Productive | Dry | Success Ratio | Productive | Dry | Success Ratio | Productive | Dry | Success Ratio | Productive | Dry | Success Ratio |
| Gulf Coast | 1.14 | 0.37 | 0.75 | 2.31 | 2.09 | 0.53 | 3.72 | 0.85 | 0.81 | 1.53 | 0.47 | 0.77 | 0.65 | 0.50 | 0.57 |
| West Coast | 63.00 | 1.00 | 0.98 | 59.49 | 2.00 | 0.97 | 92.98 | 1.00 | 0.99 | 116.97 | - | 1.00 | 49.00 | - | 1.00 |
| Appalachia | 194.00 | 1.00 | 0.99 | 192.10 | 2.00 | 0.99 | 144.46 | 1.75 | 0.99 | 48.00 | 5.00 | 0.91 | 41.00 | 3.00 | 0.93 |
| Canada/Discontinued Operations | - | - | - | 8.18 | - | 1.00 | 15.10 | 2.35 | 0.87 | 24.64 | 2.00 | 0.93 | 63.35 | 6.08 | 0.91 |
| Total Well Completions | 258.14 | 2.37 | 0.99 | 262.08 | 6.09 | 0.98 | 256.26 | 5.95 | 0.98 | 191.14 | 7.47 | 0.96 | 154.00 | 9.58 | 0.94 |

| 2008 | | | 2007 | | 2006 | | 2005 | | 2004 | |
|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Producing Wells | | | | | | | | | | |
| at September 30 | | | | | | | | | | |
| Region | Gross | Net | Gross | Net | Gross | Net | Gross | Net | Gross | Net |
| Gulf Coast | 67 | 28 | 70 | 35 | 64 | 35 | 68 | 35 | 66 | 35 |
| West Coast | 1,437 | 1,426 | 1,313 | 1,305 | 1,274 | 1,266 | 1,248 | 1,240 | 1,155 | 1,146 |
| Appalachia | 2,647 | 2,575 | 2,354 | 2,280 | 2,169 | 2,077 | 2,026 | 1,943 | 1,943 | 1,862 |
| Total | 4,151 | 4,029 | 3,737 | 3,620 | 3,507 | 3,378 | 3,342 | 3,218 | 3,164 | 3,043 |

| 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|--|---------------|---------------|---------------|---------------|---------------|------|--|------|--|
| Gas Production (MMcf) | | | | | | | | | |
| Year Ended September 30 | | | | | | | | | |
| Region | | | | | | | | | |
| Gulf Coast | 11,033 | 10,356 | 9,110 | 12,468 | 17,596 | | | | |
| West Coast | 4,039 | 3,929 | 3,880 | 4,052 | 4,057 | | | | |
| Appalachia | 7,269 | 5,555 | 5,108 | 4,650 | 5,132 | | | | |
| Total Production from Continuing Operations | 22,341 | 19,840 | 18,098 | 21,170 | 26,785 | | | | |
| Canada/Discontinued Operations | - | 6,426 | 7,673 | 8,009 | 6,228 | | | | |
| Total Gas Production | 22,341 | 26,266 | 25,771 | 29,179 | 33,013 | | | | |

| 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|--|--------------|--------------|--------------|--------------|--------------|------|--|------|--|
| Oil Production (Mbbbl) | | | | | | | | | |
| Year Ended September 30 | | | | | | | | | |
| Region | | | | | | | | | |
| Gulf Coast | 505 | 717 | 685 | 989 | 1,534 | | | | |
| West Coast | 2,460 | 2,403 | 2,582 | 2,544 | 2,650 | | | | |
| Appalachia | 105 | 124 | 69 | 36 | 20 | | | | |
| Total Production from Continuing Operations | 3,070 | 3,244 | 3,336 | 3,569 | 4,204 | | | | |
| Canada/Discontinued Operations | - | 206 | 272 | 300 | 324 | | | | |
| Total Oil Production | 3,070 | 3,450 | 3,608 | 3,869 | 4,528 | | | | |

| 2008 | | 2007 | | 2006 | | 2005 | | 2004 | |
|---------------------------------------|---------------|---------------|---------------|---------------|---------------|------|--|------|--|
| Total Production (MMcfe) | | | | | | | | | |
| Year Ended September 30 | | | | | | | | | |
| Gas & Oil Production | | | | | | | | | |
| Continuing Operations | 40,761 | 39,304 | 38,114 | 42,584 | 52,009 | | | | |
| Discontinued Operations | - | 7,662 | 9,305 | 9,809 | 8,172 | | | | |
| Total Gas & Oil Production | 40,761 | 46,966 | 47,419 | 52,393 | 60,181 | | | | |

Exploration & Production Segment (cont'd.)

Revenues, Prices and Costs

Year Ended September 30

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|------------|------------|------------|------------|------------|
| Operating Revenues (Thousands of Dollars) | | | | | |
| Gas (after Hedging) from Continuing Operations | \$ 202,153 | \$ 143,785 | \$ 126,969 | \$ 132,528 | \$ 137,308 |
| Oil (after Hedging) from Continuing Operations | 250,965 | 167,627 | 134,307 | 94,925 | 109,545 |
| Gas Processing Plant from Continuing Operations | 49,090 | 37,528 | 42,252 | 36,350 | 28,614 |
| Other from Continuing Operations | (944) | 1,147 | 3,072 | (3,447) | 1,560 |
| Intrasegment Elimination from Continuing Operations ⁽¹⁾ | (34,504) | (26,050) | (31,704) | (29,706) | (23,422) |
| Operating Revenue from Continuing Operations | \$ 466,760 | \$ 324,037 | \$ 274,896 | \$ 230,650 | \$ 253,605 |
| Operating Revenues from Canada -- Discontinued Operations | \$ - | \$ 50,495 | \$ 71,984 | \$ 62,775 | \$ 40,093 |

Gas Prices (Average Price per Mcf)

| Region | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------|--------|--------|--------|--------|
| Gulf Coast | \$10.03 | \$6.58 | \$8.01 | \$7.05 | \$5.61 |
| West Coast | \$8.71 | \$6.54 | \$7.93 | \$6.85 | \$5.54 |
| Appalachia | \$9.73 | \$7.48 | \$9.53 | \$7.60 | \$5.91 |
| Weighted Average for Continuing Operations | \$9.70 | \$6.82 | \$8.42 | \$7.13 | \$5.66 |
| Weighted Average After Hedging for Continuing Operations ⁽²⁾ | \$9.05 | \$7.25 | \$7.02 | \$6.26 | \$5.13 |
| Canada -- Discontinued Operations | \$ - | \$6.09 | \$7.14 | \$6.15 | \$4.87 |

Oil Prices (Average Price per Barrel)

| Region | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|----------|---------|---------|---------|---------|
| Gulf Coast | \$107.27 | \$63.04 | \$64.10 | \$49.78 | \$35.31 |
| West Coast ⁽³⁾ | \$98.17 | \$56.86 | \$56.80 | \$42.91 | \$31.89 |
| Appalachia | \$97.40 | \$62.26 | \$65.28 | \$48.28 | \$31.30 |
| Weighted Average for Continuing Operations | \$99.64 | \$58.43 | \$58.47 | \$44.87 | \$33.13 |
| Weighted Average After Hedging for Continuing Operations ⁽²⁾ | \$81.75 | \$51.68 | \$40.26 | \$26.59 | \$26.06 |
| Canada -- Discontinued Operations | \$ - | \$50.06 | \$51.40 | \$42.97 | \$30.94 |

Exploration and Production Costs for Continuing Operations (Dollars per Mcf equivalent)

| | | | | | |
|---|------------|------------|------------|------------|------------|
| Lease Operating Expense (Production/Lifting Costs) | \$1.64 | \$1.23 | \$1.09 | \$0.90 | \$0.76 |
| Depreciation, Depletion & Amortization | \$2.26 | \$1.99 | \$1.76 | \$1.59 | \$1.44 |
| General and Administrative ⁽⁴⁾ | \$0.60 | \$0.51 | \$0.50 | \$0.40 | \$0.36 |
| General and Administrative Reconciliation (Thousands of Dollars) | | | | | |
| Exploration & Production General & Administrative | \$ 24,600 | \$ 19,946 | \$ 19,061 | \$ 17,088 | \$ 18,464 |
| Exploration & Production All Other O&M | 68,585 | 52,294 | 44,831 | 40,875 | 42,272 |
| Exploration & Production Total O&M | \$ 93,185 | \$ 72,240 | \$ 63,892 | \$ 57,963 | \$ 60,736 |
| All Other Segments O&M | 339,686 | 324,168 | 331,397 | 330,131 | 313,274 |
| Total Consolidated O&M | \$ 432,871 | \$ 396,408 | \$ 395,289 | \$ 388,094 | \$ 374,010 |

(1) Represents the elimination of certain West Coast gas production revenue included in "Gas (after Hedging)" in the table above that is sold to the gas processing plant shown in the table above. An elimination for the same dollar amount is made to reduce the gas processing plant's Purchased Gas expense.

(2) Refer to further discussion of hedging activities below under "Market Risk Sensitive Instruments" and in Note F (Financial Instruments in Item 8) of National Fuel Gas Company's Form 10-K.

(3) Includes low gravity oil which generally sells for a lower price.

(4) General and Administrative cost per Mcf equivalent equals the fiscal year Exploration & Production General and Administrative cost divided by the Total Gas & Oil Production (MMcfe) in that same fiscal year.

Pipeline & Storage Segment

Regulation

National Fuel Gas Supply Corporation's and Empire State Pipeline's operations are regulated at the federal level by the Federal Energy Regulatory Commission (FERC).

FERC Overview

The FERC is an independent regulatory agency within the Department of Energy, responsible for regulating interstate activities in the natural gas, electric, hydro and oil pipeline industries. The FERC is composed of up to five commissioners, including a chair, appointed by the President and confirmed by the Senate for a five-year term.

FERC Commissioners

| (As of September 30, 2008) | Term Began | Term Expires | Background |
|----------------------------------|------------|--------------|---|
| Joseph T. Kelliher, <i>Chair</i> | 2007 | 2012 | Former Senior Policy Advisor to former Secretary of Energy, Spencer Abraham. |
| Suedeem G. Kelly | 2004 | 2009 | Former Professor of Law at the University of New Mexico School of Law and former Chairman of the New Mexico Public Service Commission. |
| Philip D. Moeller | 2006 | 2010 | Former Energy Policy Advisor and former Staff Coordinator for the Washington State Senate Committee on Energy, Utilities and Telecommunications. |
| Marc Spitzer | 2006 | 2011 | Former Arizona Senate majority leader and former Chairman of the Arizona Corporation Commission. |
| Jon Wellinghoff | 2008 | 2013 | Attorney formerly practicing energy law and utility regulation in private practice. Former Nevada Consumer Advocate for Customers of Public Utilities, as well as former Staff Attorney for the Federal Trade Commission. |

Summary of General Rate Changes

| National Fuel Gas Supply Corporation | Filing Date | Effective Date | Test Period Ended | Revenue Increase (Decrease) | | Rate of Return (%) | | | | Rate Base | |
|--|-------------|----------------|-------------------|-----------------------------|---------|-----------------------|---------|--------------|----------|---------------------|---------|
| | | | | ---(\$ Millions)--- | | ---Total Rate Base--- | | ---Equity--- | | ---(\$ Millions)--- | |
| | | | | Requested | Granted | Requested | Granted | Requested | Granted | Requested | Granted |
| Case: RP95-031 ⁽¹⁾ RP06-298 ⁽³⁾ | 10-31-94 | 06-01-95 | 03-95 | 21.0 | 6.0 | 10.31 | 9.59(2) | 12.6 | 11.30(2) | 429.0 | 427.0 |

⁽¹⁾ Reflects the merger of Penn-York Energy Corporation into National Fuel Gas Supply Corporation as approved by the FERC on January 19, 1994 at Docket No. CP92-508.

⁽²⁾ Not specified in the FERC-approved settlement agreement -- based upon Company calculations.

⁽³⁾ Uncontested settlement was approved by FERC via letter ordered issued February 9, 2007. The order constitutes approval of the RP95-031 Stipulation, as amended. The settlement provides for a 5-year moratorium on rates, but requires National Fuel Gas Supply Corporation to make a section 4 filing effective December 1, 2011.

Pipeline & Storage Segment (cont'd.)

Revenues, Volumes and Revenue Rates

| Year Ended September 30 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Operating Revenues (Thousands of Dollars) | | | | | |
| Firm Transportation: | | | | | |
| Affiliated | \$ 47,326 | \$ 47,726 | \$ 49,252 | \$ 48,705 | \$ 52,187 |
| Nonaffiliated | 74,995 | 71,045 | 69,299 | 68,441 | 68,256 |
| Total Firm Transportation | \$ 122,321 | \$ 118,771 | \$ 118,551 | \$ 117,146 | \$ 120,443 |
| Interruptible Transportation | 4,330 | 4,161 | 4,858 | 4,413 | 3,084 |
| Total Transportation | \$ 126,651 | \$ 122,932 | \$ 123,409 | \$ 121,559 | \$ 123,527 |
| Affiliated Storage | 31,265 | 31,455 | 31,561 | 31,596 | 32,262 |
| Nonaffiliated Storage | 35,769 | 35,680 | 35,196 | 33,991 | 31,720 |
| Total Storage | 67,034 | 67,135 | 66,757 | 65,587 | 63,982 |
| Other | 22,871 | 21,899 | 24,186 | 28,713 | 22,198 |
| Total Operating Revenues | \$ 216,556 | \$ 211,966 | \$ 214,352 | \$ 215,859 | \$ 209,707 |
| Volumes (MMcf) | | | | | |
| Firm Transportation: | | | | | |
| Affiliated | 107,846 | 111,243 | 103,223 | 113,242 | 116,768 |
| Nonaffiliated | 245,327 | 239,870 | 260,156 | 244,343 | 222,223 |
| Total Firm Transportation | 353,173 | 351,113 | 363,379 | 357,585 | 338,991 |
| Interruptible Transportation | 5,197 | 4,975 | 11,609 | 14,794 | 12,692 |
| Total Volumes | 358,370 | 356,088 | 374,988 | 372,379 | 351,683 |
| Average Revenues per Mcf | | | | | |
| Firm Transportation - Nonaffiliated | \$0.31 | \$0.30 | \$0.27 | \$0.28 | \$0.31 |
| Interruptible Transportation | \$0.83 | \$0.84 | \$0.42 | \$0.30 | \$0.24 |

Transmission & Storage Statistics

| At September 30 | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|--------------|--------------|--------------|--------------|--------------|
| Transmission | | | | | |
| Compressor Stations | | | | | |
| Number | 15 | 15 | 15 | 15 | 15 |
| Horsepower | 39,779 | 39,929 | 39,886 | 39,606 | 39,606 |
| Pipeline Mileage | 2,800 | 2,936 | 2,967 | 2,972 | 3,014 |
| Storage(1) | | | | | |
| Storage Services - Bcf | | | | | |
| Firm Service - Affiliated | 29.7 | 29.1 | 30.2 | 30.4 | 30.0 |
| Firm Service - Nonaffiliated | 36.7 | 37.3 | 36.2 | 36.0 | 35.7 |
| Operational Capacity | 7.0 | 7.0 | 7.0 | 7.0 | 7.0 |
| Total Available Working Capacity - Bcf | 73.4 | 73.4 | 73.4 | 73.4 | 72.7 |
| Underground Areas | 31 | 32 | 32 | 32 | 32 |
| Compressor Stations | | | | | |
| Number | 14 | 15 | 15 | 15 | 15 |
| Horsepower | 35,325 | 35,475 | 35,475 | 35,475 | 35,700 |

(1) Note: All data provided pertains to National Fuel Gas Supply Corporation.

Utility Segment

Regulation

The Company's Utility operations are regulated at the state level by the State of New York Public Service Commission, Department of Public Service (PSC) and the Pennsylvania Public Utility Commission (PaPUC).

PSC Overview

The PSC has been Bipartisan by law since 1970 and consists of up to five members, each appointed by the Governor and confirmed by the State Senate for a term of six years or to complete an unexpired term of a former Commissioner. The Chairman, delegated by the Governor, is the chief executive officer of the Department.

Current Commissioners

(As of February 10, 2009)

| | Term Began | Term Expires | Background |
|-----------------------------------|------------|--------------|---|
| Garry Brown, Chairman | 2007 | 2015 | Mr. Brown was confirmed as a Commissioner on December 13, 2007 and named Chariman on January 2, 2008. He is a member of the Board of the National Association of Regulatory Commissioners (NARUC), former Vice President of External Affairs at the New York Independent System Operator and former member of the Board of the Independent Power Producers of New York. |
| Patricia L. Acampora | 2005 | 2015 | Former Assemblywoman in the New York State Legislature representing the 1 st Assembly District on Long Island. |
| Maureen F. Harris, Esq. | 2006 | 2012 | Formerly in private law practice, specializing in municipal finance and real estate development. |
| Robert E. Curry, Jr., Esq. | 2006 | 2012 | Formerly in private law practice, with emphasis on corporate governance and transactional work. |
| James L. Larocca | 2008 | 2012 | Mr. Larocca was confirmed as a Commissioner on December 15, 2008. He previously served as Chairman and Trustee of the Long Island Power Authority. He is a former Director of KeySpan Energy Company and its predecessor, Brooklyn Union Gas, where he served on the Audit, Compensation and Corporate Governance Committees. |

PaPUC Overview

The PaPUC is comprised five full-time members, each appointed by the Governor and approved by a majority of the members of the State Senate for staggered five year terms. The Chairman is designated by the Governor. James H. Cawley was appointed Chairman by Governor Edward G. Rendell. All remaining Commissioners were also appointed by Governor Rendell, with the exception of Kim Pizzigrilli, who was first appointed by former Governor Thomas J. Ridge and most recently sworn in to her third consecutive term. The PaPUC has thirteen offices and bureaus and is headquartered in Harrisburg.

Current Commissioners

(As of September 30, 2008)

| | Term Began | Term Expires | Background |
|---|------------|--------------|--|
| James H. Cawley, Chairman | 2005 | 2010 | PaPUC Commissioner since 2005. Appointed by Governor Edward G. Rendell as Chairman on August 19, 2008. Former member of the PaPUC (1979-1985) and former Majority Counsel to the Pennsylvania Senate Consumer Affairs Committee and former Chief Counsel to the Senate Majority Floor Leader. Currently serves as Adjunct Professor of Administrative Law at Widener University School of Law. |
| Tyrone J. Christy, Vice Chairman | 2007 | 2011 | PaPUC Commissioner since 2007. Elected Vice Chairman by colleagues on August 20, 2008. Returned after starting his career with the PaPUC in the mid 1980s with a primary role in the development and management of the independent power program. Mr. Christy has served in executive positions with various private and public companies, including regulated utilities and unregulated utility affiliates. Former Treasurer of the Pennsylvania Energy Development Authority from 2004-2007. |
| Wayne E. Gardner | 2008 | 2013 | Previously served in several operational and managerial positions over 20+ years at PECO Energy Company; former venture partner in EnerTech Capital Partners. Served as vice president and general manager of Franklin Fuel Cells Inc. from 2002-2005. Mr. Gardner also has partnered in developing wind power projects in South Africa since January 2006. |
| Robert F. Powelson | 2008 | 2009 | Previously served as the President of the Chester County Chamber of Business & Industry. Former Director of Government Relations for the Delaware County Chamber. He has also served on the Board of several Chester County organizations including the Transportation Management Association of Chester County and also served as Secretary of the Board of Lincoln University. |
| Kim Pizzigrilli | 2002 | 2012 | Former Secretary of the Commonwealth. Currently serving on the Natural Gas Committee of the National Association of Regulatory Utility Commissioners Natural Gas Committee. |

Utility Segment (cont'd.)

Summary of General Rate Changes

National Fuel Gas Distribution Corporation

| | Filing Date | Effective Date | Test Period Ended | Revenue Increase (Decrease) | | Rate of Return (%) | | | | Rate Base | | |
|-------------------------------|----------------------------------|----------------|-------------------|-----------------------------|---------|-------------------------|---------|----------------|---------|-----------------------|---------|--------|
| | | | | --- (\$ Millions) --- | | --- Total Rate Base --- | | --- Equity --- | | --- (\$ Millions) --- | | |
| | | | | Requested | Granted | Requested | Granted | Requested | Granted | Requested | Granted | |
| New York Division: | | | | | | | | | | | | |
| Case: | 07-G-0141 | 01-29-07 | 12-28-07 | 12-07 | 52.0 | 1.8 | 9.03 | 7.61 | 11.650 | 9.10 | 711.0 | 699.00 |
| | 04-G-1047⁽¹⁾ | 08-27-04 | 08-01-05 | 07-07 | 60.9 | 21.0 | 9.10 | N/A | 11.875 | N/A | 686.1 | N/A |
| | 00-G-1858⁽²⁾ | N/A | 10-01-03 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 00-G-1495⁽³⁾ | N/A | 10-01-00 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| | 98-G-1291⁽⁴⁾ | N/A | 10-01-00 | N/A | N/A | (7.2) | N/A | N/A | N/A | N/A | N/A | N/A |
| | 95-G-1009⁽⁵⁾ | 09-29-97 | 10-01-97 | 09-98 | 7.2 | 7.2 | N/A | N/A | N/A | N/A | N/A | N/A |
| | 95-G-1009⁽⁵⁾ | 11-09-95 | 10-01-96 | 09-97 | 28.9 | 7.2 | 9.56 | N/A | 11.500 | N/A | 630.7 | N/A |
| | 94-G-0885 | 10-21-94 | 09-20-95 | 07-96 | 56.5 | 14.2 | 10.44 | 9.1 | 12.850 | 10.40 | 628.3 | 574.0 |
| Pennsylvania Division: | | | | | | | | | | | | |
| Case: | R-061493⁽⁶⁾⁽⁸⁾ | 05-31-06 | 01-01-07 | 01-07 | 25.9 | 14.3 | 9.48 | N/A | 12.250 | N/A | 297.0 | N/A |
| | R-049656⁽⁷⁾⁽⁸⁾ | 09-15-04 | 04-15-05 | 05-05 | 22.8 | 12.0 | 9.16 | N/A | 11.880 | N/A | 279.2 | N/A |
| | R-038168⁽⁸⁾⁽⁹⁾ | 04-16-03 | 01-15-04 | 09-03 | 16.5 | 3.5 | 9.96 | N/A | 12.750 | N/A | 262.5 | N/A |
| | R-953299⁽⁸⁾ | 03-15-95 | 09-27-95 | 11-95 | 22.0 | 6.0 | 10.98 | N/A | 13.250 | N/A | 230.6 | N/A |

N/A - Not Applicable

- (1) A two-year rate plan that runs from August 1, 2005 through July 31, 2007. Earnings above 11.5% on a cumulative basis are to be shared equally between shareholders and ratepayers. The plan provides that customers will receive a bill credit of \$16.25 million in the first year and up to \$16.25 million in the second year, related to the overcollection of Gross Receipts Tax.
- (2) Extended most of the features of the previous rate plan (00-G-1495). Specific changes included the following: Earnings above an 11% return on equity were to be shared equally between shareholders and ratepayers. The \$5.0 million bill credit continued unless the Company could demonstrate that it was no longer justified. Increased the amount of pension and post retirement benefits recognized in existing rates by \$8.0 million. Continued deferral of pension and post-retirement benefit expenses above the amount recognized in rates.
- (3) The three-year rate plan that ran from October 1, 2000 through September 30, 2003 was extended through September 30, 2004. Earnings above an 11.0% return on a cumulative basis were to be shared equally between shareholders and ratepayers. The plan provided that customers would receive a bill credit of \$17.6 million in the first year, of which \$7.6 million related to customers' share of earnings accumulated under previous settlements. The credit was reduced to \$5.0 million in the second year, and in the third and subsequent years the credit was to remain at \$5.0 million unless the Company could demonstrate that it was no longer justified.
- (4) A two-year rate plan that ran through September 30, 2000. An allowed return on equity of 12%, above which 50% of additional earnings would be shared equally between shareholders and customers, was retained from the previous settlement (see note 5). The rate plan also called for a \$7.2 million general restructuring reserve to be recorded in fiscal 1999.
- (5) Settlement provided for annual base rate increase of \$7.2 million in each fiscal year beginning October 1, 1996 and 1997 with no specified rate of return on equity. Earnings above a 12% return on equity (excluding certain items determined on a cumulative basis over three years ending 9/30/98) were to be shared equally between shareholders and customers.
- (6) Settlement -- \$14.3 million; effective date January 1, 2007.
- (7) The PaPUC adopted a Settlement Agreement in this proceeding. The settlement, among other things, provided for a \$12.0 million annual operating revenue increase. The effective date of the increase in rates was April 15, 2005.
- (8) Settlement -- only revenue increase specified.
- (9) On December 18, 2003, the PaPUC adopted a Settlement Agreement in this proceeding. The settlement, among other things, provided for a \$3.5 million annual operating revenue increase. The effective date of the increase in rates was January 15, 2004.

Utility Segment (cont'd.)

Degree Days

| Year Ended September 30 | 2008 | 2007 | 2006 | 2005 ⁽¹⁾ | 2004 ⁽²⁾ |
|-------------------------------------|--------|--------|---------|---------------------|---------------------|
| Buffalo, NY | | | | | |
| Normal | 6,729 | 6,692 | 6,692 | 6,692 | 6,729 |
| Actual | 6,277 | 6,271 | 5,968 | 6,587 | 6,572 |
| Percent Colder (Warmer) than Normal | (6.7)% | (6.3)% | (10.8)% | (1.6)% | (2.3)% |
| Erie, PA | | | | | |
| Normal | 6,277 | 6,243 | 6,243 | 6,243 | 6,277 |
| Actual | 5,779 | 6,007 | 5,688 | 6,247 | 6,086 |
| Percent Colder (Warmer) than Normal | (7.9) | (3.8)% | (8.9)% | 0.1% | (3.0)% |

⁽¹⁾ Based upon NOAA-published 30-year average ended December 2000; Lower than 2004 due to leap year factor

⁽²⁾ Based upon NOAA-published 30-year average ended December 2000; leap year factor of 37 additional degree days

Gas Acquired for Utility Sales

| Year Ended September 30 | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|---------------|---------------|---------------|---------------|----------------|
| Gas Acquired for Utility Sales (MMcf) | | | | | |
| Source of Utility Gas Supply | | | | | |
| Long-Term Contract | 52,094 | 51,041 | 53,086 | 57,287 | 54,596 |
| Spot Purchases | 23,340 | 19,627 | 13,340 | 20,449 | 42,411 |
| Appalachian | 3,844 | 8,091 | 8,658 | 8,545 | 8,361 |
| Total Utility Gas Supply | 79,278 | 78,759 | 75,084 | 86,281 | 105,368 |
| Plus: | | | | | |
| Storage Change - Net (Into) or Out | 82 | (142) | 1,051 | 1,429 | 3,995 |
| Used in Operations, Shrinkage and Other | (5,890) | (5,586) | (5,026) | (7,436) | (7,402) |
| Total Gas Acquired for Utility Sales | 73,470 | 73,031 | 71,109 | 80,274 | 101,961 |

Utility Segment (cont'd.)

Revenues, Volumes and Customers

Year Ended September 30

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Operating Revenues (Thousands of Dollars) | | | | | |
| Residential Sales | \$ 876,677 | \$ 848,693 | \$ 993,928 | \$ 868,292 | \$ 808,740 |
| Commercial Sales | 135,361 | 136,863 | 166,779 | 145,393 | 137,092 |
| Industrial Sales | 7,419 | 8,271 | 13,484 | 13,998 | 17,454 |
| Off-System Sales | 58,225 | 9,751 | - | - | 106,841 |
| Total Sales | <u>1,077,682</u> | <u>1,003,578</u> | <u>1,174,191</u> | <u>1,027,683</u> | <u>1,070,127</u> |
| Transportation | 113,901 | 102,534 | 92,569 | 83,669 | 80,563 |
| Other | 18,686 | 14,612 | 14,003 | 5,715 | 1,951 |
| Total Operating Revenues | <u>\$ 1,210,269</u> | <u>\$ 1,120,724</u> | <u>\$ 1,280,763</u> | <u>\$ 1,117,067</u> | <u>\$ 1,152,641</u> |
| Volumes (MMcf) | | | | | |
| Residential Sales | 57,463 | 60,236 | 59,443 | 66,903 | 70,109 |
| Commercial Sales | 9,769 | 10,713 | 10,681 | 11,984 | 12,752 |
| Industrial Sales | 552 | 727 | 985 | 1,387 | 2,261 |
| Off-System Sales | 5,686 | 1,355 | - | - | 16,839 |
| Total Sales Volumes | <u>73,470</u> | <u>73,031</u> | <u>71,109</u> | <u>80,274</u> | <u>101,961</u> |
| Transportation | 64,267 | 62,240 | 57,950 | 59,770 | 60,565 |
| Total Volumes | <u>137,737</u> | <u>135,271</u> | <u>129,059</u> | <u>140,044</u> | <u>162,526</u> |
| Pipeline Mileage | | | | | |
| | 14,819 | 14,813 | 14,809 | 14,784 | 14,781 |
| Average Revenue per Mcf | | | | | |
| Residential | \$15.26 | \$14.09 | \$16.72 | \$12.98 | \$11.54 |
| Commercial | \$13.86 | \$12.78 | \$15.61 | \$12.13 | \$10.75 |
| Industrial | \$13.44 | \$11.38 | \$13.69 | \$10.09 | \$7.72 |
| Off-System | \$10.24 | \$7.20 | - | - | \$6.34 |
| Transportation | \$1.77 | \$1.65 | \$1.60 | \$1.40 | \$1.33 |
| Average Number of Customers | | | | | |
| Residential | 676,919 | 675,240 | 677,233 | 681,713 | 683,253 |
| Commercial | 48,809 | 49,010 | 49,026 | 47,979 | 47,843 |
| Industrial | 1,135 | 1,149 | 1,185 | 1,203 | 1,211 |
| Total Average Number of Customers | <u>726,863</u> | <u>725,399</u> | <u>727,444</u> | <u>730,895</u> | <u>732,307</u> |
| Average Number of Transportation Customers | | | | | |
| Aggregator Programs | 98,855 | 79,604 | 56,562 | 54,443 | 51,479 |
| Other | 70 | 72 | 1,151 | 1,819 | 1,852 |
| Residential Customer Statistics | | | | | |
| Average Mcf per Customer | 97 | 99 | 94 | 105 | 109 |
| Average Annual Bill | \$1,479 | \$1,395 | \$1,575 | \$1,364 | \$1,262 |
| Househeating Customers - Percent of Households in Service Territory | 97% | 97% | 97% | 97% | 97% |

Utility Segment (cont'd.)

Volumes by Industrial Category (MMcf) ⁽¹⁾

| Year Ended September 30 | 2008 |
|--|----------------|
| Eight Largest Industrial Categories | |
| Primary Metal Industries | 10,230 |
| Food and Kindred Products | 4,376 |
| Fabricated Metal Products | 2,615 |
| Chemicals & Allied Products | 2,603 |
| Transportation Equipment | 2,337 |
| Power Generation | 1,489 |
| Rubber and Miscellaneous Plastic Products | 1,307 |
| Electronic and Other Electric Equipment | 1,182 |
| Total Volumes Eight Largest Industrial Categories | 26,139 |
| All Other Industrial Volumes | 5,129 |
| Total Industrial Volumes | 31,268 |
| All Other Utility Volumes | 106,469 |
| Total Utility Volumes | 137,737 |

| Percent of Eight Largest Industrial Categories to: | |
|---|-------|
| Total Industrial Volumes | 83.6% |
| Total Utility Volumes | 19.0% |

Volumes by Commercial Category (MMcf) ⁽¹⁾

| Year Ended September 30 | 2008 |
|--|----------------|
| Eight Largest Commercial Categories | |
| Educational Services | 5,957 |
| Retail Trade | 5,576 |
| Health Services | 4,326 |
| Real Estate | 3,212 |
| Membership Organizations | 2,003 |
| Justice, Public Order and Safety | 1,281 |
| Hotels, Rooming Houses, Camps and Other Lodging | 1,070 |
| Personal Services | 1,009 |
| Total Volumes Eight Largest Commercial Categories | 24,434 |
| All Other Commercial Volumes | 8,319 |
| Total Commercial Volumes | 32,753 |
| All Other Utility Volumes | 104,984 |
| Total Utility Volumes | 137,737 |

| Percent of Eight Largest Commercial Categories to: | |
|---|-------|
| Total Commercial Volumes | 74.6% |
| Total Utility Volumes | 17.7% |

⁽¹⁾ Sales and transportation volumes

Marketing & Timber Segments

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|------------|------------|------------|------------|------------|
| ENERGY MARKETING | | | | | |
| <i>Year Ended September 30</i> | | | | | |
| Operating Revenues (Thousands of Dollars) | \$ 551,232 | \$ 413,612 | \$ 497,069 | \$ 329,714 | \$ 284,349 |
| <i>Year Ended September 30</i> | | | | | |
| Natural Gas Marketing Volumes (MMcf) | 56,120 | 50,775 | 45,270 | 40,683 | 41,651 |
| <i>At September 30</i> | | | | | |
| Number of Customers | 20,687 | 20,548 | 19,568 | 19,167 | 20,328 |

| | 2008 | 2007 | 2006 | 2005 | 2004 |
|--|---------------|---------------|---------------|---------------|---------------|
| TIMBER | | | | | |
| <i>Year Ended September 30</i> | | | | | |
| Operating Revenues (Thousands of Dollars) | \$ 49,516 | \$ 58,897 | \$ 65,029 | \$ 61,286 | \$ 55,970 |
| <i>Year Ended September 30</i> | | | | | |
| Production (Thousands of Board Feet) ⁽¹⁾ | | | | | |
| Log Sales | 9,272 | 8,660 | 9,527 | 7,601 | 6,848 |
| Green Lumber Sales | 9,747 | 9,358 | 10,454 | 10,489 | 9,552 |
| Kiln Dry Lumber Sales | 13,425 | 14,778 | 16,862 | 15,491 | 15,020 |
| Total | 32,444 | 32,796 | 36,843 | 33,581 | 31,420 |
| <i>At September 30</i> | | | | | |
| Acreage | 103,680 | 103,700 | 100,487 | 100,400 | 87,400 |
| <i>At September 30</i> | | | | | |
| Total Estimated Inventory | | | | | |
| Board Feet (Thousands) | 381,900 | 381,300 | 385,200 | 386,000 | 326,800 |

⁽¹⁾ A Board Foot is a piece of lumber measuring approximately 12" wide x 12" long x 1" thick.

Principal Officers & Directors

National Fuel Gas Company

David F. Smith, President and Chief Executive Officer
Ronald J. Tanski, Treasurer and Principal Financial Officer
Karen M. Camiolo, Controller and Principal Accounting Officer
Paula M. Ciprich, General Counsel and Secretary
Donna L. DeCarolis, Vice President Business Development

Principal Officers of Principal Subsidiaries

Seneca Resources Corporation

David F. Smith, Chairman of the Board
Matthew D. Cabell, President
Barry L. McMahan, Senior Vice President
John P. McGinnis, Senior Vice President

National Fuel Gas Supply Corporation

David F. Smith, Chairman of the Board
Ronald J. Tanski, President
John R. Pustulka, Senior Vice President
David P. Bauer, Treasurer
James R. Peterson, Secretary
Karen M. Camiolo, Controller
Ronald C. Kraemer, Vice President

Empire Pipeline, Inc.

David F. Smith, Chairman of the Board
Ronald C. Kraemer, President
David P. Bauer, Treasurer
James R. Peterson, Secretary
Karen M. Camiolo, Controller

National Fuel Gas Distribution Corporation

David F. Smith, Chairman of the Board
Anna Marie Cellino, President
James D. Ramsdell, Senior Vice President
Carl M. Carlotti, Senior Vice President
Paula M. Ciprich, Secretary
Karen M. Camiolo, Controller
Richard E. Klein, Treasurer
Bruce D. Heine, Vice President
Jay W. Lesch, Vice President
Steven Wagner, Vice President

National Fuel Resources, Inc.

Joseph N. Del Vecchio, Vice President

Highland Forest Resources, Inc.

Ronald J. Tanski, Chairman of the Board
Duane A. Wassum, President
James R. Peterson, Secretary

Directors

Philip C. Ackerman 3[^], 5[^]

Chairman of the Board of Directors of the Company since January 2002. Former Chief Executive Officer and President of the Company. Director of Associated Electric and Gas Insurance Services Limited. Board member since 1994.

Robert T. Brady 2, 3, 4[^]

Chairman, President and Chief Executive Officer of Moog Inc. Director of Astronics Corporation, M&T Bank Corporation and Seneca Foods Corporation. Director of the Buffalo Niagara Partnership and the Albright-Knox Art Gallery. Board member since 1995.

R. Don Cash 1, 2, 4

Chairman Emeritus and Director of Questar Corporation. Former Chairman, Chief Executive Officer and President of Questar Corporation. Director of Zions Bancorporation, Associated Electric and Gas Insurance Services Limited, and Texas Tech Foundation. Board member since 2003.

Stephen E. Ewing 1, 2, 5

Former Vice Chairman of DTE Energy Corp. Former President and Chief Operating Officer of MCN Energy Group Inc. and Former President and Chief Executive Officer of Michigan Consolidated Gas Company. Director of the Auto Club Group and Auto Club Services, Inc. (AAA). Trustee and Board Chair of the Skillman Foundation. Board member since 2007.

Rolland E. Kidder 1, 4

Former Chair and President of Kidder Exploration, Inc., and former Trustee of the New York Power Authority and Board member since 2002. Former Director of two Appalachian-based energy associations: the Independent Oil and Gas Association of New York and the Pennsylvania Natural Gas Associates. Board member since 2002.

Craig G. Matthews 1[^], 5

Former President and Chief Executive Officer of NUI Corporation. Former Vice Chairman and Chief Operating Officer of KeySpan Corporation. Board member of Hess Corp. and Republic Financial Corp. Board member and past Chairman of Board of Trustees of Polytechnic University, National and Greater New York Salvation Army, and The Brooklyn Philharmonic. Board member since February 2005.

George L. Mazanec 1, 2[^], 3, 5

Former Vice Chairman of PanEnergy Corporation (now Spectra Energy Corp.). Director of Dynegy Inc., Northern Trust Bank of Texas, NA and Associated Electric and Gas Insurance Services Limited. Member of the Board of Trustees of DePauw University. Board member since 1996.

Richard G. Reiten 2, 4

Former Director, Chairman and former Chief Executive Officer of Northwest Natural Gas Company. Also Director of: Associated Electric and Gas Insurance Services Limited; Building Materials Holding Corporation; IDACORP Inc. and U.S. Bancorp. Board member since 2004.

Frederic V. Salerno 2, 4

Former Vice Chairman and CFO of Verizon Communications. He currently sits on the boards of Akamai Technologies Inc., CBS Corporation, Popular, Inc., Viacom, Inc. and Intercontinental Exchange, Inc. Board member since 2008.

David F. Smith 3

President and Chief Executive Officer of National Fuel Gas Company since February 2008. Also a director of: The Business Council of New York State, Buffalo Niagara Enterprise (Chairman), Buffalo Niagara Partnership (Executive Committee), Northeast Gas Association (Former Chairman), Interstate Natural Gas Association of America (INGAA), the INGAA Foundation, The Energy Association (Executive Committee), American Gas Association (Executive Committee) and American Gas Foundation. Board member since 2007.

1 Member of Audit Committee

2 Member of Compensation Committee

3 Member of Executive Committee

4 Member of Nominating/Corporate Governance Committee

5 Member of Financing Committee

^ Denotes Chairman

Investor Information

Website

investor.nationalfuelgas.com

Fiscal Year

Commences October 1, ends September 30

Incorporation

New Jersey on December 8, 1902

Dividend History

106 Consecutive Years of Dividend Payments

38 Consecutive Years of Dividend Increases

Dividend Rate at September 30, 2008

\$1.30 per share

Book Value at September 30, 2008

\$20.27 per Share

Number of Registered Shareholders

16,544 at September 30, 2008

Common Stock Transfer Agent and Registrar

BNY Mellon Shareowner Services

P.O. Box 358035

Pittsburgh, PA 15252-8035

800-648-8166

Web site:

<http://www.bnymellon.com/shareowner/isd>

E-mail: shrrelations@bny.com

Investor Relations

Investors or financial analysts desiring information should contact:

Ronald J. Tanski, Treasurer

716-857-6981

James C. Welch, Director, Investor Relations

716-857-6987

welchj@natfuel.com

Additional Stockholder Reports

Additional copies of this report and the 2008 Annual Report can be obtained without charge by writing or calling:

Paula M. Ciprich, Corporate Secretary

716-857-7548

James C. Welch, Director, Investor Relations

716-857-6987

Corporate Headquarters

National Fuel Gas Company

6363 Main Street

Williamsville, NY 14221

E-Mail Alerts

Get the latest information concerning National Fuel Gas Company delivered automatically to your e-mail address. Sign up for e-mail alerts regarding SEC filings and Financial News Releases at our website: investor.nationalfuelgas.com

Independent Accountants

PricewaterhouseCoopers LLP

3600 HSBC Center

Buffalo, NY 14203

National Fuel Gas Company 2008 Financial & Statistical Report

6363 Main Street
Williamsville, NY 14221

Investor Relations

Ronald J. Tanski, Treasurer
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