

NATIONAL FUEL GAS COMPANY

**Notice of Annual Meeting
and
Proxy Statement**

**Annual Meeting of Stockholders
to be held on
February 16, 2006**

NATIONAL FUEL GAS COMPANY

**6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221**

January 5, 2006

Dear Stockholder:

We are pleased to invite you to join us at the Annual Meeting of Stockholders of National Fuel Gas Company. The meeting will be held at 10:00 A.M. local time on Thursday, February 16, 2006, at The Ritz-Carlton Hotel, Naples, 2600 Tiburon Drive, Naples, Florida 34109. The matters on the agenda for the meeting are outlined in the enclosed Notice of Meeting and Proxy Statement.

So that you may elect Company directors and secure the representation of your interests at the Annual Meeting, we urge you to vote your shares. The preferred method of voting is by telephone as described on the proxy card. This method is both convenient for you and reduces the expense of soliciting proxies for the Company. If you prefer not to vote by telephone, please complete, sign and date your proxy card and mail it in the envelope provided. The Proxies are committed by law to vote your proxy as you designate.

If you plan to be present at the Annual Meeting, please respond to the question if you vote by telephone, or check the "WILL ATTEND MEETING" box on the proxy card. Whether or not you plan to attend, please vote your shares by telephone or complete, sign, date and promptly return your proxy card so that your vote may be counted. If you do attend and wish to vote in person, you can revoke your proxy by giving written notice to the Secretary of the meeting and/or the Trustee (as described on the first page of this proxy statement), and/or by casting your ballot at the meeting.

Coffee will be served at 9:30 A.M. and I look forward to meeting with you at that time.

Please review the proxy statement and take advantage of your right to vote.

Sincerely yours,

Philip C. Ackerman
*Chairman of the Board of Directors,
Chief Executive Officer and President*

NATIONAL FUEL GAS COMPANY
6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on February 16, 2006

To the Stockholders of National Fuel Gas Company:

Notice is hereby given that the Annual Meeting of Stockholders of National Fuel Gas Company will be held at 10:00 A.M. local time on Thursday, February 16, 2006, at The Ritz-Carlton Hotel, Naples, 2600 Tiburon Drive, Naples, Florida 34109. At the meeting, action will be taken with respect to:

(1) the election of directors;

(2) the appointment of an independent registered public accounting firm;

(3) the adoption of, if presented at the meeting, a shareholder proposal which the Board of Directors OPPOSES;

and such other business as may properly come before the meeting or any adjournment thereof.

Stockholders of record at the close of business on December 19, 2005, will be entitled to vote at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

ANNA MARIE CELLINO
Secretary

January 5, 2006

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the meeting, and whatever the number of shares you own, please vote your shares by telephone as described on the proxy/voting instruction card and reduce National Fuel Gas Company's expense in soliciting proxies. Alternatively, you may complete, sign, date and promptly return the enclosed proxy/voting instruction card. Please use the accompanying envelope, which requires no postage if mailed in the United States.

NATIONAL FUEL GAS COMPANY
6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221

PROXY STATEMENT

This proxy statement is furnished to the holders of National Fuel Gas Company ("Company") common stock ("Common Stock") in connection with the solicitation of proxies on behalf of the Board of Directors of the Company for use at the Annual Meeting of Stockholders to be held on February 16, 2006, or any adjournment thereof. This proxy statement and the accompanying proxy/voting instruction card are first being mailed to stockholders on or about January 5, 2006.

All costs of soliciting proxies will be borne by the Company. Morrow & Co., Inc., 445 Park Avenue, New York, New York 10022, has been retained to assist in the solicitation of proxies by mail, telephone, and electronic communication and will be compensated in the estimated amount of \$7,000 plus reasonable out-of-pocket expenses. Approximately six (6) employees from Morrow & Co., Inc. will assist in the solicitation of proxies.

Only stockholders of record at the close of business on December 19, 2005, will be eligible to vote at this meeting or any adjournment thereof. As of that date, 84,469,345 shares of Common Stock were issued and outstanding. The holders of 42,234,673 shares will constitute a quorum at the meeting.

Each share of Common Stock entitles the holder thereof to one vote with respect to each matter that is subject to a vote at the meeting. All shares that are represented by effective proxies received by the Company in time to be voted will be voted at the meeting or any adjournment thereof. Where stockholders direct how their votes shall be cast, shares will be voted in accordance with such directions. Proxies submitted with abstentions and broker non-votes will be included in determining whether or not a quorum is present. Abstentions and broker non-votes will not be counted in tabulating the number of votes cast on proposals submitted to stockholders and therefore will have no effect on the outcome of the votes.

The proxy also confers discretionary authority to vote on all matters that may properly come before the Annual Meeting of Stockholders, or any adjournment thereof, respecting (i) matters of which the Company did not have timely notice but that may be presented at the meeting; (ii) approval of the minutes of the prior meeting; (iii) the election of any person as a director if a nominee is unable to serve or for good cause will not serve; (iv) any shareholder proposal omitted from this proxy statement pursuant to Rule 14a-8 or 14a-9 of the Securities and Exchange Commission's proxy rules, and (v) all matters incident to the conduct of the meeting.

Any stockholder giving a proxy may revoke it at any time prior to the voting thereof by mailing a revocation or a subsequent proxy to Anna Marie Cellino at the above address, by filing written revocation at the meeting with Mrs. Cellino, secretary of the meeting, or by casting a ballot.

If you are a participant in the Company's Employee Stock Ownership Plan or Tax-Deferred Savings Plans, and the accounts are registered in the same name, the proxy card will also serve as a voting instruction for the Trustee of those Plans. All shares of Company Stock for which the Trustee has not received timely directions shall be voted by the Trustee in the same proportion as the shares of Company Stock for which the Trustee received timely directions, except in the case where to do so would be inconsistent with the provisions of Title I of ERISA. If the proxy/voter instruction card is returned signed but without directions marked for one or more items, regarding the unmarked items you are instructing the Trustee and the Proxies to vote FOR items 1 and 2 and vote AGAINST item 3. Participants in the Plan(s) may also provide those voting instructions by telephone. Those instructions may be revoked by written notice to Vanguard Fiduciary Trust Company, Trustee for the Company's Tax-Deferred Savings Plans and the Employee Stock Ownership Plan, on or before February 13, 2006 at the following address:

National Fuel Gas Company
c/o The Bank of New York
P.O. Box 11107
New York, NY 10203-0107

Enclosed is a copy of the Company's Annual Report and Form 10-K for the fiscal year ended September 30, 2005, which includes financial statements. The Company will furnish any exhibit to the Form 10-K upon request to the Secretary at the Company's principal office, and upon payment of \$5 per exhibit.

1. ELECTION OF DIRECTORS

Three directors are to be elected at this Annual Meeting. The nominees for the three directorships are: R. Don Cash, George L. Mazanec and John F. Riordan. Messrs. Cash, Mazanec and Riordan are all currently directors of the Company.

The Company's Certificate of Incorporation provides that the Board of Directors shall be divided into three classes, and that these three classes shall be as nearly equal in number as possible. (A class of directors is the group of directors whose terms expire at the same annual meeting of stockholders.)

Pursuant to Section 7 of the Corporate Governance Guidelines included in this Proxy Statement as Appendix A, Company directors as a general rule shall retire not later than the date of the first annual meeting after their 72nd birthday. Accordingly, Mr. Riordan has been nominated for a term of two years.

It is intended that the Proxies will vote for the election of Messrs. Cash, Mazanec and Riordan as directors, unless they are otherwise directed by the stockholders. Although the Board of Directors has no reason to believe that any of the nominees will be unavailable for election or service, stockholders' proxies confer discretionary authority upon the Proxies to vote for the election of another nominee for director in the event any nominee is unable to serve or for good cause will not serve. Messrs. Cash, Mazanec and Riordan have consented to being named in this proxy statement and to serve if elected.

The affirmative vote of a plurality of the votes cast by the holders of shares of Common Stock entitled to vote is required to elect each of the nominees for director.

Pages 3 through 5 contain information concerning the three nominees for director, as well as the five directors of the Company whose current terms will continue after the 2006 Annual Meeting, including information with respect to their principal occupations and certain other positions held by them.

Last year all directors attended the Annual Meeting of Stockholders, and they are expected to do so this year. A meeting of the Board of Directors will take place on the same day and at the same place as the Annual Meeting of Stockholders this year (and probably future years), and directors are expected to attend all meetings. If a director is unable to attend a Board meeting in person, participation by telephone is permitted, and in that event the director may not be physically present at the Annual Meeting of Stockholders.

**The Board of Directors Recommends a Vote FOR the Election of
Messrs. Cash, Mazanec and Riordan**

**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

**Nominees for Election as Directors
for Three-Year Terms to Expire in 2009**

R. Don Cash 2003	63	Chairman Emeritus since May 2003, and Board Director since May 1978, of Questar Corporation (Questar), an integrated natural gas company headquartered in Salt Lake City, Utah. Chairman of Questar from May 1985 to May 2003. Chief Executive Officer of Questar from May 1984 to May 2002 and President of Questar from May 1984 to February 1, 2001. Director of Zions Bancorporation since 1982, and TODCO (The Offshore Drilling Company) since May 2004. Director of Texas Tech University Foundation since November 2002 and Associated Electric and Gas Insurance Services Limited since 1993. Former trustee, until September 2002, of the Salt Lake Organizing Committee for the Olympic Winter Games of 2002.
George L. Mazanec 1996	69	Former Vice Chairman, from 1989 until October 1996, of PanEnergy Corporation, Houston, Texas, a diversified energy company (now part of Duke Energy Corporation). Advisor to the Chief Operating Officer of Duke Energy Corporation from August 1997 to 2000. Director of TEPPCO, LP from 1992 to 1997, Director of Northern Border Pipeline Company Partnership from 1993 to 1998 and Director of Westcoast Energy Inc. from 1998 to 2002. Director of Dynegy Inc. since May, 2004. Director of the Northern Trust Bank of Texas, NA and Associated Electric and Gas Insurance Services Limited. Former Chairman of the Management Committee of Maritimes & Northeast Pipeline, L.L.C. Member of the Board of Trustees of DePauw University since 1996.

**Nominee for Election as Director
for Two-Year Term to Expire in 2008**

John F. Riordan 2000	70	President and CEO since April 2000 of GTI (the Gas Technology Institute), a not-for-profit research and educational institution, Des Plaines, Illinois. Vice Chairman of KN Energy, Inc. from February 1998 to February 1999. President and CEO of MIDCON Corporation from October 1988 to January 1998. Director of Nicor, Inc. since 2001.
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(1) As of February 16, 2006.

**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

Directors Whose Terms Expire in 2008

Robert T. Brady 1995	65	Chairman of Moog Inc., a manufacturer of motion control systems and components, since February 1996. President and Chief Executive Officer of Moog Inc. since 1988 and Board member since 1981. Director of Astronics Corporation, M&T Bank Corporation and Seneca Foods Corporation. Director of Acme Electric Corporation from 1989 to November 2001.
Roland E. Kidder 2002	65	Executive Director of the Robert H. Jackson Center, Inc. in Jamestown, New York since 2002. Former Chairman and President of Kidder Exploration, Inc., an independent oil and gas company, from 1984 to 1994. An elected member of the New York State Assembly from 1975 to 1982. Trustee of the New York Power Authority from 1983 to 1993. On the Dean's Advisory Council of the University at Buffalo School of Law from 1996 to 2001. From 1994 until 2001, Vice President and investment advisor for P.B. Sullivan & Co., Inc.

(1) As of February 16, 2006.

**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

Directors Whose Terms Expire in 2007

Philip C. Ackerman 1994	62	Chief Executive Officer of the Company since October 2001. Appointed as Chairman of the Board effective January 3, 2002. President of the Company since July 1999. Senior Vice President of the Company from June 1989 until July 1999 and Vice President from 1980 to June 1989. President of National Fuel Gas Distribution Corporation(2) from October 1995 until July 1999 and Executive Vice President from June 1989 to October 1995. Executive Vice President of National Fuel Gas Supply Corporation(2) from October 1994 to March 2002. President of Seneca Resources Corporation(2) from June 1989 to October 1996. President of Horizon Energy Development, Inc.(2) since September 1995 and certain other nonregulated subsidiaries of the Company since prior to 1992.
Craig G. Matthews 2005	62	Former President and CEO of NUI Corp. from January 2004 until November 2004, Director from January 2004 to November 2004. Former Vice Chairman and Chief Operating Officer of KeySpan Corporation (previously Brooklyn Union Gas Co.) until March 2002. Director of Amerada Hess Corporation since 2002, Chairman of the Board of Trustees, Polytechnic University.
Richard G. Reiten 2004	66	Chairman from September 2000 through February 2005 and director since March 1996 of Northwest Natural Gas Company, a natural gas local distribution company headquartered in Portland, Oregon, Chief Executive Officer of Northwest Natural Gas Company from January 1997 until December 2002 and President from January 1996 through May 2001. Director of BlueCross BlueShield of Oregon and The Regence Group since 1995. Director of Associated Electric and Gas Insurance Services Limited since 1997. Director of US Bancorp since 1998 and Building Materials Holding Corp. since 2001 and IdaCorp. since January 2004.

(1) As of February 16, 2006.

(2) Wholly-owned subsidiary of the Company.

Director Independence

The Board of Directors has determined that Messrs. Brady, Cash, Kidder, Matthews, Mazanec, Reiten and Riordan are all independent under the categorical standards for independence adopted by the Board, and that Mr. Ackerman, Chairman, Chief Executive Officer and President of the Company, is not. The Board's determinations of director independence were made in accordance with the Director Independence Guidelines adopted by the Board and included in this Proxy Statement as Appendix B.

Non-management directors meet at regularly scheduled executive sessions without management. The sessions are chaired by Robert T. Brady. Communications to the non-management directors as a group, or to the entire Board, should be addressed as follows: Robert T. Brady, Moog, Inc., P.O. Box 18, East Aurora, New York 14052. For the present, all shareholder

communications addressed in that manner will go directly to the directors. If the volume of communication becomes such that the Board adopts a process for determining which communications will be relayed to Board members, that process will appear on the Company's website at www.nationalfuelgas.com.

Meetings of the Board of Directors and Standing Committees

During the Company's fiscal year ended September 30, 2005 ("fiscal 2005"), there were six meetings of the Board of Directors. In addition, certain directors attended meetings of standing or pro tempore committees. The Audit Committee held eleven meetings, the Compensation Committee held eight meetings, the Executive Committee held two meetings, and the Nominating/Corporate Governance Committee held four meetings. During fiscal 2005, all incumbent directors attended at least 75% of the aggregate of meetings of the Board and of the committees of the Board on which they served.

The table below shows the number of meetings conducted in fiscal 2005 and the Directors who currently serve on these committees.

<u>DIRECTOR</u>	<u>BOARD COMMITTEES</u>			
	<u>Audit</u>	<u>Nominating/ Corporate Governance</u>	<u>Compensation</u>	<u>Executive</u>
Philip C. Ackerman.....				X (Chair)
Robert T. Brady		X (Chair)	X	X
R. Don Cash.....	X	X	X	
Rolland E. Kidder	X			
Craig G. Matthews	X (Chair)			
George L. Mazanec	X		X (Chair)	X
Richard G. Reiten	X	X		
John F. Riordan		X		X
Fiscal 2005 Meetings	11	4	8	2

Audit

The Audit Committee is a separately-designated standing audit committee established in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Audit Committee held eleven meetings during fiscal 2005 in order to review the scope and results of the annual audit, to receive reports of the Company's independent registered public accounting firm and chief internal auditor, and to prepare a report of the committee's findings and recommendations to the Board of Directors. The members of the committee are independent as independence for audit committee members is defined in the New York Stock Exchange's (NYSE) listing standards applicable to the Company, in Securities Exchange Commission (SEC) regulations, and in the Company's Director Independence Guidelines. No Audit Committee member simultaneously serves on Audit Committees of more than three public companies. The Board limits Audit Committees on which an Audit Committee member serves to three, unless the Board has determined that such simultaneous service would not impair the ability of such members to serve effectively. The Company's Board of Directors has determined that the Company has at least two audit committee financial experts (as defined by Securities and Exchange Commission (SEC) regulations) serving on its Audit Committee, namely Messrs. Matthews and Mazanec. Further information relating to the Audit Committee appears in this proxy statement under the headings "Audit Fees" and "Audit Committee Report." A current copy of the charter of the committee is available to security holders on the Company's website at www.nationalfuelgas.com, and is available in print to stockholders who request a copy from the Company's Secretary at its principal office.

Compensation

The Compensation Committee held eight meetings during fiscal 2005 in order to review and determine the compensation of Company executive officers, to review reports and to award stock options and At Risk Program awards. The members of the committee are independent as independence is defined in the NYSE Listing Standards applicable to the Company, SEC regulations, and in the Company's Director Independence Guidelines. The committee also administers the Company's 1993 Award and Option Plan, 1997 Award and Option Plan, Annual At Risk Compensation Incentive Program, and the National Fuel Gas Company Performance Incentive Program. A current copy of the charter of the committee is available to security holders on the Company's website at www.nationalfuelgas.com and is available in print to stockholders who request a copy from the Company's Secretary at its principal office.

Executive

There were two meetings of the Executive Committee during fiscal 2005. The committee has and may exercise the authority of the full Board except as prohibited by New Jersey corporate law (N.J.S.A. §14A:6-9).

Nominating/Corporate Governance

All the members of the Nominating/Corporate Governance Committee are independent, as independence for nominating committee members is defined in the NYSE listing standards applicable to the Company, SEC regulations, and in the Company's Director Independence Guidelines. The committee makes recommendations to the full Board on nominees for the position of director. The committee also has duties regarding corporate governance matters as required by law, regulation or NYSE rules. Stockholders may recommend individuals to the committee to consider as potential nominees.

The committee's charter provides for the committee to develop and recommend to the Board criteria for selecting new director nominees and evaluating unsolicited nominations, which are included in this proxy statement as part of the Company's Corporate Governance Guidelines (included in this proxy statement as Appendix A, available to security holders on the Company's website at www.nationalfuelgas.com, and available in print to stockholders who request a copy from the Company's Secretary at its principal office). A current copy of the charter of the committee is available to security holders on the Company's website at www.nationalfuelgas.com and is available in print to stockholders who request a copy from the Company's Secretary at its principal office. Appendix A also addresses the qualifications and skills the committee believes necessary for a director, and the committee's consideration of shareholder recommendations for director. Shareholder recommendations identifying a proposed nominee and setting out his or her qualifications should be delivered to the Company's Secretary at its principal office no later than September 5, 2006 to be eligible for consideration for the February 2007 Annual Meeting of Stockholders.

Charitable Contributions by Company

Within the preceding three years, the Company did not make any contributions to any charitable organization in which a director served as executive officer which exceeded the greater of \$1 million or 2% of the charitable organization's consolidated gross revenues.

Compensation Committee Interlocks and Insider Participation

There are no "Compensation Committee interlocks" or "insider participation" which SEC regulations or NYSE listing standards would require to be disclosed in this proxy statement.

Code of Business Conduct and Ethics

The Company's Code of Business Conduct and Ethics is available on the Company's website at www.nationalfuelgas.com and is available in print to stockholders who request it from the Company's Secretary at its principal office.

Related Party Transaction

A subsidiary of the Company has employed Mr. Jonathan D. Kidder in a non-executive supervisory position since 1999. His father, Mr. Rolland E. Kidder, became a Company director in 2002. Mr. Jon Kidder is a married adult who does not reside in his father's household. In fiscal 2005, the value of total compensation to Mr. Jon Kidder (base salary, bonus and estimated value of benefits) exceeded \$60,000, but was less than \$100,000. This makes his continued employment a related party transaction for purposes of SEC disclosure requirements. Mr. Rolland Kidder is an independent director for all purposes under applicable NYSE and SEC rules, and also under the Company's Director Independence Guidelines included in this proxy statement as Appendix B.

Directors' Compensation

The Retainer Policy for Non-Employee Directors (the "Retainer Policy"), which replaced both the Board's preexisting retainer policy and the Retirement Plan for Non-Employee Directors (the "Directors' Retirement Plan"), was approved at the 1997 Annual Meeting of Stockholders. Directors who are not Company employees or retired employees do not participate in any of the Company's employee benefit or compensation plans. Directors who are current employees receive no compensation for serving as directors. Only non-employee directors are covered by the Retainer Policy, under which directors are paid in money plus an amount of common stock adjusted from time to time.

Effective January 1, 2005, pursuant to the current Retainer Policy, non-employee directors were each paid an annual retainer of \$26,000 and 1,200 shares of Common Stock. Previous to January 1, 2005, non-employee directors were paid an annual retainer of \$20,000 and 1,200 shares of Common Stock. Common Stock issued to non-employee directors under the Retainer Policy is nontransferable until the later of two years from issuance or six months after the recipient's cessation of service as a director of the Company.

Non-employee directors were each paid a fee of \$1,800 for each Board meeting (\$1,500 before 1/1/05) and \$1,800 for each Committee meeting (\$1,200 before 1/1/05) attended in person or by telephone. Non-employee directors were each paid an additional annual retainer fee of \$7,500 if appointed as Chairman of any committee; accordingly, Messrs. Brady, Matthews and Mazanec each received an additional annual retainer fee of \$7,500 during fiscal 2005.

Benefit accruals under the Directors' Retirement Plan ceased for each current non-employee director on December 31, 1996. All such directors who were eligible vested in their Directors' Retirement Plan benefits at that time, and will receive their accrued Directors' Retirement Plan benefits under its terms. People who first become directors after February 1997 are not eligible to receive benefits under the Directors' Retirement Plan. The Directors' Retirement Plan pays an annual retirement benefit equal to 10% of the annual retainer in effect on December 31, 1996 (\$18,000/year) multiplied by the number of full years of service prior to January 1, 1997, but not to exceed 100% of that annual retainer. The retirement benefit would begin upon the later of the date of the director's retirement or the date the director turns age 70, and continue until the earlier of the expiration of ten years or the death of the director.

AUDIT FEES

In addition to retaining PricewaterhouseCoopers LLP to report upon the annual consolidated financial statements of the Company for 2005, the Company retained PricewaterhouseCoopers LLP to provide various non-audit services in 2005. The aggregate fees

billed for professional services by PricewaterhouseCoopers LLP for each of the last two years were as follows:

	<u>2004 (1)</u>	<u>2005</u>
Audit Fees(2)	\$ 599,743	\$1,048,437
Audit-Related Fees(3)	\$ 174,512	\$ 118,320
Tax Fees		
Tax advice and planning	\$ 257,120	\$ 73,459
Tax compliance	\$ 142,800	\$ 124,800
Other Fees	\$ 0	\$ 0
TOTAL	<u>\$1,174,175</u>	<u>\$1,365,016</u>

(1) Certain prior year amounts have been reclassified to conform to current year presentation.

(2) Consolidated financial statements, reviews of financial statements included in quarterly Forms 10-Q, internal control over financial reporting, comfort letters and consents, audits of certain of the company's wholly owned subsidiaries to meet statutory or regulatory requirements.

(3) Implementation of Sarbanes-Oxley Act of 2002, audits of certain of the company's wholly owned subsidiaries and other technical accounting consultations.

The Audit Committee's charter (available on the Company's website at www.nationalfuelgas.com) includes its pre-approval policies and procedures. The Company's Reporting Procedures for Accounting and Auditing Matters are included as Appendix C in this proxy statement.

For fiscal year 2005, none of the services provided by PricewaterhouseCoopers LLP were approved by the Audit Committee in reliance upon the "de minimus exception" contained in Section 202 of the Sarbanes-Oxley Act and codified in Section 10A(i)(1)(B) of the Securities Exchange Act of 1934 and in 17 CFR 210.2-01(c)(7)(i)(C).

AUDIT COMMITTEE REPORT

The Company's Board of Directors has adopted a written charter for the Audit Committee of the Board of Directors.

The Audit Committee has reviewed and discussed the Company's audited financial statements for fiscal 2005 with management. The Audit Committee has also reviewed with management its evaluation of the Company's internal control structure and procedures for financial reporting and reviewed management's assessment about the effectiveness of the Company's internal controls and procedures, including any significant deficiencies in such controls and procedures. The Audit Committee has discussed with the independent auditors the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards, AU§380), as modified or supplemented. The Audit Committee has received the written disclosures and the letter from the independent auditors required by Independence Standards Board Standard No. 1 (Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees), as modified or supplemented, and has discussed with the independent auditors the independent auditor's independence. The Audit Committee also has considered whether the independent auditor's provision of non-audit services to the Company and its affiliates is compatible with the independent auditor's independence.

Based on the review, discussions and considerations referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company's Annual Report on Form 10-K (17 CFR 249.310) for the last fiscal year for filing with the SEC.

AUDIT COMMITTEE

CRAIG G. MATTHEWS, Chairman
R. DON CASH
ROLLAND E. KIDDER
GEORGE L. MAZANEC
RICHARD G. REITEN

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth for each current director, each nominee for director, each of the executive officers named in the Summary Compensation Table, and for all directors and officers as a group, information concerning beneficial ownership of Common Stock which is the only class of Company Stock outstanding. Unless otherwise stated, to the best of the Company's knowledge, each person has sole voting and investment power with respect to the shares listed, including shares which the individual has the right to acquire by exercising stock options but has not done so. All information is as of November 30, 2005 except as otherwise indicated.

Name of Beneficial Owner	Exercisable Stock Options(1)	Shares held in ESOP(2)	Shares Held in 401(k) Plan(3)	Restricted Stock(4)	Shares Otherwise Beneficially Owned(5)	Percent of Class(6)
Philip C. Ackerman	2,329,870	21,083	15,457	51,328	349,911(7)	3.19%
James A. Beck	372,656	295	4,588	12,000	36,784	*
Robert T. Brady	0	0	0	0	9,000	*
R. Don Cash	0	0	0	0	7,433(8)	*
Bruce H. Hale	0	9,443	11,859	0	86,764	*
Rolland E. Kidder	0	0	0	0	27,990(9)	*
Craig G. Matthews	0	0	0	0	3,052	*
George L. Mazanec	0	0	0	0	9,800(10)	*
Richard G. Reiten	0	0	0	0	2,276	*
John F. Riordan	0	0	0	0	13,000	*
Dennis J. Seeley	410,000	14,533	9,773	0	66,440(11)	*
David F. Smith	425,660	1,743	10,957	0	78,209	*
Ronald J. Tanski	235,000	2,817	13,579	0	42,116	*
Directors and Officers as a Group (19 individuals)	4,711,791	58,595	114,521	63,328	867,350(12)	6.5%

* Represents beneficial ownership of less than 1% of issued and outstanding Common Stock on November 30, 2005.

- (1) This column lists shares with respect to which each of the named individuals, and all current directors and officers as a group (19 individuals), have the right to acquire beneficial ownership within 60 days of November 30, 2005, through the exercise of stock options granted under the 1993 and 1997 Award and Option Plans. Stock options, until exercised, have no voting power.
- (2) This column lists shares held in the Company and Subsidiaries Employee Stock Ownership Plan ("ESOP"). The beneficial owners of these shares have sole voting power with respect to shares held in the ESOP, but do not have investment power respecting most of those shares until they are distributed.
- (3) This column lists shares held in the Company Tax-Deferred Savings Plan for Non-Union Employees ("TDSP"), a 401(k) plan. The beneficial owners of these shares have sole voting power with respect to shares held in the TDSP, but do not have investment power respecting most of those shares until they are distributed.
- (4) This column lists shares of restricted stock, certain restrictions on which had not lapsed as of November 30, 2005. Owners of restricted stock have power to vote the shares, but have no investment power with respect to the shares until the restrictions lapse.
- (5) This column includes shares held of record and any shares beneficially owned through a bank, broker or other nominee.
- (6) This column lists the sum of the individual's (or individuals') stock options and shares shown on this table, expressed as a percent of the Company's outstanding shares and that individual's (or individuals') exercisable stock options at November 30, 2005.

- (7) Includes 1,000 shares held by Mr. Ackerman's wife in trust for her mother, as to which shares Mr. Ackerman disclaims beneficial ownership, and 440 shares with respect to which Mr. Ackerman shares voting and investment power with his wife.
- (8) Includes 3,000 shares held by the Don Kay Clay Cash Foundation, a Utah not-for-profit corporation, of which Mr. Cash, his wife, son and daughter-in-law are directors. Mr. Cash disclaims beneficial ownership of these shares.
- (9) Includes 16,500 shares owned by Mr. Kidder's wife, as to which Mr. Kidder shares voting and investment power.
- (10) Includes 600 shares owned by Mr. Mazanec's wife, as to which Mr. Mazanec shares voting and investment power.
- (11) Includes 40,674 shares owned by Mr. Seeley's wife, as to which Mr. Seeley shares voting and investment power.
- (12) Includes 33,884 shares with respect to which one or another of the officers of the Company, not including the executive officers named in the Summary Compensation Table, shares voting and investment power with the officers' spouses. See also notes (7) through (11) above.

As of November 30, 2005, the Company knows of no one who beneficially owns in excess of 5% of the Company's Common Stock, which is the only class of Company Stock outstanding, except as set forth in the table below.

<u>Name and Address of Beneficial Owner</u>	<u>Shares Held as Trustee for Company Employee Benefit Plans(1)</u>	<u>Shares Otherwise Beneficially Held</u>	<u>Percent of Class(2)</u>
Vanguard Fiduciary Trust Company 100 Vanguard Boulevard Malvern, PA 19355	5,741,933	1,568,241(3)	8.66%

- (1) This column lists the shares held by Vanguard Fiduciary Trust Company in its capacity as trustee for certain employee benefit plans. Vanguard Fiduciary Trust Company held 5,741,933 shares on behalf of the plans as of November 30, 2005, all of which have been allocated to plan participants. According to its Schedule 13G filed with the SEC for the period ended December 31, 2004, Vanguard Fiduciary Trust Company in its capacity as trustee for certain employee benefit plans held 5,743,037 shares on behalf of the plans, all of which have been allocated to plan participants. The plan trustee votes the shares allocated to participant accounts as directed by those participants. Shares held by the trustee on behalf of the plans as to which participants have made no timely voting directions are voted by the Trustee in the same proportion as the shares of Company Stock for which the Trustee received timely directions, except in the case where to do so would be inconsistent with provisions of Title I of ERISA. Vanguard Fiduciary Trust Company disclaims beneficial ownership of all shares held in trust by the trustee that have been allocated to the individual accounts of participants in the plans for which directions have been received, pursuant to Rule 13d-4 under the Securities Exchange Act of 1934.
- (2) This column lists the sum of the shares shown on this table, expressed as a percent of the Company's outstanding shares at November 30, 2005.
- (3) The Vanguard Group, which is affiliated with Vanguard Fiduciary Trust Company, has sole investment and voting discretion with respect to these shares of Company common stock, according to its Form 13F for the period ended September 30, 2005.

EQUITY COMPENSATION PLAN INFORMATION
As of September 30, 2005

<u>Plan category</u>	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	10,996,893	\$23.78	590,435(1)
Equity compensation plans not approved by security holders	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>10,996,893</u>	<u>\$23.78</u>	<u>590,435</u>

(1) Of the 590,435 securities listed in column (c), 52,801 were reserved at September 30, 2005 for issuance pursuant to the Company's Retainer Policy for Non-Employee Directors.

EXECUTIVE COMPENSATION

Report of the Compensation Committee

General

The Compensation Committee of the Board of Directors (the “Committee”) sets the base salaries and bonuses of the Company’s executive officers. It also exercises authority delegated to it by the shareholders or the Board with respect to compensation plans. Plans under which shareholders have delegated authority to the Committee include the National Fuel Gas Company 1997 Award and Option Plan, as amended (the “1997 Award and Option Plan”), and the Administrative Rules with respect to At Risk Awards under the 1997 Award and Option Plan (the “At Risk Program”). In addition, the Committee makes recommendations to the Board with respect to the development of incentive compensation plans and equity-based plans and administers the National Fuel Gas Company Performance Incentive Program (the “Performance Program”). The Committee is comprised of the three directors named below, all of whom have been determined by the Board to be independent. No member of the Committee is permitted to receive any award under any plan administered by the Committee.

The Committee’s objective is to set executive compensation at levels which (i) are fair and reasonable to the stockholders, (ii) link executive compensation to long-term and short-term interests of the stockholders, and (iii) are sufficient to attract, motivate, and retain outstanding individuals for executive positions. The executive officers’ compensation is linked to the interests of the stockholders by making a part of each executive officer’s potential compensation depend on the price of the Company’s Common Stock on the open market and the officer’s own performance. The retention of officers is encouraged by making a portion of the compensation package in the form of awards which either increase in value, or only have value, if the executive officer remains with the Company for specified periods of time.

The Committee retains an independent compensation consulting firm to assist it in evaluating officer compensation. That firm annually compares compensation practices to both utility and general industry practices. It also compares the compensation of the top three officers to ten energy companies in its peer group. The companies in that peer group range in size from \$9.2 billion in revenues to \$0.9 billion in revenues. The median size of the peer group is \$2.4 billion in revenues.

Specific components of executive officers’ compensation earned or paid in fiscal 2005 are discussed below. The Company’s five most highly compensated executive officers, as well as Mr. Hale who retired in August 2005, are identified on the Summary Compensation Table on page 18, and are sometimes referred to as the “named executive officers.”

Base Salary

The Committee annually reviews base salaries for the Company’s executive officers and adjusts them as it deems appropriate on a calendar year basis and as promotions occur. The Committee generally targets a range of the 50th percentile to the 75th percentile of the survey data provided by its outside compensation consultant. The Committee also takes into account an individual’s specific responsibilities, experience and effectiveness in setting base salary.

The fiscal 2005 base salaries of the named executive officers are shown on the Summary Compensation Table on page 18 in the “Base Salary” column.

Annual At Risk Incentive and Bonus

Under the At Risk Program, the Committee may make At Risk Awards which grant an executive officer the opportunity to earn cash payments depending on the achievement of goals set within the first quarter of each fiscal year. Performance goals can be both financial (for example, Company earnings per share or subsidiary earnings) and non-financial (for example, customer service).

The Committee reviews and approves corporate goals for Mr. Ackerman under the At Risk Program and evaluates his performance in light of these goals. It approves his compensation based upon that evaluation. For fiscal 2005 Mr. Ackerman was the only participant in the At Risk Program. At Risk Program goals for Mr. Ackerman, as Chief Executive Officer, were a specified level of Company earnings per share (weighted as 60% of the formula), a long-term strategy goal (weighted as 15% of the formula), a goal related to oil and gas reserves (weighted at 15% of the formula) and customer service and safety goals (weighted as 10% of the formula). Company diluted earnings per share must reach a pre-determined target in each of two consecutive fiscal years to trigger the maximum annual incentive award to Mr. Ackerman. In fiscal 2005, Mr. Ackerman achieved performance of 160% on the goals set under the At Risk Program.

The Summary Compensation Table on page 18 includes in the “LTIP (Long-Term Incentive Plan) Payouts” column the amounts earned by Mr. Ackerman in fiscal 2005 under the At Risk Program. The At Risk Award is considered by the SEC to be a “long-term” incentive because payment is based on a rolling average of performance during the two fiscal years most recently completed. Mr. Ackerman’s target award was set at 100% of base salary with a maximum potential award level of 200% of base salary. The range of potential At Risk Program awards for fiscal 2005 for Mr. Ackerman is set out in the Long-Term Incentive Plan Table on page 20.

In furtherance of the Committee’s goal of emphasizing incentive-based compensation for the Company’s other executive officers, most of the executive officers, including Messrs. Beck, Seeley, Smith and Tanski were paid amounts as bonuses in December 2005 (for performance in fiscal 2005). In December 2005, the Compensation Committee reviewed with Mr. Ackerman the performance of Messrs. Beck, Seeley and Smith with respect to individual goals set earlier in fiscal 2005. Mr. Seeley and Mr. Smith, as parent company officers, had been given a corporate earnings per share goal (weighted at 50% of the formula), as well as goals relevant to the operations of subsidiary companies (including customer service and safety goals). Mr. Beck’s goals all related to the performance of Seneca Resources Corporation, the Company’s exploration and production subsidiary. The target awards for Messrs. Seeley, Smith and Beck were each set at 65% of base salary with a maximum potential award level of 130% of base salary.

For fiscal 2005, Messrs. Seeley, Smith and Beck achieved performance of 142%, 154% and 30%, respectively, on their goals. Certain of Mr. Seeley’s and Mr. Beck’s goals extended into fiscal 2006 and will be evaluated in that fiscal year. These latter goals could result in a maximum potential additional award level of 9.75% of fiscal 2005 base salary for Mr. Seeley and 13.0% of fiscal 2005 base salary for Mr. Beck. In addition, the Committee approved a special bonus of \$25,000 for Mr. Beck in recognition of his extraordinary efforts following Hurricane Rita.

Mr. Ackerman made recommendations for fiscal 2005 bonuses for the other officers, including Mr. Tanski, which were accepted by the Committee. The Summary Compensation Table on page 18 includes in the “Bonus” column the amount earned by Messrs. Beck, Seeley, Smith and Tanski in fiscal 2005 as bonuses. These awards are considered by the SEC to be bonuses because they are based on performance during a single fiscal year.

Mr. Hale, as the executive officer responsible for the Company’s International business segment from its inception, negotiated and closed the sale of the Company’s principal overseas asset, United Energy, a.s., for approximately \$116.3 million in a transaction that closed July 18, 2005. That sale yielded a net gain to the Company of approximately \$25 million, or approximately \$0.30 per diluted share. In recognition of the success of the International business segment, the Committee recommended that the Company enter into retirement arrangements with Mr. Hale as described at pages 22-23 of this Proxy Statement. Pursuant to those arrangements, the Company paid Mr. Hale an additional supplemental pension payment in a lump sum of \$650,000, less applicable taxes and withholding, on October 15, 2005 which is reported in the Summary Compensation Table on page 18 of this Proxy Statement.

Stock Options, Restricted Stock and Other Long-Term Incentives

Stock options and restricted stock represent the longer-term incentive and retention component of the executive compensation package. Such awards are intended to focus attention on

managing the Company from a long-term investor's perspective, and to encourage officers and other managers to have a significant, personal investment in the Company through stock ownership. Awards may be made by the Committee under the 1997 Award and Option Plan. In fiscal 2002 Mr. Ackerman, after consultation with the Compensation Committee, set Company Stock ownership guidelines for officers. These guidelines range from one times base salary for junior officers to four times base salary at the Chief Executive Officer level. Other employees receiving options are encouraged to retain their stock for long-term investment.

The Committee awards stock options to buy Company Common Stock, which have value only to the extent the market price of the Company's Common Stock increases after the date of an award. The Committee also from time to time awards restricted stock, which increases or decreases in value to the same extent as the Company's Common Stock. Dividends are paid on restricted stock and on the shares held for employees (including executive officers) in various employee benefit plans, so executive officers benefit directly from dividends paid on the Company's Common Stock.

In 2002 the Committee reviewed its past practice of annual option awards. In 2002 the Committee granted options to officers which were intended to be a multi-year incentive. Option awards were made to each named executive officer to buy stock in the future at the market price on the award date. These options vested over a three-year period and none could be exercised for at least one year after the award date. All of them expire no later than 10 years after the award date.

In fiscal 2005 the Committee, with the assistance of its compensation consultant, evaluated its alternatives on long-term incentive compensation including the use of incentives in addition to options and restricted stock. The Committee concluded that options remain an important component of long-term compensation at the Company, but that the number granted in the future would be more limited than in the past. The Committee then recommended to the Board that a cash based long-term incentive be adopted to complement the use of options. The Board adopted the Performance Program and delegated authority to the Committee to administer that program.

Under the Performance Program, the Compensation Committee may establish a performance condition for a performance period of at least one year. The default performance condition is the Company's total return on capital as compared to the same metric for peer companies in the Natural Gas Distribution and Integrated Natural Gas Companies group reported in AUS Monthly Utility Reports. A cash bonus may be paid following the end of the performance period based on the level of performance. In 2005 the Compensation Committee chose the Company's total return on capital as the performance metric for the performance period of October 1, 2004 to September 30, 2007. The Committee also approved a total of \$1,995,000 of target incentives for a group of seventeen officers. Based on the level of performance at the end of the three-year performance period, payment can range from 0% to 200% of the target incentives.

The Committee's compensation consultant recommended guidelines on the level of long-term incentive compensation by position. Those levels included 125% of base salary for the Chief Executive Officer (Mr. Ackerman), 85% of base salary for Presidents (Messrs. Beck, Seeley and Smith) and 60% for Senior Vice Presidents (Messrs. Hale and Tanski). Using these guidelines the Committee awarded 160,000 options and a Performance Program target incentive of \$525,000 to Mr. Ackerman. In addition, the Committee granted long-term incentives to other officers (including Messrs. Beck, Seeley, Smith and Tanski) as either options, target incentives under the Performance Program or a combination of both. The awards are described on the Long-Term Incentive Plan — Awards in Fiscal 2005 table on page 20 of this Proxy Statement.

Compensation of Chief Executive Officer

The bases for Mr. Ackerman's fiscal 2005 base salary and At Risk Program award including the Committee's goals and methodology, are discussed earlier in this report under the headings Base Salary and Annual At Risk Incentive and Bonus. Mr. Ackerman also received a grant of options and a Performance Program target incentive in fiscal 2005, as discussed earlier in this report under the heading Stock Options, Restricted Stock and Other Long-Term Incentives.

Based on a survey conducted by the independent compensation consulting firm in 2005, total direct compensation earned by Mr. Ackerman was at the 52nd percentile of the compensation packages earned by officers in a peer group of eleven energy companies, including the Company.

Policy With Respect to Qualifying Compensation Paid to Executive Officers For Deductibility Under Section 162(m) of the Internal Revenue Code

The Committee intends that, whenever reasonably possible, compensation paid to its managers, including its executive officers, should be deductible for federal income tax purposes. Compensation paid under the At Risk Program qualifies as performance-based compensation under Section 162(m) of the Internal Revenue Code. The Committee may vote to award compensation, especially to a chief executive officer, that is not fully deductible, if the Committee determines that such award is consistent with its philosophy and is in the best interests of the Company and its stockholders.

COMPENSATION COMMITTEE

GEORGE L. MAZANEC, Chairman
ROBERT T. BRADY
R. DON CASH

Executive Compensation Summary Table

The following table sets forth information with respect to compensation paid by the Company and its subsidiaries for services rendered during the last three fiscal years to the Chief Executive Officer and each of the five other most highly compensated executive officers for the fiscal year ended September 30, 2005 (the “named executive officers”).

SUMMARY COMPENSATION TABLE

Name and Principal Position	Fiscal Year	Annual Compensation			Long Term Compensation			All Other Compensation (\$)(3)
		Base Salary(\$)	Bonus(\$)	Other Annual Compensation (\$)(1)	Awards		Payouts	
					Restricted Stock Awards(\$)(2)	Securities Underlying Options	LTP Payouts(\$)	
Philip C. Ackerman.....	2005	813,750	0	0	0	160,000	1,302,000	230,062
Chief Executive Officer and	2004	780,000	0	0	0	0	1,287,000	181,413
President of the Company	2003	780,000	90,000	0	0	0	631,800	169,889
David F. Smith.....	2005	443,750	444,195	0	0	60,000	0	89,802
President of National	2004	425,000	350,000	0	0	0	0	67,770
Fuel Gas Supply Corporation	2003	425,000	300,000	0	0	0	0	73,176
Dennis J. Seeley.....	2005	443,750	409,582	0	0	0	0	90,907
President of National	2004	425,000	350,000	0	0	0	0	82,963
Fuel Gas Distribution Corporation	2003	425,000	300,000	0	0	0	0	72,412
James A. Beck.....	2005	425,000	107,875	0	0	0	0	69,155
President of Seneca	2004	425,000	100,000	0	0	0	0	32,294
Resources Corporation	2003	425,000	50,000	0	0	0	0	39,937
Ronald J. Tanski.....	2005	311,250	150,000	0	0	40,000	0	49,522
Treasurer and Principal	2004	278,500	85,000	0	0	0	0	32,472
Financial Officer of the Company	2003	236,625	85,000	0	0	0	0	31,719
Bruce H. Hale.....	2005	235,833	290,000(4)	0	0	0	0	402,200(4)
Retired 8/1/05 as Vice President of	2004	280,500	75,000	0	0	0	0	40,090
Horizon Energy Development, Inc.,	2003	271,000	60,000	0	0	0	0	35,667
President of Horizon LFG, Inc. and								
President of Horizon Power, Inc.(4)								

- (1) Excludes perquisites or personal benefits because, for each named executive officer, the cost to the Company of all such items was less than \$50,000 and less than 10% of that executive's base salary and bonus, if any, for each fiscal year listed.
- (2) As of September 30, 2005, the aggregate number of unvested shares of restricted stock held by each named executive officer and the aggregate fair market value of such shares using a closing market price at September 30, 2005 of \$34.20 are as follows: for Mr. Ackerman, 51,328 shares (\$1,755,418); Mr. Smith, 0 shares; Mr. Seeley, 0 shares; Mr. Beck, 12,000 shares (\$410,400); Mr. Tanski, 0 shares; and Mr. Hale, 0 shares. Dividends are paid on all shares of restricted stock. Restricted shares may not be transferred or pledged, but such Company-imposed restrictions lapse with the passage of time and continued employment with the Company.
- (3) In fiscal 2005, the Company paid, contributed or accrued for Messrs. Ackerman, Smith, Seeley, Beck, Tanski and Hale \$12,500, \$12,500, \$12,500, \$12,500, \$12,500 and \$10,400, respectively, under the Tax-Deferred Savings Plan (the Company's 401(k) plan); \$126,626, \$54,818, \$38,963, \$40,613, \$12,393 and \$10,099, respectively, under the Tophat Plan which pays all participants a sum intended to replace amounts which they will not receive as Company-matching contributions under the Tax-Deferred Savings Plan as a result of tax law limits or other tax considerations; \$6,332, \$838, \$2,254, \$0, \$1,482 and \$3,193, respectively, under a program that passes through to employees the Company's tax savings associated with payment of dividends on Employee Stock Ownership Plan shares; and \$26,149, \$4,282, \$11,846, \$0, \$8,147 and \$10,550, respectively, as above-market interest under the Deferred Compensation Plan. (Mr. Smith's and Mr. Tanski's accumulated balance incurring above-market interest was paid out on July 31, 2005.)

The Company maintains split dollar life insurance arrangements with its named executive officers except for Mr. Tanski and Mr. Beck. To comply with the Sarbanes-Oxley Act of 2002, the Company stopped paying premiums on those policies and all subsequent

premiums are paid from policy dividends. The amounts shown in this column reflect the dollar value of split-dollar benefits to the executive. (\$58,455 for Ackerman, \$17,364 for Smith, \$25,344 for Seeley, \$7,958 for Hale).

The Company also provided to Mr. Tanski and Mr. Beck in fiscal 2005 \$15,000 each to purchase one or more insurance policies selected by the officer. Additional amounts in this column for Mr. Hale are discussed in footnote 4 below.

The Company also provided to Mr. Beck in fiscal 2005 group term life insurance coverage and accidental death coverage at an incremental cost to the Company of \$1,042, which is included in the amount shown in this column.

- (4) Mr. Hale retired August 1, 2005, following the successful sale of the Company's principal overseas asset, and entered into the retirement arrangements described on pages 22-23 of this proxy statement. The additional supplemental pension payment described there is displayed in this table partly as \$290,000 in the "Bonus" column and the remaining \$360,000 in the "All Other Compensation" column.

Stock Option Grant Table

The following table sets forth information with respect to options to purchase shares of Common Stock awarded during fiscal 2005 to the named executive officers pursuant to plans approved by the Company's stockholders.

OPTION GRANTS IN FISCAL 2005(1)

Name	Individual Grants			Expiration Date	Grant Date Present Value(\$)(2)
	Number of Securities Underlying Options Granted(#)	Percent of Total Options Granted to Employees in Fiscal Year	Exercise or Base Price Per Share (\$/Sh)		
Philip C. Ackerman	160,000	22.8%	28.155	3/2015	739,200
David F. Smith.....	60,000	8.5%	28.155	3/2015	277,200
Dennis J. Seeley	0	0%	NA	NA	NA
James A. Beck	0	0%	NA	NA	NA
Ronald J. Tanski	40,000	5.7%	28.155	3/2015	184,800
Bruce H. Hale	0	0%	NA	NA	NA

- (1) The options shown on this table were granted under the 1997 Award and Option Plan and vested on June 29, 2005. Thereafter, they can be exercised any time prior to the expiration date if the holder remains with the Company. These options terminate within three months of termination of employment, except that upon termination of employment for any reason other than discharge for cause or voluntary resignation prior to age 60, most of such options may be exercised within five years after termination of employment. Payment of the exercise price may be in cash or by tendering shares of Company Common Stock.
- (2) This column shows the hypothetical value of these options according to a binomial option pricing model. The assumptions used in this model for the options granted in fiscal 2005 were: quarterly dividend yield of .995%, an annual standard deviation (volatility) of 17.78% (calculation of volatility based on average high/low price), a risk-free rate of 4.52%, and an expected term before exercise of 7 years. Whether the assumptions used will prove accurate cannot be known at the date of grant. The model produces a value based on freely tradable securities, which the options are not. The holder can derive a benefit only to the extent the market value of Company Common Stock is higher than the exercise price at the date of actual exercise.

Stock Option Exercises And Fiscal Year-End Value Table

The following table sets forth as to each named executive officer information with respect to stock option and stock appreciation right (SAR) exercises during fiscal 2005 and the number and value of unexercised options and SARs at September 30, 2005. The named executive officers did not exercise any SARs in 2005, and in fact have no SARs.

AGGREGATED OPTION/SAR EXERCISES IN FISCAL 2005 AND OPTION/SAR VALUES ON SEPTEMBER 30, 2005

Name	Number of Securities Underlying Options/SAR Exercised (#)	Value Realized (\$)(1)	Number of Securities Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-money Options at Fiscal Year-End(\$)(2)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Philip C. Ackerman ..	144,688	2,093,289	2,329,870	0	25,272,496	0
David F. Smith	113,848	981,678	425,660	0	3,839,251	0
Dennis J. Seeley	40,000	333,075	410,000	0	4,037,863	0
James A. Beck	32,148	259,309	372,656	0	3,681,708	0
Ronald J. Tanski ...	20,000	195,975	235,000	0	2,323,116	0
Bruce H. Hale	328,568(3)	1,986,981(3)	0	0	0	0

- (1) Market value of stock at exercise less exercise price or base price.
- (2) Market value of stock at fiscal year-end less exercise price or base price.
- (3) The Company did not extend Mr. Hale's outstanding stock options past his retirement date of August 1, 2005, so he had to exercise in fiscal 2005 all the outstanding stock options he had accumulated over his 34 years of service to the Company.

Long-Term Incentive Plan Award Table

The following table sets forth information with respect to long-term incentive plan awards made during fiscal 2005 to the named executive officers pursuant to the At Risk Program and the Performance Incentive Program.

LONG-TERM INCENTIVE PLANS — AWARDS IN FISCAL 2005

Name	Performance Period Until Maturation	Estimated Future Payouts Under Non-Stock Price-Based Plans		
		Threshold(\$)	Target(\$)	Maximum(\$)
Philip C. Ackerman(1)	2 years ended 9/30/05	0	813,750	1,627,500
Philip C. Ackerman(2)	3 years ended 9/30/07	0	525,000	1,050,000
David F. Smith(2)	3 years ended 9/30/07	0	195,000	390,000
Dennis J. Seeley(2)	3 years ended 9/30/07	0	380,000	760,000
James A. Beck(2)	3 years ended 9/30/07	0	360,000	720,000
Ronald J. Tanski(2)	3 years ended 9/30/07	0	60,000	120,000

- (1) This line of the table describes the sole At Risk Program opportunity which was made to any executive officer in fiscal 2005 based on the rolling two-year average of performance in fiscal 2004 and fiscal 2005. The actual amount awarded and paid for fiscal 2005 under the At Risk Program is shown in the Summary Compensation Table on page 18 in the LTIP Payouts column.
- (2) This line of the table describes the National Fuel Gas Company Performance Incentive Program under which awards were made to selected officers of the Company in fiscal year 2005. The amount paid will be based on a comparison of the Company's "Total Return on

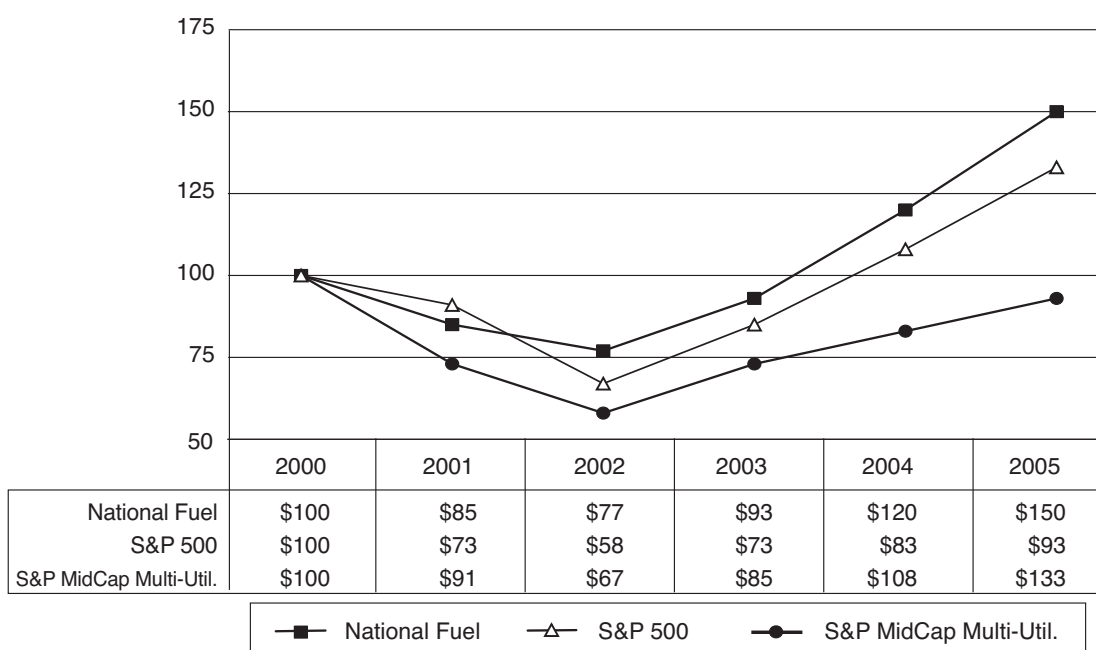
Capital” (the average of the returns on capital for each fiscal year ended during the Performance Period) as compared to that of a group of peer companies established by the Compensation Committee.

Report on Repricing of Options/SARs

The Company did not reprice any stock options or SARs in fiscal 2005. Under the 1997 Award and Option Plan, options and SARs cannot be repriced after they have been granted.

Corporate Performance Graph

The following graph compares the yearly cumulative stockholder return on the Company’s Common Stock against the cumulative total return of the Standard & Poor’s 500 Composite Stock Price Index (“S&P 500”), and the S&P Midcap Multiutility Index for a period of five years commencing September 30, 2000, and ended September 30, 2005. The S&P Midcap Multiutility Index comprises the cumulative total returns of 11 diversified energy companies, including the Company.



¹ Assumes \$100 invested on September 30, 2000, and reinvestment of dividends.

Source: Bloomberg

Employment Contracts and Termination of Employment and Change-in-Control Agreements

Messrs. Ackerman, Beck, Smith, Seeley and Tanski entered into Employment Continuation and Noncompetition Agreements with the Company dated December 11, 1998 that are to become effective in the event of a defined change of control of the Company. (Mr. Hale also entered into such an agreement but it terminated upon his retirement August 1, 2005.) They preserve as a minimum, for the three years following such change of control, the annual salary levels and employee benefits as are then in effect for these executives and provide that, in the event of certain terminations of employment, these executives shall receive severance payments up to 1.99 times their respective annual base salaries and annual bonuses prior to termination. Unless an executive elects not to be bound by the Noncompetition part of the agreement, an additional payment of 1.00 times salary and annual bonus prior to termination will be made at the same time. In addition, executives shall receive either continuation of certain employee benefits for three years or the value of such benefits, specifically any “pension, retirement, deferred compensation, savings, medical, dental, health, disability, group life, accidental death and travel accident insurance plans and programs of the Company and its affiliated companies at a level that is commensurate with the Executive’s participation in such plans immediately prior to the Effective Date, or, if more favorable to the Executive, at the level made effective to the Executive or other similarly situated officers at any time thereafter.”

Mr. Smith entered into a retirement agreement with the Company on September 22, 2003. The agreement is intended to provide Mr. Smith with certain retirement benefits in the event of an actual or constructive termination without cause before March 1, 2011. In such a case, Mr. Smith would receive a retirement benefit based on the percentage of retirement benefits he would receive at March 1, 2011. However, Mr. Smith’s actual earnings and actual years of service at termination would be used in the calculation of his benefit based on the formulas in the Retirement Plan and the Executive Retirement Plan. In order to comply with Section 409A of the Internal Revenue Code, amendments to the agreement impose a required six-month waiting period before commencement of payments under the agreement and provide for the payment of such six-month benefits in a lump sum in the seventh month.

Also, in the event of a defined change in control, these executives shall receive the above-market rate interest on certain deferrals under the Deferred Compensation Plan, which otherwise could have been forfeited. At September 30, 2005, the above-market rate interest account balance for each of the named executive officers were as follows: \$222,877 for Mr. Ackerman, \$0 for Mr. Smith, \$0 for Mr. Beck, \$102,705 for Mr. Seeley, \$0 for Mr. Tanski and \$101,641 for Mr. Hale. Deferrals for Mr. Smith (\$63,158) and Mr. Tanski (\$120,156) incurring above-market rate interest were paid out in July 2005.

Mr. Hale, as the executive officer responsible for the Company’s International business segment from its inception, negotiated and closed the sale of the Company’s principal overseas asset, United Energy, a.s., for approximately \$116.3 million. This transaction closed on July 18, 2005, yielding a net gain to the Company of approximately \$25 million, or approximately \$0.30 per diluted share. In recognition of the success of the International business segment, the Company entered into retirement arrangements with Mr. Hale as described below, under which Mr. Hale retired from the Company effective August 1, 2005 and will assist the Company in arranging for the sale of the Company’s remaining overseas assets. These arrangements were described in a Form 8-K Current Report filed by the Company at the SEC on September 13, 2005, and the signed agreements are included as exhibits to the Company’s 2005 Annual Report and Form 10-K.

Mr. Hale entered into a Retirement Agreement (the “Retirement Agreement”) with the Company and Horizon Energy Development, Inc., a wholly-owned subsidiary of the Company (“Horizon”). Pursuant to the Retirement Agreement, Mr. Hale retired from all of his positions with the Company and its subsidiaries effective August 1, 2005. He will receive a supplemental pension payment of \$120,000 per year commencing August 1, 2005, expressed as a single life annuity. Mr. Hale elected to receive this benefit in the form of a 15-year “period certain and life annuity,” which yields a pre-tax annual benefit of \$112,800. This amount, less applicable taxes and withholding, will be paid for Mr. Hale’s life but for at least 15 years to him or to his designated beneficiary, should Mr. Hale die during those 15 years. Pursuant to the Retirement

Agreement, the Company also paid Mr. Hale an additional supplemental pension payment in a lump sum of \$650,000, less applicable taxes and withholding, on October 15, 2005, which will not be counted as a bonus for purposes of calculating benefits under the National Fuel Gas Company Retirement Plan or the National Fuel Gas Company Executive Retirement Plan.

Mr. Hale and Horizon also entered into a Commission Agreement (the “Commission Agreement”), under which Horizon appoints Mr. Hale as its agent to engage in negotiations for, and otherwise facilitate, the sale of Horizon’s interests in two development projects, one in Italy and one in Bulgaria, for cash. Mr. Hale does not have the authority to sign binding documents or make binding promises on behalf of Horizon, except to the extent provided in separate written instructions or authorizations signed by an officer of Horizon. The Commission Agreement continues for one year and is renewable at the option of the parties for successive one year periods. Horizon cannot refuse to extend the Commission Agreement upon the same terms if active negotiations are underway at the end of the initial term or any subsequent term. Mr. Hale may terminate the Commission Agreement at any time. Horizon may terminate the Commission Agreement at any time if Mr. Hale fails to perform any of the terms and conditions of the Commission Agreement. Upon the closing of a sale of Horizon’s interests in a project, Mr. Hale will receive a commission equal to a sliding percentage of the cumulative net sale proceeds (after deducting all Horizon project expenses after August 1, 2005) from such sale. Mr. Hale will receive 1% of the first \$1 million (or any part thereof) in cumulative net sale proceeds, 2% of the second \$1 million (or any part thereof) in cumulative net sale proceeds, 3% of the third \$1 million (or any part thereof) in cumulative net sale proceeds, etc., up to a maximum of 50% of the fiftieth \$1 million (or any part thereof) in cumulative net sale proceeds. Sale proceeds received more than three months after the closing are discounted in calculating the commission. If the sale of one project is consummated before the sale of the other project, then a portion of the commission will be paid, provided that the net sales proceeds exceed the aggregate project expenses incurred after August 1, 2005 with respect to both projects. Upon the closing of a sale of the second project, the remainder of the commission will be calculated and paid as though both closings had occurred at the same time.

Horizon will reimburse Mr. Hale for reasonable business and travel expenses, but the commission is reduced by an amount equal to one-half of Mr. Hale’s expenses. If Horizon declines to extend the Commission Agreement, and the sale of one or both of the projects is consummated within 180 days after termination of the Commission Agreement to any buyer with whom Mr. Hale had negotiations prior to such termination, then Horizon will pay the commission on such sale or sales.

Retirement Benefits

The following table shows annual 50% joint and survivor life annuity total benefits payable under the Retirement Plan plus the Executive Retirement Plan to eligible officers retiring at the normal retirement age of 65 with a spouse of the same age. Forms of benefit payment other than the 50% joint and survivor life annuity, or retirement at an age earlier than 65, would result in different annual benefits to eligible officers.

PENSION PLAN TABLE

Remuneration (2)(3)	Estimated Annual Retirement Benefits For Years Of Benefit Service Credited(1)				
	20	25	30	35	40
\$ 400,000	\$132,507	\$165,633	\$ 198,760	\$ 220,537	\$ 242,315
665,000	223,656	279,571	335,485	372,531	409,578
930,000	314,806	393,508	472,210	524,525	576,840
1,195,000	405,956	507,445	608,935	676,518	744,102
1,460,000	497,106	621,383	745,659	828,512	911,365
1,725,000	588,256	735,320	882,384	980,506	1,078,627
1,990,000	679,406	849,258	1,019,109	1,132,499	1,245,890

- (1) The service credited for retirement benefit purposes to the officers named in the Summary Compensation Table, as of September 30, 2005 is as follows: Mr. Ackerman, 37 years, 2 months; Mr. Smith, 27 years, 2 months; Mr. Seeley, 40 years; Mr. Beck, 16 years, 4 months;

Mr. Tanski, 26 years, 6 months. For Mr. Hale, the service credited for retirement benefit purposes as of August 1, 2005, his retirement date, was 34 years, 1 month.

- (2) Compensation covered for retirement benefit purposes differs from the amounts appearing in the three “annual compensation” columns of the Summary Compensation Table on page 18, because the retirement benefits are based on the average of the “annual cash compensation” (including At Risk Awards, other performance-related lump-sum compensation and certain restricted stock) payable for the 60 consecutive month period during the last ten years before retiring which produces the highest average. Accordingly, the current compensation covered by the plans (meaning the average “annual cash compensation” for the 60 months ending September 2005) for the above named executive officers was: Mr. Ackerman, \$1,646,310; Mr. Smith, \$706,839; Mr. Seeley, \$699,916; Mr. Beck, \$470,824; Mr. Tanski, \$338,300; and Mr. Hale \$346,200.
- (3) Benefits described in this table reflect a partial offset for Social Security benefits.

The officers named in the Summary Compensation Table are not participants in any other defined benefit or actuarial plan. They are participants in defined contribution plans which would normally pay out after retirement, namely (i) the Tax Deferred Savings Plan (a 401(k) plan); (ii) the Deferred Compensation Plan (under which those executives and other selected management employees previously deferred part of salary earned in previous years); (iii) the Tophat Plan; and (iv) the Employee Stock Ownership Plan. The Company’s fiscal 2005 contributions to those plans are itemized in footnote 3 to the Summary Compensation Table on page 18. The officers named in the Summary Compensation Table may also receive other post-retirement benefits (medical, prescription, life insurance) in the same manner as non-union retirees from the Company’s utility subsidiary who were hired before January 1, 2003. Such retirees pay the Company an amount equal to the required active employee contribution for medical and prescription benefits in effect on the date of retirement.

2. APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

At the 2006 Annual Meeting, stockholders will be asked to approve the Audit Committee’s appointment of PricewaterhouseCoopers LLP, as the independent registered public accounting firm for the Company’s fiscal year ending September 30, 2006 (“fiscal 2006”). If approved by the stockholders, PricewaterhouseCoopers LLP will examine the financial statements of the Company and its subsidiaries and report upon the annual consolidated financial statements for fiscal 2006, as they did for fiscal 2005.

Representatives of that firm will not be attending this year’s Annual Meeting. Therefore, no representative will be available to answer questions or make a statement.

The affirmative vote of a majority of the votes cast with respect to the appointment of the independent registered public accounting firm by the holders of shares of Common Stock entitled to vote is required for the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm.

If the necessary votes are not received, or if PricewaterhouseCoopers LLP declines to accept or otherwise becomes incapable of accepting or exercising the appointment, or its services are otherwise discontinued, the Board of Directors will appoint another independent registered public accounting firm. Unless they are otherwise directed by the stockholders, the Proxies intend to vote for the appointment of PricewaterhouseCoopers LLP as the independent registered public accounting firm.

The Board of Directors Recommends a Vote FOR this Appointment.

3. SHAREHOLDER PROPOSAL

A shareholder (the “Proponent”) has indicated that he or she will present the proposal set forth below for consideration by the shareholders at the Annual Meeting. The name, address and

stock ownership of the Proponent will be provided by the Company's Secretary to any shareholder promptly upon receipt of any oral or written request. The affirmative vote of a majority of the votes cast on this proposal by the holders of Common Stock entitled to vote is required to adopt this proposal.

"The stockholders recommend that the Board undo the recent large increases in compensation payable to non-employee directors, and restore the compensation program in effect in fiscal 2003, for a minimum of 3 years, and that these changes occur effective beginning April, 2006. There is one exception — the chairmen of Board Committees would receive no extra compensation (and certainly not the excessive \$7,500 per year now in effect) for service as such. This means that non-employee directors would receive the following annual compensation:

- Cash retainer of \$20,000.
- Company common stock retainer of 1,200 shares.
- \$1,500 per Board meeting attended.
- \$1,200 per Board Committee meeting attended.
- \$600 per special consultation at request of CEO.

Further, the stockholders recommend that any later increases in non-employee director compensation not be payable until after (if) the directors have been reelected.

My stockholder proposal is necessary and appropriate for the following reasons.

In December 2004, non-employee directors hugely increased their own compensation, without even seeking stockholder approval. The annual cash retainer was increased by 30% to \$26,000, and the compensation paid per Board and committee meeting was increased by 20% and 50% respectively, to \$1,800. In 2005, the annual compensation of non-employee directors who attend 6 meetings of the Board (the number held in 2004) as well as 5 meetings of the Compensation Committee (the number held in fiscal 2004) will exceed \$80,000 per year, an obscene amount for attending a few meetings and reading a few Company documents.

Indeed, some non-employee directors (e.g., Committee chairman) are on track to receive close to \$90,000 in fiscal 2005.

These figures are computed using the closing Company stock price on the date of my Proposal (August 30, 2005).

These current compensation levels are even more obscene when the following is considered:

- The Company's common stock has not performed very well, even despite recent increases in energy prices. (As of the date of my Proposal, Company common stock has increased in price by about 12% over the past 5 years.)
- There is no public information suggesting that anyone undertook any study justifying these large increases in compensation. Further, there is no evidence that the Company has had difficulties attracting and retaining directors. After all, who wouldn't want to receive more than \$75,000 per year for a few days of work?
- The Board has been derelict respecting executive compensation. It permitted Bernard Kennedy, recently retired CEO, to plunder the Company in the amount of approximately \$67 million. (This is approximately the total value of the cash, benefits, stock and stock options provided and promised to Kennedy respecting his time as Company CEO and retiree. These figures are derived from public documents.) Kennedy was paid \$23 million in 2004 alone.
- The Board has been imprudent in increasing executives' benefits, while the unfunded portion of executive and employee benefits exceeds \$300 million.

My Proposal will, in sum, reduce waste and save the Company money.

Therefore, stockholders should approve my Proposal."

Statement of the Board in Opposition to the Shareholder Proposal

Your Board of Directors recommends that you vote “AGAINST” this proposal. The proposal is unnecessary, unwise and is motivated by the personal grievances of the Proponent, who is the life companion of a disgruntled ex-employee who has repeatedly submitted similar proposals since 1998. This proposal is part of that ex-employee’s long-running vendetta against the Company and certain of its officers and directors. In the course of that campaign, that ex-employee has violated numerous court orders, for which various courts have found him guilty of more than 80 counts of civil contempt of court and 35 counts of criminal contempt. Nevertheless, the rules of the SEC require us to include the Proponent’s proposal and supporting statement.

If the Proponent’s proposal had been in effect throughout fiscal year 2005, the total savings to the Company would have been less than \$150,000, taken from among the eight different individuals who served as outside directors during some or all of fiscal 2005. The Board’s compensation is described on page 8 of this Proxy Statement.

The compensation received by your outside directors was marginally increased effective January 1, 2005 after consultation with outside consultants and a review of the same peer group of 11 companies used for evaluating executive compensation (see the Report of the Compensation Committee on pages 14-17 of this Proxy Statement). In December 2004, the Company’s outside directors were being paid below the median of the 11 companies in that peer group, ranking seventh among 11. After the modest increase effective January 1, 2005, the Company moved up to sixth (exactly the median) among those 11 peer companies. Comparing to a wider group of publicly traded companies, in fiscal 2005 your outside directors were on average paid only 62% of the 2004 median compensation for directors of the 350 companies in the “Mercer 350.”

Contrary to the Proponent’s misconception, there are more than “a few days of work” involved in being a director of a publicly traded company in the post-Enron, post-Sarbanes-Oxley era. In fiscal 2005, the Audit Committee met 11 times and the Compensation Committee met eight times. One outside director attended six board meetings and 23 committee meetings in fiscal 2005. Substantial preparation for these meetings and substantial potential liability are integral parts of public company board membership.

Your Board of Directors consists of individuals with many years of successful experience in various segments of the natural gas industry. Their skill, judgment and dedication are evidenced by the Company’s record earnings in fiscal 2005. Much of their compensation is in the form of Company Stock which they must retain until after they leave the Board, and their holdings of Company Stock are set forth on pages 11-12 of this Proxy Statement. Their interests are aligned with the stockholders, and they are well worth the compensation they receive from the Company.

The Board of Directors recommends a vote “AGAINST” this proposal.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company’s directors and officers, and persons who own more than 10% of a registered class of the Company’s equity securities, to file reports of ownership and changes in ownership with the SEC and the NYSE. Directors, officers and greater-than 10% stockholders are required by SEC regulation to furnish the Company with copies of all Section 16(a) forms they file. Based solely on review of information furnished to the Company, reports filed through the Company and/or written representations that no Form 5 was required, the Company believes that all Section 16(a) filing requirements applicable to its officers, directors and greater-than 10% beneficial owners were complied with during fiscal 2005.

CODE OF ETHICS

Pursuant to SEC Regulations, the Company has adopted a code of ethics that applies to the Company’s principal executive officer, principal accounting officer, controller, other officers and employees that is designed to deter wrongdoing and to promote honest and ethical conduct. The text of the code of ethics can be viewed by going to the Company’s website www.nationalfuelgas.com. Upon request, the Company will provide to any person without

charge a copy of the code of ethics. Requests must be made to the Secretary at the principal offices of the Company.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

Only one copy of the Company's Proxy Statement for the 2006 Annual Meeting of Stockholders and one copy of the Company's Annual Report and Form 10-K for the 2005 fiscal year are being delivered to multiple stockholders who share an address unless the Company has received contrary instructions from one or more of the stockholders. A separate proxy card and a separate notice of the meeting of stockholders are being included for each account at the shared address.

Registered stockholders who share an address and would like to receive a separate annual report to stockholders and/or a separate proxy statement for the 2006 Annual Meeting or in the future, or have questions regarding the householding process, may contact the Company's transfer agent, The Bank of New York, by calling 1-800-648-8166 or by forwarding a written request addressed to The Bank of New York, 101 Barclay St., 11 East, New York, NY 10286. Promptly upon request, additional copies of the Company's Annual Report and Form 10-K for the 2005 fiscal year and/or separate Proxy Statements for the 2006 Annual Meeting will be sent. By contacting The Bank of New York, registered stockholders sharing an address can also request delivery of a single copy of annual reports to stockholders or proxy statements in the future if registered stockholders at the shared address are receiving multiple copies.

Many brokerage firms and other holders of record have also instituted householding procedures. If your family has one or more "street name" accounts under which you beneficially own shares of Common Stock, you may have received householding information from your broker, financial institution or other nominee in the past. Please contact the holder of record directly if you have questions, require additional copies of the Proxy Statement or our Annual Report to Stockholders for fiscal 2005 or wish to revoke your decision to household and thereby receive multiple copies. You should also contact the holder of record if you wish to institute householding. These options are available to you at any time.

OTHER BUSINESS

The Board of Directors does not know of any business that will be presented for consideration at the meeting except as set forth above. However, if any other business is properly brought before the meeting, or any adjournment thereof, the Proxies will vote in regard thereto according to their discretion.

PROPOSALS OF SECURITY HOLDERS

Proposals that security holders intend to present at the 2007 Annual Meeting of Stockholders must be received by the Secretary at the principal offices of the Company no later than September 7, 2006, in order to be considered for inclusion in the Company's proxy statement and proxy for that meeting. Notice of a shareholder proposal submitted outside the processes of SEC Rule 14a-8 under the Securities Exchange Act, for consideration at the 2007 Annual Meeting of Stockholders, shall be considered untimely unless received by the Secretary at the Company's principal office no later than September 18, 2006.

BY ORDER OF THE BOARD OF DIRECTORS

ANNA MARIE CELLINO
Secretary

January 5, 2006

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APPENDIX A TO PROXY STATEMENT

NATIONAL FUEL GAS COMPANY CORPORATE GOVERNANCE GUIDELINES

Amended December 8, 2005

The business of National Fuel Gas Company (the “Company”) is conducted by its employees, managers and officers, under the oversight of the Board of Directors (the “Board”), in order to serve the long-term interests of its shareholders. The Board and management recognize that the long-term interests of shareholders are served by considering the interests of customers, employees and the communities in which the Company operates. In addition, the Board requires directors, officers and employees to comply with all legal and regulatory requirements and to adhere to the highest ethical standards in the performance of their duties.

To help discharge its responsibilities, the Board has adopted the following guidelines on corporate governance matters.

1. Size of the Board

The Board shall consist of a number of directors, not less than seven nor more than eleven, as determined by a majority vote of the full Board.

2. Independent Directors

A majority of the Board must qualify as independent directors under the listing standards of the New York Stock Exchange (NYSE). The Board will annually review the relationship that each director has with the Company (either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company). The Board has established Director Independence Guidelines for purposes of this review. All determinations of director independence will be disclosed in the Company’s annual proxy statement.

3. Director Qualifications

The Board, with input from the Nominating/Corporate Governance Committee, is responsible for periodically determining the appropriate skills, perspectives, experiences, and characteristics required of Board candidates, taking into account the Company’s needs and current make-up of the Board. This assessment should include knowledge, experience, and skills in areas critical to understanding the Company and its business; personal characteristics, such as integrity and judgment; and candidates’ commitments to the boards of other publicly-held companies. Each Board member is expected to ensure that other existing and planned future commitments do not materially interfere with the member’s service as a director and that he or she devotes the time necessary to discharge his or her duties as a director.

The Nominating/Corporate Governance Committee is responsible for periodically reviewing these qualification guidelines and recommending modifications, as appropriate. The Board believes the qualification guidelines included as Exhibit A are currently appropriate, but it may change these guidelines as the Company’s and Board’s needs warrant.

Directors are expected to carry out the functions of the Board in a professional and diligent manner, and to spend the time and effort necessary to properly discharge such responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and Committees on which such director sits, with the understanding that on occasion a director may be unable to attend a meeting. A director who is unable to attend a meeting is expected to notify the Chairman of the Board or the Chair of the appropriate Committee in advance of such meeting. A director is also expected to review provided materials in advance of a meeting.

4. Selection of New Directors

The Board is responsible for selecting its members and nominating them for election by the stockholders and for filling vacancies on the Board. The Nominating/Corporate Governance Committee will recommend to the Board nominees for election, including, as appropriate, incumbent directors for re-election.

The Nominating/Corporate Governance Committee is not obligated to consider candidates recommended by stockholders for nomination to the Board. Stockholders may propose candidates for consideration in accordance with the Process for Identifying and Evaluating Nominees for Director included as Exhibit B.

In selecting individuals for nomination, the Committee will seek the input of the Chairman of the Board and Chief Executive Officer and will evaluate candidates using the qualification guidelines included as Exhibit A and the Process for Identifying and Evaluating Nominees for Director included as Exhibit B, as they may be supplemented from time to time. Once a candidate is selected to join the Board, the Chairman of the Board and/or the Chair of the Nominating/Corporate Governance Committee will extend the invitation to join the Board on the Board's behalf.

5. Term Limits

The Board does not believe it should limit the number of terms for which an individual may serve as a director. While term limits could help ensure fresh ideas, they also would force the Board to lose the contributions of directors who have developed an insight into the Company. This insight and continuity of directors is an advantage, not a disadvantage. As an alternative to term limits, the Nominating/Corporate Governance Committee will review a director's continuation on the Board whenever the director experiences a change in professional responsibilities, as a way to assure that the director's skills and experience continue to match the needs of the Board. In addition, in connection with nomination of the slate of directors that the Board proposes for election by stockholders each year, the Nominating/Corporate Governance Committee will consider re-nominated directors' continuation on the Board and take steps as may be appropriate to ensure that the Board maintains an openness to new ideas.

Subject to paragraph 7, a director shall normally serve on the Board for a three-year term, except that a director appointed to fill a vacancy shall stand for election at the next annual meeting of shareholders.

6. Change in Professional Responsibilities

It is the view of the Board that each director who experiences a change in his or her business or professional affiliation or responsibilities should bring this change to the attention of the Board and should offer to resign. The Board does not believe that each director who retires or has a change in position or responsibilities should necessarily leave the Board. The Nominating/Corporate Governance Committee will, however, review the continued appropriateness of Board membership under these circumstances and make a recommendation to the Board.

This same guideline applies to any inside directors, including the Chief Executive Officer of the Company, in the event he or she no longer serves in that position.

7. Retirement Age

As a general rule, directors shall retire not later than the date of the first Annual Meeting of Shareholders following the date of their 72nd birthday.

8. Board Leadership

A. Chairman of the Board and Chief Executive Officer

1. The Chairman of the Board, who may also be the Chief Executive Officer, shall be a director and preside at all meetings of the Board and meetings of the shareholders. The

Chairman of the Board is chosen on an annual basis by at least a majority vote of the remaining directors.

2. The Chief Executive Officer, who may also be the Chairman of the Board, shall be appointed by the Board and serve at the pleasure of the Board.

B. Succession Planning and Leadership Development

Each year, the Chief Executive Officer will report to the Compensation Committee on succession planning and his or her recommendation as to a potential successor, along with a review of any development plans recommended for such individuals. The Committee will make an annual report to the Board on succession planning, and the Board will work with the Committee to evaluate potential successors to the Chief Executive Officer. When the Compensation Committee and the Board review management succession plans for the Chief Executive Officer, they will consider succession in the event of an emergency or retirement of the Chief Executive Officer. The Committee and the Board will also review succession candidates for executive officers other than the Chief Executive Officer and other senior managers as it deems appropriate.

9. Board Committees

A. Number of Committees

Currently there are four Committees: Executive, Audit, Compensation and Nominating/Corporate Governance. The Board believes the current Committee structure is appropriate. From time to time, depending upon the circumstances, the Board may form a new Committee or disband a current Committee.

B. Assignment of Committee Members

The Board appoints members of the Committees on an annual basis. Vacancies in the Committees will be filled by the Board. In making assignments to the Committees, only Independent Directors may serve on the Audit Committee, the Compensation Committee, or the Nominating/Corporate Governance Committee, and at least one member of the Audit Committee must have accounting or financial management experience, as defined by the U.S. Securities and Exchange Commission rules or as required under applicable New York Stock Exchange listing requirements. Additionally, a member of the Audit Committee may not sit on more than three other Audit Committees of other public companies, unless the Board determines that such commitments would not impair his or her effective service to the Company.

The Board will take into account tenure on a Committee and give consideration to rotating Committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

C. Committee Charters and Authority

The Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee, each have a written charter, which has been approved by the Board. Each charter delegates certain responsibilities to the respective Committee.

The Executive Committee may exercise Board authority with respect to matters other than those for which action of the full Board is required under applicable law.

Unless delegated to one of the Committees either in the Charter, the Bylaws or a resolution of the Board, each Committee shall make recommendations to the Board and the Board will consider and approve the recommendations. The Committee charters may be changed from time to time by approval of the Board.

10. Board Meetings

A. Number of Meetings

The Board has at least four scheduled meetings per year at which it reviews and discusses reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company.

B. Agenda Items

The Chairman of the Board and the Chief Executive Officer shall establish the agenda for Board meetings. Any director may request inclusion of an item on the agenda. The Chairman of the Board shall preside over Board meetings.

C. Distribution of Board Materials in Advance

Materials for review, discussion and/or action of the Board should be distributed to Board members in advance of meetings whenever practicable.

D. Non-Management Director Meetings

The non-management directors will meet at regularly scheduled executive sessions without management. The Audit Committee Chair, Nominating/Corporate Governance Committee Chair and Compensation Committee Chair may call the non-management directors to additional sessions without management.

11. Board Performance Evaluation

The Board and each Committee will perform an annual self-evaluation. Each year the directors will provide assessments of the effectiveness of the Board and the Committees on which they serve. These evaluations will be submitted to the Nominating/Corporate Governance Committee which will review them and determine if any additional evaluation is necessary. If the Nominating/Corporate Governance Committee determines that additional evaluation is necessary, it may elect to have such evaluation performed internally, or by an independent corporate governance expert. The Nominating/Corporate Governance Committee will report all evaluation results to the Board and make recommendations for areas which, in its judgment, require improvement.

12. Board Compensation

The Board has sought and received shareholder approval of the current form of director compensation. The Board's compensation philosophy is that directors (other than those who are also salaried officers of the Company or any of its subsidiaries) are entitled to receive reasonable compensation for their services and reimbursement for certain expenses, as may be determined by the Board. The Compensation Committee shall have the responsibility for recommending to the Board changes in compensation levels for non-employee directors. In discharging this duty, the Committee shall be guided by four general principles: compensation should fairly pay directors for work required; compensation should attract and retain highly qualified candidates for Board membership; compensation should align directors' interests with the long-term interests of shareholders; and compensation should be transparent and as simple as possible within the limitations of tax and legal considerations.

Reasonable compensation also may be paid to any person (other than a salaried officer or employee of the Company or any of its subsidiaries) formally requested by the Board to attend a meeting.

13. Board Access to Company Management and Employees

Board members will have access to all Company management. Independent Board members may consult with managers without senior corporate management present. Management is encouraged to invite Company personnel to any Board meeting at which their presence and

expertise would help the Board to have a full understanding of matters being considered and to introduce managers with significant potential.

14. Access to Independent Advisors

The Board shall have the power at any time to retain independent outside financial, legal or other advisors, at the Company's expense.

15. Director Contact with the Company's Constituencies

Except as otherwise required by NYSE listing standards or applicable law, communications with parties external to the Company (including but not limited to shareholders, the media, attorneys, vendors, service providers, etc.) shall be the responsibility of the Chief Executive Officer or delegated by the Chief Executive Officer to the appropriate area of the Company. The directors will be consulted from time to time for their advice, as the Chief Executive Officer so determines.

16. Director Orientation and Continuing Education

All directors, upon their initial appointment to the Board, shall attend an educational session, thereby enabling them to better perform their duties and recognize and deal with various issues that may arise during their tenure as directors. Subsequently, the directors shall attend ongoing educational programs related to their Board service as the Board deems appropriate.

17. Amendment and Interpretation

These Guidelines are in addition to and are not intended to change or interpret any federal or state law or regulation, or the Company's Certificate of Incorporation or Bylaws or any Committee Charter reviewed and approved by the Board. The Guidelines are subject to modification from time to time by the Board.

**EXHIBIT A
TO
NATIONAL FUEL GAS COMPANY
CORPORATE GOVERNANCE GUIDELINES**

**NATIONAL FUEL GAS COMPANY
DIRECTOR QUALIFICATION GUIDELINES**

The Board of Directors in considering qualifications of directors standing for re-election and candidates for Board membership will consider the following factors, in addition to those other factors it may deem relevant:

1. Strong management experience, ideally with major public companies.
2. Other areas of expertise or experience that are desirable given the Company's business and the current make-up of the Board, such as expertise or experience in: the natural gas industry, information technology businesses, manufacturing, international, financial or investment banking, scientific research and development, senior level government experience, and academic administration or teaching.
3. Desirability of range in age, so that retirements are staggered to permit replacement of directors of desired skills and experience in a way that will permit appropriate continuity of Board members.
4. Independence, as defined by the Board.
5. Diversity of perspectives brought to the Board by individual members.
6. Knowledge and skills in accounting and finance, business judgment, general management practices, crisis response and management, industry knowledge, international markets and leadership.
7. Personal characteristics matching the Company's values, such as integrity, accountability, financial literacy, and high performance standards.
8. Additional characteristics, such as:
 - a.) willingness to commit the time required to fully discharge their responsibilities to the Board, including the time to prepare the Board and Committee meetings by reviewing the material supplied before each meeting;
 - b.) commitment to attend a minimum of 75% of meetings;
 - c.) ability and willingness to represent the stockholders' long and short-term interests;
 - d.) awareness of the Company's responsibilities to its customers, employees, suppliers, regulatory bodies, and the communities in which it operates; and
 - e.) willingness to advance their opinions, but once a decision is made by a majority of the Board, a willingness to support the majority decision assuming questions of ethics or propriety are not involved.
9. The number of commitments to other entities, with one of the more important factors being the number of other public-company boards on which the individual serves.
10. In order to qualify for election as a director, a nominee must be a shareholder of the Company.

EXHIBIT B
TO
NATIONAL FUEL GAS COMPANY
CORPORATE GOVERNANCE GUIDELINES

NATIONAL FUEL GAS COMPANY
NOMINATING/CORPORATE GOVERNANCE COMMITTEE

Process for Identifying and Evaluating Nominees for Director

1. The Nominating/Corporate Governance Committee (the Committee) will observe the following procedures in identifying and evaluating candidates for election to the Company's Board of Directors.

2. The Company believes that the continuing service of qualified incumbents promotes stability and continuity in the boardroom, contributing to the Board's ability to work as a collective body, while giving the company the benefit of the familiarity and insight into the Company's affairs that its directors have accumulated during their tenure. Accordingly, the process of the Committee for identifying nominees shall reflect the Company's practice of re-nominating incumbent directors who continue to satisfy the Board's criteria for membership on the Board, whom the Committee believes continue to make important contributions to the Board and who consent to continue their service on the Board.

3. Consistent with this policy, in considering candidates for election at annual meetings of stockholders, the Committee will consider the incumbent directors whose terms expire at the upcoming meeting and who wish to continue their service on the Board.

4. The Board will evaluate the qualifications and performance of the incumbent directors who desire to continue their service. In particular, as to each such incumbent director, the Committee will —

- (a) consider if the director continues to satisfy the Director Qualification Guidelines which are Exhibit A to the Company's Corporate Governance Guidelines;
- (b) review any prior assessments of the performance of the director during the preceding term made by the Committee; and
- (c) determine whether there exist any special, countervailing considerations against re-nomination of the director.

5. If the Committee determines that:

- (a) an incumbent director consenting to re-nomination continues to be qualified and has satisfactorily performed his or her duties as a director during the preceding term; and
- (b) there exist no reasons, including considerations relating to the composition and functional needs of the Board as a whole, why in the Committee's view the incumbent should not be re-nominated,

the Committee will, absent special circumstances, propose the incumbent director for re-nomination.

6. The Committee will identify and evaluate new candidates for election to the Board, including for the purpose of filling vacancies arising by reason of the resignation, retirement, removal, death or disability of an incumbent director or the desire of the directors to expand the size of the Board.

7. The Committee will accept recommendations for nominees from persons that the Committee believes are likely to be familiar with qualified candidates. These persons may include members of the Board, including members of the Committee, and management of the Company. The Committee may also determine to engage a professional search firm to assist in identifying qualified candidates. If such a firm is engaged, the Committee shall set its fees and the scope of its engagement.

8. As to each recommended candidate that the Committee believes merits consideration, the Committee will:

- (a) cause to be assembled information concerning the background and qualifications of the candidate;
- (b) determine if the candidate satisfies the Director Qualification Guidelines which are Exhibit A to the Company's Corporate Governance Guidelines; if so, then
- (c) consider the contribution that the candidate can be expected to make to the overall functioning of the Board.

9. The Committee shall solicit the views of the Chief Executive Officer and the Chairman of the Board, and the views of such other persons as the committee deems appropriate, regarding the qualifications and suitability of candidates to be nominated as directors.

10. In its discretion, the Committee may designate one or more of its members (or the entire Committee) to interview any proposed candidate.

11. Based on all available information and relevant considerations, the Committee will select a candidate who, in the view of the Committee, is suited for membership on the Board. The Committee will then recommend to the Board that the candidate be nominated. The Board would then, if it chooses, nominate the candidate by a resolution adopted by the Board at a meeting or by unanimous written consent.

12. Stockholders may propose candidates for consideration by the Committee by communication directed to the Company's Secretary at its principal office, received no later than 165 days before the scheduled date of the next annual meeting pursuant to the Company's bylaws, which communication must include all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors in an election contest, or is otherwise required, in each case under applicable SEC regulations, including such person's written consent to be named in the proxy statement as a nominee and to serving as a director if elected. In making its selection, the Committee will evaluate candidates proposed by stockholders owning at least two percent (2%) of the Company's outstanding common stock, under criteria similar to the evaluation of other candidates. The Committee shall have no obligation whatsoever to consider other unsolicited recommendations received from stockholders proposing candidates for the Board. The Committee may consider, as one of the factors in its evaluation of stockholder recommended nominees, the size and duration of the interest of the recommending shareholder or shareholder group on the equity of the Company, and the candidate's relationship to that stockholder or group, in order to determine whether the candidate can effectively represent the interests of all stockholders. The Committee may also consider the extent to which the recommending stockholder or group intends to continue holding its interest in the Company, including, in the case of nominees recommended for election at an annual meeting of stockholders, whether the recommending stockholder intends to continue holding its interest at least through the time of such annual meeting.

APPENDIX B TO PROXY STATEMENT

NATIONAL FUEL GAS COMPANY DIRECTOR INDEPENDENCE GUIDELINES

AS AMENDED DECEMBER 8, 2005

The following Director Independence Guidelines (the “Guidelines”) have been adopted by the Board of Directors (the “Board”) of National Fuel Gas Company (“National Fuel”) to assist the Board in the exercise of its responsibilities to National Fuel and its shareholders. The Guidelines should be interpreted in the context of all applicable laws and National Fuel’s other corporate governance documents, and are intended to serve as a flexible framework within which the Board may conduct its business. The Guidelines are subject to modification from time to time, and the Board shall be able, in the exercise of its discretion, to deviate from the Guidelines from time to time, as the Board may deem appropriate and as required or permitted by applicable laws and regulations.

1. *Effectiveness.* The Guidelines will become effective on January 1, 2004.

2. *Implementation.* The Board will annually review the independence of all directors, affirmatively make a determination as to the independence of each director and disclose those determinations, in each case, consistent with the requirements of the New York Stock Exchange (“NYSE”) and the Securities and Exchange Commission (“SEC”), as applicable.

3. *Independence of at Least a Majority of the Board.* The Board will at all times have at least a majority of directors who meet the criteria for independence required by the NYSE and the SEC.

4. *Absence of a Material Relationship.* In order for a director to be considered “independent,” the Board must affirmatively determine, after consideration of all relevant facts and circumstances, that the director has no direct or indirect material relationship with National Fuel or any subsidiary in a consolidated group with National Fuel (together, the “Company”). When assessing the materiality of a director’s relationship with the Company, the Board will consider the issue not merely from the standpoint of the director, but also from that of persons or entities with which the director has an affiliation.

5. *Cooling-Off Period.* A director will not be considered independent if:

- (i) currently or within the preceding three years the director is or was employed by the Company;
- (ii) currently or within the last three years, an immediate family member of the director is or was employed by the Company as an executive officer;
- (iii) the director or an immediate family member of the director received during any twelve-month period within the last three years more than \$100,000 in compensation from the Company (excluding (A) director and committee fees, (B) pension and other deferred compensation for prior service provided such compensation is not contingent in any way on continued service and (C) compensation received by such immediate family member for service as a non-executive employee of the Company);
- (iv) the director (A) is a current partner or employee of a firm that is the present auditor of the Company or (B) within the past three years was a partner or employee of such firm and worked on the Company’s audit;
- (v) an immediate family member of the director (A) is a current partner of a firm that is the present auditor of the Company (B) is a current employee of a firm that is the present auditor of the Company and participates in such firm’s audit, assurance or tax compliance practice or (C) within the past three years was a partner or employee of such firm and worked on the Company’s audit;

- (vi) a present Company executive officer currently serves or within the past three years served on the compensation committee of an entity which employed the director or an immediate family member of the director as an executive officer (this three year cooling-off period shall apply to both service and employment); or
- (vii) the director is an employee, or an immediate family member of the director is an executive officer, of an entity that in any of the last three fiscal years made payments to, or received payments from, the Company for property or services in excess of the greater of (A) \$1 million, or (B) 2% of the other entity's consolidated gross revenues. Contributions to tax-exempt organizations shall not be considered "payments."

6. *Categorical Standards.* Provided that the independence criteria set forth in Paragraph 5 above are met, the Board has determined that the following commercial or charitable relationships will not be considered material relationships for purposes of determining whether a director is independent:

- (i) the director is a member, partner or executive officer of, or of counsel to, an entity (excluding any charitable organization) that makes annual payments to or receives annual payments from the Company for property or services in an amount less than the greater of (A) \$1 million, or (B) 2% of the other's consolidated gross revenues for its last completed fiscal year;
- (ii) the director is an executive officer, trustee or director of an entity, and the Company's discretionary charitable contributions to that entity are less than 5% of that entity's total annual charitable receipts for its last completed fiscal year; and
- (iii) the director is an executive officer of an entity which is indebted to the Company, or to which the Company is indebted, and the total amount of either's indebtedness to the other is less than 5% of its own total consolidated assets, measured as of the last fiscal year-end.

For purposes of the Guidelines:

"immediate family member" means a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law and anyone (other than domestic employees) who shares such person's home.

For purposes of the Categorical Standards:

- (i) The calculation of payments to and from the Company may *exclude*:
(A) payments determined by competitive bid or authorized by, or in conformity with, law or governmental authority and (B) payments arising solely from the ownership of securities of the Company with no benefit being received that is not shared on a pro rata basis by all holders of the class of securities.
- (ii) The calculation of indebtedness owed to or by the Company may *exclude*:
(A) debt securities publicly offered, traded on a national exchange or quoted on an automated quotation system of a registered securities association and (B) trade debt subject to usual terms.

7. *Relationships and Transactions Not Covered by the Categorical Standards.* Any determination by the Board that a director who has a business or other relationship that is not covered by the Categorical Standards set forth in Paragraph 6 above is independent, will be disclosed by National Fuel in its annual proxy statement, together with the basis for such determination.

8. *Affirmative Obligation of Directors.* Each director has an affirmative obligation to inform the Board of any material change in his or her business or other relationships that may impact the Board's determination with regard to his or her independence.

9. *Disclosure by the Company.* The Board will cause National Fuel to disclose the following in its annual proxy statement:

- (i) the Guidelines, including the categorical standards adopted by the Board to assist it in making determinations regarding the independence of a director;
- (ii) the identity of the independent directors and the basis for the affirmative determinations of the Board regarding the independence of each director;
- (iii) a specific explanation of any determination by the Board that a director is independent notwithstanding that the director does not meet the categorical standards set forth in the Guidelines; and
- (iv) charitable contributions by the Company to an entity that employs a director of the Company as an executive officer if, within the preceding three years, contributions by the Company in any fiscal year exceeded the greater of (A) \$1 million, or (B) 2% of the other entity's consolidated gross revenues.

APPENDIX C TO PROXY STATEMENT

NATIONAL FUEL GAS COMPANY REPORTING PROCEDURES FOR ACCOUNTING AND AUDITING MATTERS

I. Purpose

National Fuel Gas Company (“Company”) has a longstanding commitment to comply with federal and state securities laws and regulations, accounting standards, accounting controls and audit practices. In furtherance of this commitment, the Audit Committee of the Company’s Board of Directors has established these Reporting Procedures for Accounting and Auditing Matters (“Procedures”), which provide for (i) the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.

II. Scope

These Procedures apply to all employees of all divisions and subsidiaries of the Company.

III. Procedures

A. Making a Report of Accounting and Auditing Matters

1. An employee with a concern or complaint regarding accounting, internal accounting controls, or auditing matters (collectively “Accounting and Auditing Matters”) may report such concerns, on a confidential and anonymous basis if the employee so desires, as follows:
 - a. Via the Company’s dedicated toll-free hotline (1-800-605-1338) operated by a third party service company; or
 - b. In writing in a sealed envelope addressed to the Chairman of the Audit Committee, National Fuel Gas Company, 6363 Main Street, Williamsville, New York 14221. The sealed envelope should be labeled with a legend such as: “*Submitted pursuant to the Reporting Procedures for Accounting and Auditing Matters.*”
2. A sufficiently detailed description of the factual basis for the report should be given in order to allow appropriate investigation into the matter.

B. Treatment of Reports

1. All reports will be forwarded to the Chairman of Audit Committee, the Chief Auditor, and General Counsel.
2. Upon receipt of a report, the Chief Auditor will determine whether the complaint pertains to Accounting and Auditing Matters. If the report does not pertain to Accounting and Auditing Matters, the Chief Auditor and General Counsel will decide together on the appropriate disposition.
3. Reports relating to Accounting and Auditing Matters will be promptly investigated by the Chief Auditor under the Audit Committee’s direction and oversight, and may involve the assistance of other Company resources as needed. To the fullest extent possible, such investigations and reports will be kept confidential.
4. If the results of an investigation indicate that corrective action is required, the Audit Committee will decide what steps should be taken to rectify the problem and reduce the likelihood of recurrence, and may also recommend appropriate discipline.
5. No person making a report under these Procedures shall be subject to retaliation because of making a good faith report. In addition, any employee of the Company responsible for retaliating against individuals who in good faith report concerns regarding Accounting and Auditing Matters will be subject to disciplinary action, up to and including termination. Any employee making a bad faith report, including a

report made for the purpose of harassing or maliciously injuring the subject of the report, will be subject to disciplinary action, up to and including termination.

C. Retention of Reports and Investigation Documents

The Chief Auditor will maintain, in accordance with the Company's document retention policy, a complete record of all reports received (including those determined not to pertain to Accounting and Auditing Matters), all records associated with reports of Accounting and Auditing Matters, the treatment of reports of Accounting and Auditing Matters under these Procedures, and the ultimate disposition of Accounting and Auditing Matters reports. In addition, the Chief Auditor shall prepare an update on the status of (i) all reports of Accounting and Auditing Matters under investigation, and (ii) those reports of Accounting and Auditing Matters whose investigation has been concluded since the previous status update. Status updates shall be provided on a monthly basis for the Chairman of the Audit Committee and shall be provided on a quarterly basis for the entire Audit Committee.

IV. Administration of Procedures

The Audit Committee is the issuer and owner of these Procedures. These Procedures shall be subject to periodic review and revision by the Audit Committee as necessary or appropriate. The Audit Committee, in consultation with the Company's Chief Auditor, shall have the authority to make any interpretations regarding the operation of these Procedures.

