NATIONAL FUEL GAS CO

FORM 10-Q
(Quarterly Report)

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Industry	Natural Gas Utilities
Sector	Utilities
Fiscal Year	09/30

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 1-3880

NATIONAL FUEL GAS COMPANY
(Exact name of registrant as specified in its charter)

New Jersey **(State or other jurisdiction of incorporation or organization)**	**13-1086010** **(I.R.S. Employer Identification No.)**
6363 Main Street **Williamsville, New York** **(Address of principal executive offices)**	**14221** **(Zip Code)**

(716) 857-7000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. YES ☒ NO ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES ☒ NO ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ☒		Accelerated Filer	☐
Non-Accelerated Filer ☐	(Do not check if a smaller reporting company)	Smaller Reporting Company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES ☐ NO ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

Common stock, $1 par value, outstanding at April 30, 2012: 83,216,016 shares.

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GLOSSARY OF TERMS

Frequently used abbreviations, acronyms, or terms used in this report:

National Fuel Gas Companies	
Company	The Registrant, the Registrant and its subsidiaries or the Registrant's subsidiaries as appropriate in the context of the disclosure
Distribution Corporation	National Fuel Gas Distribution Corporation
Empire	Empire Pipeline, Inc.
ESNE	Energy Systems North East, LLC
Horizon	Horizon Energy Development, Inc.
Horizon B.V.	Horizon Energy Development B.V.
Horizon LFG	Horizon LFG, Inc.
Horizon Power	Horizon Power, Inc.
Midstream Corporation	National Fuel Gas Midstream Corporation
Model City	Model City Energy, LLC
National Fuel	National Fuel Gas Company
NFR	National Fuel Resources, Inc.
Registrant	National Fuel Gas Company
Seneca	Seneca Resources Corporation
Seneca Energy	Seneca Energy II, LLC
Supply Corporation	National Fuel Gas Supply Corporation
Regulatory Agencies	
EPA	United States Environmental Protection Agency
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
IASB	International Accounting Standards Board
NYDEC	New York State Department of Environmental Conservation
NYPSC	State of New York Public Service Commission
PaPUC	Pennsylvania Public Utility Commission
PHMSA	Pipeline and Hazardous Materials Safety Administration
SEC	Securities and Exchange Commission
Other	
2011 Form 10-K	The Company's Annual Report on Form 10-K for the year ended September 30, 2011
Bbl	Barrel (of oil)
Bcf	Billion cubic feet (of natural gas)
Bcfe (or Mcfe) – represents Bcf (or Mcf) Equivalent	The total heat value (Btu) of natural gas and oil expressed as a volume of natural gas. The Company uses a conversion formula of 1 barrel of oil = 6 Mcf of natural gas.
Btu	British thermal unit; the amount of heat needed to raise the temperature of one pound of water one degree Fahrenheit.
Capital expenditure	Represents additions to property, plant, and equipment, or the amount of money a company spends to buy capital assets or upgrade its existing capital assets.
Degree day	A measure of the coldness of the weather experienced, based on the extent to which the daily average temperature falls below a reference temperature, usually 65 degrees Fahrenheit.
Derivative	A financial instrument or other contract, the terms of which include an underlying variable (a price, interest rate, index rate, exchange rate, or other variable) and a notional amount (number of units, barrels, cubic feet, etc.). The terms also permit for the instrument or contract to be settled net and no initial net investment is required to enter into the financial instrument or contract. Examples include futures contracts, options, no cost collars and swaps.

Development costs	Costs incurred to obtain access to proved oil and gas reserves and to provide facilities for extracting, treating, gathering and storing the oil and gas.
Dodd-Frank Act	Dodd-Frank Wall Street Reform and Consumer Protection Act.
Dth	Decatherm; one Dth of natural gas has a heating value of 1,000,000 British thermal units, approximately equal to the heating value of 1 Mcf of natural gas.
Exchange Act	Securities Exchange Act of 1934, as amended
Expenditures for long-lived assets	Includes capital expenditures, stock acquisitions and/or investments in partnerships.
Exploration costs	Costs incurred in identifying areas that may warrant examination, as well as costs incurred in examining specific areas, including drilling exploratory wells.
Firm transportation and/or storage	The transportation and/or storage service that a supplier of such service is obligated by contract to provide and for which the customer is obligated to pay whether or not the service is utilized.
GAAP	Accounting principles generally accepted in the United States of America
Goodwill	An intangible asset representing the difference between the fair value of a company and the price at which a company is purchased.
Hedging	A method of minimizing the impact of price, interest rate, and/or foreign currency exchange rate changes, often times through the use of derivative financial instruments.
Hub	Location where pipelines intersect enabling the trading, transportation, storage, exchange, lending and borrowing of natural gas.
Interruptible transportation and/or storage	The transportation and/or storage service that, in accordance with contractual arrangements, can be interrupted by the supplier of such service, and for which the customer does not pay unless utilized.
LIBOR	London Interbank Offered Rate
LIFO	Last-in, first-out
Marcellus Shale	A Middle Devonian-age geological shale formation that is present nearly a mile or more below the surface in the Appalachian region of the United States, including much of Pennsylvania and southern New York.
Mbbl	Thousand barrels (of oil)
Mcf	Thousand cubic feet (of natural gas)
MD&A	Management’s Discussion and Analysis of Financial Condition and Results of Operations
MDth	Thousand decatherms (of natural gas)
MMBtu	Million British thermal units
MMcf	Million cubic feet (of natural gas)
NGA	The Natural Gas Act of 1938, as amended; the federal law regulating interstate natural gas pipeline and storage companies, among other things, codified beginning at 15 U.S.C. Section 717.
NYMEX	New York Mercantile Exchange. An exchange which maintains a futures market for crude oil and natural gas.
Open Season	A bidding procedure used by pipelines to allocate firm transportation or storage capacity among prospective shippers, in which all bids submitted during a defined time period are evaluated as if they had been submitted simultaneously.
PCB	Polychlorinated Biphenyl
Precedent Agreement	An agreement between a pipeline company and a potential customer to sign a service agreement after specified events (called “conditions precedent”) happen, usually within a specified time.
Proved developed reserves	Reserves that can be expected to be recovered through existing wells with existing equipment and operating methods.

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Proved undeveloped (PUD) reserves	Reserves that are expected to be recovered from new wells on undrilled acreage, or from existing wells where a relatively major expenditure is required to make these reserves productive.
Reserves	The unproduced but recoverable oil and/or gas in place in a formation which has been proven by production.
Restructuring	Generally referring to partial “deregulation” of the pipeline and/or utility industry by statutory or regulatory process. Restructuring of federally regulated natural gas pipelines resulted in the separation (or “unbundling”) of gas commodity service from transportation service for wholesale and large-volume retail markets. State restructuring programs attempt to extend the same process to retail mass markets.
Revenue decoupling mechanism	A rate mechanism which adjusts customer rates to render a utility financially indifferent to throughput decreases resulting from conservation.
S&P	Standard & Poor’s Rating Service
SAR	Stock appreciation right
Service agreement	The binding agreement by which the pipeline company agrees to provide service and the shipper agrees to pay for the service.
Stock acquisitions	Investments in corporations.
Unbundled service	A service that has been separated from other services, with rates charged that reflect only the cost of the separated service.
VEBA	Voluntary Employees’ Beneficiary Association
WNC	Weather normalization clause; a clause in utility rates which adjusts customer rates to allow a utility to recover its normal operating costs calculated at normal temperatures. If temperatures during the measured period are warmer than normal, customer rates are adjusted upward in order to recover projected operating costs. If temperatures during the measured period are colder than normal, customer rates are adjusted downward so that only the projected operating costs will be recovered.

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• The Company has nothing to report under this item.

Reference to "the Company" in this report means the Registrant or the Registrant and its subsidiaries collectively, as appropriate in the context of the disclosure. All references to a certain year in this report are to the Company's fiscal year ended September 30 of that year, unless otherwise noted.

This Form 10-Q contains "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934. Forward-looking statements should be read with the cautionary statements and important factors included in this Form 10-Q at Item 2 - MD&A, under the heading "Safe Harbor for Forward-Looking Statements." Forward-looking statements are all statements other than statements of historical fact, including, without limitation, statements regarding future prospects, plans, objectives, goals, projections, estimates of oil and gas quantities, strategies, future events or performance and underlying assumptions, capital structure, anticipated capital expenditures, completion of construction and other projects, projections for pension and other post-retirement benefit obligations, impacts of the adoption of new accounting rules, and possible outcomes of litigation or regulatory proceedings, as well as statements that are identified by the use of the words "anticipates," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects," "believes," "seeks," "will," "may," and similar expressions.

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Part I. Financial Information

Item 1. Financial Statements

National Fuel Gas Company
Consolidated Statements of Income and Earnings
Reinvested in the Business
(Unaudited)

(Thousands of Dollars, Except Per Common Share Amounts)	Three Months Ended March 31, 2012	2011
INCOME		
Operating Revenues	$ 552,309	$ 660,881
Operating Expenses		
Purchased Gas	208,537	306,595
Operation and Maintenance	118,047	116,721
Property, Franchise and Other Taxes	30,477	23,798
Depreciation, Depletion and Amortization	63,151	60,011
	420,212	507,125
Operating Income	132,097	153,756
Other Income (Expense):		
Gain on Sale of Unconsolidated Subsidiaries	—	50,879
Interest Income	192	68
Other Income	1,654	2,424
Interest Expense on Long-Term Debt	(20,425)	(17,926)
Other Interest Expense	(1,253)	(1,454)
Income Before Income Taxes	112,265	187,747
Income Tax Expense	44,873	72,136
Net Income Available for Common Stock	67,392	115,611
EARNINGS REINVESTED IN THE BUSINESS		
Balance at January 1	1,237,242	1,093,398
	1,304,634	1,209,009
Dividends on Common Stock (2012 - $0.355 per share; 2011 - $0.345 per share)	(29,527)	(28,478)
Balance at March 31	$ 1,275,107	$ 1,180,531
Earnings Per Common Share:		
Basic:		
Net Income Available for Common Stock	$ 0.81	$ 1.40
Diluted:		
Net Income Available for Common Stock	$ 0.81	$ 1.38
Weighted Average Common Shares Outstanding:		
Used in Basic Calculation	83,107,884	82,400,851
Used in Diluted Calculation	83,678,261	83,673,977

See Notes to Condensed Consolidated Financial Statements

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National Fuel Gas Company
Consolidated Statements of Income and Earnings
Reinvested in the Business
(Unaudited)

(Thousands of Dollars, Except Per Common Share Amounts)	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
INCOME		
Operating Revenues	$ 984,732	$ 1,111,829
Operating Expenses		
Purchased Gas	340,730	469,633
Operation and Maintenance	218,106	214,171
Property, Franchise and Other Taxes	49,707	43,534
Depreciation, Depletion and Amortization	125,698	113,324
	734,241	840,662
Operating Income	250,491	271,167
Other Income (Expense):		
Gain on Sale of Unconsolidated Subsidiaries	—	50,879
Interest Income	1,297	951
Other Income	2,990	2,317
Interest Expense on Long-Term Debt	(39,066)	(38,118)
Other Interest Expense	(2,023)	(2,855)
Income Before Income Taxes	213,689	284,341
Income Tax Expense	85,598	110,187
Net Income Available for Common Stock	128,091	174,154
EARNINGS REINVESTED IN THE BUSINESS		
Balance at October 1	1,206,022	1,063,262
	1,334,113	1,237,416
Dividends on Common Stock (2012 - $0.71 per share; 2011 - $0.69 per share)	(59,006)	(56,885)
Balance at March 31	$ 1,275,107	$ 1,180,531
Earnings Per Common Share:		
Basic:		
Net Income Available for Common Stock	$ 1.54	$ 2.12
Diluted:		
Net Income Available for Common Stock	$ 1.53	$ 2.08
Weighted Average Common Shares Outstanding:		
Used in Basic Calculation	82,988,750	82,311,162
Used in Diluted Calculation	83,712,681	83,561,775

See Notes to Condensed Consolidated Financial Statements

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National Fuel Gas Company
Consolidated Balance Sheets
(Unaudited)

(Thousands of Dollars)	March 31, 2012	September 30, 2011
ASSETS		
Property, Plant and Equipment	$6,180,827	$5,646,918
Less - Accumulated Depreciation, Depletion and Amortization	1,750,636	1,646,394
	4,430,191	4,000,524
Current Assets		
Cash and Temporary Cash Investments	192,243	80,428
Hedging Collateral Deposits	18,872	19,701
Receivables – Net of Allowance for Uncollectible Accounts of $43,124 and $31,039, Respectively	168,757	131,885
Unbilled Utility Revenue	31,318	17,284
Gas Stored Underground	16,195	54,325
Materials and Supplies - at average cost	28,395	27,932
Other Current Assets	40,354	38,334
Deferred Income Taxes	20,281	15,423
	516,415	385,312
Other Assets		
Recoverable Future Taxes	146,561	144,377
Unamortized Debt Expense	14,552	10,571
Other Regulatory Assets	504,399	510,986
Deferred Charges	7,993	5,552
Other Investments	85,555	79,365
Goodwill	5,476	5,476
Fair Value of Derivative Financial Instruments	121,760	76,085
Other	2,594	2,836
	888,890	835,248
Total Assets	$5,835,496	$5,221,084

See Notes to Condensed Consolidated Financial Statements

National Fuel Gas Company
Consolidated Balance Sheets
(Unaudited)

(Thousands of Dollars)	March 31, 2012	September 30, 2011
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Comprehensive Shareholders' Equity		
Common Stock, $1 Par Value		
Authorized - 200,000,000 Shares; Issued And Outstanding – 83,173,850 Shares and 82,812,677 Shares, Respectively	$ 83,174	$ 82,813
Paid in Capital	660,495	650,749
Earnings Reinvested in the Business	1,275,107	1,206,022
Total Common Shareholders' Equity Before Items of Other Comprehensive Loss	2,018,776	1,939,584
Accumulated Other Comprehensive Loss	(51,889)	(47,699)
Total Comprehensive Shareholders' Equity	1,966,887	1,891,885
Long-Term Debt, Net of Current Portion	1,149,000	899,000
Total Capitalization	3,115,887	2,790,885
Current and Accrued Liabilities		
Notes Payable to Banks and Commercial Paper	20,000	40,000
Current Portion of Long-Term Debt	250,000	150,000
Accounts Payable	98,053	126,709
Amounts Payable to Customers	17,327	15,519
Dividends Payable	29,527	29,399
Interest Payable on Long-Term Debt	29,491	25,512
Customer Advances	204	19,643
Customer Security Deposits	17,021	17,321
Other Accruals and Current Liabilities	197,952	94,787
Fair Value of Derivative Financial Instruments	66,887	9,728
	726,462	528,618
Deferred Credits		
Deferred Income Taxes	1,040,789	955,384
Taxes Refundable to Customers	65,550	65,543
Unamortized Investment Tax Credit	2,296	2,586
Cost of Removal Regulatory Liability	146,771	135,940
Other Regulatory Liabilities	37,327	31,026
Pension and Other Post-Retirement Liabilities	472,717	481,520
Asset Retirement Obligations	77,230	75,731
Other Deferred Credits	150,467	153,851
	1,993,147	1,901,581
Commitments and Contingencies	—	—
Total Capitalization and Liabilities	$5,835,496	$5,221,084

See Notes to Condensed Consolidated Financial Statements

National Fuel Gas Company
Consolidated Statements of Cash Flows
(Unaudited)

(Thousands of Dollars)	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
OPERATING ACTIVITIES		
Net Income Available for Common Stock	$ 128,091	$ 174,154
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Gain on Sale of Unconsolidated Subsidiaries	—	(50,879)
Depreciation, Depletion and Amortization	125,698	113,324
Deferred Income Taxes	81,696	106,510
Excess Tax Benefits Associated with Stock-Based Compensation Awards	(1,076)	—
Other	4,269	5,703
Change in:		
Hedging Collateral Deposits	829	(50,692)
Receivables and Unbilled Utility Revenue	(50,906)	(123,393)
Gas Stored Underground and Materials and Supplies	37,156	30,144
Prepayments and Other Current Assets	(943)	57,447
Accounts Payable	(28,656)	33,234
Amounts Payable to Customers	1,808	(12,634)
Customer Advances	(19,439)	(24,938)
Customer Security Deposits	(300)	(256)
Other Accruals and Current Liabilities	65,039	93,473
Other Assets	(48,692)	15,239
Other Liabilities	44,323	(23,214)
Net Cash Provided by Operating Activities	338,897	343,222
INVESTING ACTIVITIES		
Capital Expenditures	(499,607)	(392,338)
Net Proceeds from Sale of Unconsolidated Subsidiaries	—	59,365
Other	(789)	(3,097)
Net Cash Used in Investing Activities	(500,396)	(336,070)
FINANCING ACTIVITIES		
Changes in Notes Payable to Banks and Commercial Paper	(20,000)	—
Excess Tax Benefits Associated with Stock-Based Compensation Awards	1,076	—
Net Proceeds from Issuance of Long-Term Debt	496,085	—
Reduction of Long-Term Debt	(150,000)	(200,000)
Dividends Paid on Common Stock	(58,877)	(56,723)
Net Proceeds from Issuance (Repurchase) of Common Stock	5,030	(2,833)
Net Cash Provided by (Used in) Financing Activities	273,314	(259,556)
Net Increase (Decrease) in Cash and Temporary Cash Investments	111,815	(252,404)
Cash and Temporary Cash Investments at October 1	80,428	397,171
Cash and Temporary Cash Investments at March 31	$ 192,243	$ 144,767

See Notes to Condensed Consolidated Financial Statements

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National Fuel Gas Company
Consolidated Statements of Comprehensive Income
(Unaudited)

(Thousands of Dollars)	Three Months Ended March 31, 2012	2011
Net Income Available for Common Stock	$ 67,392	$115,611
Other Comprehensive Income (Loss), Before Tax:		
Unrealized Gain on Securities Available for Sale Arising During the Period	3,116	897
Unrealized Gain (Loss) on Derivative Financial Instruments Arising During the Period	14,498	(40,844)
Reclassification Adjustment for Realized Gains on Derivative Financial Instruments in Net Income	(16,185)	(7,212)
Other Comprehensive Income (Loss), Before Tax	1,429	(47,159)
Income Tax Expense Related to Unrealized Gain on Securities Available for Sale Arising During the Period	1,161	337
Income Tax Expense (Benefit) Related to Unrealized Gain (Loss) on Derivative Financial Instruments Arising During the Period	840	(16,778)
Reclassification Adjustment for Income Tax Expense on Realized Gains from Derivative Financial Instruments In Net Income	(1,816)	(2,847)
Income Taxes – Net	185	(19,288)
Other Comprehensive Income (Loss)	1,244	(27,871)
Comprehensive Income	$ 68,636	$ 87,740

(Thousands of Dollars)	Six Months Ended March 31, 2012	2011
Net Income Available for Common Stock	$128,091	$174,154
Other Comprehensive Income (Loss), Before Tax:		
Foreign Currency Translation Adjustment	—	17
Reclassification Adjustment for Realized Foreign Currency Translation Loss in Net Income	—	34
Unrealized Gain on Securities Available for Sale Arising During the Period	3,828	3,438
Unrealized Gain (Loss) on Derivative Financial Instruments Arising During the Period	16,653	(67,980)
Reclassification Adjustment for Realized Gains on Derivative Financial Instruments in Net Income	(28,050)	(16,265)
Other Comprehensive Loss, Before Tax	(7,569)	(80,756)
Income Tax Expense Related to Unrealized Gain on Securities Available for Sale Arising During the Period	1,424	1,298
Income Tax Expense (Benefit) Related to Unrealized Gain (Loss) on Derivative Financial Instruments Arising During the Period	1,657	(27,946)
Reclassification Adjustment for Income Tax Expense on Realized Gains from Derivative Financial Instruments In Net Income	(6,460)	(6,572)
Income Taxes – Net	(3,379)	(33,220)
Other Comprehensive Loss	(4,190)	(47,536)
Comprehensive Income	$123,901	$126,618

See Notes to Condensed Consolidated Financial Statements

National Fuel Gas Company
Notes to Condensed Consolidated Financial Statements
(Unaudited)

Note 1 - Summary of Significant Accounting Policies

Principles of Consolidation. The Company consolidates all entities in which it has a controlling financial interest. The equity method is used to account for entities in which the Company has a non-controlling financial interest. All significant intercompany balances and transactions are eliminated.

During the quarter ended March 31, 2011, the Company sold its 50% equity method investments in Seneca Energy and Model City for $59.4 million, resulting in a gain of $50.9 million. Seneca Energy and Model City generate and sell electricity using methane gas obtained from landfills owned by outside parties.

The preparation of the consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification. Certain prior year amounts have been reclassified to conform with current year presentation. This includes the reclassification of $63.7 million from Other Regulatory Liabilities to Other Regulatory Assets on the Consolidated Balance Sheet at September 30, 2011. This reclassification pertains to pension and post-retirement benefit regulatory asset and regulatory liability balances. The Company has switched from a “gross” presentation to a “net” presentation, which is consistent with the methodology used by the various regulators in analyzing such regulatory asset and liability balances. This reclassification did not impact the Consolidated Statement of Income. In the March 31, 2011 Consolidated Statement of Cash Flows, the change in Other Liabilities was increased by $0.5 million and the change in Other Assets was reduced by $0.5 million.

Earnings for Interim Periods. The Company, in its opinion, has included all adjustments that are necessary for a fair statement of the results of operations for the reported periods. The consolidated financial statements and notes thereto, included herein, should be read in conjunction with the financial statements and notes for the years ended September 30, 2011, 2010 and 2009 that are included in the Company’s 2011 Form 10-K. The consolidated financial statements for the year ended September 30, 2012 will be audited by the Company’s independent registered public accounting firm after the end of the fiscal year.

The earnings for the six months ended March 31, 2012 should not be taken as a prediction of earnings for the entire fiscal year ending September 30, 2012. Most of the business of the Utility and Energy Marketing segments is seasonal in nature and is influenced by weather conditions. Due to the seasonal nature of the heating business in the Utility and Energy Marketing segments, earnings during the winter months normally represent a substantial part of the earnings that those segments are expected to achieve for the entire fiscal year. The Company’s business segments are discussed more fully in Note 7 – Business Segment Information.

Consolidated Statement of Cash Flows. For purposes of the Consolidated Statement of Cash Flows, the Company considers all highly liquid debt instruments purchased with a maturity of generally three months or less to be cash equivalents.

At March 31, 2012, the Company accrued $93.6 million of capital expenditures in the Exploration and Production segment, the majority of which was in the Appalachian region. The Company also accrued $12.9 million of capital expenditures in the Pipeline and Storage segment and $7.9 million of capital expenditures in the All Other category at March 31, 2012. These amounts were excluded from the Consolidated Statement of Cash Flows at March 31, 2012 since they represent non-cash investing activities at that date. Accrued capital expenditures at March 31, 2012 are included in Other Accruals and Current Liabilities on the Consolidated Balance Sheet.

At September 30, 2011, the Company accrued $63.5 million of capital expenditures in the Exploration and Production segment, the majority of which was in the Appalachian region. The Company also accrued $7.3 million of capital expenditures in the Pipeline and Storage segment. In addition, the Company accrued $1.4 million of capital expenditures in the All Other category. These amounts were excluded from the Consolidated Statement of Cash Flows at September 30, 2011 since they represented non-cash investing activities at that date. These capital expenditures were paid during the quarter ended December 31, 2011 and have been included in the Consolidated Statement of Cash Flows for the six months ended March 31, 2012. Accrued capital expenditures at September 30, 2011 are included in Other Accruals and Current Liabilities on the Consolidated Balance Sheet.

At March 31, 2011, the Company accrued $43.9 million of capital expenditures in the Exploration and Production segment, the majority of which was in the Appalachian region. The Company also accrued $2.0 million of capital expenditures in the Pipeline and Storage segment at March 31, 2011. These amounts were excluded from the Consolidated Statement of Cash Flows at March 31, 2011 since they represented non-cash investing activities at that date.

At September 30, 2010, the Company accrued $55.5 million of capital expenditures in the Exploration and Production segment, the majority of which was in the Appalachian region. This amount was excluded from the Consolidated Statement of Cash Flows at September 30, 2010 since it represented a non-cash investing activity at that date. These capital expenditures were paid during the quarter ended December 31, 2010 and have been included in the Consolidated Statement of Cash Flows for the six months ended March 31, 2011.

Hedging Collateral Deposits. This is an account title for cash held in margin accounts funded by the Company to serve as collateral for hedging positions. At March 31, 2012, the Company had hedging collateral deposits of $10.1 million related to its exchange-traded futures contracts and $8.8 million related to its over-the-counter crude oil swap agreements. At September 30, 2011, the Company had hedging collateral deposits of $5.5 million related to its exchange-traded futures contracts and $14.2 million related to its over-the-counter crude oil swap agreements. In accordance with its accounting policy, the Company does not offset hedging collateral deposits paid or received against related derivative financial instruments liability or asset balances.

Gas Stored Underground - Current. In the Utility segment, gas stored underground – current is carried at lower of cost or market, on a LIFO method. Gas stored underground – current normally declines during the first and second quarters of the year and is replenished during the third and fourth quarters. In the Utility segment, the current cost of replacing gas withdrawn from storage is recorded in the Consolidated Statements of Income and a reserve for gas replacement is recorded in the Consolidated Balance Sheets under the caption “Other Accruals and Current Liabilities.” Such reserve, which amounted to $52.1 million at March 31, 2012, is reduced to zero by September 30 of each year as the inventory is replenished.

Property, Plant and Equipment. In the Company’s Exploration and Production segment, oil and gas property acquisition, exploration and development costs are capitalized under the full cost method of accounting. Under this methodology, all costs associated with property acquisition, exploration and development activities are capitalized, including internal costs directly identified with acquisition, exploration and development activities. The internal costs that are capitalized do not include any costs related to production, general corporate overhead, or similar activities. The Company does not recognize any gain or loss on the sale or other disposition of oil and gas properties unless the gain or loss would significantly alter the relationship between capitalized costs and proved reserves of oil and gas attributable to a cost center.

Capitalized costs include costs related to unproved properties, which are excluded from amortization until proved reserves are found or it is determined that the unproved properties are impaired. Such costs amounted to $275.2 million and $226.3 million at March 31, 2012 and September 30, 2011, respectively. All costs related to unproved properties are reviewed quarterly to determine if impairment has occurred. The amount of any impairment is transferred to the pool of capitalized costs being amortized.

Capitalized costs are subject to the SEC full cost ceiling test. The ceiling test, which is performed each quarter, determines a limit, or ceiling, on the amount of property acquisition, exploration and development costs that can be capitalized. The ceiling under this test represents (a) the present value of estimated future net cash flows, excluding future cash outflows associated with settling asset retirement obligations that have been accrued on the balance sheet, using a discount factor of 10%, which is computed by applying prices of oil and gas (as adjusted for hedging) to estimated future production of proved oil and gas reserves as of the date of the latest balance sheet, less estimated future expenditures, plus (b) the cost of unevaluated properties not being depleted, less (c) income tax effects related to the differences between the book and tax basis of the properties. The natural gas and oil prices used to calculate the full cost ceiling are based on an unweighted arithmetic average of the first day of the month oil and gas prices for each month within the twelve-month period prior to the end of the reporting period. If capitalized costs, net of accumulated depreciation, depletion and amortization and related deferred income taxes, exceed the ceiling at the end of any quarter, a permanent impairment is required to be charged to earnings in that quarter. At March 31, 2012, the ceiling exceeded the book value of the oil and gas properties by approximately $279.6 million.

Accumulated Other Comprehensive Loss. The components of Accumulated Other Comprehensive Loss, net of related tax effect, are as follows (in thousands):

	At March 31, 2012	At September 30, 2011
Funded Status of the Pension and Other Post-Retirement Benefit Plans	$ (89,587)	$ (89,587)
Net Unrealized Gain on Derivative Financial Instruments	34,385	40,979
Net Unrealized Gain on Securities Available for Sale	3,313	909
Accumulated Other Comprehensive Loss	$ (51,889)	$ (47,699)

Other Current Assets . The components of the Company's Other Current Assets are as follows (in thousands):

	At March 31, 2012	At September 30, 2011
Prepayments	$ 3,246	$ 9,489
Prepaid Property and Other Taxes	20,760	13,240
Federal Income Taxes Receivable	390	385
State Income Taxes Receivable	1,955	6,124
Fair Values of Firm Commitments	14,003	9,096
	$ 40,354	$ 38,334

Earnings Per Common Share. Basic earnings per common share is computed by dividing net income available for common stock by the weighted average number of common shares outstanding for the period. Diluted earnings per common share reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. For purposes of determining earnings per common share, the only potentially dilutive securities the Company has outstanding are stock options, SARs and restricted stock units. The diluted weighted average shares outstanding shown on the Consolidated Statements of Income reflects the potential dilution as a result of these securities as determined using the Treasury Stock Method. Stock options, SARs and restricted stock units that are antidilutive are excluded from the calculation of diluted earnings per common share. There were 879,847 and 297,081 securities excluded as being antidilutive for the quarter and six months ended March 31, 2012, respectively. There were 10,959 and 140 securities excluded as being antidilutive for the quarter and six months ended March 31, 2011, respectively.

Stock-Based Compensation. During the six months ended March 31, 2012, the Company granted 166,000 non-performance based SARs having a weighted average exercise price of $55.09 per share. The weighted average grant date fair value of these SARs was $11.20 per share. These SARs will be settled in shares of common stock of the Company and are considered equity awards under the current authoritative guidance for stock-based compensation. The accounting for those SARs is the same as the accounting for stock options. There were no SARs granted during the quarter ended March 31, 2012. The non-performance based SARs granted during the six months ended March 31, 2012 vest annually in one-third increments and become exercisable on the third anniversary of the date of grant. The weighted average grant date fair value of these non-performance based SARs granted during the six months ended March 31, 2012 was estimated on the date of grant using the same accounting treatment that is applied for stock options. There were no stock options granted during the quarter or six months ended March 31, 2012.

The Company granted 41,525 restricted share awards (non-vested stock as defined by the current accounting literature) during the six months ended March 31, 2012. The weighted average fair value of such restricted shares was $55.09 per share. There were no restricted share awards granted during the quarter ended March 31, 2012. In addition, the Company granted 1,500 and 57,500 restricted stock units during the quarter and six months ended March 31, 2012, respectively. The weighted average fair value of such restricted stock units was $43.84 per share and $48.64 per share for the quarter and six months ended March 31, 2012, respectively. Restricted stock units represent the right to receive shares of common stock of the Company (or the equivalent value in cash or a combination of cash and shares of common stock of the Company, as determined by the Company) at the end of a specified time period. These restricted stock units do not entitle the participant to receive dividends during the vesting period. The accounting for these restricted stock units is the same as the accounting for restricted share awards, except that the fair value at the date of grant of the restricted stock units must be reduced by the present value of forgone dividends over the vesting term of the award.

The Company did not fully recognize a tax benefit from excess tax deductions related to stock-based compensation for calendar years 2011 through 2009 due to tax loss carryforwards. The Company expects to recognize additional tax benefits of $32.6 million as an adjustment to Paid in Capital in future years as the tax loss carryforwards are utilized.

New Authoritative Accounting and Financial Reporting Guidance. In May 2011, the FASB issued authoritative guidance regarding fair value measurement as a joint project with the IASB. The objective of the guidance was to bring together as closely as possible the fair value measurement and disclosure guidance issued by the two boards. The guidance includes a few updates to measurement guidance and some enhanced disclosure requirements. For all Level 3 fair value measurements, the guidance requires quantitative information about significant unobservable inputs used and a description of the valuation processes in place. The guidance also requires a qualitative discussion about the sensitivity of recurring Level 3 fair value measurements and information about any transfers between Level 1 and Level 2 of the fair value hierarchy. The new guidance also contains a requirement that all fair value measurements, whether they are recorded on the balance sheet or disclosed in the footnotes, be classified as Level 1, Level 2 or Level 3 within the fair value hierarchy. This authoritative guidance became effective for the quarter ended March 31, 2012. The Company has updated its disclosures to reflect the new requirements in Note 2 – Fair Value Measurements.

In June 2011, the FASB issued authoritative guidance regarding the presentation of comprehensive income. The new guidance allows companies only two choices for presenting net income and other comprehensive income: in a single continuous statement, or in two separate, but consecutive, statements. The guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. This authoritative guidance will be effective as of the Company’s first quarter of fiscal 2013 and is not expected to have a significant impact on the Company’s results of operations.

In September 2011, the FASB issued revised authoritative guidance that simplifies the testing of goodwill for impairment. The revised guidance allows companies the option to perform a “qualitative” assessment to determine whether further impairment testing is necessary. The revised authoritative guidance is required to be effective for the Company’s annual impairment test performed in fiscal 2013. While early adoption is permitted, the Company has not adopted the new provisions to date.

In December 2011, the FASB issued authoritative guidance requiring enhanced disclosures regarding offsetting assets and liabilities. Companies are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This authoritative guidance will be effective as of the Company’s first quarter of fiscal 2014 and is not expected to have a significant impact on the Company’s financial statements.

Note 2 – Fair Value Measurements

The FASB authoritative guidance regarding fair value measurements establishes a fair-value hierarchy and prioritizes the inputs used in valuation techniques that measure fair value. Those inputs are prioritized into three levels. Level 1 inputs are unadjusted quoted prices in active markets for assets or liabilities that the Company can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at the measurement date. Level 3 inputs are unobservable inputs for the asset or liability at the measurement date. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following table sets forth, by level within the fair value hierarchy, the Company's financial assets and liabilities (as applicable) that were accounted for at fair value on a recurring basis as of March 31, 2012 and September 30, 2011. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Recurring Fair Value Measures (Thousands of Dollars)	At fair value as of March 31, 2012			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents – Money Market Mutual Funds	$162,382	$ —	$ —	$162,382
Derivative Financial Instruments:				
Commodity Futures Contracts – Gas	576	—	—	576
Over the Counter Swaps – Gas	—	121,184	—	121,184
Other Investments:				
Balanced Equity Mutual Fund	24,234	—	—	24,234
Common Stock – Financial Services Industry	5,355	—	—	5,355
Other Common Stock	293	—	—	293
Hedging Collateral Deposits	18,872	—	—	18,872
Total	$211,712	$121,184	$ —	$332,896
Liabilities:				
Derivative Financial Instruments:				
Commodity Futures Contracts – Gas	$ 6,690	$ —	$ —	$ 6,690
Over the Counter Swaps – Oil	—	—	68,754	68,754
Over the Counter Swaps – Gas	—	(8,557)	—	(8,557)
Total	$ 6,690	$ (8,557)	$ 68,754	$ 66,887
Total Net Assets/(Liabilities)	$205,022	$129,741	$(68,754)	$266,009

Recurring Fair Value Measures (Thousands of Dollars)	At fair value as of September 30, 2011			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash Equivalents – Money Market Mutual Funds	$32,444	$ —	$ —	$ 32,444
Derivative Financial Instruments:				
Over the Counter Swaps – Gas	—	75,113	—	75,113
Over the Counter Swaps – Oil	—	—	972	972
Other Investments:				
Balanced Equity Mutual Fund	19,882	—	—	19,882
Common Stock – Financial Services Industry	4,478	—	—	4,478
Other Common Stock	226	—	—	226
Hedging Collateral Deposits	19,701	—	—	19,701
Total	$76,731	$75,113	$ 972	$152,816
Liabilities:				
Derivative Financial Instruments:				
Commodity Futures Contracts – Gas	$ 3,292	$ —	$ —	$ 3,292
Over the Counter Swaps – Oil	—	—	6,382	6,382
Total	$ 3,292	$ —	$ 6,382	$ 9,674
Total Net Assets/(Liabilities)	$73,439	$75,113	$(5,410)	$143,142

Derivative Financial Instruments

At March 31, 2012, the derivative financial instruments reported in Level 1 consist of natural gas NYMEX futures contracts used in the Company’s Energy Marketing and Pipeline and Storage segments (at September 30, 2011, the derivative financial instruments reported in Level 1 consist of NYMEX futures used in the Company’s Energy Marketing segment). Hedging collateral deposits of $10.1 million (at March 31, 2012) and $5.5 million (at September 30, 2011), which are associated with these futures contracts have been reported in Level 1 as well. The derivative financial instruments reported in Level 2 at March 31, 2012 and September 30, 2011 consist of natural gas price swap agreements used in the Company’s Exploration and Production and Energy Marketing segments. The fair value of the Level 2 price swap agreements is based on an internal, discounted cash flow model that uses observable inputs (i.e. LIBOR based discount rates and basis differential information, if applicable, at active natural gas and crude oil trading markets). The derivative financial instruments reported in Level 3 consist of all of the Company’s Exploration and Production segment’s crude oil price swap agreements at March 31, 2012 and September 30, 2011. Hedging collateral deposits of $8.8 million and $14.2 million associated with these crude oil price swap agreements have been reported in Level 1 at March 31, 2012 and September 30, 2011, respectively. The fair value of the Level 3 crude oil price swap agreements is based on an internal, discounted cash flow model that uses both observable (i.e. LIBOR based discount rates) and unobservable inputs (i.e. basis differential information of crude oil trading markets with low trading volume). The significant unobservable input used in the fair value measurement of the over-the-counter crude oil swaps is the basis differential between Midway Sunset oil and NYMEX contracts. Significant changes in the assumed basis differential could result in a significant change in value of the derivative financial instrument. At March 31, 2012, it was assumed that Midway Sunset oil was 110.3% of NYMEX. This is based on a historical twelve month average of Midway Sunset oil sales verses NYMEX settlements. During this twelve month period, the price of Midway Sunset oil ranged from 104.5% to 125.0% of NYMEX. If the basis differential between Midway Sunset oil and NYMEX contracts used in the fair value measurement calculation at March 31, 2012 had been 10 percentage points lower, the fair value of the Level 3 crude oil price swap agreements liability would have been approximately $25.6 million lower. If the basis differential between Midway Sunset oil and NYMEX contracts used in the fair value measurement at March 31, 2012 had been 10 percentage points higher, the fair value measurement of the Level 3 crude oil price swap agreements liability would have been approximately $25.8 million higher. These calculated amounts are based solely on basis differential changes and do not take into account any other changes to the fair value measurement calculation.

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Based on an assessment of the counterparties' credit risk, the fair market value of the price swap agreements reported as Level 2 assets has been reduced by $0.9 million at March 31, 2012 and the fair market value of the price swap agreements reported as Level 2 and Level 3 assets has been reduced by $2.0 million at September 30, 2011. Based on an assessment of the Company's credit risk, the fair market value of the price swap agreements reported as Level 2 and Level 3 liabilities at March 31, 2012 has been reduced by $0.1 million and the fair market value of the price swap agreements reported as Level 3 liabilities has not been reduced at September 30, 2011. These credit reserves were determined by applying default probabilities to the anticipated cash flows that the Company is either expecting from its counterparties or expecting to pay to its counterparties.

The tables listed below provide reconciliations of the beginning and ending net balances for assets and liabilities measured at fair value and classified as Level 3 for the quarters and six months ended March 31, 2012 and 2011, respectively. For the quarters and six months ended March 31, 2012 and March 31, 2011, no transfers in or out of Level 1 or Level 2 occurred. There were no purchases or sales of derivative financial instruments during the periods presented in the tables below. All settlements of the derivative financial instruments are reflected in the Gains/Losses Realized and Included in Earnings column of the tables below.

Fair Value Measurements Using Unobservable Inputs (Level 3) (Thousands of Dollars)	January 1, 2012	Total Gains/Losses: (Gains)/ Losses Realized and Included in Earnings	Total Gains/Losses: Gains/(Losses) Unrealized and Included in Other Comprehensive Income (Loss)	Transfer In/Out of Level 3	March 31, 2012
Derivative Financial Instruments [2]	$ (54,773)	$ 13,523[1]	$ (27,504)	$ —	$ (68,754)

[1] Amounts are reported in Operating Revenues in the Consolidated Statement of Income for the three months ended March 31, 2012.
[2] Derivative Financial Instruments are shown on a net basis.

Fair Value Measurements Using Unobservable Inputs (Level 3) (Thousands of Dollars)	October 1, 2011	Total Gains/Losses: (Gains)/ Losses Realized and Included in Earnings	Total Gains/Losses: Gains/(Losses) Unrealized and Included in Other Comprehensive Income (Loss)	Transfer In/Out of Level 3	March 31, 2012
Derivative Financial Instruments [2]	$ (5,410)	$ 26,135[1]	$ (89,479)	$ —	$ (68,754)

[1] Amounts are reported in Operating Revenues in the Consolidated Statement of Income for the six months ended March 31, 2012.
[2] Derivative Financial Instruments are shown on a net basis.

Fair Value Measurements Using Unobservable Inputs (Level 3) (Thousands of Dollars)	January 1, 2011	Total Gains/Losses: (Gains)/ Losses Realized and Included in Earnings	Total Gains/Losses: Gains/(Losses) Unrealized and Included in Other Comprehensive Income (Loss)	Transfer In/Out of Level 3	March 31, 2011
Derivative Financial Instruments [2]	$ (37,407)	$ 9,566[1]	$ (44,072)	$ —	$ (71,913)

[1] Amounts are reported in Operating Revenues in the Consolidated Statement of Income for the three months ended March 31, 2011.
[2] Derivative Financial Instruments are shown on a net basis.

Fair Value Measurements Using Unobservable Inputs (Level 3) (Thousands of Dollars)	October 1, 2010	Total Gains/Losses: (Gains)/ Losses Realized and Included in Earnings	Total Gains/Losses: Gains/(Losses) Unrealized and Included in Other Comprehensive Income (Loss)	Transfer In/Out of Level 3	March 31, 2011
Derivative Financial Instruments [2]	$(16,483)	$ 13,168[1]	$ (68,598)	$ —	$(71,913)

(1) Amounts are reported in Operating Revenues in the Consolidated Statement of Income for the six months ended March 31, 2011.

(2) Derivative Financial Instruments are shown on a net basis.

Note 3 – Financial Instruments

Long-Term Debt. The fair market value of the Company's debt, as presented in the table below, was determined using a discounted cash flow model, which incorporates the Company's credit ratings and current market conditions in determining the yield, and subsequently, the fair market value of the debt. Based on these criteria, the fair market value of long-term debt, including current portion, was as follows (in thousands):

	March 31, 2012		September 30, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-Term Debt	$1,399,000	$1,554,323	$1,049,000	$1,198,585

The fair value amounts are not intended to reflect principal amounts that the Company will ultimately be required to pay. Carrying amounts for other financial instruments recorded on the Company's Consolidated Balance Sheets approximate fair value. The fair value of long-term debt was calculated using observable inputs (U.S. Treasuries/LIBOR for the risk free component and company specific credit spread information – generally obtained from recent trade activity in the debt). As such, the Company considers the debt to be Level 2.

Temporary cash investments, notes payable to banks and commercial paper are stated at cost. Temporary cash investments are considered Level 1, while notes payable to banks and commercial paper are considered to be Level 2. Given the short-term nature of the notes payable to banks and commercial paper, the Company believes cost is a reasonable approximation of fair value.

Other Investments. Investments in life insurance are stated at their cash surrender values or net present value as discussed below. Investments in an equity mutual fund and the stock of an insurance company (marketable equity securities), as discussed below, are stated at fair value based on quoted market prices.

Other investments include cash surrender values of insurance contracts (net present value in the case of split-dollar collateral assignment arrangements) and marketable equity securities. The values of the insurance contracts amounted to $55.7 million and $54.8 million at March 31, 2012 and September 30, 2011, respectively. The fair value of the equity mutual fund was $24.2 million at March 31, 2012 and $19.9 million at September 30, 2011. The gross unrealized gain on this equity mutual fund was $2.2 million at March 31, 2012. The gross unrealized loss on the equity mutual fund was $0.7 million at September 30, 2011. The fair value of the stock of an insurance company was $5.4 million at March 31, 2012 and $4.5 million at September 30, 2011. The gross unrealized gain on this stock was $2.9 million at March 31, 2012 and $2.1 million at September 30, 2011. The insurance contracts and marketable equity securities are primarily informal funding mechanisms for various benefit obligations the Company has to certain employees.

Derivative Financial Instruments. The Company uses derivative instruments to manage commodity price risk in the Exploration and Production and Energy Marketing segments. The Company enters into futures contracts and over-the-counter swap agreements for natural gas and crude oil to manage the price risk associated with forecasted sales of gas and oil. The Company also enters into futures contracts and swaps to manage the risk associated with forecasted gas purchases, storage of gas, withdrawal of gas from storage to meet customer demand and the potential decline in the value of gas held in storage. The duration of the majority of the Company's hedges does not typically exceed 3 years.

The Company has presented its net derivative assets and liabilities as "Fair Value of Derivative Financial Instruments" on its Consolidated Balance Sheets at March 31, 2012 and September 30, 2011. All of the derivative financial instruments reported on those line items related to commodity contracts as discussed in the paragraph above.

The following table discloses the fair value of derivative contracts on a gross-contract basis as opposed to the net-contract basis presentation on the Consolidated Balance Sheets at March 31, 2012 and September 30, 2011.

	Fair Values of Derivative Instruments (Dollar Amounts in Thousands)	
Derivatives Designated as Hedging Instruments	**Gross Asset Derivatives**	**Gross Liability Derivatives**
Commodity Contracts – at March 31, 2012	$ 135,583	$ 80,710
Commodity Contracts – at September 30, 2011	$ 90,253	$ 23,842

Cash flow hedges

For derivative instruments that are designated and qualify as a cash flow hedge, the effective portion of the gain or loss on the derivative is reported as a component of other comprehensive income (loss) and reclassified into earnings in the period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

As of March 31, 2012, the Company's Exploration and Production segment had the following commodity derivative contracts (swaps) outstanding to hedge forecasted sales (where the Company uses short positions (i.e. positions that pay-off in the event of commodity price decline) to mitigate the risk of decreasing revenues and earnings):

Commodity	Units
Natural Gas	72.5 Bcf (all short positions)
Crude Oil	2,502,000 Bbls (all short positions)

As of March 31, 2012, the Company's Energy Marketing segment had the following commodity derivative contracts (futures contracts and swaps) outstanding to hedge forecasted sales (where the Company uses short positions to mitigate the risk associated with natural gas price decreases and its impact on decreasing revenues and earnings) and purchases (where the Company uses long positions (i.e. positions that pay-off in the event of commodity price increases) to mitigate the risk of increasing natural gas prices, which would lead to increased purchased gas expense and decreased earnings):

Commodity	Units
Natural Gas	8.8 Bcf (5.3 Bcf short positions (forecasted storage withdrawals) and 3.5 Bcf long positions (forecasted storage injections))

As of March 31, 2012, the Company's Pipeline and Storage segment has the following commodity derivative contracts (futures contracts) outstanding to hedge forecasted sales (where the Company uses short positions to mitigate the risk associated with natural gas price decreases and its impact on decreasing revenues and earnings):

Commodity	Units
Natural Gas	1.2 Bcf (all short positions)

As of March 31, 2012, the Company's Exploration and Production segment had $59.0 million ($34.4 million after tax) of net hedging gains included in the accumulated other comprehensive income (loss) balance. It is expected that $42.2 million ($24.6 million after tax) of these gains will be reclassified into the Consolidated Statement of Income within the next 12 months as the expected sales of the underlying commodities occur. See Note 1, under Accumulated Other Comprehensive Income (Loss), for the after-tax gain (loss) pertaining to derivative financial instruments for both the Exploration and Production and Energy Marketing segments.

As of March 31, 2012, the Company's Energy Marketing segment had less than $0.1 million of net hedging losses included in the accumulated other comprehensive income (loss) balance. See Note 1, under Accumulated Other Comprehensive Income (Loss), for the after-tax gain pertaining to derivative financial instruments for both the Exploration and Production and Energy Marketing segments.

The Effect of Derivative Financial Instruments on the Statement of Financial Performance for the Three Months Ended March 31, 2012 and 2011 (Thousands of Dollars)

Derivatives in Cash Flow Hedging Relationships	Amount of Derivative Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on the Consolidated Statement of Comprehensive Income (Loss) (Effective Portion) for the Three Months Ended March 31,		Location of Derivative Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheet into the Consolidated Statement of Income (Effective Portion)	Amount of Derivative Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheet into the Consolidated Statement of Income (Effective Portion) for the Three Months Ended March 31,		Location of Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) for the Three Months Ended March 31,	
	2012	2011		2012	2011		2012	2011
Commodity Contracts – Exploration & Production segment	$ 13,463	$ (41,586)	Operating Revenue	$ 12,569	$ 1,956	Operating Revenue	$ —	$ —
Commodity Contracts – Energy Marketing segment	$ 459	$ 872	Purchased Gas	$ 3,040	$ 5,256	Operating Revenue	$ —	$ —
Commodity Contracts – Pipeline & Storage segment	$ 576	$ (130)	Operating Revenue	$ 576	$ —	Operating Revenue	$ —	$ —
Total	$ 14,498	$ (40,844)		$ 16,185	$ 7,212		$ —	$ —

The Effect of Derivative Financial Instruments on the Statement of Financial Performance for the Six Months Ended March 31, 2012 and 2011 (Thousands of Dollars)

Derivatives in Cash Flow Hedging Relationships	Amount of Derivative Gain or (Loss) Recognized in Other Comprehensive Income (Loss) on the Consolidated Statement of Comprehensive Income (Loss) (Effective Portion) for the Six Months Ended March 31, 2012	2011	Location of Derivative Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheet into the Consolidated Statement of Income (Effective Portion)	Amount of Derivative Gain or (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) on the Consolidated Balance Sheet into the Consolidated Statement of Income (Effective Portion) for the Six Months Ended March 31, 2012	2011	Location of Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income (Ineffective Portion and Amount Excluded from Effectiveness Testing) for the Six Months Ended March 31, 2012	2011
Commodity Contracts – Exploration & Production segment	$ 9,539	$ (68,368)	Operating Revenue	$ 17,990	$ 10,963	Operating Revenue	$ —	$ —
Commodity Contracts – Energy Marketing segment	$ 6,538	$ 603	Purchased Gas	$ 9,484	$ 5,302	Operating Revenue	$ —	$ —
Commodity Contracts – Pipeline & Storage segment	$ 576	$ (215)	Operating Revenue	$ 576	$ —	Operating Revenue	$ —	$ —
Total	$ 16,653	$ (67,980)		$ 28,050	$ 16,265		$ —	$ —

Fair value hedges

The Company's Energy Marketing segment utilizes fair value hedges to mitigate risk associated with fixed price sales commitments, fixed price purchase commitments, and the decline in the value of certain natural gas held in storage. With respect to fixed price sales commitments, the Company enters into long positions to mitigate the risk of price increases for natural gas supplies that could occur after the Company enters into fixed price sales agreements with its customers. With respect to fixed price purchase commitments, the Company enters into short positions to mitigate the risk of price decreases that could occur after the Company locks into fixed price purchase deals with its suppliers. With respect to storage hedges, the Company enters into short positions to mitigate the risk of price decreases that could result in a lower of cost or market writedown of the value of natural gas in storage that is recorded in the Company's financial statements. As of March 31, 2012, the Company's Energy Marketing segment had fair value hedges covering approximately 9.5 Bcf (7.4 Bcf of fixed price sales commitments (all long positions), 1.8 Bcf of fixed price purchase commitments (all short positions) and 0.3 Bcf of commitments related to the withdrawal of storage gas (all short positions)). For derivative instruments that are designated and qualify as a fair value hedge, the gain or loss on the derivative as well as the offsetting gain or loss on the hedged item attributable to the hedged risk completely offset each other in current earnings, as shown below.

Consolidated Statement of Income	Gain/(Loss) on Derivative		Gain/(Loss) on Commitment	
Operating Revenues	$	89,855	$	(89,855)
Purchased Gas	$	1,108,074	$	(1,108,074)

Derivatives in Fair Value Hedging Relationships – Energy Marketing segment	Location of Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income	Amount of Derivative Gain or (Loss) Recognized in the Consolidated Statement of Income for the Six Months Ended March 31, 2012 (In Thousands)	
Commodity Contracts – Hedge of fixed price sales commitments of natural gas	Operating Revenues	$	90
Commodity Contracts – Hedge of fixed price purchase commitments of natural gas	Purchased Gas	$	924
Commodity Contracts – Hedge of natural gas held in storage	Purchased Gas	$	184
		$	**1,198**

The Company may be exposed to credit risk on any of the derivative financial instruments that are in a gain position. Credit risk relates to the risk of loss that the Company would incur as a result of nonperformance by counterparties pursuant to the terms of their contractual obligations. To mitigate such credit risk, management performs a credit check, and then on a quarterly basis monitors counterparty credit exposure. The majority of the Company's counterparties are financial institutions and energy traders. The Company has over-the-counter swap positions with eleven counterparties of which nine are in a net gain position. On average, the Company had $13.3 million of credit exposure per counterparty in a gain position at March 31, 2012. The maximum credit exposure per counterparty in a gain position at March 31, 2012 was $22.7 million. The Company had not received any collateral from these counterparties at March 31, 2012 since the Company's gain position on such derivative financial instruments had not exceeded the established thresholds at which the counterparties would be required to post collateral, nor had the counterparties' credit ratings declined to levels at which the counterparties were required to post collateral.

As of March 31, 2012, nine of the eleven counterparties to the Company's outstanding derivative instrument contracts (specifically the over-the-counter swaps) had a common credit-risk related contingency feature. In the event the Company's credit rating increases or falls below a certain threshold (applicable debt ratings), the available credit extended to the Company would either increase or decrease. A decline in the Company's credit rating, in and of itself, would not cause the Company to be required to increase the level of its hedging collateral deposits (in the form of cash deposits, letters of credit or treasury debt instruments). If the Company's outstanding derivative instrument contracts were in a liability position (or if the current liability were larger) and/or the Company's credit rating declined, then additional hedging collateral deposits may be required. At March 31, 2012, the fair market value of the derivative financial instrument assets with a credit-risk related contingency feature was $82.0 million according to the Company's internal model (discussed in Note 2 — Fair Value Measurements). At March 31, 2012, the fair market value of the derivative financial instrument liabilities with a credit-risk related contingency feature was $60.2 million according to the Company's internal model (discussed in Note 2 — Fair Value Measurements). For its over-the-counter crude oil swap agreements, which are in a liability position, the Company was required to post $8.8 million in hedging collateral deposits at March 31, 2012. This is discussed in Note 1 under Hedging Collateral Deposits.

For its exchange traded futures contracts, which are in a liability position, the Company had posted $10.1 million in hedging collateral as of March 31, 2012. As these are exchange traded futures contracts, there are no specific credit-risk related contingency features. The Company posts hedging collateral based on open positions and margin requirements it has with its counterparties.

The Company's requirement to post hedging collateral deposits is based on the fair value determined by the Company's counterparties, which may differ from the Company's assessment of fair value. Hedging collateral deposits may also include closed derivative positions in which the broker has not cleared the cash from the account to offset the derivative liability. The Company records liabilities related to closed derivative positions in Other Accruals and Current Liabilities on the Consolidated Balance Sheet. These liabilities are relieved when the broker clears the cash from the hedging collateral deposit account. This is discussed in Note 1 under Hedging Collateral Deposits.

Note 4 - Income Taxes

The components of federal and state income taxes included in the Consolidated Statements of Income are as follows (in thousands):

	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
Current Income Taxes		
Federal	$ (4)	$ —
State	3,906	3,677
Deferred Income Taxes		
Federal	66,416	87,598
State	15,280	18,912
	85,598	110,187
Deferred Investment Tax Credit	(291)	(348)
Total Income Taxes	$85,307	$109,839
Presented as Follows:		
Other Income	$ (291)	$ (348)
Income Tax Expense	85,598	110,187
Total Income Taxes	$85,307	$109,839

Total income taxes as reported differ from the amounts that were computed by applying the federal income tax rate to income before income taxes. The following is a reconciliation of this difference (in thousands):

	Six Months Ended March 31, 2012	Six Months Ended March 31, 2011
U.S. Income Before Income Taxes	$213,398	$283,993
Income Tax Expense, Computed at Federal Statutory Rate of 35%	$ 74,689	$ 99,398
Increase (Reduction) in Taxes Resulting from:		
State Income Taxes	12,471	14,683
Miscellaneous	(1,853)	(4,242)
Total Income Taxes	$ 85,307	$109,839

Significant components of the Company's deferred tax liabilities and assets were as follows (in thousands):

	At March 31, 2012	At September 30, 2011
Deferred Tax Liabilities:		
Property, Plant and Equipment	$ 1,185,296	$ 1,062,255
Pension and Other Post-Retirement Benefit Costs	208,404	217,302
Other	68,426	70,389
Total Deferred Tax Liabilities	1,462,126	1,349,946
Deferred Tax Assets:		
Pension and Other Post-Retirement Benefit Costs	(263,532)	(263,606)
Tax Loss Carryforwards	(99,590)	(71,516)
Other	(78,496)	(74,863)
Total Deferred Tax Assets	(441,618)	(409,985)
Total Net Deferred Income Taxes	$ 1,020,508	$ 939,961
Presented as Follows:		
Net Deferred Tax Liability/(Asset) – Current	$ (20,281)	$ (15,423)
Net Deferred Tax Liability – Non-Current	1,040,789	955,384
Total Net Deferred Income Taxes	$ 1,020,508	$ 939,961

As a result of certain realization requirements of the authoritative guidance on stock-based compensation, the table of deferred tax liabilities and assets shown above does not include certain deferred tax assets that arose directly from excess tax deductions related to stock-based compensation. Cumulative tax benefits of $32.6 million and $19.5 million for the periods ending March 31, 2012 and September 30, 2011, respectively, relating to the excess stock-based compensation deductions will be recorded in Paid in Capital in future years when such tax benefits are realized.

Regulatory liabilities representing the reduction of previously recorded deferred income taxes associated with rate-regulated activities that are expected to be refundable to customers amounted to $65.6 million and $65.5 million at March 31, 2012 and September 30, 2011, respectively. Also, regulatory assets representing future amounts collectible from customers, corresponding to additional deferred income taxes not previously recorded because of prior ratemaking practices, amounted to $146.6 million and $144.4 million at March 31, 2012 and September 30, 2011, respectively.

The Company files U.S. federal and various state income tax returns. The Internal Revenue Service (IRS) is currently conducting examinations of the Company for fiscal 2011 and fiscal 2012 in accordance with the Compliance Assurance Process ("CAP"). The CAP audit employs a real time review of the Company's books and tax records by the IRS that is intended to permit issue resolution prior to the filing of the tax return. While the federal statute of limitations remains open for fiscal 2008 and later years, IRS examinations for fiscal 2008 and prior years have been completed and the Company believes such years are effectively settled. During fiscal 2009, consent was received from the IRS National Office approving the Company's application to change its tax method of accounting for certain capitalized costs relating to its utility property. Local IRS examiners proposed to disallow most of the tax accounting method change recorded by the Company in fiscal 2009 and fiscal 2010. The Company has filed protests with the IRS Appeals Office disputing the local IRS findings.

The Company is also subject to various routine state income tax examinations. The Company's principal subsidiaries operate mainly in four states which have statutes of limitations that generally expire between three to four years from the date of filing of the income tax return.

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Note 5 - Capitalization

Common Stock. During the six months ended March 31, 2012, the Company issued 392,494 original issue shares of common stock as a result of stock option and SARs exercises and 41,525 original issue shares for restricted stock awards (non-vested stock as defined by the current accounting literature for stock-based compensation). In addition, the Company issued 74,630 original issue shares of common stock for the Direct Stock Purchase and Dividend Reinvestment Plan. The Company also issued 7,986 original issue shares of common stock to the non-employee directors of the Company who receive compensation under the Company's 2009 Non-Employee Director Equity Compensation Plan, as partial consideration for the directors' services during the six months ended March 31, 2012. Holders of stock options, SARs or restricted stock will often tender shares of common stock to the Company for payment of option exercise prices and/or applicable withholding taxes. During the six months ended March 31, 2012, 155,462 shares of common stock were tendered to the Company for such purposes. The Company considers all shares tendered as cancelled shares restored to the status of authorized but unissued shares, in accordance with New Jersey law.

Current Portion of Long-Term Debt. Current Portion of Long-Term Debt at March 31, 2012 consists of $250 million of 5.25% notes that mature in March 2013. Current Portion of Long-Term Debt at September 30, 2011 consisted of $150 million of 6.70% notes that matured in November 2011.

Long-Term Debt. On December 1, 2011, the Company issued $500.0 million of 4.90% notes due December 1, 2021. After deducting underwriting discounts and commissions, the net proceeds to the Company amounted to $496.1 million. The holders of the notes may require the Company to repurchase their notes at a price equal to 101% of the principal amount in the event of a change in control and a ratings downgrade to a rating below investment grade. The proceeds of this debt issuance were used for general corporate purposes, including refinancing short-term debt that was used to pay the $150 million due at the maturity of the Company's 6.70% notes in November 2011.

Note 6 - Commitments and Contingencies

Environmental Matters. The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. The Company has established procedures for the ongoing evaluation of its operations to identify potential environmental exposures and to comply with regulatory policies and procedures. It is the Company's policy to accrue estimated environmental clean-up costs (investigation and remediation) when such amounts can reasonably be estimated and it is probable that the Company will be required to incur such costs.

The Company has agreed with the NYDEC to remediate a former manufactured gas plant site located in New York. In February 2009, the Company received approval from the NYDEC of a Remedial Design work plan (RDWP) for this site. In October 2010, the Company submitted a RDWP addendum to conduct additional Preliminary Design Investigation field activities necessary to design a successful remediation. An estimated minimum liability for remediation of this site of $14.1 million has been recorded.

At March 31, 2012, the Company has estimated its remaining clean-up costs related to former manufactured gas plant sites and third party waste disposal sites (including the former manufactured gas plant site discussed above) will be in the range of $15.6 million to $19.8 million. The minimum estimated liability of $15.6 million, which includes the $14.1 million discussed above, has been recorded on the Consolidated Balance Sheet at March 31, 2012. The Company expects to recover its environmental clean-up costs through rate recovery.

The Company is currently not aware of any material additional exposure to environmental liabilities. However, changes in environmental regulations, new information or other factors could adversely impact the Company.

Other. The Company is involved in other litigation and regulatory matters arising in the normal course of business. These other matters may include, for example, negligence claims and tax, regulatory or other governmental audits, inspections, investigations and other proceedings. These matters may involve state and federal taxes, safety, compliance with regulations, rate base, cost of service and purchased gas cost issues, among other things. While these other matters arising in the normal course of business could have a material effect on earnings and cash flows in the period in which they are resolved, an estimate of the possible loss or range of loss, if any, cannot be made at this time.

Note 7 – Business Segment Information

The Company reports financial results for four segments: Utility, Pipeline and Storage, Exploration and Production, and Energy Marketing. The division of the Company's operations into reportable segments is based upon a combination of factors including differences in products and services, regulatory environment and geographic factors.

The data presented in the tables below reflect financial information for the segments and reconciliations to consolidated amounts. As stated in the 2011 Form 10-K, the Company evaluates segment performance based on income before discontinued operations, extraordinary items and cumulative effects of changes in accounting (when applicable). When these items are not applicable, the Company evaluates performance based on net income. There have been no changes in the basis of segmentation nor in the basis of measuring segment profit or loss from those used in the Company's 2011 Form 10-K. As for segment assets, the only significant changes from the segment assets disclosed in the 2011 Form 10-K involve the Exploration and Production segment and Utility segment as well as Corporate and Intersegment Eliminations. Total Exploration and Production segment assets and Utility segment assets have increased by $387.3 million and $64.2 million, respectively, during the six months ended March 31, 2012. Corporate and Intersegment Eliminations assets have increased by $90.6 million, during the six months ended March 31, 2012.

Quarter Ended March 31, 2012 (Thousands)	Utility	Pipeline and Storage	Exploration and Production	Energy Marketing	Total Reportable Segments	All Other	Corporate and Intersegment Eliminations	Total Consolidated
Revenue from External Customers	$296,786	$ 42,120	$136,926	$75,223	$551,055	$1,023	$ 231	$ 552,309
Intersegment Revenues	$ 5,551	$ 21,294	$ —	$ 269	$ 27,114	$3,159	$ (30,273)	$ —
Segment Profit:								
Net Income (Loss)	$ 28,275	$ 12,841	$ 22,192	$ 3,310	$ 66,618	$1,339	$ (565)	$ 67,392

Six Months Ended March 31, 2012 (Thousands)	Utility	Pipeline and Storage	Exploration and Production	Energy Marketing	Total Reportable Segments	All Other	Corporate and Intersegment Eliminations	Total Consolidated
Revenue from External Customers	$505,596	$ 77,345	$272,899	$126,445	$982,285	$1,960	$ 487	$ 984,732
Intersegment Revenues	$ 9,940	$ 42,359	$ —	$ 556	$ 52,855	$6,520	$ (59,375)	$ —
Segment Profit:								
Net Income (Loss)	$ 47,628	$ 22,801	$ 52,507	$ 3,739	$126,675	$2,743	$ (1,327)	$ 128,091

Quarter Ended March 31, 2011 (Thousands)	Utility	Pipeline and Storage	Exploration and Production	Energy Marketing	Total Reportable Segments	All Other	Corporate and Intersegment Eliminations	Total Consolidated
Revenue from External Customers	$361,745	$ 39,669	$137,430	$121,321	$ 660,165	$ 472	$ 244	$ 660,881
Intersegment Revenues	$ 6,635	$ 20,632	$ —	$ —	$ 27,267	$ 2,538	$ (29,805)	$ —
Segment Profit:								
Net Income (Loss)	$ 33,081	$ 10,955	$ 33,299	$ 6,299	$ 83,634	$32,181	$ (204)	$ 115,611

Six Months Ended March 31, 2011 (Thousands)	Utility	Pipeline and Storage	Exploration and Production	Energy Marketing	Total Reportable Segments	All Other	Corporate and Intersegment Eliminations	Total Consolidated
Revenue from External Customers	$604,587	$ 73,182	$257,598	$174,973	$1,110,340	$ 1,021	$ 468	$1,111,829
Intersegment Revenues	$ 11,205	$ 40,514	$ —	$ —	$ 51,719	$ 4,216	$ (55,935)	$ —
Segment Profit:								
Net Income (Loss)	$ 56,071	$ 19,533	$ 60,672	$ 7,231	$ 143,507	$31,606	$ (959)	$ 174,154

Note 8 – Retirement Plan and Other Post-Retirement Benefits

Components of Net Periodic Benefit Cost (in thousands):

	Retirement Plan		Other Post-Retirement Benefits	
Three months ended March 31,	2012	2011	2012	2011
Service Cost	$ 3,551	$ 3,693	$ 1,004	$ 1,069
Interest Cost	10,381	10,669	5,329	5,471
Expected Return on Plan Assets	(14,925)	(14,776)	(7,243)	(7,291)
Amortization of Prior Service Cost	67	147	(534)	(427)
Amortization of Transition Amount	—	—	3	135
Amortization of Losses	9,904	8,718	6,014	5,948
Net Amortization and Deferral for Regulatory Purposes (Including Volumetric Adjustments) (1)	2,200	3,556	5,141	6,042
	$ 11,178	$ 12,007	$ 9,714	$ 10,947

Six months ended March 31,	Retirement Plan 2012	Retirement Plan 2011	Other Post-Retirement Benefits 2012	Other Post-Retirement Benefits 2011
Service Cost	$ 7,101	$ 7,386	$ 2,008	$ 2,138
Interest Cost	20,763	21,338	10,657	10,942
Expected Return on Plan Assets	(29,850)	(29,552)	(14,486)	(14,582)
Amortization of Prior Service Cost	134	294	(1,069)	(854)
Amortization of Transition Amount	—	—	5	270
Amortization of Losses	19,807	17,437	12,029	11,896
Net Amortization and Deferral for Regulatory Purposes (Including Volumetric Adjustments) [1]	399	1,762	7,274	7,963
Net Periodic Benefit Cost	$ 18,354	$ 18,665	$ 16,418	$ 17,773

(1) The Company’s policy is to record retirement plan and other post-retirement benefit costs in the Utility segment on a volumetric basis to reflect the fact that the Utility segment experiences higher throughput of natural gas in the winter months and lower throughput of natural gas in the summer months.

Employer Contributions. During the six months ended March 31, 2012, the Company contributed $31.8 million to its tax-qualified, noncontributory defined-benefit retirement plan (Retirement Plan) and $15.3 million to its VEBA trusts and 401(h) accounts for its other post-retirement benefits. In the remainder of 2012, the Company expects to contribute $7.0 million to the Retirement Plan. Changes in the discount rate, other actuarial assumptions, and asset performance could ultimately cause the Company to fund larger amounts to the Retirement Plan in fiscal 2012 in order to be in compliance with the Pension Protection Act of 2006. In the remainder of 2012, the Company expects to contribute between $5.0 million and $6.0 million to its VEBA trusts and 401(h) accounts.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

OVERVIEW

[Please note that this overview is a high-level summary
of items that are discussed in greater detail in subsequent sections of this report.]

The Company is a diversified energy holding company that owns a number of subsidiary operating companies, and reports financial results in four reportable business segments. For the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011, the Company experienced a decrease in earnings of $48.2 million. For the six months ended March 31, 2012 compared to the six months ended March 31, 2011, the Company experienced a decrease in earnings of $46.1 million. The earnings decrease for both the quarter and six-month periods was primarily driven by the recognition of a gain on the sale of unconsolidated subsidiaries of $50.9 million ($31.4 million after tax) during the quarter ended March 31, 2011 in the All Other category that did not recur during the quarter and six months ended March 31, 2012. In February 2011, the Company sold its 50% equity method investments in Seneca Energy and Model City for $59.4 million. Seneca Energy and Model City generate and sell electricity using methane gas obtained from landfills owned by outside parties. The sale was the result of the Company’s strategy to pursue the sale of smaller, non-core assets in order to focus on its core businesses, including the development of the Marcellus Shale and the expansion of its pipeline business throughout the Appalachian region. Lower earnings in the Exploration and Production segment, Utility segment and Energy Marketing segment also contributed to the decrease in earnings for the quarter and six-month periods, slightly offset by higher earnings in the Pipeline and Storage segment. For further discussion of the Company’s earnings, refer to the Results of Operations section below.

The Marcellus Shale is a Middle Devonian-age geological shale formation that is present nearly a mile or more below the surface in the Appalachian region of the United States, including much of Pennsylvania and southern New York. Due to the depth at which this formation is found, drilling and completion costs, including the drilling and completion of horizontal wells with hydraulic fracturing, are very expensive. However, independent geological studies have indicated that this formation could yield natural gas reserves measured in the trillions of cubic feet. The Company controls the natural gas interests associated with approximately 745,000 net acres within the Marcellus Shale area, with a majority of the interests held in fee, carrying no royalty and no lease expirations. The Company’s reserve base has grown substantially from development in the Marcellus Shale. Natural gas proved developed and undeveloped reserves in the Appalachian region increased from 331 Bcf at September 30, 2010 to 607 Bcf at September 30, 2011. With this in mind, and with a natural desire to realize the value of these assets in a responsible and orderly fashion, the Company has spent significant amounts of capital in this region. For the six months ended March 31, 2012, the Company spent $355.0 million towards the development of the Marcellus Shale. While the Company remains focused on the development of the Marcellus Shale, the Company will be reducing its estimated capital expenditures for fiscal 2012 and fiscal 2013 in response to the significant decline in natural gas prices. The Exploration and Production segment estimated capital expenditures for fiscal 2012 have been reduced by approximately $110 million from what was reported at December 31, 2011. The Exploration and Production segment estimated capital expenditures for fiscal 2013 have been reduced by approximately $425 million from what was reported at September 30, 2011.

Coincident with the development of its Marcellus Shale acreage, the Company’s Pipeline and Storage segment is building pipeline gathering and transmission facilities to connect Marcellus Shale production with existing pipelines in the region and is pursuing the development of additional pipeline and storage capacity in order to meet anticipated demand for the large amount of Marcellus Shale production expected to come on-line in the months and years to come. One such project, Empire’s Tioga County Extension Project, was placed in service in November 2011. Supply Corporation’s planned Northern Access expansion project is also considered significant. Just like the Tioga County Extension Project, it is designed to receive natural gas produced from the Marcellus Shale and transport it to Canada and the Northeast United States to meet growing demand in those areas. During the past two years, Empire and Supply Corporation experienced a decline in the volumes of natural gas received at the Canada/United States border at the Niagara River to be shipped across their systems. The historical price advantage for gas sold at the Niagara import points has declined as production in the Canadian producing regions has declined or been diverted to other demand areas, and as production from new shale plays has increased in the United States. This factor has been causing shippers to seek alternative gas supplies and consequently alternative transportation routes. Empire’s Tioga County Extension Project is currently providing one such alternative transportation route and Supply Corporation's Northern Access expansion project is designed to provide another alternative transportation route. Service for the Northern Access expansion project is expected to begin in November 2012. These projects, which are discussed more completely in the Investing Cash Flow section that follows, have or will involve significant capital expenditures.

From a capital resources perspective, the Company has largely been able to meet its capital expenditure needs for all of the above projects by using cash from operations. In addition, the Company's December 2011 issuance of $500.0 million of 4.90% notes due in December 2021 enhanced its liquidity position to meet these needs. On January 6, 2012, the Company entered into an Amended and Restated Credit Agreement that replaced the Company's $300.0 million committed credit facility with a similar committed credit facility totaling $750.0 million that extends to January 6, 2017.

The possibility of environmental risks associated with a well completion technology referred to as hydraulic fracturing continues to be debated. In Pennsylvania, where the Company is focusing its Marcellus Shale development efforts, the permitting and regulatory processes seem to strike a balance between the environmental concerns associated with hydraulic fracturing and the benefits of increased natural gas production. Hydraulic fracturing is a well stimulation technique that has been used for many years, and in the Company's experience, one that the Company believes has little negative impact to the environment. Nonetheless, the potential for increased state or federal regulation of hydraulic fracturing could impact future costs of drilling in the Marcellus Shale and lead to operational delays or restrictions. There is also the risk that drilling could be prohibited on certain acreage that is prospective for the Marcellus Shale. For example, New York State had a moratorium in place that prevented hydraulic fracturing of new horizontal wells in the Marcellus Shale. The moratorium ended in July 2011 and the DEC has issued its recommendations for shale development and production. However, the recommendations have not gone into effect to date. Due to the small amount of Marcellus Shale acreage owned by the Company in New York State, the final outcome of the DEC's recommendations are not expected to have a significant impact on the Company's plans for Marcellus Shale development. Please refer to the Risk Factors section of the Form 10-K for the year ended September 30, 2011 for further discussion.

CRITICAL ACCOUNTING ESTIMATES

For a complete discussion of critical accounting estimates, refer to "Critical Accounting Estimates" in Item 7 of the Company's 2011 Form 10-K and Item 2 of the Company's December 31, 2011 Form 10-Q. There have been no material changes to those disclosures other than as set forth below. The information presented below updates and should be read in conjunction with the critical accounting estimates in those documents.

Oil and Gas Exploration and Development Costs. The Company, in its Exploration and Production segment, follows the full cost method of accounting for determining the book value of its oil and natural gas properties. In accordance with this methodology, the Company is required to perform a quarterly ceiling test. Under the ceiling test, the present value of future revenues from the Company's oil and gas reserves based on an unweighted arithmetic average of the first day of the month oil and gas prices for each month within the twelve-month period prior to the end of the reporting period (the "ceiling") is compared with the book value of the Company's oil and gas properties at the balance sheet date. If the book value of the oil and gas properties exceeds the ceiling, a non-cash impairment charge must be recorded to reduce the book value of the oil and gas properties to the calculated ceiling. At March 31, 2012, the ceiling exceeded the book value of the oil and gas properties by approximately $279.6 million. The 12-month average of the first day of the month price for crude oil for each month during the twelve months ended March 31, 2012, based on posted Midway Sunset prices was $107.51 per Bbl. The 12-month average of the first day of the month price for natural gas for each month during the twelve months ended March 31, 2012, based on the quoted Henry Hub spot price for natural gas, was $3.73 per MMBtu. (Note – Because actual pricing of the Company's various producing properties varies depending on their location and hedging, the actual various prices received for such production is utilized to calculate the ceiling, rather than the Midway Sunset and Henry Hub prices, which are only indicative of 12-month average prices for the twelve months ended March 31, 2012.) If natural gas average prices used in the ceiling test calculation at March 31, 2012 had been $1 per MMBtu lower, the ceiling would have exceeded the book value of the Company's oil and gas properties by approximately $103.3 million. If crude oil average prices used in the ceiling test calculation at March 31, 2012 had been $5 per Bbl lower, the ceiling would have exceeded the book value of the Company's oil and gas properties by approximately $233.8 million. If both natural gas and crude oil average prices used in the ceiling test calculation at March 31, 2012 were lower by $1 per MMBtu and $5 per Bbl, respectively, the ceiling would have exceeded the book value of the Company's oil and gas properties by approximately $57.6 million. These calculated amounts are based solely on price changes and do not take into account any other changes to the ceiling test calculation. For a more complete discussion of the full cost method of accounting, refer to "Oil and Gas Exploration and Development Costs" under "Critical Accounting Estimates" in Item 7 of the Company's 2011 Form 10-K.

RESULTS OF OPERATIONS

Earnings

The Company's earnings were $67.4 million for the quarter ended March 31, 2012 compared with earnings of $115.6 million for the quarter ended March 31, 2011. The decrease in earnings of $48.2 million is primarily a result of lower earnings in the All Other category, Exploration and Production segment, Utility segment and Energy Marketing segment. Higher earnings in the Pipeline and Storage segment slightly offset these decreases. The Company's earnings for the quarter ended March 31, 2011 include a $50.9 million ($31.4 million after tax) gain on the sale of unconsolidated subsidiaries as a result of the Company's sale of its 50% equity method investments in Seneca Energy and Model City, as discussed above.

The Company's earnings were $128.1 million for the six months ended March 31, 2012 compared to earnings of $174.2 million for the six months ended March 31, 2011. The decrease in earnings of $46.1 million is primarily a result of lower earnings in the All Other category, Exploration and Production segment, Utility segment and Energy Marketing segment. Higher earnings in the Pipeline and Storage segment slightly offset these decreases. The Company's earnings for the six months ended March 31, 2011 include a $50.9 million ($31.4 million after tax) gain on the sale of unconsolidated subsidiaries, as discussed above.

Additional discussion of earnings in each of the business segments can be found in the business segment information that follows. Note that all amounts used in the earnings discussions are after-tax amounts, unless otherwise noted.

Earnings (Loss) by Segment

	Three Months Ended March 31,			Six Months Ended March 31,		
(Thousands)	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Utility	$28,275	$ 33,081	$ (4,806)	$ 47,628	$ 56,071	$ (8,443)
Pipeline and Storage	12,841	10,955	1,886	22,801	19,533	3,268
Exploration and Production	22,192	33,299	(11,107)	52,507	60,672	(8,165)
Energy Marketing	3,310	6,299	(2,989)	3,739	7,231	(3,492)
Total Reportable Segments	66,618	83,634	(17,016)	126,675	143,507	(16,832)
All Other	1,339	32,181	(30,842)	2,743	31,606	(28,863)
Corporate	(565)	(204)	(361)	(1,327)	(959)	(368)
Total Consolidated	$67,392	$115,611	$(48,219)	$128,091	$174,154	$(46,063)

Utility

Utility Operating Revenues

(Thousands)	Three Months Ended March 31, 2012	2011	Increase (Decrease)	Six Months Ended March 31, 2012	2011	Increase (Decrease)
Retail Sales Revenues:						
Residential	$207,409	$263,596	$(56,187)	$355,672	$440,785	$ (85,113)
Commercial	28,208	38,813	(10,605)	45,853	61,359	(15,506)
Industrial	1,675	2,900	(1,225)	2,697	4,144	(1,447)
	237,292	305,309	(68,017)	404,222	506,288	(102,066)
Transportation	43,124	44,951	(1,827)	78,088	80,363	(2,275)
Off-System Sales	17,865	16,699	1,166	27,010	25,589	1,421
Other	4,056	1,421	2,635	6,216	3,552	2,664
	$302,337	$368,380	$(66,043)	$515,536	$615,792	$(100,256)

Utility Throughput

(MMcf)	Three Months Ended March 31, 2012	2011	Increase (Decrease)	Six Months Ended March 31, 2012	2011	Increase (Decrease)
Retail Sales:						
Residential	21,384	28,048	(6,664)	35,933	45,207	(9,274)
Commercial	3,161	4,372	(1,211)	5,155	6,842	(1,687)
Industrial	187	393	(206)	288	539	(251)
	24,732	32,813	(8,081)	41,376	52,588	(11,212)
Transportation	22,719	27,472	(4,753)	39,647	45,581	(5,934)
Off-System Sales	6,799	3,458	3,341	9,544	5,321	4,223
	54,250	63,743	(9,493)	90,567	103,490	(12,923)

Degree Days

	Normal	2012	2011	Percent Colder (Warmer) Than Normal [(1)]	Prior Year [(1)]
Three Months Ended March 31					
Buffalo	3,364	2,572	3,494	(23.5)	(26.4)
Erie	3,176	2,403	3,312	(24.3)	(27.4)
Six Months Ended March 31					
Buffalo	5,624	4,420	5,826	(21.4)	(24.1)
Erie	5,257	4,124	5,472	(21.6)	(24.6)

(1) Percents compare actual 2012 degree days to normal degree days and actual 2012 degree days to actual 2011 degree days.

2012 Compared with 2011

Operating revenues for the Utility segment decreased $66.0 million for the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. This decrease largely resulted from a $68.0 decrease in retail gas sales revenues. The decrease in retail gas sales revenues was primarily due to warmer weather combined with the recovery of lower gas costs (subject to certain timing variations, gas costs are recovered dollar for dollar in revenues). The recovery of lower gas costs resulted from lower volumes sold combined with a lower cost of purchased gas. The Utility segment's average cost of purchased gas, including the cost of transportation and storage, was $4.78 per Mcf for the three months ended March 31, 2012, a decrease of 24.2% from the average cost of $6.31 per Mcf for the three months ended March 31, 2011.

The increase in off-system sales revenues of $1.2 million was largely due to an increase in off-system sales volume. Due to profit sharing with retail customers, the margins resulting from off-system sales are minimal and there was not a material impact on margins. The decrease in transportation revenues of $1.8 million is primarily due to a 4.8 Bcf decrease in throughput (primarily due to warmer weather). The decrease in transportation revenues was partially offset by a migration of customers from retail sales to transportation services. The $2.6 million increase in other operating revenues was largely attributable to a regulatory adjustment to increase a previous undercollection of pension and other post-retirement benefit costs.

Operating revenues for the Utility segment decreased $100.3 million for the six months ended March 31, 2012 as compared with the six months ended March 31, 2011. This decrease largely resulted from a $102.1 million decrease in retail gas sales revenues. The decrease in retail gas sales revenues was primarily due to warmer weather combined with the recovery of lower gas costs (subject to certain timing variations, gas costs are recovered dollar for dollar in revenues). The recovery of lower gas costs resulted from lower volumes sold combined with a lower cost of purchased gas. The Utility segment's average cost of purchased gas, including the cost of transportation and storage, was $5.25 per Mcf for the six months ended March 31, 2012, a decrease of 15.2% from the average cost of $6.19 per Mcf for the six months ended March 31, 2011.

The increase in off-system sales revenues of $1.4 million was largely due to an increase in off-system sales volume. Due to profit sharing with retail customers, the margins resulting from off-system sales are minimal and there was not a material impact on margins. The decrease in transportation revenues of $2.3 million is primarily due to a 5.9 Bcf decrease in throughput (primarily due to warmer weather). The decrease in transportation revenues was partially offset by a migration of customers from retail sales to transportation services. The $2.7 million increase in other operating revenues was largely attributable to a regulatory adjustment to increase a previous undercollection of pension and other post-retirement benefit costs.

The Utility segment's earnings for the quarter ended March 31, 2012 were $28.3 million, a decrease of $4.8 million when compared with earnings of $33.1 million for the quarter ended March 31, 2011. The decrease in earnings is largely attributable to warmer weather ($4.4 million). In addition, earnings were negatively impacted by higher operating expenses of $0.4 million (largely the result of higher personnel costs that were partially offset by decreased bad debt expense). These decreases were partially offset by the positive earnings impact of lower interest expense ($0.4 million), which was largely due to lower interest on deferred gas costs.

The impact of weather variations on earnings in the New York jurisdiction is mitigated by that jurisdiction's weather normalization clause (WNC). The WNC in New York, which covers the eight-month period from October through May, has had a stabilizing effect on earnings for the New York rate jurisdiction. In addition, in periods of colder than normal weather, the WNC benefits the Utility segment's New York customers. For the quarter ended March 31, 2012, the WNC preserved earnings of approximately $3.3 million, as the weather was warmer than normal. For the quarter ended March 31, 2011, the WNC reduced earnings by $0.7 million, as it was colder than normal.

The Utility segment's earnings for the six months ended March 31, 2012 were $47.6 million, a decrease of $8.5 million when compared with earnings of $56.1 million for the six months ended March 31, 2011. The decrease in earnings is largely attributable to warmer weather ($6.6 million) and routine regulatory adjustments of $0.9 million. In addition, earnings were negatively impacted by higher operating expenses of $0.8 million (largely the result of higher personnel costs that were partially offset by decreased bad debt expense) and higher income tax expense of $0.7 million. These decreases were partially offset by the positive earnings impact of lower interest expense ($0.8 million), which was largely due to lower interest on deferred gas costs.

For the six months ended March 31, 2012, the WNC preserved earnings of approximately $4.7 million, as the weather was warmer than normal. For the six months ended March 31, 2011, the WNC reduced earnings by $0.8 million, as it was colder than normal.

Pipeline and Storage

Pipeline and Storage Operating Revenues

	Three Months Ended March 31,			Six Months Ended March 31,		
(Thousands)	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Firm Transportation	$45,007	$37,290	$ 7,717	$ 84,139	$ 72,240	$11,899
Interruptible Transportation	335	415	(80)	738	730	8
	45,342	37,705	7,637	84,877	72,970	11,907
Firm Storage Service	16,685	16,859	(174)	33,183	33,461	(278)
Interruptible Storage Service	—	2	(2)	—	19	(19)
Other	1,387	5,735	(4,348)	1,644	7,246	(5,602)
	$63,414	$60,301	$ 3,113	$119,704	$113,696	$ 6,008

Pipeline and Storage Throughput

	Three Months Ended March 31,			Six Months Ended March 31,		
(MMcf)	2012	2011	Decrease	2012	2011	Increase (Decrease)
Firm Transportation	118,050	123,969	(5,919)	201,658	213,218	(11,560)
Interruptible Transportation	456	1,095	(639)	1,264	1,220	44
	118,506	125,064	(6,558)	202,922	214,438	(11,516)

2012 Compared with 2011

Operating revenues for the Pipeline and Storage segment increased $3.1 million in the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. The increase was primarily due to an increase in transportation revenues of $7.6 million, largely due to new contracts for transportation service on Supply Corporation's Line N Expansion Project, which was placed in service in October 2011, and Empire's Tioga County Extension Project, which was placed in service in November 2011. Both projects provide pipeline capacity for Marcellus Shale production and are discussed in the Investing Cash Flow section that follows. These increases more than offset a decline in transportation revenues due to the turnback of other pipeline capacity at Niagara. The increase in transportation revenues was partially offset by a decrease in efficiency gas revenues of $4.4 million (reported as a part of other revenue in the table above) resulting from lower natural gas prices, lower efficiency gas volumes and an adjustment to reduce the carrying value of Supply Corporation's efficiency gas inventory to market value during the quarter ended March 31, 2012. Under Supply Corporation's tariff with shippers, Supply Corporation is allowed to retain a set percentage of shipper-supplied gas as compressor fuel and for other operational purposes. To the extent that Supply Corporation does not need all of the gas to cover such operational needs, it is allowed to keep the excess gas as inventory. That inventory is later sold to buyers on the open market. The excess gas that is retained as inventory, as well as any gains resulting from the sale of such inventory, represent efficiency gas revenue to Supply Corporation.

Operating revenues for the Pipeline and Storage segment for the six months ended March 31, 2012 increased $6.0 million as compared with the six months ended March 31, 2011. The increase was primarily due to an increase in transportation revenues of $11.9 million, which was primarily the result of new contracts for transportation service on Supply Corporation's Line N Expansion Project and Empire's Tioga County Extension Project, as discussed above, which more than offset a decline in transportation revenues due to the turnback of other pipeline capacity at Niagara. The increase in transportation revenues was partially offset by a decrease in efficiency gas revenues of $5.6 million resulting from lower natural gas prices, lower efficiency gas volumes and adjustments to reduce the carrying value of Supply Corporation's efficiency gas inventory to market value during the six months ended March 31, 2012.

Volume fluctuations generally do not have a significant impact on revenues as a result of the straight fixed-variable rate design utilized by Supply Corporation and Empire. Transportation volume for the quarter ended March 31, 2012 decreased by 6.6 Bcf from the prior year's quarter. For the six months ended March 31, 2012, transportation volume decreased by 11.5 Bcf from the prior year's six-month period. While transportation volume decreased largely due to warmer weather, there was little impact on revenues due to Supply Corporation and Empire's straight fixed-variable rate design.

The Pipeline and Storage segment's earnings for the quarter ended March 31, 2012 were $12.8 million, an increase of $1.8 million when compared with earnings of $11.0 million for the quarter ended March 31, 2011. The increase in earnings is primarily due to the earnings impact of higher transportation revenues of $5.0 million, as discussed above, combined with lower operating expenses ($0.6 million). The decrease in operating expenses can be attributed primarily to a decline in compressor station maintenance costs, a decrease in workers' compensation expense and a decrease in the reserve for preliminary project costs. These operating expense decreases were partially offset by additional operating costs associated with compliance with federal/state mandates and Supply Corporation's current rate case. The earnings increases were partially offset by the earnings impact associated with lower efficiency gas revenues ($2.9 million), as discussed above, and higher depreciation expense ($0.4 million). The increase in depreciation expense is primarily the result of additional projects that were placed in service in the last year.

The Pipeline and Storage segment's earnings for the six months ended March 31, 2012 were $22.8 million, an increase of $3.3 million when compared with earnings of $19.5 million for the six months ended March 31, 2011. The increase in earnings is primarily due to the earnings impact of higher transportation revenues of $7.7 million, as discussed above, combined with an increase in the allowance for funds used during construction (equity component) of $0.6 million mainly due to construction during the six months ended March 31, 2012 on Supply Corporation's Northern Access Expansion Project and Line N 2012 Expansion Project and Empire's Tioga County Extension Project. These earnings increases were partially offset by the earnings impact associated with lower efficiency gas revenues ($3.7 million), as discussed above, and higher depreciation expense ($1.1 million). The increase in depreciation expense is mostly the result of additional projects that were placed in service in the last year.

Exploration and Production

Exploration and Production Operating Revenues

	Three Months Ended March 31,			Six Months Ended March 31,		
(Thousands)	2012	2011	Increase (Decrease)	2012	2011	Increase (Decrease)
Gas (after Hedging)	$ 65,199	$ 73,256	$ (8,057)	$131,711	$131,265	$ 446
Oil (after Hedging)	67,721	61,337	6,384	133,392	120,030	13,362
Gas Processing Plant	6,284	6,659	(375)	13,245	13,342	(97)
Other	191	44	147	159	(71)	230
Intrasegment Elimination [1]	(2,469)	(3,866)	1,397	(5,608)	(6,968)	1,360
	$136,926	$137,430	$ (504)	$272,899	$257,598	$15,301

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

Production Volumes	Three Months Ended March 31, 2012	2011	Increase (Decrease)	Six Months Ended March 31, 2012	2011	Increase (Decrease)
Gas Production *(MMcf)*						
Appalachia	13,236	10,848	2,388	26,347	18,930	7,417
West Coast	828	855	(27)	1,645	1,790	(145)
Gulf Coast	—	2,056	(2,056)	—	4,070	(4,070)
Total Production	14,064	13,759	305	27,992	24,790	3,202
Oil Production *(Mbbl)*						
Appalachia	8	11	(3)	18	21	(3)
West Coast	717	643	74	1,426	1,297	129
Gulf Coast	—	92	(92)	—	197	(197)
Total Production	725	746	(21)	1,444	1,515	(71)

Average Prices

	Three Months Ended March 31, 2012	2011	Increase (Decrease)	Six Months Ended March 31, 2012	2011	Increase (Decrease)
Average Gas Price/Mcf						
Appalachia	$ 2.74	$ 4.40	$ (1.66)	$ 3.06	$ 4.24	$ (1.18)
West Coast	$ 3.49	$ 4.46	$ (0.97)	$ 4.22	$ 4.18	$ 0.04
Gulf Coast	N/M	$ 4.87	N/M	N/M	$ 4.71	N/M
Weighted Average	$ 2.78	$ 4.48	$ (1.70)	$ 3.13	$ 4.31	$ (1.18)
Weighted Average After Hedging	$ 4.64	$ 5.32	$ (0.68)	$ 4.71	$ 5.30	$ (0.59)
Average Oil Price/Bbl						
Appalachia	$100.35	$86.53	$ 13.82	$ 93.54	$84.07	$ 9.47
West Coast	$112.17	$95.35	$ 16.82	$110.71	$87.84	$ 22.87
Gulf Coast	N/M	$96.12	N/M	N/M	$89.61	N/M
Weighted Average	$112.05	$95.31	$ 16.74	$110.50	$88.01	$ 22.49
Weighted Average After Hedging	$ 93.40	$82.28	$ 11.12	$ 92.39	$79.21	$ 13.18

2012 Compared with 2011

Operating revenues for the Exploration and Production segment decreased $0.5 million for the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. Gas production revenue after hedging decreased $8.1 million. This was largely due to a $0.68 per Mcf decrease in the weighted average price of gas after hedging, as increases in Appalachian natural gas production were largely offset by production decreases in the Gulf Coast region. The increase in Appalachian production was primarily due to increased development within the Marcellus Shale formation, mainly in Tioga County, Pennsylvania. The decrease in Gulf Coast gas production resulted from the sale of the Exploration and Production segment’s offshore oil and natural gas properties in April 2011. Oil production revenue after hedging increased $6.4 million due to an increase in the weighted average price of oil after hedging ($11.12 per Bbl). This increase was partially offset by a decrease in production as a result of the aforementioned sale of Gulf Coast offshore properties. In addition, there was a $1.0 million increase in processing plant revenues (net of eliminations) due to a lower cost of gas used in the West Coast processing plant.

Operating revenues for the Exploration and Production segment increased $15.3 million for the six months ended March 31, 2012 as compared with the six months ended March 31, 2011. Oil production revenue after hedging increased $13.4 million due to an increase in the weighted average price of oil after hedging ($13.18 per Bbl). This increase was partially offset by a decrease in production as a result of the aforementioned sale of Gulf Coast offshore properties. Gas production revenue after hedging increased $0.4 million as increases in Appalachian natural gas production were largely offset by production decreases in the Gulf Coast region (as discussed above). In addition, there was a $1.3 million increase in processing plant revenues (net of eliminations) due to a lower cost of gas used in the West Coast processing plant.

The Exploration and Production segment's earnings for the quarter ended March 31, 2012 were $22.2 million, a decrease of $11.1 million when compared with earnings of $33.3 million for the quarter ended March 31, 2011. Lower natural gas and crude oil revenues from the Gulf Coast region ($12.5 million) due to the sale of the offshore oil and natural gas properties decreased earnings. In the Appalachian and West Coast regions, lower natural gas prices after hedging further decreased earnings ($6.6 million). Earnings were further reduced by higher property and other taxes ($4.9 million), higher interest expense ($2.0 million), higher depletion ($1.5 million), higher lease operating expenses ($1.3 million), and higher general, administrative and other operating expenses ($0.8 million). Higher natural gas production, higher crude oil prices, and higher crude oil production in the Appalachian and West Coast regions increased earnings by $8.2 million, $6.2 million and $3.7 million, respectively. In addition, an increase in processing plant revenues (net of eliminations) of $0.7 million further increased earnings. The increase in property and other taxes is largely due to the accrual of a new impact fee imposed by Pennsylvania for the first time (the fee was retroactively applied to all wells). The amount accrued was $6.4 million, of which $5.1 million was attributable to prior quarters. This was partially offset by the impact of a revision of the California property tax liability in January 2011, which led to an increase in West Coast property taxes in 2011 that did not recur in 2012. The sale of the Gulf Coast offshore oil and natural gas properties in 2011 led to a further decrease in property and other taxes, which, when combined with the impact of the revision in the California property tax liability, increased earnings by $1.5 million. An increase in the weighted average amount of debt (due to the Exploration and Production segment's share ($470 million) of the $500 million long-term debt issuance in December 2011) led to the increase in interest expense. The increase in depletion expense is primarily due to an increase in depletable base and production. The increase in lease operating expense is largely attributable to an increase in costs on non-operated joint venture wells, higher number of producing properties and higher transportation costs in the Appalachian region and higher well repair costs in the West Coast region. Higher personnel costs led to increases in general, administrative and other operating expenses.

The Exploration and Production segment's earnings for the six months ended March 31, 2012 were $52.5 million, a decrease of $8.2 million when compared with earnings of $60.7 million for the six months ended March 31, 2011. Lower natural gas and crude oil revenues from the Gulf Coast region ($24.6 million) due to the sale of the offshore oil and natural gas properties decreased earnings. In the Appalachian and West Coast regions, lower natural gas prices after hedging also decreased earnings ($11.9 million). Earnings were further reduced by higher property and other taxes ($4.7 million), higher general, administrative and other operating expenses ($2.2 million), higher interest expense ($1.5 million), higher depletion ($6.6 million), higher lease operating expenses ($2.1 million), and higher income tax expense ($1.3 million). Higher natural gas production, higher crude oil prices, and higher crude oil production in the Appalachian and West Coast regions increased earnings by $25.3 million, $13.8 million and $6.3 million, respectively. In addition, an increase in processing plant revenues (net of eliminations) of $0.8 million further increased earnings. As mentioned above, the increase in property and other taxes is largely due to the accrual of a new impact fee imposed by Pennsylvania for the first time (the fee was retroactively applied to all wells). The amount accrued was $6.4 million, of which $3.9 million was attributable to the prior fiscal year. This was partially offset by the impact of a revision of the California property tax liability in January 2011, which led to an increase in West Coast property taxes in 2011 that did not recur in 2012. The sale of the Gulf Coast offshore oil and natural gas properties in 2011 led to a further decrease in property and other taxes which, when combined with the impact of the revision in the California property tax liability, increased earnings by $1.7 million. Higher personnel costs were largely responsible for increases in general, administrative and other operating expenses. An increase in the weighted average amount of debt (due to the Exploration and Production segment's share ($470 million) of the $500 million long-term debt issuance in December 2011) led to the increase in interest expense. The increase in depletion expense is primarily due to an increase in depletable base and production. The increase in lease operating expense is largely attributable to an increase in costs on non-operated joint venture wells, higher number of producing properties and higher transportation costs in the Appalachian region and higher well repair costs in the West Coast region. The increase in income taxes is attributable to higher state income taxes.

Energy Marketing

Energy Marketing Operating Revenues

	Three Months Ended March 31,			Six Months Ended March 31,		
(Thousands)	2012	2011	Decrease	2012	2011	Decrease
Natural Gas (after Hedging)	$75,473	$121,294	$(45,821)	$126,972	$174,933	$(47,961)
Other	19	27	(8)	29	40	(11)
	$75,492	$121,321	$(45,829)	$127,001	$174,973	$(47,972)

Energy Marketing Volume

	Three Months Ended March 31,			Six Months Ended March 31,		
	2012	2011	Decrease	2012	2011	Decrease
Natural Gas – (MMcf)	17,727	21,609	(3,882)	28,039	32,355	(4,316)

2012 Compared with 2011

Operating revenues for the Energy Marketing segment decreased $45.8 million and $48.0 million for the quarter and six months ended March 31, 2012, as compared with the quarter and six months ended March 31, 2011. The decrease for both the quarter and six months ended March 31, 2012 reflects a decline in gas sales revenue due to a lower average price of natural gas that was recovered through revenues and a decrease in volume sold. Warmer weather is primarily responsible for the decrease in volume.

The Energy Marketing segment's earnings for the quarter ended March 31, 2012 were $3.3 million, a decrease of $3.0 million when compared with earnings of $6.3 million for the quarter ended March 31, 2011. The Energy Marketing segment's earnings for the six months ended March 31, 2012 were $3.7 million, a decrease of $3.5 million when compared with earnings of $7.2 million for the six months ended March 31, 2011. These decreases were largely attributable to a decline in margin of $3.0 million and $3.5 million for the quarter and six-month periods, respectively. The decrease in margin was primarily driven by a reduction in the benefit the Energy Marketing segment derived from its contracts for storage capacity as well as lower volume sold to retail customers.

Corporate and All Other

2012 Compared with 2011

Corporate and All Other operations recorded earnings of $0.8 million for the quarter ended March 31, 2012, a decrease of $31.2 million when compared with earnings of $32.0 million for the quarter ended March 31, 2011. The decrease in earnings is primarily due to the gain on the sale of Horizon Power's investments in Seneca Energy and Model City of $31.4 million during the quarter ended March 31, 2011. In addition, higher interest expense of $2.3 million, lower income from unconsolidated subsidiaries of $0.4 million and higher income tax expense of $0.2 million decreased earnings further. The higher interest expense is due to higher borrowings. The Company issued $500 million of notes at 4.90% in December 2011 and repaid $150 million of 6.70% notes that matured in November 2011. The lower income from unconsolidated subsidiaries is due to the sale of Horizon Power's investments in Seneca Energy and Model City as noted above. The factors contributing to the overall decrease in earnings were partially offset by higher interest income of $2.4 million, higher margins of $0.5 million and higher gathering and processing revenues of $0.2 million. The higher interest income is due to higher interest collected from the Company's Exploration and Production segment as a result of their share of the borrowing discussed above. The higher margins are due to an increase in revenues from the sale of standing timber. The increase in gathering and processing revenues are due to Midstream Corporation's increase in gathering operations for Marcellus Shale gas in Tioga County, Pennsylvania.

For the six months ended March 31, 2012, Corporate and All Other operations had earnings of $1.4 million, a decrease of $29.2 million when compared with earnings of $30.6 million for the six months ended March 31, 2011. The decrease in earnings is primarily due to the gain on the sale of Horizon Power's investments in Seneca Energy and Model City of $31.4 million during the quarter ended March 31, 2011. In addition, higher interest expense of $1.6 million and higher income tax expense of $0.4 million decreased earnings further. The higher interest expense is due to higher borrowings as discussed above. The factors contributing to the overall decrease in earnings were partially offset by higher interest income of $1.9 million, higher gathering and processing revenues of $1.3 million, higher margins of $0.9 million and a lower loss from unconsolidated subsidiaries of $0.3 million. The higher interest income is due to higher interest collected from the Company's Exploration and Production segment as a result of their share of the borrowing discussed above. The higher margins are due to an increase in revenues from the sale of standing timber. The increase in gathering and processing revenues are due to Midstream Corporation's increase in gathering operations for Marcellus Shale gas in Tioga County, Pennsylvania. The lower loss from unconsolidated subsidiaries is primarily due to the non-recurrence of renewable energy credit adjustments recorded by Seneca Energy and Model City during the quarter ended December 31, 2010.

Other Income

Other income decreased $0.8 million for the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. This decrease is mainly attributable to a gain on corporate-owned life insurance policies of $0.5 million recognized during the quarter ended March 31, 2011 that did not recur during the quarter ended March 31, 2012. There was a loss from unconsolidated subsidiaries for the quarter ended March 31, 2012 which when compared to income from unconsolidated subsidiaries for the quarter ended March 31, 2011, reduced other income by an additional $0.6 million (largely the result of the sale of Seneca Energy and Model City in February 2011). For the six months ended March 31, 2012, other income increased $0.7 million as compared with the six months ended March 31, 2011. This increase is mainly attributable to a $0.6 million increase in allowance for funds used during construction in the Pipeline and Storage segment. In addition, there was a reduction of losses from unconsolidated subsidiaries for the six months ended March 31, 2012 as compared to the six months ended March 31, 2011 of $0.5 million (as discussed in Corporate and All Other above). This was partially offset by the non-recurrence of the gain on corporate-owned life insurance policies of $0.5 million recognized during the six months ended March 31, 2011.

Interest Expense on Long-Term Debt

Interest on long-term debt increased $2.5 million for the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. For the six months ended March 31, 2012, interest on long-term debt increased $0.9 million as compared with the six months ended March 31, 2011. This increase is due to higher borrowings. The Company issued $500 million of notes at 4.90% in December 2011 and repaid $150 million of 6.70% notes that matured in November 2011.

Other Interest Expense

Other interest expense decreased $0.2 million for the quarter ended March 31, 2012 as compared with the quarter ended March 31, 2011. For the six months ended March 31, 2012, other interest expense decreased $0.8 million as compared with the six months ended March 31, 2011. The decrease is mainly due to lower interest expense on regulatory deferrals (primarily interest on deferred gas costs) in the Utility segment.

CAPITAL RESOURCES AND LIQUIDITY

The Company's primary sources of cash during the six-month period ended March 31, 2012 consisted of proceeds from the issuance of long-term debt and cash provided by operating activities. The Company's primary sources of cash during the six-month period ended March 31, 2011 consisted of cash provided by operating activities and net proceeds from the sale of unconsolidated subsidiaries. During the six months ended March 31, 2012 and March 31, 2011, the common stock used to fulfill the requirements of the Company's 401(k) plans was obtained via open market purchases. In April 2011, the Company began issuing original issue shares for the Direct Stock Purchase and Dividend Reinvestment Plan.

Operating Cash Flow

Internally generated cash from operating activities consists of net income available for common stock, adjusted for non-cash expenses, non-cash income and changes in operating assets and liabilities. Non-cash items include depreciation, depletion and amortization and deferred income taxes.

Cash provided by operating activities in the Utility and Pipeline and Storage segments may vary substantially from period to period because of the impact of rate cases. In the Utility segment, supplier refunds, over- or under-recovered purchased gas costs and weather may also significantly impact cash flow. The impact of weather on cash flow is tempered in the Utility segment's New York rate jurisdiction by its WNC and in the Pipeline and Storage segment by the straight fixed-variable rate design used by Supply Corporation and Empire.

Because of the seasonal nature of the heating business in the Utility and Energy Marketing segments, revenues in these segments are relatively high during the heating season, primarily the first and second quarters of the fiscal year, and receivable balances historically increase during these periods from the receivable balances at September 30.

The storage gas inventory normally declines during the first and second quarters of the fiscal year and is replenished during the third and fourth quarters. For storage gas inventory accounted for under the LIFO method, the current cost of replacing gas withdrawn from storage is recorded in the Consolidated Statements of Income and a reserve for gas replacement is recorded in the Consolidated Balance Sheets under the caption "Other Accruals and Current Liabilities." Such reserve is reduced as the inventory is replenished.

Cash provided by operating activities in the Exploration and Production segment may vary from period to period as a result of changes in the commodity prices of natural gas and crude oil as well as changes in production. The Company uses various derivative financial instruments, including price swap agreements and futures contracts in an attempt to manage this energy commodity price risk.

Net cash provided by operating activities totaled $338.9 million for the six months ended March 31, 2012, a decrease of $4.3 million compared with $343.2 million provided by operating activities for the six months ended March 31, 2011. The decrease in cash provided by operating activities is primarily due to a decrease in cash provided by operations in the Energy Marketing segment, partially offset by an increase in cash provided by operations in both the Utility segment and Exploration and Production segment. The variation in the Energy Marketing segment can be attributed to hedging collateral account fluctuations combined with fluctuations in storage gas inventory and lower customer advances. The increase in the Utility segment can be attributed to the timing of gas cost recovery. The increase in the Exploration and Production segment reflects higher cash receipts from oil and natural gas production in the West Coast and Appalachian regions combined with hedging collateral account fluctuations, which both offset the loss of cash flow from the Company's former oil and natural gas properties in the Gulf of Mexico.

Investing Cash Flow

Expenditures for Long-Lived Assets

The Company's expenditures for long-lived assets totaled $541.8 million during the six months ended March 31, 2012 and $382.7 million for the six months ended March 31, 2011. The table below presents these expenditures:

Total Expenditures for Long-Lived Assets

Six Months Ended March 31, (Millions)	2012	2011	Increase (Decrease)
Utility :			
Capital Expenditures	$ 25.3	$ 25.4	$ (0.1)
Pipeline and Storage:			
Capital Expenditures	63.2 (1)(2)	39.5(3)	23.7
Exploration and Production:			
Capital Expenditures	409.1 (1)(2)	315.2 (3)(4)	93.9
All Other:			
Capital Expenditures	44.2 (1)(2)	2.6	41.6
	$ 541.8	$ 382.7	$ 159.1

(1) Capital expenditures for the Exploration and Production segment include $93.6 million of accrued capital expenditures at March 31, 2012, the majority of which was in the Appalachian region. Capital expenditures for the Pipeline and Storage segment include $12.9 million of accrued capital expenditures at March 31, 2012. In addition, capital expenditures for the All Other category include $7.9 million of accrued capital expenditures at March 31, 2012. These amounts have been excluded from the Consolidated Statement of Cash Flows at March 31, 2012 since they represent non-cash investing activities at that date.

(2) Capital expenditures for the Exploration and Production segment for the six months ended March 31, 2012 exclude $63.5 million of capital expenditures, the majority of which was in the Appalachian region. Capital expenditures for the Pipeline and Storage segment for the six months ended March 31, 2012 exclude $7.3 million of capital expenditures. Capital expenditures for the All Other category for the six months ended March 31, 2012 exclude $1.4 million of capital expenditures. These amounts were accrued at September 30, 2011 and paid during the six months ended March 31, 2012. These amounts were excluded from the Consolidated Statement of Cash Flows at September 30, 2011 since they represented non-cash investing activities at that date. These amounts have been included in the Consolidated Statement of Cash Flows at March 31, 2012.

(3) Capital expenditures include $43.9 million of accrued capital expenditures for the Exploration and Production segment at March 31, 2011, the majority of which was in the Appalachian region. In addition, capital expenditures for the Pipeline and Storage segment include $2.0 million of accrued capital expenditures at March 31, 2011. These amounts were excluded from the Consolidated Statement of Cash Flows at March 31, 2011 since they represented non-cash investing activities at that date.

(4) Capital expenditures for the Exploration and Production segment for the six months ended March 31, 2011 exclude $55.5 million of capital expenditures, the majority of which was in the Appalachian region. This amount was accrued at September 30, 2010 and paid during the six months ended March 31, 2011. This amount was excluded from the Consolidated Statement of Cash Flows at September 30, 2010 since it represented a non-cash investing activity at that date. The amount was included in the Consolidated Statement of Cash Flows at March 31, 2011.

Utility

The majority of the Utility capital expenditures for the six months ended March 31, 2012 and March 31, 2011 were made for replacement of mains and main extensions, as well as for the replacement of service lines.

Pipeline and Storage

The majority of the Pipeline and Storage capital expenditures for the six months ended March 31, 2012 were related to the construction of Empire's Tioga County Extension Project, Supply Corporation's Line N Expansion Project, Supply Corporation's Line N 2012 Expansion Project and Supply Corporation's Northern Access expansion project, as discussed below. The Pipeline and Storage segment capital expenditures for the six months ended March 31, 2012 include $19.7 million spent on the Tioga County

Extension Project, $2.7 million spent on the Line N Expansion Project, $7.1 million spent on the Line N 2012 Expansion Project, and $17.7 million spent on the Northern Access expansion project. The Pipeline and Storage capital expenditures for the six months ended March 31, 2012 also include additions, improvements, and replacements to this segment's transmission and gas storage systems. The majority of the Pipeline and Storage capital expenditures for the six months ended March 31, 2011 were related to additions, improvements, and replacements to this segment's transmission and gas storage systems. In addition, the Pipeline and Storage capital expenditure amounts for the six months ended March 31, 2011 include $7.3 million spent on the Line N Expansion Project, $5.0 million spent on the Lamont Phase II Project and $4.0 million spent on the Tioga County Extension Project.

In light of the growing demand for pipeline capacity to move natural gas from new wells being drilled in Appalachia — specifically in the Marcellus Shale producing area — Supply Corporation and Empire are actively pursuing several expansion projects and paying for preliminary survey and investigation costs, which are initially recorded as Deferred Charges on the Consolidated Balance Sheet. An offsetting reserve is established as those preliminary survey and investigation costs are incurred, which reduces the Deferred Charges balance and increases Operation and Maintenance Expense on the Consolidated Statement of Income. The Company reviews all projects on a quarterly basis, and if it is determined that it is highly probable that the project will be built, the reserve is reversed. This reversal reduces Operation and Maintenance Expense and reestablishes the original balance in Deferred Charges. After the reversal of the reserve, the amounts remain in Deferred Charges until such time as capital expenditures for the project have been incurred and activities that are necessary to get the construction project ready for its intended use are in progress. At that point, the balance is transferred from Deferred Charges to Construction Work in Progress, a component of Property, Plant and Equipment on the Consolidated Balance Sheet. As of March 31, 2012, the total amount reserved for the Pipeline and Storage segment's preliminary survey and investigation costs was $7.4 million.

Supply Corporation and Empire are moving forward with several projects designed to move anticipated Marcellus production gas to other interstate pipelines and to markets beyond the Supply Corporation and Empire pipeline systems.

Supply Corporation has a precedent agreement with Statoil Natural Gas LLC ("Statoil") to provide 320,000 Dth/day of firm transportation capacity for a 20-year term in conjunction with its "Northern Access" expansion project, and has executed the transportation service agreement. This capacity will provide Statoil with a firm transportation path from the Tennessee Gas Pipeline ("TGP") 300 Line at Ellisburg to the TransCanada Pipeline at Niagara. This path is attractive because it provides a route for Marcellus shale gas, principally along the TGP 300 Line in northern Pennsylvania, to be transported from the Marcellus supply basin to northern markets. Supply Corporation filed an application for FERC authorization of the project on March 7, 2011, received its NGA Section 7(c) Certificate on October 20, 2011, and received its Notice to Proceed on April 13, 2012. The project facilities involve approximately 9,500 horsepower of additional compression at Supply Corporation's existing Ellisburg Station and a new approximately 5,000 horsepower compressor station in Wales, New York, along with other system enhancements including enhancements to the jointly owned Niagara Spur Loop Line. Service is expected to begin in November 2012. The cost estimate for the Northern Access expansion is $68 million. As of March 31, 2012, approximately $20.7 million has been spent on the Northern Access expansion project, all of which has been capitalized as Construction Work in Progress.

Supply Corporation has begun service under two service agreements which total 160,000 Dth/day of firm transportation capacity in its "Line N Expansion Project." This project allows Marcellus production located in the vicinity of Line N to flow south and access markets at Texas Eastern's Holbrook Station ("TETCO Holbrook") in southwestern Pennsylvania. The FERC issued the NGA Section 7(c) certificate on December 16, 2010, and the project was placed into service on October 19, 2011. Completed cost for the Line N Expansion Project is expected to be approximately $21 million. As of March 31, 2012, approximately $20.8 million has been spent on the Line N Expansion Project, all of which is included in Property, Plant and Equipment on the Consolidated Balance Sheet at March 31, 2012.

Supply Corporation has also executed three precedent agreements for a total of 163,000 Dth/day of additional capacity on Line N to TETCO Holbrook for service beginning November 2012 ("Line N 2012 Expansion Project"). On July 8, 2011, Supply Corporation filed for FERC authorization to construct the Line

N 2012 Expansion Project which consists of an additional 20,620 horsepower of compression at its Buffalo Compressor Station, and the replacement of 4.85 miles of 20" pipe with 24" pipe, to enhance the integrity and reliability of its system and to create the additional capacity. The FERC issued the NGA Section 7(c) Certificate on March 29, 2012. The preliminary cost estimate for the Line N 2012 Expansion Project is approximately $30.0 million for the incremental capacity plus approximately $5.8 million allocated to system replacement. As of March 31, 2012, approximately $9.5 million has been spent on the Line N 2012 Expansion Project, all of which has been capitalized as Construction Work in Progress.

In addition, Supply Corporation continues to pursue its largest planned expansion, the West-to-East ("W2E") pipeline project, which is designed to transport locally produced Marcellus natural gas supplies, principally from the dry central area of the trend, to the Ellisburg/Leidy/Corning area. Supply Corporation anticipates that the development of the W2E project will occur in phases. As currently envisioned, the initial phases of W2E, referred to as the "W2E Overbeck to Leidy" project, are designed to transport at least 425,000 Dth/day, and involves construction of a new 82-mile pipeline through Elk, Cameron, Clinton, Clearfield and Jefferson Counties to the Leidy Hub, from Marcellus and other producing areas along over 300 miles of Supply Corporation's existing pipeline system. The W2E Overbeck to Leidy project also includes a total of approximately 25,000 horsepower of compression at two separate stations. On March 31, 2010, the FERC granted Supply Corporation's request for a pre-filing environmental review of the W2E Overbeck to Leidy project, and Supply Corporation is in the process of preparing an NGA Section 7(c) application. The capital cost of the W2E Overbeck to Leidy project is estimated to be $290 million. The project may be built in phases depending on the development of Marcellus production along the corridor, with the first facilities available for service in 2014. As of March 31, 2012, approximately $5.7 million has been spent to study the W2E Overbeck to Leidy project, which has been included in preliminary survey and investigation charges and has been fully reserved for at March 31, 2012.

On August 4, 2011, Supply Corporation concluded an Open Season to increase its capability to move gas north on its Line N system and deliver gas to Tennessee Gas Pipeline at Mercer, Pennsylvania, a pooling point recently established at Tennessee's Station 219 ("Mercer Expansion Project"). Supply Corporation is continuing discussions with an anchor shipper that would take all 150,000 Dth/day of the capacity on the project. Service is expected to begin in 2014 and the estimated cost is $25 million to $30 million. As of March 31, 2012, less than $0.1 million has been spent to study the Mercer Expansion Project, all of which has been included in preliminary survey and investigation charges and has been fully reserved for at March 31, 2012.

Empire has begun service under two service agreements which total 350,000 Dth/day of incremental firm transportation capacity in its "Tioga County Extension Project." This project transports Marcellus production from new interconnections at the southern terminus of a 15-mile extension of its Empire Connector line, in Tioga County, Pennsylvania. Completed cost for the Tioga County Extension Project is expected to be approximately $55 million, of which approximately $51.5 million has been spent through March 31, 2012. This project enables shippers to deliver their natural gas at existing Empire interconnections with Millennium Pipeline at Corning, New York, with the TransCanada Pipeline at the Niagara River at Chippawa, and with utility and power generation markets along its path, as well as to the new interconnection with TGP's 200 Line (Zone 5) in Ontario County, New York. On August 26, 2010, Empire filed an NGA Section 7(c) application to the FERC for approval of the project and the FERC issued the NGA Section 7(c) certificate on May 19, 2011. Empire accepted the certificate, received a FERC Notice to Proceed and on July 7, 2011 commenced construction. These facilities were placed fully in service on November 22, 2011. All costs associated with the project are included in Property, Plant and Equipment on the Consolidated Balance Sheet at March 31, 2012.

On December 17, 2010, Empire concluded an Open Season for up to 260,000 Dth/day of additional capacity from Tioga County, Pennsylvania, to TransCanada Pipeline and the TGP 200 Line, as well as additional short-haul capacity to Millennium Pipeline at Corning ("Central Tioga County Extension"). Empire is in discussions with an anchor shipper for a significant portion of the proposed capacity, with service likely commencing in 2014, and is studying the facility design that would be necessary to provide the requested service. The Central Tioga County Extension project may involve up to 25,000 horsepower of compression at up to three new stations and a 25 mile 24" pipeline extension, at a preliminary cost estimate of $135 million. As of March 31, 2012, approximately $0.2 million has been spent to study the Central Tioga County Extension project, which has been included in preliminary survey and investigation charges and has been fully reserved for at March 31, 2012.

For all of fiscal 2013, the Company expects to spend approximately $40.0 million on Pipeline and Storage segment capital expenditures. Previously reported 2013 estimated capital expenditures for the Pipeline and Storage segment were $122.5 million. The decrease in estimated capital expenditures noted above is a result of the Company's response to the significant decline in natural gas prices.

Exploration and Production

The Exploration and Production segment capital expenditures for the six months ended March 31, 2012 were primarily well drilling and completion expenditures and included approximately $383.3 million for the Appalachian region (including $355.0 million in the Marcellus Shale area) and $25.8 million for the West Coast region. These amounts included approximately $144.2 million spent to develop proved undeveloped reserves.

The Exploration and Production segment capital expenditures for the six months ended March 31, 2011 were primarily well drilling and completion expenditures and included approximately $298.7 million for the Appalachian region (including $295.7 million in the Marcellus Shale area), $14.7 million for the West Coast region and $1.8 million for the Gulf Coast region (former offshore oil and natural gas properties in the Gulf of Mexico). These amounts included approximately $109.4 million spent to develop proved undeveloped reserves. The capital expenditures in the Appalachian region included the Company's acquisition of oil and gas properties in the Covington Township area of Tioga County, Pennsylvania from EOG Resources, Inc. for approximately $24.1 million in November 2010. The Company funded this transaction with cash from operations.

For all of fiscal 2012, the Company expects to spend $650.0 million on Exploration and Production segment capital expenditures. Previously reported 2012 estimated capital expenditures for the Exploration and Production segment were $760.0 million. In the Appalachian region, estimated capital expenditures will decrease from $710.0 million to $600.0 million. Estimated capital expenditures in the West Coast region will remain at the previously reported $50.0 million. The decrease in estimated capital expenditures noted above is a result of the Company's response to the significant decline in natural gas prices. As part of this response, the Company reduced the number of drilling rigs in the Appalachian region from six to four during the quarter ended March 31, 2012. The Company plans to reduce the rig count in the Appalachian region to three during the quarter ended June 30, 2012. Also contributing to the decrease in estimated capital expenditures noted above is the shifting of Exploration and Production segment gathering infrastructure to Midstream Corporation.

For all of fiscal 2013, the Company expects to spend $500.0 million on Exploration and Production segment capital expenditures. Previously reported 2013 estimated capital expenditures for the Exploration and Production segment were $925.3 million. In the Appalachian region, estimated capital expenditures will decrease from $882.0 million to $442.5 million. In the West Coast region, estimated capital expenditures will increase from $43.3 million to $57.5 million. The decrease in estimated capital expenditures for the Appalachian region noted above is a result of the Company's response to the significant decline in natural gas prices. Also contributing to the decrease in estimated capital expenditures noted above is the shifting of Exploration and Production segment gathering infrastructure to Midstream Corporation.

All Other

The majority of the All Other category's capital expenditures for the six months ended March 31, 2012 were primarily for the construction of Midstream Corporation's Trout Run Gathering System, as discussed below. The majority of the All Other category's capital expenditures for the six months ended March 31, 2011 were primarily for the expansion of Midstream Corporation's Covington Gathering system in Tioga County, Pennsylvania as well as for the construction of Midstream Corporation's Trout Run Gathering System.

NFG Midstream Covington, LLC, a wholly owned subsidiary of Midstream Corporation, has been expanding its gathering system in Tioga County, Pennsylvania. As of March 31, 2012, the Company has spent approximately $21.2 million in costs related to the Covington Gathering System, including approximately $5.0 million spent during the six months ended March 31, 2012. All costs associated with this gathering system are included in Property, Plant and Equipment on the Consolidated Balance Sheet at March 31, 2012.

NFG Midstream Trout Run, LLC, a wholly owned subsidiary of Midstream Corporation, is developing a gathering system in Lycoming County, Pennsylvania. The project, Trout Run Gathering System, is anticipated to be placed in service in May 2012. The system will consist of approximately 26 miles of backbone and in-field gathering system including compression at a cost of approximately $130 million. As of March 31, 2012, the Company has spent approximately $51.5 million in costs related to this project, including approximately $35.9 million spent during the six months ended March 31, 2012, all of which has been capitalized as Construction Work in Progress.

Midstream Corporation is planning the construction of a gathering system in McKean County, Pennsylvania. The project, Mt. Jewett Gathering System, is anticipated to be placed in service in fiscal 2013. The gathering system will cost approximately $22 million. As of March 31, 2012, the Company has spent approximately $1.6 million in costs related to this project, all of which has been capitalized as Construction Work in Progress.

For all of fiscal 2012, the Company expects to spend approximately $115.0 million on All Other and Corporate category capital expenditures. Previously reported 2012 estimated capital expenditures for the All Other and Corporate category were $84.8 million. The increase in estimated capital expenditures noted above is a result of the Exploration and Production segment shifting its gathering infrastructure to Midstream Corporation.

For all of fiscal 2013, the Company expects to spend approximately $100.0 million on All Other and Corporate category capital expenditures. Previously reported 2013 estimated capital expenditures for the All Other and Corporate category were $10.5 million. The increase in estimated capital expenditures noted above is a result of the Exploration and Production segment shifting its gathering infrastructure to Midstream Corporation.

Project Funding

The Company has been financing the Pipeline and Storage segment projects and the Midstream Corporation projects mentioned above, as well as the Exploration and Production segment capital expenditures, with cash from operations. Going forward, while the Company expects to use cash from operations as the first means of financing these projects, it is expected that the Company will increase its use of short-term borrowings during fiscal 2012. Natural gas and crude oil prices combined with production from existing wells will be a significant factor in determining how much of the capital expenditures are funded with cash from operations. The Company also issued additional long-term debt in December 2011 to enhance its liquidity position.

The Company continuously evaluates capital expenditures and investments in corporations, partnerships, and other business entities. The amounts are subject to modification for opportunities such as the acquisition of attractive oil and gas properties, natural gas storage facilities and the expansion of natural gas transmission line capacities. While the majority of capital expenditures in the Utility segment are necessitated by the continued need for replacement and upgrading of mains and service lines, the magnitude of future capital expenditures or other investments in the Company’s other business segments depends, to a large degree, upon market conditions.

Financing Cash Flow

Consolidated short-term debt decreased $20.0 million during the six months ended March 31, 2012. The maximum amount of short-term debt outstanding during the six months ended March 31, 2012 was $327.8 million. The Company used its $500.0 million long-term debt issuance in December 2011 to substantially reduce its short-term debt. The Company continues to consider short-term debt (consisting of short-term notes payable to banks and commercial paper) an important source of cash for temporarily financing capital expenditures and investments in corporations and/or partnerships, gas-in-storage inventory, unrecovered purchased gas costs, margin calls on derivative financial instruments, exploration and development expenditures, repurchases of stock, other working capital needs and repayment of long-term debt. Fluctuations in these items can have a significant impact on the amount and timing of short-term debt. At March 31, 2012, the Company had outstanding commercial paper of $20.0 million and no outstanding short-term notes payable to banks.

As for bank loans, the Company maintains a number of individual uncommitted or discretionary lines of credit with certain financial institutions for general corporate purposes. Borrowings under these lines of credit are made at competitive market rates. These credit lines, which totaled $335.0 million at March 31, 2012, are revocable at the option of the financial institutions and are reviewed on an annual basis. The Company anticipates that its uncommitted lines of credit generally will be renewed at amounts near current levels, or substantially replaced by similar lines.

The total amount available to be issued under the Company’s commercial paper program is $300.0 million. At March 31, 2012, the commercial paper program was backed by a syndicated committed credit facility totaling $750.0 million, which commitment extends through January 6, 2017. Under the committed credit facility, the Company agreed that its debt to capitalization ratio would not exceed .65 at the last day of any fiscal quarter through January 6, 2017. At March 31, 2012, the Company’s debt to capitalization ratio (as calculated under the facility) was .42. The constraints specified in the committed credit facility would have permitted an additional $2.23 billion in short-term and/or long-term debt to be outstanding (further limited by the indenture covenants discussed below) before the Company’s debt to capitalization ratio exceeded .65.

If a downgrade in any of the Company’s credit ratings were to occur, access to the commercial paper markets might not be possible. However, the Company expects that it could borrow under its committed credit facility, uncommitted bank lines of credit or rely upon other liquidity sources, including cash provided by operations.

Under the Company’s existing indenture covenants, at March 31, 2012, the Company would have been permitted to issue up to a maximum of $1.52 billion in additional long-term unsecured indebtedness at then current market interest rates in addition to being able to issue new indebtedness to replace maturing debt. The Company’s present liquidity position is believed to be adequate to satisfy known demands. However, if the Company were to experience a significant loss in the future (for example, as a result of an impairment of oil and gas properties), it is possible, depending on factors including the magnitude of the loss, that these indenture covenants would restrict the Company’s ability to issue additional long-term unsecured indebtedness for a period of up to nine calendar months, beginning with the fourth calendar month following the loss. This would not at any time preclude the Company from issuing new indebtedness to replace maturing debt.

The Company’s 1974 indenture pursuant to which $99.0 million (or 7.1%) of the Company’s long-term debt (as of March 31, 2012) was issued, contains a cross-default provision whereby the failure by the Company to perform certain obligations under other borrowing arrangements could trigger an obligation to repay the debt outstanding under the indenture. In particular, a repayment obligation could be triggered if the Company fails (i) to pay any scheduled principal or interest on any debt under any other indenture or agreement, or (ii) to perform any other term in any other such indenture or agreement, and the effect of the failure causes, or would permit the holders of the debt to cause, the debt under such indenture or agreement to become due prior to its stated maturity, unless cured or waived.

The Company’s $750.0 million committed credit facility also contains a cross-default provision whereby the failure by the Company or its significant subsidiaries to make payments under other borrowing arrangements, or the occurrence of certain events affecting those other borrowing arrangements, could trigger an obligation to repay any amounts outstanding under the committed credit facility. In particular, a repayment obligation could be triggered if (i) the Company or any of its significant subsidiaries fails to make a payment when due of any principal or interest on any other indebtedness aggregating $40.0 million or more, or (ii) an event occurs that causes, or would permit the holders of any other indebtedness aggregating $40.0 million or more to cause, such indebtedness to become due prior to its stated maturity. As of March 31, 2012, the Company did not have any debt outstanding under the committed credit facility.

The Company's embedded cost of long-term debt was 6.17% at March 31, 2012 and 6.85% at March 31, 2011.

Current Portion of Long-Term Debt at March 31, 2012 consists of $250.0 million of 5.25% notes that mature in March 2013. Currently, the Company expects to refund these notes in fiscal 2013 with cash on hand, short-term borrowings and/or long-term debt. The Company repaid $150 million of 6.70% notes that matured on November 21, 2011, which had been classified as Current Portion of Long-Term Debt at September 30, 2011.

On December 1, 2011, the Company issued $500.0 million of 4.90% notes due December 1, 2021. After deducting underwriting discounts and commissions, the net proceeds to the Company amounted to $496.1 million. The holders of the notes may require the Company to repurchase their notes at a price equal to 101% of the principal amount in the event of a change in control and a ratings downgrade to a rating below investment grade. The proceeds of this debt issuance were used for general corporate purposes, including refinancing short-term debt that was used to pay the $150 million due at the maturity of the Company's 6.70% notes in November 2011.

The Company may issue debt or equity securities in a public offering or a private placement from time to time. The amounts and timing of the issuance and sale of debt or equity securities will depend on market conditions, indenture requirements, regulatory authorizations and the capital requirements of the Company.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has entered into certain off-balance sheet financing arrangements. These financing arrangements are primarily operating leases. The Company's consolidated subsidiaries have operating leases, the majority of which are with the Utility and the Pipeline and Storage segments, having a remaining lease commitment of approximately $32.1 million. These leases have been entered into for the use of buildings, vehicles, construction tools, meters and other items and are accounted for as operating leases.

OTHER MATTERS

In addition to the legal proceedings disclosed in Part II, Item 1 of this report, the Company is involved in other litigation and regulatory matters arising in the normal course of business. These other matters may include, for example, negligence claims and tax, regulatory or other governmental audits, inspections, investigations or other proceedings. These matters may involve state and federal taxes, safety, compliance with regulations, rate base, cost of service and purchased gas cost issues, among other things. While these normal-course matters could have a material effect on earnings and cash flows in the quarterly and annual period in which they are resolved, they are not expected to change materially the Company's present liquidity position, nor are they expected to have a material adverse effect on the financial condition of the Company.

During the six months ended March 31, 2012, the Company contributed $31.8 million to its Retirement Plan and $15.3 million to its VEBA trusts and 401(h) accounts for its other post-retirement benefits. In the remainder of 2012, the Company expects to contribute $7.0 million to the Retirement Plan. Changes in the discount rate, other actuarial assumptions, and asset performance could ultimately cause the Company to fund larger amounts to the Retirement Plan in fiscal 2012 in order to be in compliance with the Pension Protection Act of 2006. In the remainder of 2012, the Company expects to contribute between $5.0 million and $6.0 million to its VEBA trusts and 401(h) accounts.

Market Risk Sensitive Instruments

On July 21, 2010, the Dodd-Frank Act was signed into law. The Dodd-Frank Act includes provisions related to the swaps and over-the-counter derivatives markets. Certain provisions of the Dodd-Frank Act related to derivatives became effective July 16, 2011, but other provisions related to derivatives will not become effective until federal agencies (including the Commodity Futures Trading Commission (CFTC), various banking regulators and the SEC) adopt rules to implement the law. For purposes of the Dodd-Frank Act, the Company believes it will be categorized as a non-financial end user of derivatives, that is, as a non-financial entity that uses derivatives to hedge commercial risk. Nevertheless, the rules that are being developed could have a significant impact on the Company. For example, banking regulators have proposed a rule that would require swap dealers and major swap participants subject to their jurisdiction to collect initial and variation margin from counterparties that are non-financial end users, though such swap dealers and major swap participants would have the discretion to set thresholds for posting margin (unsecured credit limits). Regardless of the levels of margin that might be required, concern remains that swap dealers and major swap participants will pass along their increased capital and margin costs through higher prices and reductions in thresholds for posting margin. In addition, while the Company expects to be exempt from the Dodd-Frank Act's requirement that swaps be cleared and traded on exchanges or swap execution facilities, the cost of entering into a non-cleared swap that is available as a cleared swap may be greater. The Company continues to monitor these developments but cannot predict the impact the Dodd-Frank Act may ultimately have on its operations.

In accordance with the authoritative guidance for fair value measurements, the Company has identified certain inputs used to recognize fair value as Level 3 (unobservable inputs). The Level 3 derivative net liabilities relate to crude oil swap agreements used to hedge forecasted sales at a specific location (southern California). The Company's internal model that is used to calculate fair value applies a historical basis differential (between the sales locations and NYMEX) to a forward NYMEX curve because there is not a forward curve specific to this sales location. Given the high level of historical correlation between NYMEX prices and prices at this sales location, the Company does not believe that the fair value recorded by the Company would be significantly different from what it expects to receive upon settlement.

The Company uses the crude oil swaps classified as Level 3 to hedge against the risk of declining commodity prices and not as speculative investments. Gains or losses related to these Level 3 derivative net liabilities (including any reduction for credit risk) are deferred until the hedged commodity transaction occurs in accordance with the provisions of the existing guidance for derivative instruments and hedging activities. The Level 3 Net Liabilities amount to $68.8 million at March 31, 2012 and represent 25.8% of the Total Net Assets shown in Part I, Item 1 at Note 2 – Fair Value Measurements at March 31, 2012.

The increase in the net fair value liability of the Level 3 positions from October 1, 2011 to March 31, 2012, as shown in Part I, Item 1 at Note 2, was attributable to an increase in the commodity price of crude oil relative to the swap price during that period. The Company believes that these fair values reasonably represent the amounts that the Company would realize upon settlement based on commodity prices that were present at March 31, 2012.

The fair value of all of the Company's Net Derivative Assets was reduced by $0.8 million based upon the Company's assessment of counterparty credit risk (for the Company's derivative assets) and the Company's credit risk (for the Company's derivative liabilities). The Company applied default probabilities to the anticipated cash flows that it was expecting to receive and pay to its counterparties to calculate the credit reserve.

For a complete discussion of market risk sensitive instruments, refer to "Market Risk Sensitive Instruments" in Item 7 of the Company's 2011 Form 10-K. There have been no subsequent material changes to the Company's exposure to market risk sensitive instruments.

Rate and Regulatory Matters

Utility Operation

Delivery rates for both the New York and Pennsylvania divisions are regulated by the states' respective public utility commissions and are changed only when approved through a procedure known as a "rate case." Currently neither division has a rate case on file. In both jurisdictions, delivery rates do not reflect the recovery of purchased gas costs. Prudently-incurred gas costs are recovered through operation of automatic adjustment clauses, and are collected primarily through a separately-stated "supply charge" on the customer bill.

New York Jurisdiction

Customer delivery rates charged by Distribution Corporation's New York division were established in a rate order issued on December 21, 2007 by the NYPSC. The rate order approved a revenue increase of $1.8 million annually, together with a surcharge that would collect up to $10.8 million to cover expenses for implementation of an efficiency and conservation incentive program. The rate order further provided for a return on equity of 9.1%. In connection with the efficiency and conservation program, the rate order approved a revenue decoupling mechanism. The revenue decoupling mechanism "decouples" revenues from throughput by enabling the Company to collect from small volume customers its allowed margin on average weather normalized usage per customer. The effect of the revenue decoupling mechanism is to render the Company financially indifferent to throughput decreases resulting from conservation. The Company surcharges or credits any difference from the average weather normalized usage per customer account. The surcharge or credit is calculated to recover total margin for the most recent twelve-month period ending December 31, and is applied to customer bills annually, beginning March 1st.

On April 18, 2008, Distribution Corporation filed an appeal with Supreme Court, Albany County, seeking review of the rate order. The appeal contended, among other things, that the NYPSC improperly disallowed recovery of certain environmental clean-up costs. Following further appeals, on March 29, 2011, the Court of Appeals, the state's highest court, issued a judgment and opinion in favor of Distribution Corporation. The matter was remanded to the NYPSC to be implemented consistent with the decision of the court.

Pennsylvania Jurisdiction

Distribution Corporation's current delivery charges in its Pennsylvania jurisdiction were approved by the PaPUC on November 30, 2006 as part of a settlement agreement that became effective January 1, 2007.

Pipeline and Storage

Supply Corporation filed a general rate case with the FERC on October 31, 2011, proposing rate increases to be effective December 1, 2011. In November 2011, the FERC accepted those filed rates, and suspended the effective date of the proposed rate increases until May 1, 2012, when the increased rates would be made effective, subject to refund. However, the parties on April 17, 2012 reached an agreement in principle to settle the rate case at rates generally lower than the rates proposed in October 2011 by Supply Corporation. On April 27, 2012, the FERC accepted the new settled rates to be effective May 1, 2012 on an interim basis, subject to surcharge and refund if the settlement in principle does not become effective.

To become effective, the settlement in principle will have to be memorialized in a written stipulation approved by the parties, certified by the Administrative Law Judge, and approved by the FERC. If no settlement is implemented, and the rates finally approved at the end of the proceeding exceed the rates that were in effect at October 31, 2011 but are less than the rates put into effect subject to refund on May 1, 2012, then Supply Corporation will be required to refund the difference between the rates collected subject to refund and the final approved rates, with interest at the FERC-approved rate. If no settlement is implemented, and the rates approved at the end of the proceeding are lower than the rates in effect at October 31, 2011, then the refund obligation will be limited to the difference between the rates in effect at October 31, 2011 and the rates put into effect subject to refund on May 1, 2012, with interest at the FERC-approved rate. To the extent any final FERC-approved rates are below those in effect at October 31, 2011, there is no refund for that rate differential. The final FERC-approved rates would be charged to customers only prospectively, from the date they go into effect.

Empire's facilities known as the Empire Connector project were placed into service on December 10, 2008. As of that date, Empire became an interstate pipeline subject to FERC regulation, performing services under a FERC-approved tariff and at FERC-approved rates. The December 21, 2006 FERC order issuing Empire its NGA Section 7(c) Certificate required Empire to file a cost and revenue study at the FERC following three years of actual operation as an interstate pipeline, in conjunction with which Empire will either justify Empire's existing recourse rates or propose alternative rates. Empire satisfied this obligation on March 14, 2012 by filing a cost and revenue study based on the twelve months ended December 31, 2011, and did not propose alternative rates. The FERC has not yet responded to Empire's filing or issued any notice setting a deadline for others to respond.

Environmental Matters

The Company is subject to various federal, state and local laws and regulations relating to the protection of the environment. The Company has established procedures for the ongoing evaluation of its operations to identify potential environmental exposures and comply with regulatory policies and procedures. It is the Company's policy to accrue estimated environmental clean-up costs (investigation and remediation) when such amounts can reasonably be estimated and it is probable that the Company will be required to incur such costs.

The Company has agreed with the NYDEC to remediate a former manufactured gas plant site located in New York. In February 2009, the Company received approval from the NYDEC of a Remedial Design work plan (RDWP) for this site. In October 2010, the Company submitted a RDWP addendum to conduct additional Preliminary Design Investigation field activities necessary to design a successful remediation. An estimated minimum liability for remediation of this site of $14.1 million has been recorded.

At March 31, 2012, the Company has estimated its remaining clean-up costs related to former manufactured gas plant sites and third party waste disposal sites (including the former manufactured gas plant site discussed above) will be in the range of $15.6 million to $19.8 million. The minimum estimated liability of $15.6 million, which includes the $14.1 million discussed above, has been recorded on the Consolidated Balance Sheet at March 31, 2012. The Company expects to recover its environmental clean-up costs through rate recovery.

Legislative and regulatory measures to address climate change and greenhouse gas emissions are in various phases of discussion or implementation. Pursuant to an EPA determination, effective January 2011 projects proposing new stationary sources of significant greenhouse gas emissions or major modifications of existing facilities are required under the federal Clean Air Act to obtain permits covering such emissions. The EPA is also considering other regulatory options to regulate greenhouse gas emissions from the energy industry. In April 2011, the U.S. Senate rejected bills aimed at curbing the authority of the EPA to regulate greenhouse gas emissions. In April 2012, the EPA adopted rules which will restrict emissions associated with oil and natural gas drilling. Compliance with these new rules will not materially change the Company's ongoing emissions–limiting technologies and practices, and is not expected to have a significant impact on the Company. In addition, the U.S. Congress has from time to time considered bills that would establish a cap-and-trade program to reduce emissions of greenhouse gases. Legislation or regulation that restricts carbon emissions could increase the Company's cost of environmental compliance by requiring the Company to install new equipment to reduce emissions from larger facilities and/or purchase emission allowances. International, federal, state or regional climate change and greenhouse gas measures could also delay or otherwise negatively affect efforts to obtain permits and other regulatory approvals with regard to existing and new facilities, or impose additional monitoring and reporting requirements. Climate change and greenhouse gas initiatives, and incentives to conserve energy or use alternative energy sources, could also reduce demand for oil and natural gas. But legislation or regulation that sets a price on or otherwise restricts carbon emissions could also benefit the Company by increasing demand for natural gas, because substantially fewer carbon emissions per Btu of heat generated are associated with the use of natural gas than with certain alternate fuels such as coal and oil. The effect (material or not) on the Company of any new legislative or regulatory measures will depend on the particular provisions that are ultimately adopted.

The Company is currently not aware of any material additional exposure to environmental liabilities. However, changes in environmental regulations, new information or other factors could adversely impact the Company.

New Authoritative Accounting and Financial Reporting Guidance

In May 2011, the FASB issued authoritative guidance regarding fair value measurement as a joint project with the IASB. The objective of the guidance was to bring together as closely as possible the fair value measurement and disclosure guidance issued by the two boards. The guidance includes a few updates to measurement guidance and some enhanced disclosure requirements. For all Level 3 fair value measurements, the guidance requires quantitative information about significant unobservable inputs used and a description of the valuation processes in place. The guidance also requires a qualitative discussion about the sensitivity of recurring Level 3 fair value measurements and information about any transfers between Level 1 and Level 2 of the fair value hierarchy. The new guidance also contains a requirement that all fair value measurements, whether they are recorded on the balance sheet or disclosed in the footnotes, be classified as Level 1, Level 2 or Level 3 within the fair value hierarchy. This authoritative guidance became effective for the quarter ended March 31, 2012. The Company has updated its disclosures to reflect the new requirements in Item 1 at Note 2 – Fair Value Measurements.

In June 2011, the FASB issued authoritative guidance regarding the presentation of comprehensive income. The new guidance allows companies only two choices for presenting net income and other comprehensive income: in a single continuous statement, or in two separate, but consecutive, statements. The guidance eliminates the current option to report other comprehensive income and its components in the statement of changes in equity. This authoritative guidance will be effective as of the Company's first quarter of fiscal 2013 and is not expected to have a significant impact on the Company's results of operations.

In September 2011, the FASB issued revised authoritative guidance that simplifies the testing of goodwill for impairment. The revised guidance allows companies the option to perform a "qualitative" assessment to determine whether further impairment testing is necessary. The revised authoritative guidance is required to be effective for the Company's annual impairment test performed in fiscal 2013. While early adoption is permitted, the Company has not adopted the new provisions to date.

In December 2011, the FASB issued authoritative guidance requiring enhanced disclosures regarding offsetting assets and liabilities. Companies are required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting arrangement. This authoritative guidance will be effective as of the Company's first quarter of fiscal 2014 and is not expected to have a significant impact on the Company's financial statements.

Safe Harbor for Forward-Looking Statements

The Company is including the following cautionary statement in this Form 10-Q to make applicable and take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 for any forward-looking statements made by, or on behalf of, the Company. Forward-looking statements include statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements which are other than statements of historical facts. From time to time, the Company may publish or otherwise make available forward-looking statements of this nature. All such subsequent forward-looking statements, whether written or oral and whether made by or on behalf of the Company, are also expressly qualified by these cautionary statements. Certain statements contained in this report, including, without limitation, statements regarding future prospects, plans, objectives, goals, projections, estimates of oil and gas quantities, strategies, future events or performance and underlying assumptions, capital structure, anticipated capital expenditures, completion of construction projects, projections for pension and other post-retirement benefit obligations, impacts of the adoption of new accounting rules, and possible outcomes of litigation or regulatory proceedings, as well as statements that are identified by the use of the words "anticipates," "estimates," "expects," "forecasts," "intends," "plans," "predicts," "projects," "believes," "seeks," "will," "may," and similar expressions, are "forward-looking statements" as defined in the Private Securities Litigation Reform Act of 1995 and accordingly involve risks and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. The Company's expectations, beliefs and projections are expressed in good faith and are believed by the Company to have a reasonable basis, but there can be no assurance that management's expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors and matters discussed elsewhere herein, the following are important factors that, in the view of the Company, could cause actual results to differ materially from those discussed in the forward-looking statements:

1. Factors affecting the Company's ability to successfully identify, drill for and produce economically viable natural gas and oil reserves, including among others geology, lease availability, title disputes, weather conditions, shortages, delays or unavailability of equipment and services required in drilling operations, insufficient gathering, processing and transportation capacity, the need to obtain governmental approvals and permits, and compliance with environmental laws and regulations;
2. Changes in laws, regulations or judicial interpretations to which the Company is subject, including those involving derivatives, taxes, safety, employment, climate change, other environmental matters, real property, and exploration and production activities such as hydraulic fracturing;
3. Changes in the price of natural gas or oil;
4. Uncertainty of oil and gas reserve estimates;
5. Significant differences between the Company's projected and actual production levels for natural gas or oil;
6. Changes in demographic patterns and weather conditions;
7. Impairments under the SEC's full cost ceiling test for natural gas and oil reserves;
8. Changes in the availability, price or accounting treatment of derivative financial instruments;
9. Governmental/regulatory actions, initiatives and proceedings, including those involving rate cases (which address, among other things, allowed rates of return, rate design and retained natural gas), environmental/safety requirements, affiliate relationships, industry structure, and franchise renewal;
10. Delays or changes in costs or plans with respect to Company projects or related projects of other companies, including difficulties or delays in obtaining necessary governmental approvals, permits or orders or in obtaining the cooperation of interconnecting facility operators;
11. Financial and economic conditions, including the availability of credit, and occurrences affecting the Company's ability to obtain financing on acceptable terms for working capital, capital expenditures and other investments, including any downgrades in the Company's credit ratings and changes in interest rates and other capital market conditions;
12. Changes in economic conditions, including global, national or regional recessions, and their effect on the demand for, and customers' ability to pay for, the Company's products and services;
13. The creditworthiness or performance of the Company's key suppliers, customers and counterparties;
14. Economic disruptions or uninsured losses resulting from major accidents, fires, severe weather, natural disasters, terrorist activities, acts of war, cyber attacks or pest infestation;
15. Changes in price differential between similar quantities of natural gas at different geographic locations, and the effect of such changes on the demand for pipeline transportation capacity to or from such locations;
16. Other changes in price differentials between similar quantities of oil or natural gas having different quality, heating value, geographic location or delivery date;
17. Significant differences between the Company's projected and actual capital expenditures and operating expenses;
18. Changes in actuarial assumptions, the interest rate environment and the return on plan/trust assets related to the Company's pension and other post-retirement benefits, which can affect future funding obligations and costs and plan liabilities;

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19. The cost and effects of legal and administrative claims against the Company or activist shareholder campaigns to effect changes at the Company;

20. Increasing health care costs and the resulting effect on health insurance premiums and on the obligation to provide other post-retirement benefits; or

21. Increasing costs of insurance, changes in coverage and the ability to obtain insurance.

The Company disclaims any obligation to update any forward-looking statements to reflect events or circumstances after the date hereof.

Industry and Market Information

Industry and market data used or referenced in this report, if any, are based on independent industry publications, government publications, reports by market research firms or other published independent sources. Some industry and market data may also be based on good faith estimates, which are derived from the Company's review of internal information, as well as the independent sources listed above. Independent industry publications and surveys generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While the Company believes that each of these studies and publications is reliable, the Company has not independently verified such data and makes no representation as to the accuracy of such information. Forecasts in particular may prove to be inaccurate, especially over long periods of time. Similarly, while the Company believes its internal information is reliable, such information has not been verified by any independent sources, and the Company makes no assurances that any predictions contained herein will prove to be accurate.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Refer to the "Market Risk Sensitive Instruments" section in Item 2 – MD&A.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The term "disclosure controls and procedures" is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act. These rules refer to the controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed is accumulated and communicated to the company's management, including its principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure. The Company's management, including the Chief Executive Officer and Principal Financial Officer, evaluated the effectiveness of the Company's disclosure controls and procedures as of the end of the period covered by this report. Based upon that evaluation, the Company's Chief Executive Officer and Principal Financial Officer concluded that the Company's disclosure controls and procedures were effective as of March 31, 2012.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting that occurred during the quarter ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings

For a discussion of various environmental and other matters, refer to Part I, Item 1 at Note 6 — Commitments and Contingencies, and Part I, Item 2 - MD&A of this report under the heading "Other Matters – Environmental Matters."

In addition to these matters, the Company is involved in other litigation and regulatory matters arising in the normal course of business. These other matters may include, for example, negligence claims and tax, regulatory or other governmental audits, inspections, investigations or other proceedings. These matters may involve state and federal taxes, safety, compliance with regulations, rate base, cost of service, and purchased gas cost issues, among other things. While these other matters arising in the normal course of business could have a material effect on earnings and cash flows in the period in which they are resolved, they are not expected to change materially the Company's present liquidity position, nor are they expected to have a material adverse effect on the financial condition of the Company.

Item 1A. Risk Factors

The risk factors in Item 1A of the Company's 2011 Form 10-K, as amended by Item 1A of Part II of the Company's Form 10-Q for the quarter ended December 31, 2011, have not materially changed other than as set forth below. The risk factor presented below should be read in conjunction with the risk factors disclosed in the 2011 Form 10-K and the December 31, 2011 Form 10-Q.

Third parties may attempt to breach the Company's network security, which could disrupt the Company's operations and adversely affect its financial results.

The Company's information technology systems are subject to attempts by others to gain unauthorized access through the Internet, or to otherwise introduce malicious software. These attempts might be the result of industrial or other espionage, or actions by hackers seeking to harm the Company, its services or customers. Attempts to breach the Company's network security may result in disruption of the Company's business operations and services, delays in production, theft of sensitive and valuable data, damage to our physical systems, and reputational harms. These harms may require significant expenditures to remedy breaches, including restoration of customer service and enhancement of information technology systems. The Company seeks to prevent, detect and investigate these security incidents, but in some cases the Company might be unaware of an incident or its magnitude and effects. The Company has experienced attempts to breach its network security, and although the scope of such incidents is sometimes unknown, they could prove to be material to the Company. These security incidents may have an adverse impact on the Company's operations, earnings and financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On January 3, 2012, the Company issued a total of 3,936 unregistered shares of Company common stock to the nine non-employee directors of the Company then serving on the Board of Directors of the Company, including 336 shares to George L. Mazanec, whose service as a director concluded on March 8, 2012 in accordance with the provisions of the Company's Corporate Governance Guidelines with respect to director age, and 450 shares to each of the other eight non-employee directors. All of these unregistered shares were issued under the Company's 2009 Non-Employee Director Equity Compensation Plan as partial consideration for such directors' services during the quarter ended March 31, 2012. These transactions were exempt from registration under Section 4(2) of the Securities Act of 1933, as transactions not involving a public offering.

Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased(a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Share Repurchase Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under Share Repurchase Plans or Programs [b]
Jan. 1 - 31, 2012	7,226	$ 49.54	—	6,971,019
Feb. 1 - 29, 2012	34,672	$ 49.17	—	6,971,019
Mar. 1 - 31, 2012	11,742	$ 49.96	—	6,971,019
Total	53,640	$ 49.39	—	6,971,019

(a) Represents (i) shares of common stock of the Company purchased on the open market with Company "matching contributions" for the accounts of participants in the Company's 401(k) plans, and (ii) shares of common stock of the Company tendered to the Company by holders of stock options, SARs or shares of restricted stock for the payment of option exercise prices or applicable withholding taxes. During the quarter ended March 31, 2012, the Company did not purchase any shares of its common stock pursuant to its publicly announced share repurchase program. Of the 53,640 shares purchased other than through a publicly announced share repurchase program, 21,711 were purchased for the Company's 401(k) plans and 31,929 were purchased as a result of shares tendered to the Company by holders of stock options, SARs or shares of restricted stock.

(b) In September 2008, the Company's Board of Directors authorized the repurchase of eight million shares of the Company's common stock. The Company, however, stopped repurchasing shares after September 17, 2008. Since that time, the Company has increased its emphasis on Marcellus Shale development and pipeline expansion. As such, the Company does not anticipate repurchasing any shares in the near future.

Item 6. Exhibits

Exhibit Number	Description of Exhibit
10.1	Amended and Restated Credit Agreement, dated as of January 6, 2012, among the Company, the Lenders Party Thereto, and JPMorgan Chase Bank, National Association, as Administrative Agent.
10.2	National Fuel Gas Company 2012 Annual At Risk Compensation Incentive Plan.
10.3	National Fuel Gas Company 2012 Performance Incentive Program.
12	Statements regarding Computation of Ratios: Ratio of Earnings to Fixed Charges for the Twelve Months Ended March 31, 2012 and the Fiscal Years Ended September 30, 2008 through 2011.
31.1	Written statements of Chief Executive Officer pursuant to Rule 13a- 14(a)/15d-14(a) of the Exchange Act.
31.2	Written statements of Principal Financial Officer pursuant to Rule 13a- 14(a)/15d-14(a) of the Exchange Act.
32	Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99	National Fuel Gas Company Consolidated Statement of Income for the Twelve Months Ended March 31, 2012 and 2011.
101	Interactive data files pursuant to Regulation S-T: (i) the Consolidated Statements of Income and Earnings Reinvested in the Business for the three and six months ended March 31, 2012 and 2011, (ii) the Consolidated Balance Sheets at March 31, 2012 and September 30, 2011, (iii) the Consolidated Statements of Cash Flows for the six months ended March 31, 2012 and 2011, (iv) the Consolidated Statements of Comprehensive Income for the three and six months ended March 31, 2012 and 2011 and (v) the Notes to Condensed Consolidated Financial Statements.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NATIONAL FUEL GAS COMPANY
(Registrant)

/s/ D. P. Bauer
D. P. Bauer
Treasurer and Principal Financial Officer

/s/ K. M. Camiolo
K. M. Camiolo
Controller and Principal Accounting Officer

Date: May 4, 2012

Exhibit 10.1

EXECUTION VERSION

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

January 6, 2012

Among

NATIONAL FUEL GAS COMPANY

The Lenders Party Hereto

And

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION,
As Administrative Agent

BANK OF AMERICA, N.A.,
As Syndication Agent

PNC BANK, NATIONAL ASSOCIATION,
As Syndication Agent

WELLS FARGO BANK, NATIONAL ASSOCIATION,
As Syndication Agent

HSBC BANK USA, NATIONAL ASSOCIATION,
As Documentation Agent

J.P. MORGAN SECURITIES LLC,
As Advisor, Co-Bookrunner and Co-Lead Arranger

MERRILL LYNCH, PIERCE, FENNER & SMITH, INCORPORATED,
As Co-Bookrunner and Co-Lead Arranger

PNC CAPITAL MARKETS LLC,
As Co-Bookrunner and Co-Lead Arranger

WELLS FARGO SECURITIES, LLC,
As Co-Bookrunner and Co-Lead Arranger

SCHEDULES:

EXHIBITS:

AMENDED AND RESTATED CREDIT AGREEMENT

THIS AMENDED AND RESTATED CREDIT AGREEMENT (as from time to time amended, supplemented or otherwise modified, this " Agreement "), dated as of January 6, 2012, is by and among NATIONAL FUEL GAS COMPANY, a New Jersey corporation (" Borrower "), the LENDERS party hereto, and JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as administrative agent for the Lenders (in such capacity, " Administrative Agent ").

WHEREAS, Borrower, Administrative Agent, and the lenders party thereto from time to time were parties to the Existing Credit Agreement, as herein defined. Pursuant to the Existing Credit Agreement, the lenders party thereto made an initial multi-year facility commitment in the aggregate amount of $300,000,000 (" Initial Commitment ").

WHEREAS, Borrower, Administrative Agent, and the Lenders party have agreed to enter into this Agreement in order to (i) amend and restate the Existing Credit Agreement in its entirety to, among other things, increase the Initial Commitment, extend the maturity date, modify the interest rates and modify certain other provisions set forth in the Existing Credit Agreement, all on the terms and conditions as set forth in this Agreement and (ii) set forth the terms and conditions under which the Lenders will, from time to time, make loans and extend other financial accommodations to or for the benefit of the Borrower.

In consideration of the terms and conditions contained in this Agreement, and of any loans or extensions of credit or other financial accommodations at any time made to or for the benefit of Borrower by Lenders, the parties hereto hereby agree that the Existing Credit Agreement is hereby amended and restated as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms . As used in this Agreement, the following terms have the meanings specified below:

" ABR ", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

" Adjusted LIBO Rate " means, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary to the next 1/100 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

" Administrative Agent " has the meaning assigned to such term in the preamble hereto.

" Administrative Questionnaire " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

“ Affiliate ” means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

“ Alternate Base Rate ” means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBO Rate for a one-month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on the Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

“ Anti-Terrorism Law ” means the USA Patriot Act or any other law pertaining to the prevention of future acts of terrorism, in each case as such law may be amended from time to time.

“ Applicable Margin ” means a percentage determined in accordance with the following pricing grid:

Ratings of Index Debt (S&P/Moody’s/Fitch)	Facility Fee (basis points)	Adjusted LIBO Rate Applicable Margin (basis points)	ABR Applicable Margin (basis points)
A / A2 / A	10.0	77.5	0
A- / A3 / A-	12.5	87.5	0
BBB+ / Baa1 / BBB +	15.0	97.5	0
BBB / Baa2 / BBB	17.5	107.5	7.5
BBB- / Baa3 / BBB-	20.0	130.0	30.0
<BBB- / Baa3 / BBB-	25.0	150.0	50.0

In the event of split ratings, (i) if all three Rating Agencies issue a rating and if the ratings from two Rating Agencies are at the same level and the rating from the third Rating Agency is at a lower level, the higher rating shall apply; (ii) if the ratings from two Rating Agencies are at the same level and the rating from the third Rating Agency is at a higher level, the lower rating shall apply; (iii) if all three ratings from the Rating Agencies are at different levels, the rating next below the highest of the three shall apply; (iv) if only two Rating Agencies issue a rating, the higher of such ratings shall apply, provided that if the higher rating is two or more levels above the lower rating then the rating which is one level above the lower of the two ratings shall apply;

and (v) if only one Rating Agency issues a rating, such rating shall apply. If the ratings established or deemed to have been established by any Rating Agency shall be changed (other than as a result of a change in the rating system of such Rating Agency), such change shall be effective as of the date on which it is first announced by the applicable Rating Agency, irrespective of when notice of such change shall have been furnished by the Borrower to the Administrative Agent. Each change in the Applicable Margin shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change.

" Applicable Percentage " means, with respect to any Lender, the percentage of the total Commitments represented by such Lender's Commitment; provided that in the case of Section 2.20 when a Defaulting Lender shall exist, "Applicable Percentage" shall mean the percentage of the total Commitments (disregarding any Defaulting Lender's Commitment) represented by such Lender's Commitment. If the Commitments have terminated or expired, the Applicable Percentages shall be determined based upon the Commitments most recently in effect, giving effect to any assignments and to any Lender's status as a Defaulting Lender at the time of determination.

" Approved Fund " has the meaning assigned to such term in Section 8.04 .

" Assignment and Assumption " means an assignment and assumption entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 8.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent.

" Assuming Lenders " has the meaning assigned to such term in Section 2.09 .

" Assumption Agreement " has the meaning assigned to such term in Section 2.09 .

" Auto-Extension Letter of Credit " has the meaning assigned to such term in Section 2.05(c) .

" Bankruptcy Code " means the Federal Bankruptcy Code of 1978, as amended from time to time.

" Bankruptcy Event " means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

“ Board ” means the Board of Governors of the Federal Reserve System of the United States of America.

“ Borrower ” has the meaning assigned to such term in the preamble hereto.

“ Borrowing ” means (a) Loans of the same Type, made, converted or continued on the same date and, in the case of Eurodollar Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

“ Borrowing Request ” means a request by the Borrower for a Borrowing in accordance with Section 2.03 .

“ Business Day ” means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurodollar Loan, the term “ Business Day ” shall also exclude any day on which banks are not open for dealings in dollar deposits in the London interbank market.

“ Capital Lease Obligations ” of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

“ Cash Collateralize ” means, to pledge and deposit with (in a collateral account established and maintained on the books of the Administrative Agent, for the benefit of the Lenders and the Issuing Banks, which account shall be a deposit account or, if the Administrative Agent and the Issuing Banks shall agree in their sole discretion, a “securities account” (as defined in Section 8-501 of the Uniform Commercial Code as in effect from time to time in the State of New York)) or deliver to the Administrative Agent, for the benefit of the Issuing Banks and Lenders, as collateral for LC Exposure or obligations of Lenders to fund participations in respect of LC Exposure, cash or deposit account balances or, if the Administrative Agent and each Issuing Bank shall agree in their sole discretion, other credit support, in each case pursuant to documentation in form and substance satisfactory to the Administrative Agent and each applicable Issuing Bank. “Cash Collateral” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“ Change in Law ” means the occurrence after the date of this Agreement (or, with respect to any Lender, such later date on which such Lender becomes a party to this Agreement) of (a) the adoption of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the interpretation or application thereof by any Governmental Authority or (c) compliance by any Lender or any Issuing Bank (or, for purposes of Section 2.15(b) , by any lending office of such Lender or by such Lender’s or such Issuing Bank’s holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

" Class ", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Multi-Year Facility Loans or Swingline Loans.

" CLO " has the meaning assigned to such term in Section 8.04 .

" Code " means the Internal Revenue Code of 1986, as amended from time to time, and the Treasury regulations promulgated thereunder.

" Commitment " means, with respect to each Lender, such Lender's Multi-Year Facility Commitment.

" Commitment Increase " has the meaning assigned to such term in Section 2.09 .

" Commitment Increase Date " has the meaning assigned to such term in Section 2.09 .

" Consolidated Capitalization " means, at any date, the sum of Consolidated Net Worth and Consolidated Indebtedness.

" Consolidated Indebtedness " means, at any date, all Indebtedness of the Borrower and its Subsidiaries at such date, determined on a consolidated basis in accordance with GAAP.

" Consolidated Net Worth " means, at any date, all amounts that would, in conformity with GAAP, be included on a consolidated balance sheet of the Borrower and its Subsidiaries under stockholders' equity at such time.

" Control " means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " Controlling " and " Controlled " have meanings correlative thereto.

" Credit Party " means the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender.

" Default " means any event or condition which constitutes an Event of Default or which upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

" Defaulting Lender " means any Lender that (a) has failed, within two Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans or (ii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent and, to the extent such notice would not violate any applicable automatic stay with respect to the Borrower, the Borrower, in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified the Borrower or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a Loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three Business Days after request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance satisfactory to it and the Administrative Agent, or (d) has, or has a Parent that has, become the subject of a Bankruptcy Event.

" dollars " or " $ " refers to lawful money of the United States of America.

" Effective Date " means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 8.02).

" Environmental Laws " means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by any Governmental Authority, relating in any way to the environment, preservation or reclamation of natural resources, the management, release or threatened release of any Hazardous Material or to health and safety matters.

" Environmental Liability " means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" ERISA " means the Employee Retirement Income Security Act of 1974, as amended from time to time.

" ERISA Affiliate " means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

" Eurodollar " when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

" Event of Default " has the meaning assigned to such term in Article VI.

" Excluded Taxes " means any of the following Taxes imposed on or with respect to a Recipient or required to be withheld or deducted from a payment to a Recipient: (a) income or franchise Taxes (i) imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or (ii) that are Other Connection Taxes, (b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located or by the jurisdiction under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (c) in the case of a Non-U.S. Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any U.S. Federal withholding Taxes resulting from any law in effect on such date such Non-U.S. Lender becomes a party to this Agreement (or designates a new lending office) or is attributable to such Non-U.S. Lender's failure to comply with Section 2.17(f) , except to the extent that such Non-U.S. Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Taxes pursuant to Section 2.17(a) and (d) any U.S. federal withholding Taxes imposed under FATCA.

" Existing Credit Agreement " means the Credit Agreement dated as of August 18, 2010 among Borrower, JPMorgan Chase Bank, National Association and the Lenders party thereto.

" FATCA " means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable) and any current or future regulations or official interpretations thereof.

" Federal Funds Effective Rate " means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

" Financial Officer " means the principal financial officer, principal accounting officer, treasurer or controller of the Borrower.

" Fitch " means Fitch, Inc.

" GAAP " means generally accepted accounting principles in the United States of America.

" Governmental Approval " means any authorization, consent, approval, license, ruling, permit, tariff, rate, certification, exemption, filing, variance, order, judgment, decree, publication, notice to, declaration of or registration by or with any Governmental Authority.

" Governmental Authority " means the government of the United States of America or of any other nation, or any political subdivision of any of them, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or the European Central Bank) .

" Guarantee " of or by any Person (the " guarantor ") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness or other obligation of any other Person (the " primary obligor ") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other obligation of the payment thereof, (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other obligation or (d) as an account party in respect of any letter of credit or letter of guaranty issued to support such Indebtedness or obligation; provided , that the term Guarantee shall not include endorsements for collection or deposit in the ordinary course of business.

" Hazardous Materials " means all pollutants, contaminants, explosive or radioactive substances or wastes, hazardous or toxic substances or wastes, petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

" Increasing Lender(s) " has the meaning assigned to such term in Section 2.09 .

" Indebtedness " of any Person means, without duplication, (a) all obligations of such Person for borrowed money or with respect to deposits or advances of any kind, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding current accounts payable incurred in the ordinary course of business), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty and (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor.

"Indemnified Taxes" means (a) Taxes other than Excluded Taxes, imposed on or with respect to any payment made by the Borrower under this Agreement and (b) to the extent not otherwise described in clause (a), Other Taxes.

"Index Debt" means senior, unsecured, long-term indebtedness for borrowed money of the Borrower that is not guaranteed by any other Person or subject to any other credit enhancement.

"Interest Election Request" means a request by the Borrower to convert or continue a Borrowing in accordance with Section 2.07.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December, (b) with respect to any Eurodollar Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period, and (c) with respect to any Swingline Loan, the day that such Loan is required to be paid.

"Interest Period" means, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (b) any Interest Period pertaining to a Eurodollar Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means JPMorgan Chase Bank, National Association in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.05(i) and each Lender that shall become an Issuing Bank hereunder pursuant to Section 2.05(i), in its capacity as such, and its successors in such capacity as provided in Section 2.05(i). Any Issuing Bank may, with the consent of the Borrower (such consent not to be unreasonably withheld), arrange for one or more Letters of Credit to be issued by Affiliates of such Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate. As to a particular Letter of Credit, "Issuing Bank" or "relevant Issuing Bank" shall mean the Issuing Bank which issued such Letter of Credit.

"LC Disbursement" means a payment made by any Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Lender at any time shall be its Applicable Percentage of the total LC Exposure at such time.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a party hereto pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lender Party" means the Administrative Agent, any Issuing Bank, the Swingline Lender or any other Lender.

"Letter of Credit" means any letter of credit issued pursuant to this Agreement.

"LIBO Rate" means, with respect to any Eurodollar Borrowing for any Interest Period, the rate appearing on Reuters BBA Libor Rates Page 3750 (or on any successor or substitute page of such Reuters Service, or if the Reuters Service ceases to be available, any successor to or substitute for such Reuters Service) providing rate quotations comparable to those currently provided on such page of such page, as determined by the Administrative Agent from time to time for purposes of providing quotations of interest rates applicable to dollar deposits in the London interbank market) at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period, as the rate for dollar deposits with a maturity comparable to such Interest Period. In the event that such rate is not available at such time for any reason, then the "LIBO Rate" with respect to such Eurodollar Borrowing for such Interest Period shall be the rate at which dollar deposits of $5,000,000 and for a maturity comparable to such Interest Period are offered by the principal London office of the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 a.m., London time, two Business Days prior to the commencement of such Interest Period.

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, property, results of operations or financial condition of the Borrower and its Subsidiaries taken as a whole, (b) the validity or enforceability of, or the ability of the Borrower to perform any of its obligations under, this Agreement or (c) the rights of, or remedies or benefits available to, the Administrative Agent and the Lenders under this Agreement.

" Material Subsidiary " means, at any time, a Subsidiary of the Borrower whose assets exceed 10% of the consolidated assets of the Borrower and its Subsidiaries, other than any Subsidiary that is not a U.S. Person.

" Moody's " means Moody's Investors Service, Inc.

" Multiemployer Plan " means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

" Multi-Year Facility Availability Period " means the period from and including the Effective Date to but excluding the earlier of the Multi-Year Facility Maturity Date and the Multi-Year Facility Commitment Termination Date.

" Multi-Year Facility Commitment " means, with respect to each Lender, the commitment of such Lender to make Multi-Year Facility Loans, and the commitment of such Lender to acquire participations in Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Multi-Year Facility Exposure hereunder, as such commitment may be (a) reduced from time to time pursuant to Section 2.08 , (b) increased from time to time pursuant to Section 2.09 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 8.04 . The initial amount of each Lender's Multi-Year Facility Commitment is set forth on Schedule 2.01 , or in the Assignment and Assumption pursuant to which such Lender shall have assumed its Multi-Year Facility Commitment, as applicable. The initial aggregate amount of the Lenders' Multi-Year Facility Commitments is $750,000,000.

" Multi-Year Facility Commitment Termination Date " means January 6, 2017.

" Multi-Year Facility Exposure " means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Multi-Year Facility Loans and its LC Exposure and Swingline Exposure at such time.

" Multi-Year Facility Loan " means a Loan made pursuant to Section 2.01 .

" Multi-Year Facility Maturity Date" means January 6, 2017.

" Non-Extension Notice Date " has the meaning assigned to such term in Section 2.05(c) .

" Non-U.S. Lender " means a Lender that is not a U.S. Person.

" Other Connection Taxes " means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than a connection arising from such Recipient having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, this Agreement, or sold or assigned an interest in this Agreement).

“ Other Taxes ” means any present or future stamp, court, documentary intangible, recording, filing or similar other excise or property Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, this Agreement, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment under Section 2.19(b)).

“ Other Obligations ” has the meaning set forth in Section 5.05 .

“ Parent ” means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

“ Participant ” has the meaning set forth in Section 8.04 .

“ Participant Register ” has the meaning set forth in Section 8.04(c) .

“ PBGC ” means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

“ Permitted Receivables Financing ” shall mean a transaction or series of transactions pursuant to which a Securitization Subsidiary purchases Receivables Assets or interests therein from the Borrower or any Subsidiary of the Borrower and finances such Receivables Assets or interests therein through the issuance of Indebtedness or equity interests or through the sale of such Receivables Assets or interests therein; provided that (a) the Board of Directors of the Borrower shall have approved such transaction, (b) no portion of the Indebtedness of a Securitization Subsidiary is guaranteed by or is recourse to the Borrower or any Subsidiary (other than recourse for customary representations, warranties, covenants and indemnities, none of which shall relate to the collectibility of such Receivables Assets), and (c) neither the Borrower nor any other Subsidiary has any obligation to maintain or preserve such Securitization Subsidiary’s financial condition.

“ Person ” means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

“ Plan ” means any defined benefit employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA, Section 412 of the Code or Section 302 of ERISA in respect of which the Borrower or any ERISA Affiliate is either the plan sponsor or a contributing employer.

“ Prime Rate ” means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, National Association as its prime rate in effect at its office located at 270 Park Avenue, New York, New York; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

“ Rating Agency ” means, each of Moody’s, S&P and Fitch.

" Receivables Assets " shall mean accounts receivable (including any bills of exchange) and related assets and property from time to time originated, acquired or otherwise owned by the Borrower or any Subsidiary.

" Recipient " means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) any Issuing Bank.

" Register " has the meaning set forth in Section 8.04 .

" Related Parties " means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

" Required Lenders " means, at any time, Lenders having Multi-Year Facility Exposures and unused Commitments representing, in the aggregate, more than 50% of the sum of the total Multi-Year Facility Exposures and unused Commitments at such time; provided that for the purpose of determining the Required Lenders needed for any waiver, amendment, modification or consent, any Lender that is the Borrower, or any Affiliate of the Borrower shall be disregarded.

" S&P " means Standard & Poor's Rating Services, a division of the McGraw-Hill Companies, Inc.

" SEC " means the United States Securities and Exchange Commission or any successor thereto.

" Securitization Subsidiary " shall mean a Subsidiary that is established for the limited purpose of acquiring and financing Receivables Assets and interests therein of the Borrower or any Subsidiary and engaging in activities ancillary thereto.

" Statutory Reserve Rate " means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentage (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentage shall include those imposed pursuant to such Regulation D. Eurodollar Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

" subsidiary " means, with respect to any Person (the " parent ") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity (a) of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, controlled or held, or (b) that is, as of such date, otherwise Controlled, by the parent or one or more subsidiaries of the parent or by the parent and one or more subsidiaries of the parent.

" Subsidiary " means any subsidiary of the Borrower.

" Swingline Exposure " means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Lender at any time shall be its Applicable Percentage of the total Swingline Exposure at such time.

" Swingline Lender " means JPMorgan Chase Bank, National Association, in its capacity as lender of Swingline Loans hereunder.

" Swingline Loan " means a Loan made pursuant to Section 2.04 .

" Taxes " means any and all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

" Transactions " means the execution, delivery and performance by the Borrower of this Agreement, the borrowing of Loans, the use of the proceeds thereof and the issuance of Letters of Credit hereunder.

" Type ", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

" USA Patriot Act " means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001, as amended from time to time.

" U.S. Person " means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

" Wholly-Owned Subsidiary " means, for any Person, any Subsidiary of such Person of which all of the equity securities or other ownership interests (other than in the case of a corporation, directors' qualifying shares) are directly or indirectly owned or Controlled by such Person.

" Withholding Agent " means, the Borrower and the Administrative Agent.

SECTION 1.02. Classification of Loans and Borrowings . For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a Multi-Year Facility Loan or a Swingline Loan) or by Type (e.g., a "Eurodollar Loan" or "ABR Loan"). Borrowings also may be classified and referred to by Class (e.g., a Multi-Year Facility Borrowing or a Swingline Borrowing) or by Type (e.g., a "Eurodollar Borrowing" or "ABR Borrowing") or by Class and Type (e.g., a "Eurodollar Multi-Year Facility Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include”, “includes” and “including” shall be deemed to be followed by the phrase “without limitation”. The word “will” shall be construed to have the same meaning and effect as the word “shall”. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein”, “hereof” and “hereunder”, and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP. Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if the Borrower notifies the Administrative Agent that the Borrower requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies the Borrower that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Subject to the terms and conditions set forth herein, each Lender agrees to make Multi-Year Facility Loans to the Borrower from time to time during the Multi-Year Facility Availability Period in an aggregate principal amount that will not result in (i) such Lender’s Multi-Year Facility Exposure exceeding such Lender’s Multi-Year Facility Commitment or (ii) the total Multi-Year Facility Exposures exceeding the total Multi-Year Facility Commitments. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Multi-Year Facility Loans.

SECTION 2.02. Loans and Borrowings .

(a) Each Multi-Year Facility Loan shall be made as part of a Borrowing consisting of Multi-Year Facility Loans made by the Lenders ratably in accordance with their respective Multi-Year Facility Commitments. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required.

(b) Subject to Section 2.14 , each Borrowing, other than a Swingline Loan, shall be comprised entirely of ABR Loans or Eurodollar Loans as the Borrower may request in accordance herewith. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Eurodollar Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan; provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurodollar Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $5,000,000 and not less than $10,000,000. At the time that each ABR Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $5,000,000 and not less than $10,000,000; provided that an ABR Borrowing may be in an aggregate amount that is equal to the entire unused balance of the total Multi-Year Facility Commitments or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.05(e) . Each Swingline Loan shall be in an amount that is an integral multiple of $500,000 and not less than $1,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of six Multi-Year Facility Eurodollar Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing of Multi-Year Facility Loans if the Interest Period requested with respect thereto would end after the Multi-Year Facility Maturity Date.

SECTION 2.03. Requests for Borrowings . To request a Borrowing, other than a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of the proposed Borrowing or (b) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of the proposed Borrowing; provided that any such notice of an ABR Borrowing to finance the reimbursement of an LC Disbursement as contemplated in Section 2.05(e) may be given not later than 10:00 a.m. New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of a written Borrowing Request in a form approved by the Administrative Agent and signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02 :

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing;

(iv) in the case of a Eurodollar Borrowing, the initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.06 .

If no election as to the Type of Borrowing is specified, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period is specified with respect to any requested Eurodollar Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Swingline Loans .

(a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans to the Borrower from time to time during the Multi-Year Facility Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $25,000,000 or (ii) the sum of the total Multi-Year Facility Exposures exceeding the total Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender or such other account specified by the Borrower to the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) , by remittance to the relevant Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Lender, specifying in such notice such Lender's Applicable

Percentage of such Swingline Loan or Loans. Each Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Lender's Applicable Percentage of such Swingline Loan or Loans. Each Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any liability for the repayment of such Swingline Loan.

SECTION 2.05. Letters of Credit .

(a) General . Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Letters of Credit as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the relevant Issuing Bank, at any time and from time to time during the Multi-Year Facility Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, any Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control.

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions . To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the relevant Issuing Bank) to such Issuing Bank and the Administrative Agent (no less than three Business Days in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the relevant Issuing Bank, the Borrower also shall submit a letter of credit application on such Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) the LC Exposure shall not exceed $50,000,000 and (ii) the sum of the total Multi-Year Facility Exposures shall not exceed the total Commitments.

(c) Expiration Date .

(i) Subject to Section 2.05(c)(ii) below, each Letter of Credit shall expire (or be subject to termination by notice from the relevant Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date one year after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, one year after such renewal or extension) and (ii) the date that is five Business Days prior to the Multi-Year Facility Maturity Date.

(ii) If the Borrower so requests in any applicable letter of credit application, an Issuing Bank may, in its sole discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an " Auto-Extension Letter of Credit "); provided that any such Auto-Extension Letter of Credit must permit the Issuing Bank to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the " Non-Extension Notice Date ") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the Issuing Bank, the Borrower shall not be required to make a specific request to the Issuing Bank for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the extension of such Letter of Credit at any time to an expiry date not later than the date that is five (5) Business Days prior to the Multi-Year Facility Maturity Date; provided , however , that the Issuing Bank shall not permit any such extension if (A) the Issuing Bank has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof, or (B) it has received notice (which may be by telephone or in writing) on or before the day that is seven (7) Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied, and in each such case directing the Issuing Bank not to permit such extension.

(d) Participations . By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of any Issuing Bank or the Lenders, the relevant Issuing Bank hereby grants to each Lender, and each Lender hereby acquires from such Issuing Bank, a participation in such Letter of Credit equal to such

Lender's Applicable Percentage of the aggregate amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the relevant Issuing Bank, such Lender's Applicable Percentage of each LC Disbursement made by such Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement . If any Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent an amount equal to such LC Disbursement not later than 12:00 noon, New York City time, on the date that such LC Disbursement is made, if the Borrower shall have received notice of such LC Disbursement prior to 10:00 a.m., New York City time, on such date, or, if such notice has not been received by the Borrower prior to such time on such date, then not later than 12:00 noon, New York City time, on (i) the Business Day that the Borrower receives such notice, if such notice is received prior to 10:00 a.m., New York City time, on the day of receipt, or (ii) the Business Day immediately following the day that the Borrower receives such notice, if such notice is not received prior to such time on the day of receipt; provided that the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.04 that such payment be financed with an ABR Borrowing or Swingline Loan in an equivalent amount and, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Borrowing or Swingline Loan. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.06 with respect to Loans made by such Lender (and Section 2.06 shall apply, mutatis mutandis, to the payment obligations of the Lenders), and the Administrative Agent shall promptly pay to the relevant Issuing Bank the amounts so received by it from the Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the relevant Issuing Bank or, to the extent that Lenders have made payments pursuant to this paragraph to reimburse such Issuing Bank, then to such Lenders and such Issuing Bank as their interests may appear. Any payment made by a Lender pursuant to this paragraph to reimburse an Issuing Bank for any LC Disbursement (other than the funding of ABR Loans or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement.

(f) Obligations Absolute . The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by any Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply strictly with the terms of such Letter of Credit (so long as the documents presented appear on their face to be in substantial compliance with the terms of the Letter of Credit), or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor any Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the relevant Issuing Bank; provided that the foregoing shall not be construed to excuse such Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by such Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the relevant Issuing Bank (as finally determined by a court of competent jurisdiction), such Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures . The relevant Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. Such Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether such Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse such Issuing Bank and the Lenders with respect to any such LC Disbursement.

(h) Interim Interest . If an Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Loans;

provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(d) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the relevant Issuing Bank, except that interest accrued on and after the date of payment by any Lender pursuant to paragraph (e) of this Section to reimburse such Issuing Bank shall be for the account of such Lender to the extent of such payment.

(i) Replacement of an Issuing Bank; Addition of Issuing Banks .

(i) Replacement of an Issuing Bank. An Issuing Bank may be replaced by another Issuing Bank at any time by written agreement between the Borrower and the successor Issuing Bank, with contemporaneous notice to the Administrative Agent and the replaced Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of an Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b) . From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(ii) Addition of Issuing Banks. An Issuing Bank may be added at any time by written agreement between the Borrower and the Issuing Bank to be added, provided at least three Business Days' notice thereof is given to the Administrative Agent. The Administrative Agent shall notify the Lenders of any such addition. From and after the effective date of any such addition, the successor Issuing Bank shall have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter.

(j) Cash Collateralization . If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of Cash Collateral, the Borrower shall Cash Collateralize the full amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that the obligation to deposit such Cash Collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (f) or (g) of Article VI. Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the obligations of the Borrower under this Agreement. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, such deposits shall not bear interest. The Administrative Agent shall invest the Cash Collateral from time to time held by it in such overnight U.S. treasury or similar short-term instruments as are selected by the Borrower and approved by the Administrative Agent, and shall maintain records adequate to determine the interest from time to time earned thereon. The Administrative Agent shall have no responsibility for any loss on any investments made by it with respect to Cash Collateral. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Banks, on a pro rata basis, for LC Disbursements for which they have not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other obligations of the Borrower under this Agreement. If the Borrower is required to provide an amount of Cash Collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three Business Days after all Events of Default have been cured or waived.

SECTION 2.06. Funding of Borrowings .

(a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds by 12:00 noon, New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders; provided that Swingline Loans shall be made as provided in Section 2.04 . The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to an account of the Borrower maintained with the Administrative Agent in New York City and designated by the Borrower in the applicable Borrowing Request; provided that ABR Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.05(e) shall be remitted by the Administrative Agent to the relevant Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.07. Interest Elections .

(a) Each Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election by telephone by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or facsimile to the Administrative Agent of a written Interest Election Request in a form approved by the Administrative Agent and signed by the Borrower.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02 :

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether the resulting Borrowing is to be an ABR Borrowing or a Eurodollar Borrowing; and

(iv) if the resulting Borrowing is a Eurodollar Borrowing, the Interest Period to be applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurodollar Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurodollar Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period such Borrowing shall be converted to an ABR Borrowing. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Borrowing may be converted to or continued as a Eurodollar Borrowing and (ii) unless repaid, each Eurodollar Borrowing shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto.

SECTION 2.08. Termination and Reduction of Commitments .

(a) Unless previously terminated, the Multi-Year Facility Commitments shall terminate on the Multi-Year Facility Commitment Termination Date.

(b) The Borrower may at any time terminate, or from time to time reduce, each of the Multi-Year Facility Commitments; provided that (i) each such reduction shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000 and (ii) the Borrower shall not terminate or reduce the Multi-Year Facility Commitments if, after giving effect to any concurrent prepayment of the Loans in accordance with Section 2.11 , the aggregate Multi-Year Facility Exposures would exceed the total Multi-Year Facility Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Multi-Year Facility Commitments under paragraph (b) of this Section at least three Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Multi-Year Facility Commitments delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Multi-Year Facility Commitments shall be permanent. Each reduction of the Multi-Year Facility Commitments shall be made ratably among the Lenders in accordance with their respective Multi-Year Facility Commitments.

SECTION 2.09. Increase in Commitments .

(a) Following the Effective Date, the Borrower may at any time and from time to time increase the Multi-Year Facility Commitments (each such increase being a “Commitment Increase”), by notice to the Administrative Agent specifying the existing Lender(s) (the “Increasing Lender(s)”) and/or any other Person(s) selected by the Borrower and reasonably acceptable to the Administrative Agent (the “Assuming Lender(s)”) that have agreed to provide the additional Commitment(s) and the date on which such increase is to be effective (the “Commitment Increase Date”), which shall be a Business Day at least five (5) days after delivery of such notice and prior to the Termination Date; provided that:

(i) the minimum aggregate amount of each Commitment Increase shall be $10,000,000;

(ii) immediately after giving effect to such Commitment Increase, the Multi-Year Facility Commitments hereunder shall not exceed $850,000,000;

(iii) no Event of Default shall have occurred and be continuing on such Commitment Increase Date or shall result from the Commitment Increase; and

(iv) the representations and warranties contained in Article III shall be true and correct in all material respects on and as of the Commitment Increase Date as if made on and as of such date (or, if any such representation and warranty is expressly stated to have been made as of a specific date, such representation and warranty shall be true and correct in all material respects on and as of such specific date).

Notwithstanding the foregoing, nothing herein shall constitute an agreement or commitment by the Administrative Agent or any Lender to any specific increase in the Multi-Year Facility Commitment, which agreement or commitment may only be made at a future date after the applicable Lenders secure any required credit approvals.

(b) Any Assuming Lender shall become a Lender hereunder as of such Commitment Increase Date and the Commitment of any Increasing Lender and any such Assuming Lender shall be increased as of such Commitment Increase Date; provided that:

(i) the Administrative Agent shall have received on or prior to 10:00 a.m., New York City time, on such Commitment Increase Date (A) a certificate of a duly authorized officer of the Borrower stating that each of the applicable conditions to such Commitment Increase set forth in clause (a) of this Section has been satisfied and (B) such certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Commitment Increase and any other legal matters relating to the Borrower, this Agreement or the Commitment Increase, all in form and substance satisfactory to the Administrative Agent and its counsel;

(ii) with respect to each Assuming Lender, the Administrative Agent shall have received, on or prior to 10:00 a.m., New York City time, on such Commitment Increase Date, an assumption agreement in substantially the form of Exhibit B (an " Assumption Agreement ") duly executed by such Assuming Lender and consented to by the Borrower and the Administrative Agent; and

(iii) each Increasing Lender shall have delivered to the Administrative Agent, on or prior to 10:00 a.m., New York City time, on such Commitment Increase Date, confirmation in writing reasonably satisfactory to the Administrative Agent as to its increased Commitment, with a copy of such confirmation to the Borrower.

(c) Upon its receipt of confirmation from a Lender that it is increasing its Commitment hereunder, together with the certificates referred to in clause (b)(i) above, the Administrative Agent shall (i) record the information contained therein in the Register and (ii) give prompt notice thereof to the Borrower; provided that absent such Lender's confirmation of such a Commitment Increase as aforesaid, no Lender will be under any obligation to increase its Commitment hereunder. Upon its receipt of an Assumption Agreement executed by an Assuming Lender, together with the certificates referred to in clause (b)(i) above, the Administrative Agent shall, if such Assumption Agreement has been completed and is in substantially the form of Exhibit B , (x) accept such Assumption Agreement, (y) record the information contained therein in the Register and (z) give prompt notice thereof to the Borrower.

(d) In the event that the Administrative Agent shall have received notice from the Borrower as to any agreement with respect to a Commitment Increase on or prior to the relevant Commitment Increase Date and the actions provided for in clause (b) above shall have occurred by 10:00 a.m., New York City time, on such Commitment Increase Date, the Administrative Agent shall notify the Lenders (including any Assuming Lenders) of the occurrence of such Commitment Increase promptly on such date by facsimile transmission or electronic messaging system. On the date of such Commitment Increase, the Borrower shall, to the extent necessary to ensure the Loans are held ratably by the Lenders in accordance with the respective Multi-Year Facility Commitments of such Lenders (after giving effect to such Commitment Increase) or as otherwise deemed advisable in the sole discretion of the Administrative Agent after consultation with the Borrower, (i) prepay the outstanding Loans (if any) in full, (ii) simultaneously borrow new Loans hereunder in an amount equal to such prepayment and (iii) pay to the Lenders the amounts, if any, payable under Section 2.16 .

SECTION 2.10. Repayment of Loans; Evidence of Debt .

(a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Multi-Year Facility Loan on the Multi-Year Facility Maturity Date and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Multi-Year Facility Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two Business Days after such Swingline Loan is made; provided that on each date that a Multi-Year Facility Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in a form approved by the Administrative Agent. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 8.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans .

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with paragraph (b) of this Section and, with respect to Eurodollar Loans, subject to Section 2.16 .

(b) The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by telephone (confirmed by facsimile) of any prepayment hereunder (i) in the case of prepayment of a Eurodollar Multi-Year Facility Borrowing, not later than 11:00 a.m., New York City time, three Business Days before the date of prepayment, (ii) in the case of prepayment of an ABR Multi-Year Facility Borrowing, not later than 11:00 a.m., New York City time, one Business Day before the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Multi-Year Facility Commitments as contemplated by Section 2.08 , then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.08 . Promptly following receipt of any such notice relating to a Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Multi-Year Facility Borrowing shall be in an amount that would be permitted in the case of an advance of a Multi-Year Facility Borrowing of the same Type. Each prepayment of a Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by accrued interest to the extent required by Section 2.13 .

SECTION 2.12. Fees .

(a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender which is not then, and excluding any period during which such Lender was, a Defaulting Lender a facility fee, which shall accrue at the Applicable Margin on the daily amount of the Multi-Year Facility Commitment of such Lender (whether used or unused) during the period from and including the Effective Date to but excluding the Multi-Year Facility Commitment Termination Date; provided that, if such Lender continues to have any Multi-Year Facility Exposure after the Multi-Year Facility Commitment Termination Date, then such facility fee shall continue to accrue on the daily amount of such Lender's Multi-Year Facility Exposure from and including the Multi-Year Facility Commitment Termination Date to but excluding the date on which such Lender ceases to have any Multi-Year Facility Exposure. Accrued facility fees shall be payable in arrears on the last day of March, June, September and December of each year and on the Multi-Year Facility Commitment Termination Date, commencing on the first such date to occur after the date hereof; provided that any facility fees accruing after the Multi-Year Facility Commitment Termination Date shall be payable on demand. All such facility fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Margin used to determine the interest rate applicable to Eurodollar Loans on the average daily amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the Multi-Year Facility Commitment Termination Date and the date on which such Lender ceases to have any LC Exposure, and (ii) to the Issuing Banks, pro rata in accordance with the LC Exposure attributable to each, a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the Multi-Year Facility Commitment Termination Date and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees with respect to the issuance, amendment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the Multi-Year Facility Commitment Termination Date and any such fees accruing after the Multi-Year Facility Commitment Termination Date shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within 10 days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in immediately available funds, to the Administrative Agent (or to the relevant Issuing Banks, in the case of fees payable to them) for distribution, in the case of facility fees and participation fees, to the Lenders which are not then Defaulting Lenders and excluding, for each such Lender, any period during which such Lender was a Defaulting Lender. Fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest.

(a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Margin.

(b) The Loans comprising each Eurodollar Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) The Borrower hereby unconditionally promises to pay accrued interest on each Loan quarterly in arrears on each Interest Payment Date for such Loan and upon each of the Multi-Year Facility Commitment Termination Date and the Multi-Year Facility Maturity Date; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Loan prior to the end of the Multi-Year Facility Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurodollar Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest. If prior to the commencement of any Interest Period for a Eurodollar Borrowing:

(a) the Administrative Agent determines (which determination shall be conclusive absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period; or

(b) the Administrative Agent is advised by the Required Lenders that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for such Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or facsimile as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurodollar Borrowing shall be ineffective and (ii) if any Borrowing Request requests a Eurodollar Borrowing, such Borrowing shall be made as an ABR Borrowing; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs .

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or any Issuing Bank;

(ii) subject any Lender or any Issuing Bank to any Taxes of any kind whatsoever with respect to this Agreement, any Letter of Credit, any participation in a Letter of Credit or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Credit Party in respect thereof (except for (A) Indemnified Taxes, (B) Other Connection Taxes on gross or net income, profits or revenue (including value-added or similar Taxes) and any franchise taxes and (C) Excluded Taxes); or

(iii) impose on any Lender or any Issuing Bank or the London interbank market any other condition, cost or expense (other than Taxes) affecting this Agreement or Eurodollar Loans made by such Lender or any Letter of Credit or participation therein;

and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Loan (or of maintaining its obligation to make any such Loan) or to increase the cost to such Lender or such Issuing Bank of participating in, issuing or maintaining any Letter of Credit or to reduce the amount of any sum received or receivable by such Lender or such Issuing Bank hereunder (whether of principal, interest or otherwise) by an amount deemed material by such Lender in its sole discretion, then the Borrower will pay to such Lender or such Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or such Issuing Bank, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or any Issuing Bank reasonably determines that any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's or such Issuing Bank's capital or on the capital of such Lender's or such Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by or participations in Letters of Credit held by such Lender or the Letters of Credit issued by such Issuing Bank to a level below that which such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or such Issuing Bank's policies and the policies of such Lender's or such Issuing Bank's holding company with respect to capital adequacy), then from time to time the Borrower will pay to such Lender or such Issuing Bank, as the case may be such additional amount or amounts as will compensate such Lender or such Issuing Bank or such Lender's or such Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or of an Issuing Bank setting forth the amount or amounts (including the basis of the calculation used to determine such amount or amounts) necessary to compensate such Lender or such Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or such Issuing Bank, as the case may be, the amount shown as due on any such certificate within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender or any Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or such Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or an Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or such Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or such Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments . In the event of (a) the payment of any principal of any Eurodollar Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurodollar Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(b) and is revoked in accordance therewith), or (d) the assignment of any Eurodollar Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19 , then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense to any Lender shall be deemed to include an amount reasonably determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for dollar deposits of a comparable amount and period from other banks in the eurodollar market. A certificate of any Lender setting forth any amount or amounts (including the basis of the calculation used to determine such amount or amounts) that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within 10 days after receipt thereof.

SECTION 2.17. Taxes .

(a) Withholding Taxes; Gross-Up . Each payment by the Borrower or on account of any obligation of the Borrower under this Agreement shall be made without withholding for any Taxes, unless such withholding is required by law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by the Borrower shall be increased as necessary so that, net of such withholding of Indemnified Taxes (including withholding applicable to additional amounts payable under this Section) the applicable Recipient receives the amount it would have received had no such withholding of Indemnified Taxes been made.

(b) Payment of Other Taxes by the Borrower . The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Evidence of Payment . As soon as practicable after any payment of Indemnified Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower . Without duplication of any payment made pursuant to Section 2.17(a) above , the Borrower shall indemnify each Recipient for any Indemnified Taxes that are paid or payable by such Recipient in connection with this Agreement (including amounts paid or payable under this Section 2.17(d)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17 (d) shall be paid within 10 days after the Recipient delivers to the Borrower a certificate stating the amount of any Indemnified Taxes so paid or payable by such Recipient and describing the basis for the indemnification claim. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Recipient shall deliver a copy of such certificate to the Administrative Agent.

(e) Indemnification by the Lenders . Each Lender shall severally indemnify the Administrative Agent for any Taxes (but, in the case of any Indemnified Taxes, only to the extent that the Borrower has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Borrower to do so) attributable to such Lender that are paid or payable by the Administrative Agent in connection with this Agreement and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(e) shall be paid within 10 days after the Administrative Agent or the Borrower (as applicable) delivers to the applicable Lender a certificate stating the amount of Taxes so paid or payable by the Administrative Agent or the Borrower (as applicable). Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(f) Status of Lenders .

(i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under this Agreement shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender shall deliver such other documentation prescribed by law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A) through (E) below) shall not be required if in the Lender's judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. Upon the reasonable request of such Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.17(f) . If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within 10 days after such expiration, obsolescence or inaccuracy) notify such Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, if the Borrower is a U.S. Person, any Lender with respect to such Borrower shall, if it is legally eligible to do so, deliver to such Borrower and the Administrative Agent (in such number of copies reasonably requested by such Borrower and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable:

(A) in the case of a Lender that is a U.S. Person, IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under this Agreement, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(C) in the case of a Non-U.S. Lender for whom payments under this Agreement constitute income that is effectively connected with such Lender's conduct of a trade or business in the United States, IRS Form W-8ECI;

(D) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the form of Exhibit C (a "U.S. Tax Certificate") to the effect that such Lender is not (a) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (b) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code (c) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States with which the relevant interest payments are effectively connected;

(E) in the case of a Non-U.S. Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this paragraph (f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; provided, however, that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender may provide a U.S. Tax Certificate on behalf of such partners; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, U.S. Federal withholding Tax together with such supplementary documentation necessary to enable the Borrower or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

(iii) If a payment made to or for the account of a Lender under this Agreement would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including additional amounts paid pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid such indemnified party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything herein to the contrary in this Section 2.17(g), in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this Section 2.17(g) if such payment would place such indemnified party in a less favorable position (on a net after-Tax basis) than such indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 2.17(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the indemnifying party or any other Person.

(h) Issuing Bank. For purposes of Section 2.17(e) and (f), the term "Lender" includes any Issuing Bank.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Setoffs.

(a) Except as otherwise provided by Section 2.17(a), the Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon, New York City time, on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at its offices at 270 Park Avenue, New York, New York, except payments to be made directly to an Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 8.03 shall be made directly to Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. All payments hereunder shall be made in dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) If any Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Multi-Year Facility Loans, participations in LC Disbursements or participations in Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Multi-Year Facility Loans, participations in LC Disbursements or participations in Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Multi-Year Facility Loans or participations in LC Disbursements or Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Multi-Year Facility Loans, participations in LC Disbursements and participations in Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Multi-Year Facility Loans or participations in LC Disbursements to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or one or more Issuing Banks hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or Issuing Banks, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders and relevant Issuing Banks, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.04(c), 2.05(d), 2.05(e), 2.06(b), 2.18(d) or 8.03(c), then the Administrative Agent may, in its discretion (or shall in the event such Lender becomes a Defaulting Lender) and notwithstanding any contrary provision hereof, (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid, and/or (ii) hold such amounts in a segregated account over which the Administrative Agent shall have exclusive control as Cash Collateral for, and application to, any future funding obligation of such Lender under any such Section, in the case of each of clause (i) and (ii) above in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders .

(a) If any Lender requests compensation under Section 2.15 , or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 , then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17 , as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If any Lender requests compensation under Section 2.15 , or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 , or if any Lender shall be a Defaulting Lender, or if, in connection with any proposed waiver, amendment or modification of this Agreement, the consent of the Required Lenders is obtained but the consent of any Lender whose consent is requested is not obtained, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 8.04), all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (i) the Borrower shall have received the prior written consent of the Administrative Agent (and if a Multi-Year Facility Commitment is being assigned, each Issuing Bank), which consent shall not unreasonably be withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal of its Multi-Year Facility Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (iii) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17 , such assignment could be reasonably expected to result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Defaulting Lenders . Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the Commitment of such Defaulting Lender pursuant to Section 2.12(a) ;

(b) the Commitment and Multi-Year Facility Exposures of such Defaulting Lender shall not be included in determining whether the Required Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 8.02); provided, that this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) all or any part of the Swingline Exposure and LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders in accordance with their respective Applicable Percentages but only to the extent that (x) the sum of all non-Defaulting Lenders' Multi-Year Facility Exposures plus such Defaulting Lender's Swingline Exposure and LC Exposure does not exceed the total of all non-Defaulting Lenders' Commitments and (y) the conditions set forth in Section 4.02 are satisfied at the time of such reallocation. No reallocation hereunder shall constitute a waiver or release of any claim of any party hereunder against a Defaulting Lender arising from that Lender having become a Defaulting Lender, including any claim of a non-Defaulting Lender as a result of such non-Defaulting Lender's increased exposure following such reallocation;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall, without prejudice to any right or remedy available to it hereunder or under law, within one Business Day following notice by the Administrative Agent (x) first, prepay such Defaulting Lender's Swingline Exposure and (y) second, Cash Collateralize for the benefit of the Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above and any Cash Collateral provided by such Defaulting Lender) in accordance with the procedures set forth in Section 2.05 (j) for so long as such LC Exposure is outstanding;

(iii) if the Borrower Cash Collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is Cash Collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor Cash Collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of any Issuing Bank or any other Lender hereunder, all facility fees that otherwise would have been payable to such Defaulting Lender (solely with respect to the portion of such Defaulting Lender's Commitment that was utilized by such LC Exposure) and letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the relevant Issuing Banks, on a pro rata basis, until and to the extent that such LC Exposure is reallocated and/or Cash Collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and no Issuing Bank shall be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Multi-Year Facility Commitments of the non-Defaulting Lenders and/or Cash Collateral in the full amount of the related exposure and the Defaulting Lender's then outstanding LC Exposure as of such date plus any accrued and unpaid interest thereon will be provided by the Borrower in accordance with Section 2.20(c) , and participating interests in any newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.20(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to the Parent of any Lender shall occur following the date hereof and for so long as such event shall continue or (ii) the Issuing Bank or the Swingline Lender has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, (in each case, an "Affected Lender") the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit and the Swingline Lender shall not be required to fund any Swingline Loan, unless the Issuing Bank or the Swingline Lender, as the case may be, shall have entered into arrangements with the Borrower or such Affected Lender or the other Lenders, satisfactory to the Issuing Bank or the Swingline Lender, as the case may be, to defease any risk in respect of such Affected Lender hereunder, which the parties agree may include the Issuing Bank's or the Swingline Lender's, as the case may be, satisfaction that the related exposure and such Affected Lender's then outstanding Swingline Exposure or LC Exposure will be 100% covered by the Multi-Year Facility Commitments of Lenders that are not either Defaulting Lenders or Affected Lenders, and participating interests in any such newly issued or increased Letter of Credit or newly made Swingline Loan shall be allocated among the Lenders which are not Defaulting Lenders or Affected Lenders in a manner consistent with Section 2.20(c) (in which case, such Affected Lender shall not participate therein) and/or Cash Collateral will be provided by the Borrower in accordance with Section 2.20(c) in the full amount of the Swingline Exposure and the LC Exposure of the Affected Lender as of such date plus any accrued and unpaid interest thereon.

In the event that the Administrative Agent, the Borrower, the Swingline Lender and each Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitment and on such date such Lender shall purchase at par such of the Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage.

ARTICLE III

Representations and Warranties

The Borrower represents and warrants to the Lenders that:

SECTION 3.01. Corporate Existence . Each of the Borrower and its Material Subsidiaries: (a) is a corporation, partnership or other entity duly incorporated or organized, as the case may be, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization; (b) has all requisite corporate power and, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect, all Governmental Approvals in each case necessary to own its assets and carry on its business as now being conducted; and (c) is qualified to do business and is in good standing in all jurisdictions in which the nature of the business conducted by it makes such qualification necessary and where failure to so qualify could reasonably be expected to have a Material Adverse Effect.

SECTION 3.02. Financial Condition . The Borrower has heretofore furnished to each of the Lenders the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at September 30, 2010 and September 30, 2011 and the related consolidated statement of income and retained earnings and cash flow of the Borrower and its consolidated Subsidiaries for the fiscal years ended on said dates, with the opinions thereon (in the case of said consolidated balance sheets and statements) of PricewaterhouseCoopers LLP. All such financial statements are complete and correct in all material respects and fairly present in all material respects the consolidated financial condition of the Borrower and its consolidated Subsidiaries at and as of such dates, all in accordance with GAAP and practices applied on a consistent basis. None of the Borrower nor any of its Subsidiaries has on the date hereof any material contingent liabilities, liabilities for taxes, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments, except as referred to or reflected or provided for in said balance sheets as at said dates. Since September 30, 2011, there has been no material adverse change. As used herein, the term “material adverse change” shall mean any event, development or circumstance that has had or could reasonably be expected to have a Material Adverse Effect; provided that “material adverse change” shall not include the effect of any event, development or circumstance disclosed in any document filed pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934 after September 30, 2011 and prior to the Effective Date to the extent, and only to the extent, such effect is explicitly disclosed in such filings.

SECTION 3.03. Litigation . Except as disclosed in the Borrower’s Annual Report on SEC Form 10-K for the year ended September 30, 2011 or in any document subsequently filed pursuant to Section 13, 14 or 15(d) of the Securities Exchange Act of 1934, there are no legal or arbitral proceedings, or any proceedings by or before any governmental or regulatory authority or agency, now pending to which the Borrower or any Material Subsidiary is a party, or pending or threatened (of which any officer of the Borrower has knowledge), in which there is a reasonable possibility of an adverse decision and which could reasonably be expected to have a Material Adverse Effect.

SECTION 3.04. No Breach . None of the execution and delivery of this Agreement, the consummation of the Transactions or compliance with the terms and provisions hereof will conflict with or result in a breach of, or require any consent under (i) the articles of incorporation or by-laws of the Borrower, or (ii) any applicable law or regulation, or, to the best knowledge of the Borrower, any order, writ, injunction or decree of any court or governmental or regulatory authority, agency, instrumentality or political subdivision thereof, or any material agreement or instrument to which the Borrower or any of its Subsidiaries is a party or by which any of them or any of their property is bound or to which any of them or any of their property is subject, or constitute a default under any such agreement or instrument, which conflict, breach or consent requirement referred to in this clause (ii), including any failure to obtain any such consent, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 3.05. Action . The Borrower has all necessary corporate power, authority and legal right to execute, deliver and perform its obligations under this Agreement; the execution, delivery and performance by the Borrower of this Agreement have been duly authorized by all necessary corporate action on its part (including, without limitation, any required shareholder approvals); and this Agreement has been duly and validly executed and delivered by the Borrower and constitutes its legal, valid and binding obligation, enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by (a) bankruptcy, insolvency, reorganization, moratorium or similar laws of general applicability affecting the enforcement of creditors' rights and (b) the application of general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

SECTION 3.06. Approvals . No Governmental Approval and no authorization, approval or consent of, and no filing or registration with, any securities exchange, is necessary for the execution, delivery or performance by the Borrower of this Agreement or for the legality, validity or enforceability hereof.

SECTION 3.07. Use of Credit . Neither the Borrower nor any of its Subsidiaries shall, directly or indirectly, use any of the proceeds of any extension of credit hereunder for any purpose, whether immediate, incidental, or ultimate, of buying a "margin stock" or of maintaining, reducing or retiring any indebtedness originally incurred to purchase a stock that is currently a "margin stock" and the extension of credit hereunder will not constitute an extension of "purpose credit" that is directly or indirectly secured by "margin stock", in each case within the meaning of Regulation U of the Board of Governors of the United States Federal Reserve System Board (12 C.F.R. 221, as amended), and will not violate or result in the violation of Regulation U or of Regulation T (12 C.F.R. 220, as amended) or of Regulation X (12 C.F.R. 224, as amended) or any other regulation of such Board.

SECTION 3.08. ERISA . Neither a "reportable event" (as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived)), an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) nor a failure to meet the minimum funding standard of Section 412 of the Code has occurred during the six-year period prior to the date on which this representation is made or deemed made with respect to any Plan and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. Neither the Borrower nor any ERISA Affiliate of the Borrower incurred any liability under Title IV of ERISA which could reasonably be expected to result in a Material Adverse Effect, and no Lien in favor of PBGC or a Plan has arisen, during such six-year period. The present value of all accumulated benefit obligations under each Plan (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accumulated benefit obligations by an amount greater than the lesser of (i) $400,000,000, (ii) 25% of the Consolidated Net Worth, or (iii) 15% of the Consolidated Capitalization. Neither the Borrower nor any ERISA Affiliate of the Borrower has made a filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan. Neither the Borrower nor any ERISA Affiliate has had a complete or partial withdrawal from any Plan that has resulted or could reasonably be expected to result in a material liability under ERISA and neither the Borrower nor any ERISA Affiliate would become subject to any material liability under ERISA if the Borrower or any such ERISA Affiliate were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. To the Borrower's knowledge, no such Multiemployer Plan is insolvent or in reorganization, within the meaning of Title IV of ERISA.

SECTION 3.09. Taxes . Each of the Borrower and each of its Subsidiaries has filed or caused to be filed all material Federal, state and other tax returns that are required to be filed and has paid all Taxes shown to be due and payable on such returns or on any assessments made against it or any of its property and all other Taxes imposed on it or any of its property by any Governmental Authority, other than any Taxes the amount or validity of which is currently being contested in good faith by appropriate proceeding and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be and other than to the extent that the failure to file any such tax returns or pay any such Tax could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect. No material Tax Lien has been filed and, to the knowledge of the Borrower, no material claim is being asserted with respect to any such Tax other than any Tax Lien which relates to any Tax that is not yet due and payable, and other than to the extent that any such Tax could not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

SECTION 3.10. Investment Company Act . Neither the Borrower nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.11. Environmental Matters . As of the date of this Agreement: (i) each of the Borrower and its Subsidiaries has obtained all environmental, health and safety permits, licenses and other authorizations required under all Environmental Laws to carry on its business as now being conducted, except to the extent failure to have any such permit, license or authorization would not have a Material Adverse Effect; and (ii) each of such permits, licenses and authorizations is in full force and effect and, to the knowledge of the Borrower, each of the Borrower and its Subsidiaries is in compliance with the terms and conditions thereof, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, in each case, except to the extent failure to comply therewith would not have a Material Adverse Effect.

SECTION 3.12. Subsidiaries, Etc. . The Borrower owns, free and clear of Liens, and has the unencumbered right to vote, all outstanding ownership interests in each of its Material Subsidiaries; and all of the issued and outstanding capital stock of each such Material Subsidiary organized as a corporation is validly issued, fully paid and nonassessable.

SECTION 3.13. True and Complete Disclosure . The information, reports, financial statements, exhibits and schedules furnished in writing by or on behalf of the Borrower to the Administrative Agent or any Lender in connection with the negotiation, preparation or delivery of this Agreement or included herein or delivered pursuant hereto, as of the date of delivery thereof and when taken as a whole, do not contain any untrue statement of a material fact or, when considered together with all reports theretofore filed with the SEC, omit to state any material fact necessary to make the statements herein or therein, in light of the circumstances under which they were made, not misleading; provided, however, that, with respect to projected financial information, forecasts and other forward-looking information, the Borrower represents only that such information was prepared in good faith based upon assumptions and estimates developed by management of the Borrower in good faith and believed to be reasonable at the time (it being understood that such information is not a guarantee of future performance and that actual results during the period or periods covered by such information may materially differ from the projected results therein). All written information furnished after the date hereof by the Borrower and its Subsidiaries to the Administrative Agent and the Lenders in connection with this Agreement and the transactions contemplated hereby will be true, complete and accurate in every material respect, or (in the case of forward-looking statements) based upon assumptions and estimates developed by management of the Borrower in good faith and believed to be reasonable at the time, on the date as of which such information is stated or certified; provided that, in the case of projected financial information, forecasts and other forward-looking information, no assurance is given that any results forecasted in any such projections or forward-looking information will actually be achieved or that actual results during the period or periods covered by such information will not differ materially from the results set forth in such projections or forward-looking information.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date . The obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 8.02):

(a) The Administrative Agent (or its counsel) shall have received from each party hereto either (i) a counterpart of this Agreement signed on behalf of such party or (ii) written evidence satisfactory to the Administrative Agent (which may include facsimile transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement.

(b) The Administrative Agent shall have received an opinion, dated as of the Effective Date, and in form and substance satisfactory to the Administrative Agent and its counsel, of each of (i) Dewey & LeBoeuf LLP, special New York counsel to the Borrower, (ii) in-house counsel to the Borrower, and (iii) Lowenstein Sandler PC, special New Jersey counsel to the Borrower.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the Borrower, the authorization of the Transactions and any other legal matters relating to the Borrower, this Agreement or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel.

(d) The Administrative Agent shall have received a certificate dated the Effective Date and signed by the President, a Vice President or a Financial Officer of the Borrower, confirming compliance with the conditions set forth in paragraph (i) of this Section 4.01 .

(e) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all reasonable fees, charges and disbursements of counsel incurred in connection with the credit facilities provided under this Agreement and any related documentation required to be reimbursed or paid by the Borrower hereunder.

(f) The Administrative Agent shall have received satisfactory evidence that all Governmental Approvals and third-party approvals necessary or, in the reasonable discretion of the Administrative Agent, advisable in connection with the Transactions, the repayment of the Indebtedness, if any, of the Borrower indicated on Schedule 4.01 and the continuing operations of the Borrower and its Subsidiaries have been obtained and are in full force and effect and all applicable waiting periods have expired with respect thereto without any action being taken or threatened by any Governmental Authority or a third party which would restrain, prevent or otherwise impose adverse conditions on the Transaction or the repayment of the Indebtedness, if any, of the Borrower indicated on Schedule 4.01.

(g) The Administrative Agent and the Lenders shall have received (i) the financial statements required to be furnished by the Borrower pursuant to Section 3.02 hereof and (ii) to the extent available, satisfactory unaudited interim consolidated financial statements of the Borrower for each quarterly period ended subsequent to September 30, 2011.

(h) The Administrative Agent and the Lenders shall have received satisfactory evidence that the principal of and interest on, and all other amounts owing in respect of, the Indebtedness of the Borrower indicated on Schedule 4.01 that is to be repaid shall have been (or shall be simultaneously) paid in full and that any commitments to extend credit under the agreements or instruments relating to such Indebtedness shall have been canceled or terminated.

(i) The representations and warranties of the Borrower set forth in this Agreement (including, without limitations, the representations and warranties set forth in Section 3.03 and the last two sentences of Section 3.02) shall, as of the Effective Date, be true and correct in all material respects and no Default shall have occurred and be continuing.

The Administrative Agent shall notify the Borrower and the Lenders of the Effective Date, and such notice shall be conclusive and binding. Notwithstanding the foregoing, the obligations of the Lenders to make Loans and of the Issuing Banks to issue Letters of Credit hereunder shall not become effective unless each of the foregoing conditions is satisfied (or waived pursuant to Section 8.02) at or prior to 3:00 p.m., New York City time, on or before January 15, 2012 (and, in the event such conditions are not so satisfied or waived, the Commitments shall terminate at such time).

SECTION 4.02. Each Credit Event . The obligation of each Lender to make a Loan on the occasion of any Borrowing and of the Issuing Banks to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of the Borrower set forth in this Agreement (including, without limitation, the representations and warranties set forth in Section 3.03 but excluding the representations and warranties set forth in the last two sentences of Section 3.02) shall be true and correct in all material respects on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date.

(b) At the time of and immediately after giving effect to such Borrowing or issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default shall have occurred and be continuing.

Each Borrowing and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Covenants of the Borrower

The Borrower covenants and agrees with the Lenders and the Administrative Agent that, until the Multi-Year Facility Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed:

SECTION 5.01. Financial Statements, Etc . The Borrower shall deliver to each of the Lenders:

(a) as soon as available and in any event within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, consolidated statements of income and retained earnings and cash flow of the Borrower and its consolidated Subsidiaries for such period and for the period from the beginning of the respective fiscal year to the end of such period, and the related consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such period, setting forth in each case in comparative form to the extent required by SEC Form 10-Q the corresponding consolidated figures for the corresponding period in the preceding fiscal year, accompanied by a certificate of a senior Financial Officer of the Borrower, which certificate shall state that said consolidated financial statements fairly present in all material respects the consolidated financial condition and results of operations of the Borrower and its consolidated Subsidiaries in accordance with GAAP, consistently applied, as at the end of, and for, such period (subject to normal year-end audit adjustments);

(b) as soon as available and in any event within 100 days after the end of each fiscal year of the Borrower, consolidated statements of income, retained earnings and cash flow of the Borrower and its consolidated Subsidiaries for such fiscal year and the related consolidated balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year, setting forth in each case in comparative form the corresponding consolidated figures for the preceding fiscal year and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that said consolidated financial statements fairly present in all material respects the consolidated financial condition and results of operations of the Borrower and its consolidated Subsidiaries as at the end of, and for, such fiscal year in accordance with GAAP;

(c) promptly upon their becoming publicly available copies of all registration statements and regular periodic reports, if any, which the Borrower shall have filed with the SEC under the Securities Act of 1933, the Securities Exchange Act of 1934 or any national securities exchange;

(d) promptly upon the mailing thereof to the shareholders of the Borrower generally, copies of all financial statements, reports and proxy statements so mailed;

(e) as soon as possible, and in any event within 30 days after the Borrower knows or has reason to believe that one or more of the following events has occurred or exists: (i) the occurrence of a “reportable event”, as defined in Section 4043 of ERISA or the regulations issued thereunder with respect to a Plan (other than an event for which the 30-day notice period is waived); (ii) a failure to make any required contribution to a Plan or a Multiemployer Plan; (iii) the creation of any Lien in favor of the PBGC or a Plan or a Multiemployer Plan; (iv) any withdrawal from, or the termination, insolvency or reorganization of any Multiemployer Plan, or (v) the institution of proceedings or the taking of any other action by the PBGC or the Borrower, any ERISA Affiliate or any Multiemployer Plan with respect to the withdrawal from, or the termination, reorganization or insolvency of, any Plan or a Multiemployer Plan;

(f) promptly after the Borrower knows or has reason to believe that (i) any Default has occurred, a notice of such Default describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that the Borrower has taken or proposes to take with respect thereto or (ii) at any time that Loans are outstanding hereunder, there exists a legal or arbitral proceeding, or any proceeding by or before any governmental or regulatory authority or agency (other than any proceeding before the New York State Public Service Commission, or comparable authority or agency of another state, in the ordinary course of Borrower’s business), to which the Borrower or any Material Subsidiary is a party, or pending or threatened (of which the Borrower has knowledge), in which there is a reasonable possibility of an adverse decision and which could reasonably be expected to have a Material Adverse Effect, a notice describing the same in reasonable detail and, together with such notice or as soon thereafter as possible, a description of the action that the Borrower has taken or proposes to take with respect thereto;

(g) promptly prior to the expiration of any material Governmental Approval, a copy of a renewal or extension of such Governmental Approval, in form and substance satisfactory to the Required Lenders;

(h) promptly upon receipt thereof, a copy of each management letter or memorandum commenting on internal accounting controls and/or accounting or financial reporting policies followed by the Borrower and/or any of its Subsidiaries that is submitted to the Borrower by its independent accountants in connection with any annual or interim audit made by them of the books of Borrower or any of its Subsidiaries; and

(i) from time to time, such other information regarding the financial condition, operations, business or prospects of the Borrower (including any change in the ratings established by any Rating Agency with respect to the Index Debt) or any of its Subsidiaries (including, without limitation, any Plan or Multiemployer Plan and any reports or other information required to be filed under ERISA) as any Lender or the Administrative Agent may reasonably request.

The Borrower will furnish to each Lender, at the time it furnishes each set of financial statements pursuant to paragraph (a) or (b) above, a certificate of a Financial Officer of the Borrower (i) to the effect that no Default has occurred and is continuing (or, if any Default has occurred and is continuing, describing the same in reasonable detail and describing the action that the Borrower has taken or proposes to take with respect thereto), and (ii) setting forth the calculations required to demonstrate that, as of the end of the fiscal quarter most recently ended, the Borrower is in compliance with Section 5.07 of this Agreement.

SECTION 5.02. Existence, Etc .. The Borrower will, and will cause each of its Material Subsidiaries to:

(a) preserve and maintain its legal existence and all of its material (i) rights, (ii) privileges, (iii) licenses and (iv) franchises (provided that nothing in this Section 5.02 shall prohibit any transaction expressly permitted under Section 5.04 hereof);

(b) comply with the requirements of all applicable laws, rules, regulations and orders of any Governmental Authority if failure to comply with such requirements could have a Material Adverse Effect;

(c) pay and discharge all Taxes imposed on it or on its income or profits or on any of its property prior to the date on which penalties attach thereto, except for any such Tax the payment of which is being contested in good faith and by proper proceedings and against which adequate reserves are being maintained;

(d) maintain all of its properties used or useful in its business in good working order and condition, ordinary wear and tear excepted;

(e) keep adequate records and books of account, in which complete entries will be made in accordance with GAAP consistently applied; and

(f) permit representatives of any Lender or the Administrative Agent, during normal business hours, to examine, copy and make extracts from its books and records, to inspect any of its properties, and to discuss its business and affairs with its officers, all to the extent reasonably requested by such Lender or the Administrative Agent (as the case may be).

SECTION 5.03. Insurance . The Borrower will, and will cause each of its Material Subsidiaries to, keep insured by financially sound and reputable insurers all property of a character usually insured by corporations engaged in the same or similar business similarly situated against loss or damage of the kinds and in the amounts customarily insured against by such corporations and carry such other insurance as is usually carried by such corporations.

SECTION 5.04. Prohibition of Fundamental Changes . The Borrower will not, nor will it permit any of its Material Subsidiaries to, enter into any transaction of merger or consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution). The Borrower will not amend its articles of incorporation, including, without limitation, by way of reincorporation in another jurisdiction, or its by-laws, in either case in any manner which could have a material adverse effect on the rights of, or remedies or benefits available to, the Administrative Agent and the Lenders under this Agreement. The Borrower will not, nor will it permit any of its Material Subsidiaries to, without the consent of the Required Lenders (such consent not to be unreasonably withheld), convey, sell, lease, transfer or otherwise dispose of, in one transaction or a series of transactions, all or any material part of its business or property, whether now owned or hereafter acquired. Notwithstanding the foregoing provisions of this Section 5.04 :

(a) any Material Subsidiary of the Borrower may be merged or consolidated with or into: (i) the Borrower, if the Borrower shall be the continuing or surviving corporation or (ii) any other Wholly-Owned Subsidiary of the Borrower, provided that the Wholly-Owned Subsidiary shall be the continuing or surviving corporation; and, provided, further, that, in each case, after giving effect thereto, no Default would exist hereunder;

(b) any Material Subsidiary may sell, lease, transfer or otherwise dispose of any or all of its property (upon voluntary liquidation or otherwise) to the Borrower or a Wholly-Owned Subsidiary of the Borrower;

(c) the Borrower may merge or consolidate with or into any other Person if the Borrower is the continuing or surviving corporation and after giving effect thereto no Default would exist hereunder; and

(d) the Borrower or any Material Subsidiary may implement a Permitted Receivables Financing and, solely as part of such program, may sell or subject to lien not more than $100,000,000 of its assets in the aggregate.

SECTION 5.05. Limitation on Liens . The Borrower will not pledge, mortgage, hypothecate, or permit any other Lien upon, any property or assets at any time owned by it, without making effective provision whereby the obligations of the Borrower to pay the principal of and interest on the Loans and all other amounts payable hereunder shall be equally and ratably secured with the obligations secured by such Lien and with any other obligations (collectively, the "Other Obligations") similarly entitled by their terms to be equally and ratably secured; provided that this restriction shall not apply to or prevent:

(a) the mortgaging, pledging, or establishing a Lien on, any property to secure Indebtedness of the Borrower as part of the purchase price of such property, or the extension, renewal or refunding of any such mortgage, pledge or Lien, on substantially the same property theretofore subject thereto or on any part thereof;

(b) the acquisition by the Borrower of any property subject to mortgages, pledges or Liens existing thereon at the time of acquisition (whether or not the obligations secured thereby are assumed by the Borrower), and the extension, renewal or refunding of any such mortgage, pledge or Lien, on substantially the same property theretofore subject thereto or on any part thereof;

(c) the pledging of its assets or security for the payment of any Tax demanded from the Borrower by any public body so long as the Borrower in good faith is contesting its liability to pay the same, or such lien relates to any Tax that is not yet due and payable, or as security to be deposited with any State Insurance Department or similar public body in order to entitle the Borrower to maintain self insurance under, or participate under any State insurance fund provided for under any legislation designed to insure employees of the Borrower against injury or occupational diseases or for any other purpose at any time required by law or governmental regulation as a condition to the transaction of any business or the exercise of any privilege or license;

(d) the pledging by the Borrower of up to 5% of its total assets (as defined under GAAP) for the purpose of securing a stay or discharge in the course of any legal proceeding to which the Borrower is a party; or

(e) the transaction described in Section 5.04(d) , provided that any Lien relating to the Permitted Receivables Financing referred to therein shall be subject to the limitations in such Section 5.04(d) .

but in no event shall the mortgage, pledge or Lien permitted by subdivisions (a) and (b) be in excess of 60% of the total purchase price of the property so acquired.

In case the Borrower shall propose to pledge, mortgage or hypothecate any assets or property at any time owned by it to secure any Other Obligations, other than as permitted by the preceding paragraph of this Section 5.05 , it will prior thereto give notice thereof to the Administrative Agent, and will prior to or simultaneously with such pledge, mortgage or hypothecation, by an agreement, indenture or other instrument to which the Administrative Agent is a party (or to the extent legally necessary, with a trustee), in form and substance reasonably satisfactory to the Administrative Agent, effectively secure the obligations of the Borrower to pay the principal of and interest on the Loans and all other amounts payable hereunder equally and ratably with such Other Obligations by pledge, mortgage or hypothecation of such assets or property. Such agreement, indenture or other instrument shall contain such provisions as the Borrower and the Required Lenders shall deem advisable or appropriate or as the Required Lenders shall reasonably deem necessary in connection with such pledge, mortgage or hypothecation.

SECTION 5.06. Use of Proceeds . The Borrower will use the proceeds of the Loans and issuances of Letters of Credit hereunder solely (a) to pay its obligations under (i) its commercial paper program, (ii) other short-term credit facilities, (iii) maturing long-term debt obligations, and (iv) to repay in full all outstanding loans (if any) under the Existing Credit Agreement; and (b) for the general corporate purposes of the Borrower and its Subsidiaries in the ordinary course of business, including for working capital, capital expenditure and other lawful corporate purposes (in compliance with all applicable legal and regulatory requirements); provided that neither the Administrative Agent nor any Lender shall have any responsibility as to the use of any of such proceeds.

SECTION 5.07. Financial Condition . The Borrower shall not permit the ratio of Consolidated Indebtedness to Consolidated Capitalization as at the last day of any fiscal quarter to exceed 0.65 to 1.0.

ARTICLE VI

Events of Default

If one or more of the following events (herein called " Events of Default ") shall occur and be continuing:

(a) The Borrower shall: (i) default in the payment of any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable (whether at stated maturity or at mandatory or optional prepayment); or (ii) default in the payment of any interest on any Loan, any fee or any other amount payable by it hereunder when due and such default shall have continued unremedied for five or more days; or

(b) The Borrower or any of its Material Subsidiaries shall default in the payment when due of any principal of or interest on any of its other Indebtedness aggregating $40,000,000 or more; or any event specified in any note, agreement, indenture or other document evidencing or relating to any such Indebtedness shall occur if the effect of such event is to cause, or (with the giving of any notice or the lapse of time or both) to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, such Indebtedness to become due, or to be prepaid in full (whether by redemption, purchase, offer to purchase or otherwise), prior to its stated maturity; or

(c) Any representation, warranty or certification made or deemed made herein (or in any modification or supplement hereto) by the Borrower, or any certificate furnished to any Lender or the Administrative Agent pursuant to the provisions hereof, shall prove to have been false or misleading as of the time made or furnished in any material respect; or

(d) The Borrower shall default in the performance of any of its obligations under any of Sections 5.01(g) , 5.03 , 5.04 , 5.05 or 5.07 hereof; or the Borrower shall default in the performance of any of its other obligations in this Agreement and such default shall continue unremedied for a period of 30 days after notice thereof to the Borrower by the Administrative Agent or any Lender (through the Administrative Agent); or

(e) The Borrower or any of its Material Subsidiaries shall admit in writing its inability to, or be generally unable to, pay its debts as such debts become due; or

(f) The Borrower or any of its Material Subsidiaries shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, examiner or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, liquidation, dissolution, arrangement or winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) A proceeding or case shall be commenced, without the application or consent of the Borrower or any of its Material Subsidiaries, in any court of competent jurisdiction, seeking (i) its reorganization, liquidation, dissolution, arrangement or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a receiver, custodian, trustee, examiner, liquidator or the like of the Borrower or such Subsidiary or of all or any substantial part of its property, or (iii) similar relief in respect of the Borrower or such Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 or more days; or an order for relief against the Borrower or such Subsidiary shall be entered in an involuntary case under the Bankruptcy Code; or

(h) A final judgment or judgments for the payment of money in excess of $40,000,000 in the aggregate (exclusive of judgment amounts fully covered by insurance where the insurer has admitted liability in respect of such judgment) shall be rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against the Borrower or any of its Material Subsidiaries and the same shall not be discharged (or provision shall not be made for such discharge), or a stay of execution thereof shall not be procured, within 30 days from the date of entry thereof and the Borrower or the relevant Subsidiary shall not, within said period of 30 days, or such longer period during which execution of the same shall have been stayed, appeal therefrom and cause the execution thereof to be stayed during such appeal; or

(i) One of the following events shall occur: (i) any Person shall engage in any “prohibited transaction” (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan; (ii) a failure to meet the minimum funding standard of Section 412 of the Code or any “accumulated funding deficiency” (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of the Borrower or any ERISA Affiliate; (iii) a “reportable event” (as defined in Section 4043 of ERISA or the regulations issued thereunder (other than an event for which the 30-day notice period is waived)) shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Plan which "reportable event" or commencement of proceedings or appointment of a trustee is reasonably likely to result in the termination of such Plan for purposes of Title IV of ERISA; (iv) any Plan shall terminate for purposes of Title IV of ERISA; (v) the Borrower or any ERISA Affiliate shall, or shall be reasonably likely to, incur any liability in connection with a withdrawal from, or the insolvency or reorganization of, a Multiemployer Plan; (vi) the Borrower or any ERISA Affiliate shall make a filing pursuant to Section 412(d) of the Code or Section 303(d) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; or (vii) any other event or condition shall occur or exist with respect to a Plan; and, in each case in clauses (i) through (vii) above, such event or condition, together with all other such events or conditions, if any, could reasonably be expected to have a Material Adverse Effect;

THEREUPON: (1) in the case of an Event of Default other than one referred to in clause (f) or (g) of this Article VI with respect to the Borrower, (A) the Administrative Agent may and, upon request of the Required Lenders, shall, by notice to the Borrower, terminate the Commitments and they shall thereupon terminate, and (B) the Administrative Agent may and, upon request of the Required Lenders, shall, by notice to the Borrower, declare the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrower hereunder (including, without limitation, any amounts payable under Section 2.16 hereof) to be forthwith due and payable, whereupon such amounts shall be immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower; and (2) in the case of the occurrence of an Event of Default referred to in clause (f) or (g) of this Article VI with respect to the Borrower, the Commitments shall automatically be terminated and the principal amount then outstanding of, and the accrued interest on, the Loans and all other amounts payable by the Borrower hereunder (including, without limitation, any amounts payable under Section 2.16 hereof) shall automatically become immediately due and payable without presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrower.

ARTICLE VII

The Administrative Agent

Each of the Lenders and each of the Issuing Banks hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent by the terms hereof, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth herein. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 8.02), and (c) except as expressly set forth herein, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 8.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with this Agreement, (ii) the contents of any certificate, report or other document delivered hereunder or in connection herewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth herein, (iv) the validity, enforceability, effectiveness or genuineness of this Agreement or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article IV or elsewhere herein, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Banks and the Borrower. Upon any such resignation, the Borrower shall have the right (i) with the consent of the Required Lenders, which may be withheld in their sole discretion, to appoint a successor, which shall be a bank with an office in New York, New York, or an Affiliate of any such bank or (ii) with the consent of the Required Lenders, such consent not to be unreasonably withheld, conditioned or delayed, to appoint a successor from among the existing Lenders. If no successor shall have been so appointed by the Borrower with the consent of the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Banks, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 8.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder.

Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender's, Affiliate's, participant's or assignee's customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the "CIP Regulations"), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with the Borrower or any of its Subsidiaries, any of their respective Affiliates or agents, this Agreement, the documents delivered pursuant hereto or the transactions hereunder: (a) any identity verification procedures, (b) any record keeping, (c) any comparisons with government lists, (d) any customer notices or (e) any other procedures required under the CIP Regulations or such other laws.

Each Lender or assignee or participant of a Lender that is not organized under the laws of the United States of America or a state thereof (and is not excepted from the certification requirement contained in Section 313 of the USA Patriot Act and the applicable regulations because it is both (a) an affiliate of a depository institution or foreign bank that maintains a physical presence in the United States or foreign country, and (b) subject to supervision by a banking authority regulating such affiliated depository institution or foreign bank) shall deliver to the Administrative Agent the certification, or, if applicable, recertification, certifying that such Lender is not a "shell" and certifying to other matters as required by Section 313 of the USA Patriot Act and the applicable regulations: (i) within ten (10) days after the Effective Date, and (ii) at such other times as are required under the USA Patriot Act.

Any Lender identified herein as a Co-Agent, Syndication Agent, Documentation Agent, Managing Agent, Manager, Lead Arranger, Arranger, Advisor, Bookrunner or any other corresponding title, other than “Administrative Agent,” shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any other Credit Document except those applicable to all Lenders as such. Each Lender acknowledges that it has not relied, and will not rely, on any Lender so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

ARTICLE VIII

Miscellaneous

SECTION 8.01. Notices .

(a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile, as follows:

(i) if to the Borrower, to it at 6363 Main Street, Williamsville, New York 14221-5887, Attention of David Bauer, Treasurer and Principal Financial Officer (Facsimile No. (716) 857-7856);

(ii) if to the Administrative Agent, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 S. Dearborn St., Floor 7, Chicago, Illinois 60603-2003, (Telecopy No. (888) 292-9544; Email: jpm.agency.servicing.2@jpmchase.com) ; with a copy to JPMorgan Chase Bank, National Association, 2300 Main Place Tower, Buffalo, New York 14202, Attention of Cary J. Haller, Vice President (Facsimile No. (716) 843-4939);

(iii) if to JPMorgan Chase Bank, N.A., as an Issuing Bank, to it at JPMorgan Chase Bank, National Association, Standby Letter of Credit Unit, 131 South Dearborn, 5th Floor, Mail Code **IL1-0236, Chicago, Illinois 60603-0236** (Facsimile No. (312) 233-2265) and if to any other Issuing Bank, to it at its address (or facsimile number) set forth in its Administrative Questionnaire;

(iv) if to the Swingline Lender, to JPMorgan Chase Bank, N.A., Loan and Agency Services Group, 10 S. Dearborn St., Floor 7, Chicago, Illinois 60603-2003, (Telecopy No. (888) 292-9544; Email: jpm.agency.servicing.2@jpmchase.com) ; with a copy to JPMorgan Chase Bank, National Association, 2300 Main Place Tower, Buffalo, New York 14202, Attention of Cary J. Haller, Vice President (Facsimile No. (716) 843-4939);

and

(v) if to any other Lender, to it at its address (or facsimile number) set forth in its Administrative Questionnaire.

(b) Notices and other communications (including, without limitation, financial statements and other documents delivered pursuant to Section 5.01 hereof) to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

(c) Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

SECTION 8.02. Waivers; Amendments .

(a) No failure or delay by the Administrative Agent, any Issuing Bank or any Lender in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Banks and the Lenders hereunder are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or any Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower and the Required Lenders or by the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Multi-Year Facility Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of the Multi-Year Facility Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, or (v) change any of the provisions of this Section or the definition of “Required Lenders” or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect (i) the rights or duties of the Administrative Agent, the Issuing Banks or the Swingline Lender hereunder or (ii) Section 2.20 without the prior written consent of the Administrative Agent, the Issuing Banks or the Swingline Lender, as the case may be.

(c) Notwithstanding Section 8.02(b) , any amendment, waiver, modification or agreement which by its terms requires the consent of all Lenders or each affected Lender may be effected with the consent of the applicable Lenders other than the Defaulting Lenders except that (x) the Commitment of any Defaulting Lender may not be increased or extended without the consent of such Defaulting Lender, (y) the principal amount of, or interest or fees payable on, Loans may not be reduced or excused or the scheduled date of payment may not be postponed as to such Defaulting Lender without such Defaulting Lender’s consent and (z) any waiver, amendment or modification requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender more adversely than other affected Lenders shall require the consent of such Defaulting Lender.

SECTION 8.03. Expenses; Indemnity; Damage Waiver .

(a) The Borrower shall pay (i) all reasonable fees, charges and disbursements of counsel incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in the course of preparing for the Transactions (including the preparation of this Agreement and any related documentation), (ii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Lead Arrangers and their Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication of the Loans and the preparation, execution, delivery and administration of this Agreement or any amendments, modifications or waivers of the provisions hereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (iii) all reasonable out-of-pocket expenses incurred by the relevant Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iv) all reasonable out-of-pocket expenses incurred by the Administrative Agent, any Issuing Bank or any Lender, including the reasonable fees, charges and disbursements of any counsel for the Administrative Agent, any Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such reasonable out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, each Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an “Indemnitee”) against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including the fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement or any agreement or instrument contemplated hereby, the performance by the parties hereto of their respective obligations hereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by an Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court or other Governmental Authority of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. This Section 9.3(b) shall not apply to Taxes other than any Taxes that represent losses or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, any Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent, such Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, such Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable promptly after written demand therefor.

SECTION 8.04. Successors and Assigns .

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer, by operation of law or otherwise, any of its rights or obligations hereunder without the prior written consent of each Lender (and any such attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of any Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Banks and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Multi-Year Facility Commitment and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) the Borrower, provided that, the Borrower shall be deemed to have consented to an assignment unless it shall have objected thereto by written notice to the Administrative Agent within five (5) Business Days after having received written notice thereof; and provided further that no consent of the Borrower shall be required for an assignment to a Lender (other than a Defaulting Lender), an Affiliate of a Lender (other than a Defaulting Lender), an Approved Fund (as defined below) or, if an Event of Default under clause (a), (f) or (g) of Article VI has occurred and is continuing, any other assignee;

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to a Lender (other than a Defaulting Lender), an Affiliate of a Lender (other than a Defaulting Lender), or an Approved Fund;

(C) each Issuing Bank for any assignment that increases the obligation of the assignee to participate in exposure under one or more Letters of Credit (whether or not then outstanding); and

(D) the Swingline Lender for any assignment that increases the obligation of the assignee to participate in the Swingline Exposure.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an assignment of the entire remaining amount of the assigning Lender’s Multi-Year Facility Commitment, the amount of the Multi-Year Facility Commitment, as the case may be, of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that no such consent of the Borrower shall be required if an Event of Default under clause (a), (f) or (g) of Article VI has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender’s rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500;

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its related parties or its securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws;

(E) in the case of an assignment to a CLO (as defined below), the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement, provided that the Assignment and Assumption between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver described in the first proviso to Section 8.02(b) that affects such CLO; and

(F) the assignee shall deliver the forms required to be delivered by a Lender under Section 2.17(f) prior to such assignment.

For the purposes of this Section 8.04(b) , the terms "Approved Fund" and "CLO" have the following meanings:

" Approved Fund " means (a) a CLO and (b) with respect to any Lender that is a fund which invests in bank loans and similar extensions of credit, any other fund that invests in bank loans and similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

" CLO " means any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an Affiliate of such Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15 , 2.16 , 2.17 and 8.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 8.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting as an agent of the Borrower solely for this purpose, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Multi-Year Facility Commitment of, and principal and interest amount of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Banks and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, any Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.04(c) , 2.05(d) , 2.05(e) , 2.06(b) , 2.18(d) or 8.03(c) , the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of the Borrower or the Administrative Agent, any Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a " Participant ") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Multi-Year Facility Commitment and the Loans owing to it); provided , that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Banks and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 8.02(b) that affects such Participant. The Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15 , 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Section 2.15 or 2.17 , with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 8.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(c) as though it were a Lender. Each Lender that sells a participation shall, acting as an agent of the Borrower solely for this purpose, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under this Agreement (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register to any Person (including the identity of any Participant or any information relating to a Participant's interest in any Multi-Year Facility Commitments, Loans, Letters of Credit or its other obligations under this Agreement) except to the extent that such disclosure is necessary to establish compliance with any applicable provision of the Code, including to establish that any Multi-Year Facility Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 8.05. Survival . All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Multi-Year Facility Commitments have not expired or terminated. The provisions of Sections 2.15 , 2.16 , 2.17 and 8.03 and Article VII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans and the termination of the Letters of Credit and the Multi-Year Facility Commitments or the termination of this Agreement or any provision hereof.

SECTION 8.06. Counterparts: Integration; Effectiveness . This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof, including, without limitation, the commitment letter dated November 16, 2011, as extended, except to the extent set forth in the twentieth paragraph thereof. Except as provided in Section 4.01 , this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by facsimile or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement.

SECTION 8.07. Severability . Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 8.08. Right of Setoff . If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of the Borrower against any of and all the obligations of the Borrower now or hereafter existing under this Agreement held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 8.09. Governing Law; Jurisdiction; Consent to Service of Process .

(a) This Agreement shall be construed in accordance with and governed by the law of the State of New York without giving effect to the principles of conflicts of law thereof (other than Section 5-1401 of the New York General Obligations Law).

(b) Each of the Borrower, the Administrative Agent and each Lender hereby irrevocably and unconditionally submits, for itself and its property, to the nonexclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County and of the United States District Court of the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, any Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement against the Borrower or its properties in the courts of any jurisdiction.

(c) Each of the Borrower, the Administrative Agent and each Lender hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any court referred to in the first sentence of paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 8.01 . Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 8.10. WAIVER OF JURY TRIAL . EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 8.11. Headings . Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 8.12. Confidentiality .

(a) Each of the Administrative Agent, the Issuing Banks and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority, (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies hereunder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, (f) subject to a written agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis from a source other than the Borrower. For the purposes of this Section, "Information" means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any Issuing Bank or any Lender on a nonconfidential basis (and otherwise not clearly marked as confidential) prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

(b) EACH LENDER ACKNOWLEDGES THAT INFORMATION AS DEFINED IN SECTION 8.12(a) FURNISHED TO IT PURSUANT TO THIS AGREEMENT MAY INCLUDE MATERIAL NON-PUBLIC INFORMATION CONCERNING THE BORROWER AND ITS RELATED PARTIES OR THEIR RESPECTIVE SECURITIES, AND CONFIRMS THAT IT HAS DEVELOPED COMPLIANCE PROCEDURES REGARDING THE USE OF MATERIAL NON-PUBLIC INFORMATION AND THAT IT WILL HANDLE SUCH MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH THOSE PROCEDURES AND APPLICABLE LAW, INCLUDING FEDERAL AND STATE SECURITIES LAWS.

(c) ALL INFORMATION, INCLUDING REQUESTS FOR WAIVERS AND AMENDMENTS, FURNISHED BY THE BORROWER OR THE ADMINISTRATIVE AGENT PURSUANT TO, OR IN THE COURSE OF ADMINISTERING, THIS AGREEMENT WILL BE SYNDICATE-LEVEL INFORMATION, WHICH MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION ABOUT THE BORROWER AND ITS RELATED PARTIES OR ITS SECURITIES. ACCORDINGLY, EACH LENDER REPRESENTS TO THE BORROWER AND THE ADMINISTRATIVE AGENT THAT IT HAS IDENTIFIED IN ITS ADMINISTRATIVE QUESTIONNAIRE A CREDIT CONTACT WHO MAY RECEIVE INFORMATION THAT MAY CONTAIN MATERIAL NON-PUBLIC INFORMATION IN ACCORDANCE WITH ITS COMPLIANCE PROCEDURES AND APPLICABLE LAW.

SECTION 8.13. Interest Rate Limitation . Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the “ Charges ”), shall exceed the maximum lawful rate (the “ Maximum Rate ”) which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate.

SECTION 8.14. USA PATRIOT Act . Each Lender that is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the “ Act ”) hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the Act.

SECTION 8.15. No Fiduciary Duty . The Borrower agrees that in connection with all aspects of the transactions contemplated hereby and any communications in connection therewith, the Borrower and its Affiliates, on the one hand, and the Administrative Agent, the Co-Lead Arrangers, Co-Bookrunner, the Documentation Agent, the Syndication Agent, the other Credit Parties and their respective Affiliates, on the other hand, will have a business relationship that does not create, by implication or otherwise, any fiduciary duty on the part of the Administrative Agent, the Co-Lead Arranger, Co-Bookrunner, the Documentation Agent, the Syndication Agent, the other Credit Parties or their respective Affiliates and no such duty will be deemed to have arisen in connection with any such transactions or communications.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

NATIONAL FUEL GAS COMPANY

By: /s/ D. P. Bauer
Name: D. P. Bauer
Title: Treasurer and
Principal Financial Officer

JPMORGAN CHASE BANK, NATIONAL ASSOCIATION, as Administrative Agent, as Lender, as Swingline Lender and as an Issuing Bank

By: /s/ Thomas C. Strasenburgh
Name: Thomas C. Strasenburgh
Title: Vice President and Authorized Officer

PNC BANK, NATIONAL ASSOCIATION, as Lender

By: /s/ James F. Stevenson
Name: James F. Stevenson
Title: Senior Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Lender

By: /s/ Todd C. Davis
Name: Todd C. Davis
Title: Managing Director

BANK OF AMERICA, N.A., as Lender

By: /s/ Mary Louise Grzeskowiak
Name: Mary Louise Grzeskowiak
Title: Vice President

HSBC BANK USA, NATIONAL ASSOCIATION,
as Lender

By: /s/ Gregory R. Duval
Name: Gregory R. Duval
Title: Vice President

THE ROYAL BANK OF SCOTLAND PLC., as Lender

By: /s/ Nathan Bautista
Name: Nathan Bautista
Title: Authorized Signatory

U.S. BANK NATIONAL ASSOCIATION,
as Lender

By: /s/ Paul G. Vastola
Name: Paul G. Vastola
Title: SVP, Senior Portfolio Manager
Utilities and Investment Grade Oil & Gas

M&T BANK, as Lender

By: /s/ Susan Freed-Oestreicher
Name: Susan Freed-Oestreicher
Title: Vice President

FIRST NIAGARA BANK, N.A., as Lender

By: /s/ John C. Wright
Name: John C. Wright
Title: Vice President

KEYBANK NATIONAL ASSOCIATION, as Lender

By: /s/ Alexandra M. Wehr
Name: Alexandra M. Wehr
Title: Senior Relationship Manager
Vice President

FIFTH THIRD BANK, as Lender

By: /s/ James Janovsky
Name: James Janovsky
Title: Vice President

CANADIAN IMPERIAL BANK OF COMMERCE, Acting through New York Agency, as Lender

By: /s/ Rob Mustard
Name: Rob Mustard
Title: Canadian Imperial Bank of Commerce
New York Agency
Authorized Signatory

By: /s/ Michael Gewirtz
Name: Michael Gewirtz
Title: Canadian Imperial Bank of Commerce
New York Agency
Authorized Signatory

THE BANK OF NEW YORK MELLON, as Lender

By: /s/ John N. Watt
Name: John N. Watt
Title: Vice President

COMERICA BANK, as Lender

By: /s/ Blake Arnett
Name: Blake Arnett
Title: Vice President

COMMITMENTS

Institution	***Multi-Year Facility Commitment***
JPMorgan Chase Bank, National Association	85,000,000
PNC Bank, National Association	85,000,000
Bank of America, N.A.	85,000,000
Wells Fargo Bank, NA	85,000,000
Named Agent	
HSBC Bank USA, National Association	70,000,000
Senior Managing Agents	
The Royal Bank of Scotland plc	57,500,000
U.S. Bank National Association	57,500,000
Participants	
M&T Bank	45,000,000
First Niagara Bank, N.A.	32,500,000
KeyBank National Association	32,500,000
Fifth Third Bank	32,500,000
Canadian Imperial Bank of Commerce, Acting through New York Agency	32,500,000
The Bank of New York Mellon	25,000,000
Comerica Bank	25,000,000
Total	**$750,000,000**

SCHEDULE 4.01

REPAID INDEBTEDNESS

1. Indebtedness of the Borrower under the Credit Agreement dated as of August 18, 2010 among the Borrower, JPMorgan Chase Bank, National Association, as Administrative Agent, and the Lenders party thereto (as amended).

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the " ***Assignment and Assumption*** ") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the " ***Assignor*** ") and [*Insert name of Assignee*] (the " ***Assignee*** "). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the " ***Credit Agreement*** "), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1. Assignor: ______________________________

2. Assignee: ______________________________
[and is an Approved Fund of [*identify Lender*] [1]]

3. Borrower(s): ______________________________

4. Administrative Agent: ______________________, as the administrative agent under the Credit Agreement

5. Credit Agreement: The Credit Agreement dated as of January 6, 2012 among National Fuel Gas Company, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

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[1] Select as applicable.

6. Assigned Interest:

Facility Assigned [2]	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/Loans Assigned	Percentage Assigned of Commitment/Loans [3]
	$	$	%
	$	$	%
	$	$	%

Effective Date: _______, 20 _______[TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The Assignee agrees to deliver to the Administrative Agent a completed Administrative Questionnaire in which the Assignee designates one or more Credit Contacts to whom all syndicate-level information (which may contain material non-public information about the Borrower and its Related Parties or its securities) will be made available and who may receive such information in accordance with the Assignee's compliance procedures and applicable laws, including Federal and state securities laws.

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By: ______________________________
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By: ______________________________
Title:

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2 Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. " ***Revolving Commitment*** ," " ***Tranche A Commitment*** ," " ***Tranche B Commitment*** ," etc.)

3 Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

[Consented to and] [4] Accepted:

[NAME OF ADMINISTRATIVE AGENT], as
Administrative Agent

By ____________________________________
Title:

[Consented to:] [5]

[NAME OF RELEVANT PARTY]

By ____________________________________
Title:

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4 To be added if the consent of the Administrative Agent is required by the terms of the Credit Agreement.

5 To be added if the consent of the Borrower and/or other parties (e.g. Swingline Lender, Issuing Bank) is required by the terms of the Credit Agreement.

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties .

1.1 Assignor . The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document , (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee . The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments . From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions . This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

ASSUMPTION AGREEMENT

Reference is made to the Amended and Restated Credit Agreement dated as of January 6, 2012 (as amended and in effect on the date hereof, the " Credit Agreement "), among National Gas Fuel Company, the Lenders named therein and JPMorgan Chase Bank, National Association, as Administrative Agent for the Lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

The Assuming Lender named below, effective as of the Commitment Increase Date set forth below, hereby (i) agrees to become a Lender under the Credit Agreement, (ii) assumes all the rights and obligations of a Lender under the Credit Agreement, and (iii) confirms that its Multi-Year Facility Commitment as of the Commitment Increase Date shall be in the amount and percentage set forth below (the "Commitment Increase"). The Assuming Lender hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Commitment Increase Date, the Assuming Lender shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Commitment Increase, have the rights and obligations of a Lender thereunder.

This Assumption Agreement is being delivered to the Administrative Agent together with (i) if the Assuming Lender is a Non-U.S. Lender, any documentation required to be delivered by the Assuming Lender pursuant to Section 2.15(e) of the Credit Agreement, duly completed and executed by the Assuming Lender, and (ii) an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assuming Lender.

This Assumption Agreement shall be governed by and construed in accordance with the laws of the State of New York without giving effect to the principles of conflicts of law thereof (other than Section 5-1401 of the New York General Obligations Law).

Assumption Date:

Legal Name of Assuming Lender:

Assuming Lender's Address for Notices:

Effective Date of Commitment Increase ("Commitment Increase Date"):

Facility	Principal Amount of Commitment Increase	Percentage of Commitment (set forth, to at least 8 decimals, the Commitment Increase as a percentage of the aggregate Commitments of all Lenders under the Credit Agreement)
Multi-Year Facility Commitment of Assuming Lender:	$	%

The terms set forth above are hereby agreed to:

[Name of Assuming Lender],
as Lender

By:________________________________
Name:
Title:

The undersigned hereby consent to the within assumption:

National Fuel Gas Company
as Administrative Agent

By: ________________________________
Name:
Title:

JPMorgan Chase Bank, National Association,

By: ________________________________
Name:
Title:

[FORM OF]

U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of [   ] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [   ], and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: ______________________________________

Name:

Title:

Date: _______, 20[   ]

[FORM OF]

U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [ ], and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: ______________________________

Name:

Title:

Date: _______, 20[ ]

EXHIBIT C-3

[FORM OF]

U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [ ], and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: ______________________________

Name:

Title:

Date: _______, 20[ ]

EXHIBIT C-4

[FORM OF]

U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Credit Agreement dated as of [ ] (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among [ ], and each lender from time to time party thereto.

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: ____

Name:

Title:

Date: _____, 20[ ]

NATIONAL FUEL GAS COMPANY
2012 ANNUAL AT RISK COMPENSATION INCENTIVE PLAN

1. Definitions

As used with respect to At Risk Awards, the following terms shall have the following meanings:

(a) "*Acceleration Date*" means (i) in the event of a Change in Ownership, the date on which such change occurs, or (ii) with respect to an Eligible Employee who is eligible for treatment under Section 8 hereof on account of the termination of his employment following a Change in Control, the date on which such termination occurs.

(b) "*Award Notice*" means a written notice from the Company to a Participant that sets forth the terms and conditions of an Award in addition to the terms and conditions established by this Plan and by the Committee's exercise of its administrative powers.

(c) "*At Risk Award*" means an award granted by the Committee to a Participant under this Plan, and entitling the Participant to a cash payment based upon the extent to which specified Performance Goals are attained for a specified Performance Period, pursuant to such terms and conditions as the Committee may establish in an Award Notice. No Eligible Employee may receive more than one At Risk Award under this Plan in any fiscal year. In no event will the maximum value of any At Risk Award to any Eligible Employee in any fiscal year exceed the lower of (i) twice that employee's base salary for that fiscal year (as in effect at the date the Award Notice is provided to the Participant), or (ii) two million dollars. An At Risk Award may be granted singly, in combination with or in the alternative to other Awards granted under any Company benefit plan.

(d) "*Board*" means the Board of Directors of the Company.

(e) "*Cause*" means (i) the willful and continued failure by a Participant to substantially perform his duties with his employer after written warnings specifically identifying the lack of substantial performance are delivered to him by his employer, or (ii) the willful engaging by a Participant in illegal conduct which is materially and demonstrably injurious to the Company or a Subsidiary.

(f) "*Change in Control*" shall be deemed to have occurred at such time as:

(i) any "person" within the meaning of Section 13(d) of the Exchange Act, other than the Company, a Subsidiary, or any employee benefit plan or plans sponsored by the Company or any Subsidiary, is or has become the “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the outstanding securities of the Company ordinarily having the right to vote at the election of directors or more than twenty percent (20%) of the fair market value of all classes of the Company’s outstanding stock; or

(ii) consummation of any consolidation or merger immediately following which the persons who, immediately prior to the consolidation or merger, held the capital stock of the Company do not hold, immediately following such transaction, (x) at least a majority of the stock ordinarily entitled to vote in the election of directors of the corporation surviving such consolidation or merger (or of the ultimate parent corporation in an unbroken chain which owns, directly or indirectly, a majority of the capital stock of such entity) or (y) stock in the entity described in subclause (x) that represents at least 50% of the fair market value of all classes of stock of such entity, in either case, in substantially the same proportionate ownership as such persons held immediately before such consolidation or merger; or

(iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; or

(iv) individuals who constitute the Board on January 1, 2012 (the “Incumbent Board”) have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to January 1, 2012 whose election, or nomination for election by the Company’s shareholders, was approved by a vote of at least three-quarters (3/4) of the directors then comprising the Incumbent Board (either by specific vote or by approval of the proxy statement of the Company in which such person is named as nominee for director without objection to such nomination) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board.

(g) “*Change in Ownership*” means a change which results directly or indirectly in the Company’s Common Stock ceasing to be actively traded on a national securities exchange or the National Association of Securities Dealers Automated Quotation System.

(h) “*Code*” means the Internal Revenue Code of 1986, and the rules, regulations and interpretations promulgated thereunder, as amended from time to time.

(i) "*Committee*" means the Compensation Committee of the Board, or such other committee designated by the Board as authorized to administer this Plan with respect to At Risk Awards. The Committee shall consist of not less than two members, each of whom shall be "outside directors" as defined by Section 162(m) of the Code and the rules, regulations and interpretations promulgated thereunder, as amended from time to time.

(j) "*Common Stock*" means the common stock of the Company.

(k) "*Company*" means National Fuel Gas Company.

(l) "*Eligible Employee*" means those employees of the Company or its Subsidiaries who are expected to constitute "covered employees" within the meaning of Section 162(m) of the Code for the applicable fiscal year(s), and any other officer or employee of the Company or its Subsidiaries to whom an At Risk Award has been granted by the Committee.

(m) "*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time.

(n) "*Good Reason*" means a good faith determination made by a Participant that there has been any (i) material change by the Company of the Participant's functions, duties or responsibilities which change could cause the Participant's position with the Company to become of less dignity, responsibility, importance, prestige or scope, including, without limitation, the assignment to the Participant of duties and responsibilities inconsistent with his positions, (ii) assignment or reassignment by the Company of the Participant without the Participant's consent, to another place of employment more than 30 miles from the Participant's current place of employment, or (iii) reduction in the Participant's total compensation or benefits or any component thereof, provided in each case that the Participant shall specify the event relied upon for such determination by written notice to the Board at any time within six months after the occurrence of such event.

(o) "*Participant*" means any individual who is holding an At Risk Award granted by the Committee under this Plan.

(p) "*Performance Period*" means the period established by the Committee in the Award Notice, for measurement of the extent to which a Performance Goal has been satisfied.

(q) *"Performance Goal"* means the performance objectives established by the Committee for each Eligible Employee who receives an At Risk Award based on one or more of the following objectively defined and non-discretionary business criteria:

(i) financial performance measures, including earnings per share, revenues operating income, net profit, EBITDA, budget achievement and improvement in, or attainment of, expense levels;

(ii) overall operational performance measures, including production measures, total reserve replacement, segment growth, and compliance with or satisfaction of objective environmental or customer service measures; and

(iii) targeted operational performance measures, including compliance with or satisfaction of objective health and safety requirements or standards, and improvement in, or attainment of objectives with respect to, (A) meter reading, (B) employee relations, (C) investor relations, (D) transportation and storage revenue, (E) fuel consumption and lost and unaccounted for gas, (F) achievement of objective governmental low income energy assistance program participation measures, and (G) compliance with applicable laws, regulations and professional standards, including the Sarbanes-Oxley Act.

Each of the foregoing performance objectives may be expressed on an absolute and/or relative basis, may be based on or otherwise employ comparisons based on internal targets, the past performance of the Company or its subsidiaries and/or the past or current performance of other companies, and shall be calculated with respect to the Company and/or each subsidiary of the Company and/or such division or other business unit as may be selected by the Committee. The Committee may add, as an additional condition to payment of any At Risk Award, the achievement of other, additional goals as it sees fit.

(r) *"Plan"* means this National Fuel Gas Company 2012 Annual At Risk Compensation Incentive Plan, as amended from time to time. Any reference in this Plan to a Section number refers to that portion of this Plan.

(s) *"Subsidiary"* means a corporation or other business entity in which the Company directly or indirectly has an ownership interest of eighty percent (80%) or more.

2. Administration

With respect to At Risk Awards the Committee is given full authority to (a) make reasonable, good faith interpretations of this Plan and of Section 162(m) of the Code, to the extent not addressed by regulation, proposed regulation or publicly available interpretation of the Internal Revenue Service; (b) determine who shall be Eligible Employees and select Eligible Employees to receive At Risk Awards; (c) determine all the other terms and conditions of an At Risk Award, including the time or times of making At Risk Awards to Eligible Employees, the Performance Period, Performance Goals, and levels of At Risk Awards to be earned in relation to levels of achievement of the Performance Goals, and such other measures as may be necessary or desirable to achieve the purposes of this Plan; (d) determine whether At Risk Awards are to be granted singly, in combination with or in the alternative to other Awards under any other Company benefit plans; (e) grant waivers of Plan terms and conditions, provided that any such waiver shall not be inconsistent with Section 162(m) of the Code; and (f) accelerate the vesting, exercise or payment of any At Risk Award or modify the Performance Period of an At Risk Award when any such action would not cause compensation paid or payable under such At Risk Award to cease to be deductible by the Company for federal income tax purposes. The Committee shall also have the authority to grant At Risk Awards in replacement of Awards previously granted under this Plan or awards under any other executive compensation or stock option plan of the Company or a Subsidiary.

All determinations of the Committee shall be made by a majority of its members, and its determinations shall be final, binding and conclusive. The Committee, in its discretion, may delegate its authority and duties under this Plan with respect to At Risk Awards to the Company's Chief Executive Officer or to other senior officers of the Company, but only to the extent, if any, permitted by Section 162(m) of the Code and notwithstanding any other provision of this Plan or an Award Notice, under such conditions as the Committee may establish. For the avoidance of doubt, neither the Committee nor any delegate thereof shall take any action under this Plan, including without limitation pursuant to this Section 2 or Sections 6 or 7, which would result in the imposition of an additional tax under Section 409A of the Code on the Eligible Employee holding an At Risk Award granted hereunder.

3. Grant of At Risk Awards

At Risk Awards may be made to any Eligible Employee for each fiscal year, or any portion thereof, of the Company commencing with the fiscal year beginning October 1, 2012; provided, however, that At Risk Awards for a fiscal year may only be made within the time allowed under Section 162(m) of the Code, applicable to such fiscal year. At Risk Awards are made by means of an Award Notice, which shall specify a Participant's Performance Goals for a particular Performance Period.

4. Payment of at Risk Awards

Each At Risk Award granted to a Participant shall entitle such Participant to receive a cash payment based upon the extent to which the Committee has certified attainment of the Participant's Performance Goals for the Performance Period. Payment of earned At Risk Awards shall be made in cash promptly after such certification, but in no event later than 2 $^{1}/_{2}$ months after the end of the calendar year in which the relevant Performance Period ends. The Company shall be entitled to deduct from any payment under this Plan the amount of all applicable income and employment taxes required by law to be withheld with respect to such payment or may require the participant to pay to it such tax prior to and as a condition of the making of such payment.

5. Termination of Employment, Retirement, or Death of Participant

(a) *General Rule.* If a Participant's employment with the Company or a Subsidiary terminates for a reason other than death, disability, retirement, or an approved reason, all unearned or unpaid At Risk Awards shall be canceled or forfeited as the case may be, unless otherwise provided in this Section or in the Eligible Employee's Award Notice. The Committee shall have the authority to promulgate rules and regulations to (i) determine what events constitute disability, retirement, or termination for an approved reason for purposes of the Plan, and (ii) determine the treatment of a Participant under this Plan in the event of his death, disability, retirement, or termination for an approved reason.

(b) In the event of the disability, retirement or termination for an approved reason of a Participant during a Performance Period, his participation shall be deemed to continue to the end of the Performance Period, with the right of such Participant to receive payment of an At Risk Award remaining subject to and based upon the extent to which such Participant's Performance Goals for such Performance Period are attained. The amount payable to a Participant in such circumstances shall be equal to the product of the amount earned, if any, according to the terms of the At Risk Award, multiplied by a fraction (the "Pro-Rata Fraction"), the numerator of which is the Participant's actual period of service during that Performance Period and the denominator is the total Performance Period.

(c) In the event of the death of a Participant during a Performance Period, the Participant's designated beneficiary (or if none, then the Participant's estate) shall be paid an amount equal to the maximum amount which could have been earned under the At Risk Award (regardless of the actual achievement of the Participant's Performance Goals) multiplied by the Pro-Rata Fraction.

6. Amendments to at Risk Awards

The Committee may, at any time, unilaterally amend any unearned or unpaid At Risk Award, including At Risk Awards earned but not yet paid, to the extent it deems appropriate; provided, however, that any such amendment which is adverse to the Participant shall require the Participant's consent; and provided further, however, that the

Committee shall have no authority to make any amendment which would cause compensation paid or payable under the At Risk Award to cease to be deductible by the Company for federal income tax purposes.

7. Amendment to Plan

Subject to the shareholder approval requirements of Section 162(m) of the Code, the Committee may, from time to time, amend this Plan in any manner.

8. Change in Control and Change in Ownership

(a) *Background.* All Participants shall be eligible for the treatment afforded by this Section 8 if there is a Change in Ownership or if their employment terminates within three years following a Change in Control, unless the termination is due to (i) death; (ii) disability entitling the Participant to benefits under his employer’s long-term disability plan; (iii) Cause; or (iv) resignation by the Participant other than for Good Reason.

(b) *Vesting.* If a Participant is eligible for treatment under this Section 8, the provisions of this Section shall determine the manner in which such At Risk Award shall be paid to him. For purposes of making such payment, each “current performance period” (defined to mean a Performance Period which period has commenced but not yet ended), shall be treated as terminating upon the Acceleration Date, and for each such “current performance period” and each “completed performance period” (defined to mean a Performance Period which has ended but for which the Committee has not, on the Acceleration Date, made a determination as to whether and to what degree the Performance Goals for such period have been attained), it shall be assumed that the Performance Goals have been attained at a level of 100% or the equivalent thereof. If the Participant is participating in one or more “current performance periods,” he shall be considered to have earned and, therefore, to be entitled to receive, a prorated portion of the At Risk Awards previously granted to him for each such Performance Period. Such prorated portion shall be determined by multiplying 100% of the At Risk Award granted to the Participant by a fraction, the numerator of which is the total number of whole and partial years (with each partial year being treated as a whole year) that have elapsed since the beginning of the Performance Period to the Acceleration Date, and the denominator of which is the total number of years in such Performance Period. A Participant in one or more “completed performance periods” shall be considered to have earned and, therefore, be entitled to receive 100% of the At Risk Awards previously granted to him during each Performance Period.

(c) *Payment of Awards.* If a Participant is eligible for treatment under this Section 8, whether or not he is still employed by the Company or a Subsidiary, he shall be paid, in a single lump sum cash payment, as soon as practicable but in no event later than 60 days after the Acceleration Date, for all outstanding At Risk Awards.

(d) *Miscellaneous.* Upon a Change in Control or a Change in Ownership, (i) the provisions of Sections 5 and 9 hereof shall become null and void and of no force and effect insofar as they apply to a Participant who has been terminated under the conditions described in (a) above; and (ii) no action shall be taken which would affect the rights of any Participant or the operation of this Plan with respect to any At Risk Award granted prior to the Change in Control or Change in Ownership.

(e) *Legal Fees.* The Company shall pay all legal fees and related expenses incurred by a Participant in seeking to obtain or enforce any payment, benefit or right he may be entitled to under the Plan after a Change in Control or Change in Ownership; provided, however, the Participant shall be required to repay any such amounts to the Company to the extent a court of competent jurisdiction issues a final and non-appealable order setting forth the determination that the position taken by the Participant was frivolous or advanced in bad faith.

9. Noncompetition Provision

Notwithstanding anything contained in this Plan to the contrary, unless the Award Notice specifies otherwise, a Participant shall forfeit all unearned and/or unpaid At Risk Awards, including At Risk Awards earned but not yet paid, and all interest, if any, accrued on the foregoing if, (i) in the opinion of the Committee, the Participant, without the written consent of the Company, engages directly or indirectly in any manner or capacity as principal, agent, partner, officer, director, employee, or otherwise, in any business or activity competitive with the business conducted by the Company or any Subsidiary; or (ii) the Participant performs any act or engages in any activity which in the opinion of the Committee is inimical to the best interests of the Company.

10. Nonassignability

No Award under this Plan shall be subject in any manner to alienation, anticipation, sale, transfer (except by will or the laws of descent and distribution or pursuant to a domestic relations court order), assignment, pledge, or encumbrance. Following an approved transfer, any such Award shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer, and except as provided in the next sentence, the term “Participant” shall be deemed to refer to the transferee. The events of termination of employment of Section 5 shall continue to be applied with reference to the original Participant and following the termination of employment of the original Participant, the transferred Award shall be payable to the transferee only to the extent, and for the periods specified in Section 5, that the original Participant could have received payment of such Award. Except as expressly permitted by this Section, an Award shall be payable during the Participant’s lifetime only to him.

11. No Right to Continued Employment or Grants

Participation in this Plan shall not give any Participant any right to remain in the employ of the Company or any Subsidiary. The Company or, in the case of employment with a Subsidiary, the Subsidiary, reserves the right to terminate any Participant at any time. Further, the adoption of this Plan shall not be deemed to give any person any right to be selected as a Participant or to be granted an Award.

12. No Right, Title or Interest in Company Assets

To the extent any person acquires a right to receive payments from the Company under this Plan, such rights shall be no greater than the rights of an unsecured creditor of the Company.

13. Savings Provision

This Plan is intended to comply with all the applicable conditions of Section 162(m) of the Code, so that compensation paid or payable hereunder shall constitute qualified "performance-based compensation" thereunder. To the extent any provision of this Plan or any action by the Committee fails to so comply, it shall be deemed null and void with respect to the compensation of any Participant who is a "covered person" within the meaning of Section 162(m), to the extent permitted by law.

14. Effective Date

Upon approval by the shareholders of the Company as required by Section 162(m) of the Code, this Plan shall become effective as of December 8, 2011.

NATIONAL FUEL GAS COMPANY
2012 PERFORMANCE INCENTIVE PROGRAM

NATIONAL FUEL GAS COMPANY (the " **Company** ") hereby adopts this NATIONAL FUEL GAS COMPANY 2012 PERFORMANCE INCENTIVE PROGRAM (the " **Program** ") as of this 8th day of December 2011, in accordance with the terms provided herein.

Section 1. Incentive Program Purpose . The purpose of the Program is to enable the Company and its majority-owned subsidiaries (the " **Subsidiaries** ") to attract, retain, motivate and reward officers and key employees by providing them with long-term incentive opportunities directly linked to the Company's performance with respect to certain strategic objectives of the Company, which are also intended to further align their interests with those of the Company's shareholders.

Section 2. Eligibility . The Compensation Committee of the Board of Directors or such other committee that the Board of Directors may designate from time to time (the " **Committee** ") shall designate the persons eligible to participate in the Program (each, a " **Participant** ") from among the officers and employees of the Company and its Subsidiaries.

Section 3. Performance Periods and Target Incentives . With respect to each Participant, the Committee shall establish a dollar denominated target incentive opportunity (the " **Target Incentive** ") applicable to such Participant with respect to each performance period (" **Performance Period)** " established by the Committee. In the event that an employee is selected as a Participant after the commencement of any Performance Period (including by reason of having first been hired after the commencement of the Performance Period), the Committee shall determine the basis on which such person shall be permitted to participate in the Program for such Performance Period (including, but not limited to, whether the Participant's Target Incentive will be pro-rated to reflect his or her eligibility for only a portion of the Performance Period); provided, however, that the Committee shall only approve such person's participation to the extent that the terms of such participation comply with the requirements of Section 162(m) of the Internal Revenue Code of 1986 and the rules, regulations and interpretations promulgated thereunder, as amended from time to time (the " **Code** ").

Section 4. Performance Objective, Percentage of Target Incentive Paid and Percentile Ranking .

(a) *Establishment of Performance Objective* . The performance objective (" **Performance Objective** ") upon which any payment under the Program shall be conditioned shall be the Company's Total Return on Capital (as defined below) over the Performance Period relative to the Total Return on Capital of other companies in the Peer

Group (as defined below) for the Performance Period. " **Total Return on Capital** " for the Company or any member of the Peer Group shall mean the average of the returns on capital for each twelve month period corresponding to each of the Company's fiscal years during any Performance Period, based on the data reported for that company in the AUS Monthly Utility Reports or, if the AUS Monthly Utility Reports ceases to be available, such alternative, similar publication or service as the Committee shall designate (the "Monthly Utility Reports") for the Natural Gas Distribution and Integrated Natural Gas Companies peer group for which data is available for the entire Performance Period (the " **Peer Group** "). Notwithstanding the foregoing, in comparing the Company's performance to that of the Peer Group, the Committee shall adjust the Company's Total Return on Capital to include the effect of discontinued operations. To the extent reasonably correctible, the Committee shall correct the reported data for a known error in the reporting of the results of the Company.

(b) *Determination of Amount Payable in Respect of Performance Period* . Subject to the Committee's discretion to reduce the amount payable to any Participant based on such factors as the Committee shall determine with respect to each Performance Period, including but not limited to the Participant's individual performance, the amount that shall be payable to each Participant shall be equal to the product of the Participant's Target Incentive and the Percentage of Target Incentive Paid. The " **Percentage of Target Incentive Paid"** shall be determined based on achievement of the following performance thresholds:

(i) if the Company's Percentile Ranking (as defined in Section 4(c) below) relative to the Peer Group does not exceed 45%, then the Percentage of Target Incentive Paid shall equal zero;

(ii) if the Percentile Ranking is 45.01%, then the Percentage of Target Incentive Paid shall equal 50%;

(iii) if the Percentile Ranking is 60%, then the Percentage of Target Incentive Paid shall equal 100%;

(iv) if the Percentile Ranking is 75%, then the Percentage of Target Incentive Paid shall equal 150%; and

(v) if the Percentile Ranking is 100%, then the Percentage of Target Incentive Paid shall equal 200%.

For a Percentile Ranking between two established performance levels, the Percentage of Target Incentive Paid will be determined by mathematical interpolation. The Committee shall certify the determination of the Percentile Ranking and the corresponding achievement of the Performance Objectives prior to any payment under the Program.

(c) *Determination of Percentile Ranking in Respect of Performance Period* . The **"Percentile Ranking"** shall mean the percentage determined by dividing (A) the remainder of (i) the Company's rank within the Peer Group for the Performance Period (measured lowest to highest) based on its Total Return on Capital for such Performance Period minus (ii) one (1), by (B) the number of companies (excluding the Company) in the Peer Group for that Performance Period. For purposes of determining the Percentile Ranking, if the Company's Total Return on Capital for a Performance Period equals that of another company in the Peer Group, the Company shall be ranked ahead of such other company.

(d) *Maximum Amount Payable in Respect of Performance Period.* Notwithstanding the preceding provisions of this Section 4, in no event may the maximum amount payable to any Participant with respect to his or her Target Incentive for any single Performance Period exceed (i) one million dollars, with respect to a Performance Period with a length of one year or less, or (ii) three million dollars with respect to a Performance Period with a length of more than one year.

Section 5. Payment of Cash . Except as provided in Section 6, any amount determined to be payable to a Participant in respect of any Performance Period pursuant to Section 4 shall be paid to the Participant (or, where applicable, the Participant's beneficiary or legal representative) in a single lump sum cash amount not later than 2 1/2 months after the end of the calendar year in which the relevant Performance Period ends.

Section 6. Employment Conditions to Payment .

(a) *Full Award Requires Service for Entire Performance Period.* To be entitled to payment in full of any amount payable in respect of any Target Incentive, a Participant must be in the continuous employ of the Company or a Subsidiary from the date he or she is selected as a Participant through the last day of the applicable Performance Period. Except as provided in Section 6(b), if a Participant's employment terminates for any reason during a Performance Period (including, but not limited to, the Participant's voluntary resignation), such Participant shall be entitled to receive payment of the amount, if any, determined pursuant to Section 6(c).

(b) *Cause.* If a Participant's employment is terminated for "Cause" at any time prior to payment of any amount in respect of any Target Incentive under Sections 4 and 5, such Participant shall forfeit any right to receive any payment in respect of his or her Target Incentive for that Performance Period (regardless of whether the Performance Period shall have been completed and an amount would otherwise have been payable to the Participant in respect of his or her Target Incentive). For purposes of this Program, the term " **Cause** " means (i) the Participant's failure to follow or comply with a reasonable and lawful written directive of the Board of Directors or Chief Executive Officer of the Company (the " **CEO** "), (ii) the Participant's failure to perform the substantial responsibilities of his or her position, (iii) any act of dishonesty, gross negligence, or misconduct by the Participant, including any violation of a material Company policy or breach of fiduciary duty owed by the Participant to the Company (even if no harm results from such act), (iv) the Participant's conviction of or entering a plea of guilty or *nolo contendere* to a crime constituting a felony or the Participant's willful violation of any law, rule or regulation, or (v) the Participant engages in, or is interested in, (as owner, partner, shareholder, employee, director, agent, consultant or otherwise), any business which is a "Competitor" of the Company. "Competitor" of the Company is any corporation, sole proprietorship, partnership, joint venture, syndicate, trust or any other form of organization or parent, subsidiary or division of any of the foregoing, which is engaged in the transportation, purchase, brokering, marketing or trading of natural gas or other energy products or services which are competitive to the Company's products or services, any of which is engaged in within 50 miles of the geographic area in which the Company is engaged in such competitive business, provided that a present or future investment in the securities of companies listed on a national securities exchange or traded on the over-the-counter market to the extent such investments do not exceed 2% of the total outstanding shares of such company will not constitute engagement or interest in a "Competitor."

(c) *Termination for Any Other Reason* . Subject to the last sentence of this Section 6(c), if a Participant's employment terminates during a Performance Period for any reason other than Cause, the amount payable to the Participant in respect of the Participant's Target Incentive for any Performance Period shall be equal to the product of (x) the amount that would have been payable in respect of the Participant's Target Incentive had such Participant been employed for the entire Performance Period (as determined in accordance with Section 4 based on the Committee's certification of the achievement of the Performance Objective for the Performance Period) multiplied by (y) the Participant's Pro-Rata Fraction. With respect to any Participant, the " **Pro-Rata Fraction** " is a fraction, the numerator of which is the number of days in the Performance Period completed prior to and including the date of Participant's termination of employment, and the denominator of which is the total number of days in the Performance Period. To the extent a Participant becomes entitled to receive any payment as provided in this Section 6 (c), such payment shall be made not later than 2 1/2 months after the end of the calendar year in which the relevant Performance Period ends. Any payment to a Participant pursuant to this Section 6(c) shall be subject to such terms and conditions (including, but not limited to, the execution of a release and/or certain restrictive covenants in favor of the Company) as the CEO shall determine not later than the date of such Participant's termination of employment.

Section 7. Change in Control . Notwithstanding anything else in the Program to the contrary, in the event of a Change in Control, the rights of each Participant to receive payment in respect of any outstanding Target Incentive shall be determined in accordance with this Section 7. If a Change in Control occurs, the Total Return on Capital for each company in the Peer Group (including the Company) shall mean the average of the returns on capital or deemed returns on capital, as applicable, related to each fiscal year of the Company during the Performance Period, determined as follows:

(i) with respect to any fiscal year of the Company during the Performance Period that, as of the date of the Change in Control, the return on capital for the period corresponding to the entire fiscal year has been reported in the Monthly Utility Reports, the actual returns reported for such period;

(ii) with respect to any fiscal year of the Company during the Performance Period that, as of the date of the Change in Control, the return on capital for the period corresponding to the entire fiscal year has not been reported in the Monthly Utility Reports, a deemed return on capital equal to the average actual returns on capital reported for the 36 month period corresponding to the last three fiscal years of the Company for which returns have been reported in the Monthly Utility Reports.

The amount payable to each Participant for each open Performance Period shall be the product of (A) the amount that would have been payable to the Participant in respect of the Target Incentive applying the provisions of Section 4, but using the Total Return on Capital as determined for the Company and the Peer Group pursuant to this Section 7, and (B) a fraction, the numerator of which is the number of days in the Performance Period completed prior to, and including, the Change in Control and the denominator of which is the total number of days in the Performance Period. Any amount payable pursuant to this Section 8 shall be paid to the participant in a single lump sum cash payment as soon as practicable but in no event later than 2 1/2 months after the date of the Change in Control.

For purposes of this Program, a “Change in Control” shall be deemed to have occurred at such time:

(i) any “person” within the meaning of Section 13(d) of the Exchange Act, other than the Company, a Subsidiary, or any employee benefit plan or plans sponsored by the Company or any Subsidiary, is or has become the “beneficial owner,” as defined in Rule 13d-3 under the Exchange Act, directly or indirectly, of twenty percent (20%) or more of the combined voting power of the outstanding securities of the Company ordinarily having the right to vote at the election of directors or more than twenty percent (20%) of the fair market value of all classes of the Company’s outstanding stock; or

(ii) consummation of any consolidation or merger immediately following which the persons who, immediately prior to the consolidation or merger, held the capital stock of the Company do not hold, immediately following such transaction, (x) at least a majority of the stock ordinarily entitled to vote in the election of directors of the corporation surviving such consolidation or merger (or of the ultimate parent corporation in an unbroken chain which owns, directly or indirectly, a majority of the capital stock of such entity) or (y) stock in the entity described in subclause (x) that represents at least 50% of the fair market value of all classes of stock of such entity, in either case, in substantially the same proportionate ownership as such persons held immediately before such consolidation or merger; or

(iii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of the Company; or

(iv) individuals who constitute the Board on January 1, 2012 (the "Incumbent Board") have ceased for any reason to constitute at least a majority thereof, provided that any person becoming a director subsequent to January 1, 2012 whose election, or nomination for election by the Company's shareholders, was approved by a vote of at least three-quarters (3/4) of the directors then comprising the Incumbent Board (either by specific vote or by approval of the proxy statement of the Company in which such person is named as nominee for director without objection to such nomination) shall be, for purposes of this Plan, considered as though such person were a member of the Incumbent Board.

Section 8. Responsibilities of the Committee . The Committee shall administer and interpret the Program, including making the certification required under Section 4(b). The Committee shall consist of not less that two members, each of whom shall be "outside directors" as defined by Section 162(m) of the Code. Any determination made by the Committee under the Program shall be final and conclusive. The Committee may employ such legal counsel, consultants and agents (including counsel or agents who are employees of the Company or a Subsidiary) as it may deem desirable for the administration of the Program and may rely upon any opinion received from any such counsel or consultant or agent and any computation received from such consultant or agent. All expenses incurred in the administration of the Program, including, without limitation, for the engagement of any counsel, consultant or agent, shall be paid by the Company. No member or former member of the Committee shall be liable for any action or determination made in good faith under the Program or with respect to any Target Incentive awarded or amount payable in respect thereof. The Committee may delegate any or all of its administrative authority hereunder (except with respect to the participation by the CEO) to the CEO, any other officer or employee of the Company or an outside party, but only to the extent, if any, permitted by Section 162(m) of the Code.

Section 9. Nonassignment . A Participant shall not be permitted to assign, alienate or otherwise transfer any interest in any amount payable in respect of his or her Target Incentive, and any attempt to do so shall be void. A Participant's interests under this Program shall not be subject to garnishment or execution or levy of any kind, and any attempt to cause any benefits to be so subjected shall not be recognized. This Program shall be an unfunded plan and a Participant shall have only the rights of a general creditor of the Company with respect to such Participant's interest under this Program.

Section 10. Impact on Benefit Plans . Payments under the Program shall not be considered as earnings for purposes of any of the Company's employee benefit plans, programs or arrangements, including, but not limited to, its qualified retirement plans or non-qualified retirement plans or for any other retirement or benefit plan, unless specifically provided for and defined under such plans subsequent to the date this Program was adopted. Any employee's participation in the Program and receipt of any payment in respect of any Target Incentive is expressly made contingent upon the employee's acceptance of the limitation set forth in the preceding sentence. Nothing herein shall prevent the Company from maintaining additional compensation plans and arrangements, provided however that no payments shall be made under such plans and arrangements if the effect thereof would be the payment of compensation otherwise payable under this Program regardless of whether the Performance Objective was attained.

Section 11. Successors . The obligation of the Company under the Program shall be binding upon the successors and assigns of the Company.

Section 12. Applicable Law . This Program shall be governed by and construed under the laws of the State of New York without regard to its conflict of law provisions.

Section 13. Severability . In the event that any one or more of the provisions of this Program shall be held to be invalid, illegal or unenforceable, the validity, legality or enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 14. Tax Withholding . The Company shall have the power to withhold from any amount payable hereunder an amount sufficient to satisfy federal, state and local or non-U.S. withholding tax requirements on any amount payable under this Program.

Section 15. No Voluntary Election to Defer . Unless and to the extent expressly permitted by the Committee on such terms and conditions as it shall deem necessary or appropriate, no amount payable under the Program may be electively deferred by a Participant past the date as of which such amount would otherwise be paid hereunder. Notwithstanding the foregoing, the Company may defer payment of any amount payable in respect of any Target Incentive if and to the extent such payment would, if made at the time otherwise required under the Program, not be deductible by the Company or any Subsidiary by reason of Section 162(m) of the Code. Notwithstanding anything in this Program to the contrary, any deferral of payment permitted or required in accordance with this Section 15 shall at all times comply with the applicable provisions of Section

409A of the Code and all determinations with respect thereto shall be made in a manner intended to avoid the imposition on any Participant of the additional taxes set forth in such Section 409A.

Section 16. No Guarantee of Employment . Nothing in this Program shall interfere with or limit in any way the right of the Company or a Subsidiary to terminate any Participant’s employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or a Subsidiary.

Section 17. Headings . The descriptive headings of the Sections of this Program are inserted for convenience of reference only and shall not constitute a part of this Program. Except when otherwise indicated by the context, the singular shall be read and interpreted as the plural (when appropriate), and the plural shall include the singular.

Section 18. Amendment or Termination of this Program . Subject to the shareholder approval requirements of Section 162(m) of the Code, this Program may be amended, suspended or terminated by the Company at any time upon approval by the Committee. Notwithstanding the foregoing, no amendment, suspension or termination shall adversely affect a Participant’s rights with respect to any Target Incentive previously established, except as provided herein, and the Committee shall have no authority to make any amendment which would cause compensation paid or payable under the Program to cease to be deductible by the Company for federal income tax purposes.

Section 19. Savings Provision . This Program is intended to comply with all the applicable conditions of Section 162(m) of the Code, so that compensation paid or payable hereunder shall constitute qualified “performance-based compensation” thereunder. To the extent any provision of this Program or any action by the Committee fails to so comply, it shall be deemed null and void with respect to the compensation of any Participant who is a “covered person” within the meaning of Section 162(m), to the extent permitted by law.

Section 20. Effective Date. Upon approval by the shareholders of the Company as required by Section 162(m) of the Code, this Program shall become effective as to awards granted on or after the commencement of the Company’s fiscal year that began October 1, 2011.

EXHIBIT 12

NATIONAL FUEL GAS COMPANY
COMPUTATION OF RATIO OF
EARNINGS TO FIXED CHARGES
UNAUDITED

	For the Twelve Months Ended March 31, 2012	Fiscal Year Ended September 30, 2011	2010	2009	2008
EARNINGS:					
Income from Continuing Operations	$ 212,338	$258,402	$219,133	$103,484	$266,907
Plus Income Tax Expense	139,792	164,381	137,227	52,859	167,672
Less Investment Tax Credit (1)	(639)	(697)	(697)	(697)	(697)
(Less Income) Plus Loss from Unconsolidated Subsidiaries (3)	294	759	(2,488)	(1,562)	(6,303)
Plus Distributions from Unconsolidated Subsidiaries	—	4,278	2,600	2,900	8,280
Plus Interest Expense on Long-Term Debt	74,516	73,567	87,190	79,419	70,099
Plus Other Interest Expense	3,723	4,554	6,756	7,370	3,271
Less Amortization of Loss on Reacquired Debt	(1,093)	(1,093)	(1,093)	(1,124)	(1,156)
Plus (Less) Allowance for Borrowed Funds Used in Construction	1,191	1,037	323	1,174	2,100
Plus (Less) Other Capitalized Interest	3,069	1,516	1,056		
Plus Rentals (2)	1,889	1,875	1,707	1,867	2,229
	$ 435,080	$508,579	$451,714	$245,690	$512,402
FIXED CHARGES:					
Interest & Amortization of Premium and Discount of Funded Debt	$ 74,516	$ 73,567	$ 87,190	$ 79,419	$ 70,099
Plus Other Interest Expense	3,723	4,554	6,756	7,370	3,271
Less Amortization of Loss on Reacquired Debt	(1,093)	(1,093)	(1,093)	(1,124)	(1,156)
Plus (Less) Allowance for Borrowed Funds Used in Construction	1,191	1,037	323	1,174	2,100
Plus (Less) Other Capitalized Interest	3,069	1,516	1,056		
Plus Rentals (2)	1,889	1,875	1,707	1,867	2,229
	$ 83,295	$ 81,456	$ 95,939	$ 88,706	$ 76,543
RATIO OF EARNINGS TO FIXED CHARGES	**5.22**	**6.24**	**4.71**	**2.77**	**6.69**

(1) Investment Tax Credit is included in Other Income.
(2) Rentals shown above represent the portion of all rentals (other than delay rentals) deemed representative of the interest factor.
(3) Fiscal 2009 includes an impairment of an investment in a partnership of $1,804.

EXHIBIT 31.1

CERTIFICATION

I, D. F. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Fuel Gas Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15 (f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date **:** May 4, 2012

/s/ D. F. Smith
D. F. Smith
Chairman of the Board and Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION

I, D. P. Bauer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of National Fuel Gas Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4 **,** 2012

/s/ D. P. Bauer
D. P. Bauer
Treasurer and Principal Financial Officer

EXHIBIT 32

NATIONAL FUEL GAS COMPANY

Certification Pursuant to Section 906
of the Sarbanes-Oxley Act of 2002

Each of the undersigned, D. F. SMITH, Chairman of the Board and Chief Executive Officer and D. P. BAUER, the Treasurer and Principal Financial Officer of NATIONAL FUEL GAS COMPANY (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012 (the "Report") fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

IN WITNESS WHEREOF, each of the undersigned has executed this statement this 4th day of May, 2012.

/s/ D. F. Smith
Chairman of the Board and Chief Executive Officer

/s/ D. P. Bauer
Treasurer and Principal Financial Officer

Exhibit 99

NATIONAL FUEL GAS
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Twelve Months Ended March 31	
	2012	2011
	(Thousands of Dollars)	
INCOME		
Operating Revenues	$ 1,651,745	$ 1,750,217
Operating Expenses		
Purchased Gas	499,829	623,852
Operation and Maintenance	404,454	398,709
Property, Franchise and Other Taxes	88,074	80,296
Depreciation, Depletion and Amortization	238,901	213,010
	1,231,258	1,315,867
Operating Income	420,487	434,350
Other Income (Expense):		
Gain on Sale of Unconsolidated Subsidiaries	—	50,879
Interest Income	3,261	3,201
Other Income	6,621	5,748
Interest Expense on Long-Term Debt	(74,516)	(81,184)
Other Interest Expense	(3,723)	(6,232)
Income from Continuing Operations Before Income Taxes	352,130	406,762
Income Tax Expense	139,792	157,573
Income from Continuing Operations	212,338	249,189
Income from Discontinued Operations	—	5,952
Net Income Available for Common Stock	**$ 212,338**	**$ 255,141**
Earnings Per Common Share:		
Basic:		
Income from Continuing Operations	$ 2.56	$ 3.04
Income from Discontinued Operations	—	0.07
Net Income Available for Common Stock	$ 2.56	$ 3.11
Diluted:		
Income from Continuing Operations	$ 2.54	$ 2.99
Income from Discontinued Operations	—	0.07
Net Income Available for Common Stock	$ 2.54	$ 3.06
Weighted Average Common Shares Outstanding:		
Used in Basic Calculation	82,852,270	82,100,883
Used in Diluted Calculation	83,747,858	83,283,900