



Your Future
Our Future

NATIONAL FUEL GAS COMPANY

Summary Annual Report 2011





National Fuel employees, pictured at a Habitat for Humanity project, are committed to giving back to their communities.



Michael Donovan, an employee of Seneca Resources Corporation, leads a Marcellus Shale tour for elected officials.

Developing great assets begins with great people, and National Fuel takes pride in hiring, training, motivating and retaining excellent employees. For each operating subsidiary, it is the employees who turn the Company's great assets into successful financial results. These same employees play an equally important role in the communities we serve, continuing the longstanding tradition at National Fuel Gas Company of donating time, talent and financial resources to hundreds of organizations each year.

Footnotes:

- (1) Consolidated Operating Revenues as set forth in the Company's 2011 Statement of Income and Earnings Reinvested in the Business were \$1,778.8 million. See page 119 of the Company's 2011 Form 10-K for details.
- (2) Consolidated Operating Income as set forth in the Company's 2011 Statement of Income and Earnings Reinvested in the Business was \$441.2 million, including Exploration & Production, \$230.7 million; Pipeline & Storage, \$74.2 million; Utility, \$127.7 million; Energy Marketing, \$13.1 million; and Corporate and All Other, \$(4.5) million.

EXPLORATION & PRODUCTION

Seneca Resources Corporation explores for, develops and produces oil and natural gas reserves in California and Appalachia. Seneca's primary focus is now the Marcellus Shale in Pennsylvania, where the company controls 745,000 net prospective acres.

2011 HIGHLIGHTS:

Operating Revenues: \$519.0 million⁽¹⁾

Operating Income: \$230.7 million⁽²⁾

Net Income: \$124.2 million

Capital Expenditures: \$648.8 million

Total Assets: \$1,885.0 million

Total Annual Production: 67.6 Bcfe

- Seneca's reserve replacement was 448% for the fiscal year.
- Appalachian reserve replacement ratio was 737%, which included 249 Bcf of Marcellus reserve additions.
- Total Marcellus production in 2011 was 35.4 Bcfe, an increase of nearly 400% from the prior year.
- Seneca's 3-year average finding and development costs were \$2.09 per Mcfe, a decrease of 12% as compared to the prior 3-year period, ended September 30, 2010.
- Seneca's Marcellus net risked resource potential is 8 to 15 trillion cubic feet of natural gas, which is more than eight times Seneca's proved reserves.
- Seneca completed the sale of its offshore Gulf of Mexico assets in April 2011, receiving net proceeds of \$55.4 million.

2012 OUTLOOK:

- Produce 87 to 101 Bcfe of natural gas and oil, with 62 to 72 Bcfe expected to come from the Marcellus Shale.
- Maintain a stable level of oil production in California by spending approximately \$45 to \$55 million on additional development.
- Continue ongoing delineation efforts in the Marcellus, Utica and Genesee shales across a broad section of Seneca's Pennsylvania acreage position.



A welder works on Empire Pipeline's Tioga County Extension project.



Utility foreman, Shane Becker, in the field ensuring safe and reliable service to customers.

PIPELINE & STORAGE

National Fuel Gas Supply Corporation and Empire Pipeline, Inc. provide natural gas transportation and storage services to affiliated and nonaffiliated companies through an integrated system of 2,795 miles of pipeline and 31 underground natural gas storage fields (including 4 storage fields co-owned with nonaffiliated companies).

2011 HIGHLIGHTS:

Operating Revenues: \$215.1 million⁽¹⁾

Operating Income: \$74.2 million⁽²⁾

Net Income: \$31.5 million

Capital Expenditures: \$129.2 million

Total Assets: \$1,131.7 million

System Throughput: 320.0 Bcf

- Completed the second phase of the Lamont Compression project, adding 3,400 horsepower to an existing interconnect with Tennessee Gas Pipeline, capable of transporting 50,000 dekatherms (Dth) per day of Marcellus production.
- Commenced construction of the first phase of the Line N Expansion project that is designed to move 160,000 Dth per day of southwestern Marcellus production and placed the project in service during October 2011.
- Began construction on the Tioga County Extension project that is capable of moving 350,000 Dth per day of Tioga County, Pa. Marcellus production and placed the project in service during November 2011.

2012 OUTLOOK:

- Construct the Northern Access Expansion Project, designed to move 320,000 Dth per day of Pennsylvania Marcellus production north to an interconnect with TransCanada Pipeline at the Canadian border.
- Expand the Line N system in southwestern Pennsylvania by constructing the Line N 2012 Expansion, which is designed to move 150,000 Dth per day of Marcellus production.
- Continue to evaluate the need for additional infrastructure expansion projects and aggressively market new projects to further enhance the pipeline and storage network to serve growing Appalachian production.

UTILITY

National Fuel Gas Distribution Corporation sells or transports natural gas to customers through a local distribution system located in western New York and northwestern Pennsylvania.

2011 HIGHLIGHTS

Operating Revenues: \$852.5 million⁽¹⁾

Operating Income: \$127.7 million⁽²⁾

Net Income: \$63.2 million

Capital Expenditures: \$58.4 million

Total Assets: \$2,046.0 million

- Over 75% of capital expenditures allocated to system safety maintenance and enhancements.
- Assisted qualifying customers in receiving \$66 million in HEAP and LIHEAP funding in New York and Pennsylvania.
- Successful New York conservation incentive program approved and extended through 2015.

2012 OUTLOOK

- Address the current challenge of maintaining service to payment-troubled, low-income customers through targeted assistance programs and enhanced community outreach.
- Continue to modernize system and further promote natural gas as the safe, reliable and clean fuel choice for homes, businesses and vehicles.

ENERGY MARKETING

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

2011 HIGHLIGHTS:

Operating Revenues: \$285.0 million⁽¹⁾

Operating Income: \$13.1 million⁽²⁾

Net Income: \$8.8 million

Total Assets: \$71.1 million

Sales Volume: 52.9 Bcf

- Expansion of residential customer base in Pennsylvania.

2012 OUTLOOK

- Continue expansion within current markets.
- Maintain high levels of customer satisfaction and retention.

America's energy outlook is more promising than ever. Natural gas produced from shale is transforming the energy landscape for the better, driving economic prosperity, reducing utility bills for consumers and enhancing domestic energy independence. Shale gas is also shaping the future of National Fuel Gas Company. Through an ambitious program to develop the Company's substantial assets in the Marcellus Shale, National Fuel is in the midst of a transformation that will drive its growth and produce lasting benefits for shareholders, employees and communities the Company serves.

ON THE COVER: Depicted on the map in light green are the nation's principal natural gas shale formations.

INSIDE: AT-A-GLANCE ▶



National Fuel Gas Company is an integrated, diversified energy company with four financial reporting segments: Exploration and Production, Pipeline and Storage, Utility, and Energy Marketing.

The above illustration highlights National Fuel's integrated system in western New York and Pennsylvania, where the Company's Marcellus Shale production assets, Appalachian pipeline and storage operations, and retail service territories share the same geographic area. The Company also owns significant crude oil production assets in California. Most of the Company's current capital spending is focused on activities related to the Marcellus Shale formation in Pennsylvania. There, with an acreage footprint that is among the largest of all Marcellus producers, Seneca Resources Corporation, the Company's exploration and production subsidiary, is in the midst of an ambitious program to rapidly

grow its commercial production over the next three years, increasing substantially from the 67.6 billion cubic feet equivalent (Bcfe) produced in 2011. In coordination with Seneca's development activities, the Company's interstate pipeline and midstream gathering subsidiaries are investing in facilities and upgrades designed to bring Marcellus production to growing markets in the northeast and Canada. With total investment expected to reach as much as \$1.5 billion annually by 2014, this ongoing commitment to developing and expanding our extensive Appalachian asset base is the driver behind National Fuel's expected growth over the next several years.



With an ambitious program to concurrently develop its acreage and pipeline infrastructure in the Marcellus Shale, National Fuel is well positioned for future growth.

In Pennsylvania, Seneca continues to balance its active development and delineation programs across its 745,000 net prospective Marcellus Shale acres with an aggressive, yet responsible program to grow natural gas production. In California, Seneca’s stable, predictable and high margin crude oil production continues to deliver strong cash flows that assist in funding a significant portion of the Company’s Marcellus development. Recent developments and exploration efforts in two other Appalachian shale plays, the Utica and the Geneseo, could create additional opportunities for future growth.

With the Company’s longstanding history in the Appalachian basin, Seneca has built its unique acreage position over many decades, achieving a number of advantages over its peers. Seneca owns, in fee, approximately 80 percent of its natural gas rights. As a result, those rights carry no costly royalty payments, providing a significant economic benefit for the Company. Another advantage is the sheer size and contiguity of Seneca’s

acreage, enabling a cost-efficient and strategic approach to developing its resource base. And finally, by integrating its Marcellus development with the Company’s Appalachian transmission and gathering expansion projects, Seneca can achieve timely access to established markets, boosting the Company’s earnings potential.

Seneca’s commitment to environmental protection is exemplified by the Company’s innovative project that reclaims contaminated water from an abandoned coal mine and uses it for Marcellus well completions. This project is part of a comprehensive water management program, including an ambitious “zero surface discharge” policy, designed to safeguard the surface from any type of pollution.

Below the surface, Seneca’s focus on protecting water supplies includes cementing multiple layers of casing through the fresh water aquifer. These layers of steel and concrete produce an impermeable seal that protects the water table and assures the well’s long-term operational integrity.

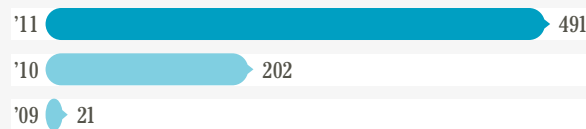
36%

PRODUCTION GROWTH

Seneca’s exceptional oil and natural gas production growth in 2011 was driven by a nearly 400% increase in production from the Marcellus Shale.

MARCELLUS SHALE PROVED RESERVES

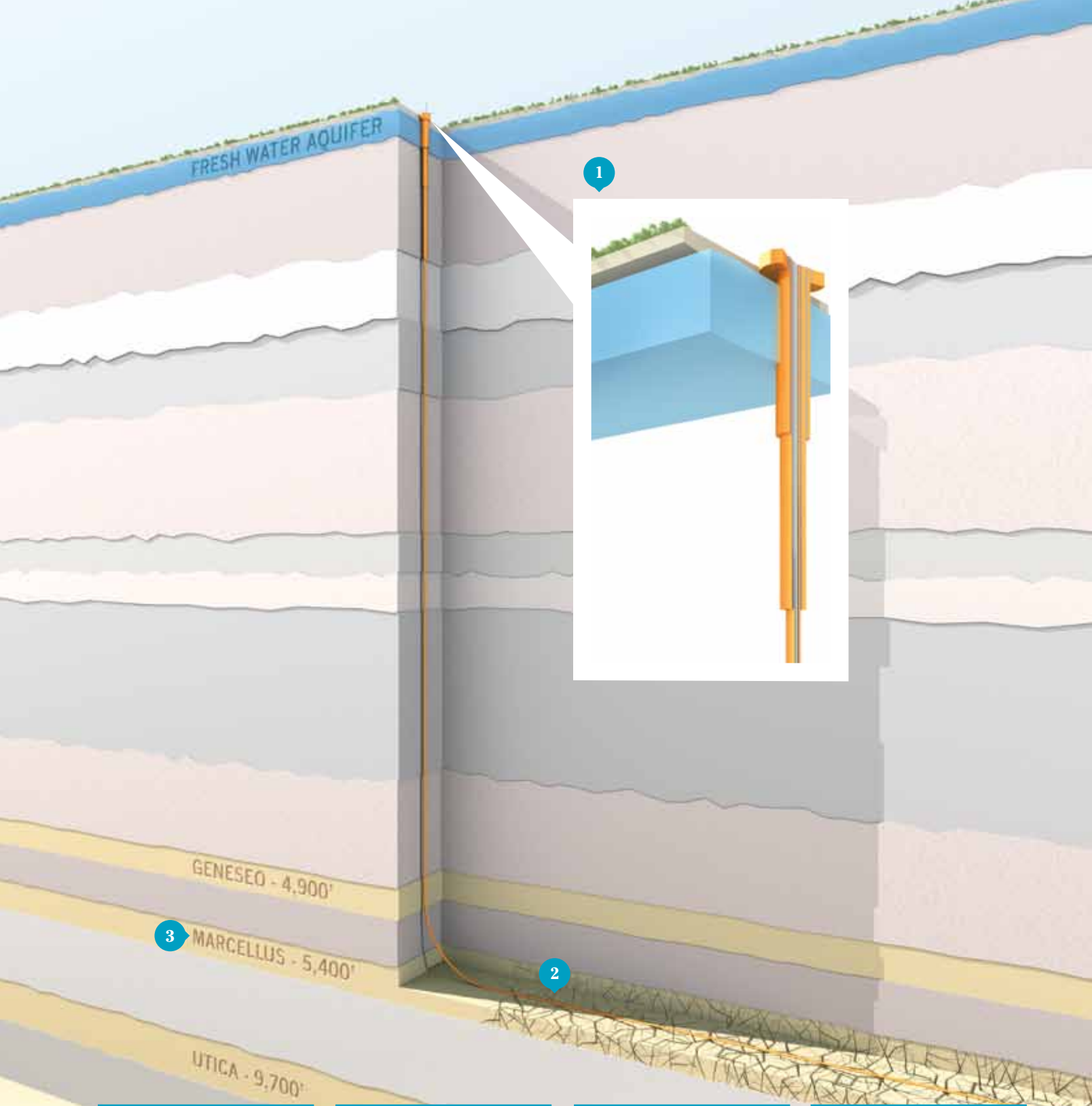
Billion Cubic Feet Equivalent (Bcfe) at September 30



94%

NET REVENUE INTEREST

Seneca owns nearly 80% of its Marcellus natural gas rights, greatly reducing its royalty obligations and producing a class-leading net revenue interest of 94%.



1 PRESERVING OUR ENVIRONMENT

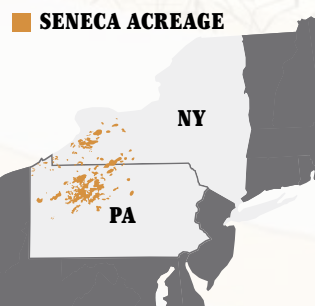
Seneca installs four layers of steel casing and cement to protect the water supply and utilizes multi-well pads (pictured on page 2) to limit its surface impact.

2 RESPONSIBLE DRILLING PRACTICES

The Marcellus, separated from aquifers by thousands of feet of highly impermeable rock, is hydraulically fractured utilizing industry best practices for safety and environmental protection.

3 CONTINUING ACREAGE DELINEATION

In addition to the Marcellus Shale, other Appalachian shales, the Utica and the Geneseo, are being explored to determine the magnitude of their growth potential.



Note: This representation, not drawn to scale, is of one location. Shale depths and thickness can vary in different geographic locations.



National Fuel's pipeline and storage network is a critical link between the Marcellus Shale and high-demand natural gas markets.

Prior to World War II, National Fuel's pipeline system delivered natural gas primarily from conventional sandstone formations in Appalachia to the Company's utility customers in New York and Pennsylvania. As Appalachian production was gradually replaced by gas from the southwest and Gulf of Mexico, and later by gas from western Canada, National Fuel's pipeline system was configured to transport supplies from major, long-haul pipeline interconnections to the Company's Utility segment and points east. For decades, Appalachian production became relegated to a minor and declining source of supply used to serve major markets.

Today, however, the Marcellus Shale has caused Appalachia to reemerge as a major supply basin. Capitalizing on this resurgence, National Fuel is realigning its Appalachian pipeline system to meet the growing capacity demands of Marcellus producers and customers in downstream markets.

This realignment involves a series of transmission pipeline projects under a multi-year expansion program that will dramatically increase firm transportation capacity available for Marcellus production. Emblematic of the changes wrought by Marcellus production, two of those projects, the Northern Access Expansion and Tioga County Extension, will utilize existing lines that were configured to ship gas into our service area from Canada and reverse that flow to move Marcellus supplies north into Canadian markets.

Concurrent with the development of the Company's transmission pipeline projects, National Fuel Gas Midstream Corporation is rapidly investing in gathering infrastructure, initially to create an outlet for Seneca's Marcellus production, and later to serve other Appalachian producers who, like Seneca, seek to develop remote, but highly productive Marcellus acreage. These projects, and others on the drawing board, are helping to establish National Fuel's position as a leading integrated natural gas company in the Marcellus Shale.

\$750M

INFRASTRUCTURE SPENDING

Starting in 2009, the Company began an expansion of its Appalachian pipeline network, with current plans to spend approximately \$750 million through 2014.

1.5 BCF

MARCELLUS SHALE CAPACITY

Eight different interstate pipeline projects either being planned or currently in-service will increase capacity by up to 1.5 Bcf to move rapidly growing Marcellus volumes.

2,795

INTERSTATE PIPELINE MILES

National Fuel's extensive interstate transmission system, sitting above the Marcellus, Utica and Genesee shales, is well positioned to transport expanding production.

1



2



3

1 UNLOCKING NEW DEMAND MARKETS

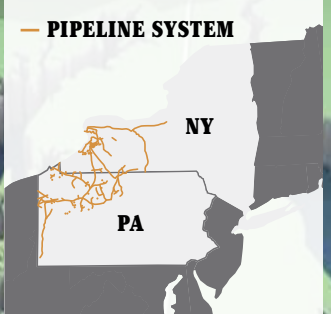
Empire's Tioga County Extension (pictured on page 4) will enable the transportation of Marcellus production to growing Canadian markets.

2 TRANSPORTING MARCELLUS PRODUCTION

New compression and pipelines, including Supply's Line N Expansion project, are components of several key expansions that are enhancing the system for use by Marcellus producers.

3 GATHERING SENECA'S NATURAL GAS

Midstream Corporation is currently constructing the Trout Run Gathering System, its second project in central Pennsylvania to transport Seneca's Marcellus production.





The operating subsidiaries of National Fuel have more than one hundred years of experience in the design, construction and maintenance of safe and reliable natural gas infrastructure.

With more than a century of experience in building and operating natural gas infrastructure, National Fuel has developed a culture of safety, encompassing every aspect of its business. Furthering that tradition, in 2011, National Fuel appointed James Ramsdell as its first, enterprise-wide, Chief Safety Officer with responsibility for leading the Company's initiatives for safety throughout all of its business operations. Mr. Ramsdell brings more than 35 years of experience in constructing and operating safe and reliable gas delivery systems to the Company's pipeline, gathering, storage, drilling and all related activities.

Our first and highest priority is the safety of our customers, employees and communities. The Company diligently observes all laws and regulations governing pipeline safety, but also goes further and aims to exceed safety metrics established by regulators. For example, the Utility, with crews on call 24 hours per day, 7 days per week and 365 days per year, routinely

responds to more than 99 percent of leak calls in 60 minutes or less, a record of performance that is recognized for excellence.

The Company's emphasis on safety is also reflected in its ongoing program to modernize its distribution and transmission systems in both New York and Pennsylvania. Annually, the Company invests a significant amount of capital in infrastructure improvement, demonstrating its commitment to maintaining a safe and reliable pipeline system. In 2012, the Company is scheduled to complete the assessment of transmission pipelines under a 10-year federal pipeline integrity program. This program will continue with systematic reassessments designed to maintain ongoing pipeline integrity. The program also includes a significant upgrade of the Company's pipeline mapping system, using state-of-the-art technology to better enable crews to quickly and accurately locate, mark and repair transmission and distribution facilities in New York and Pennsylvania.

570

MILES OF PIPELINE REPLACED

As part of an ongoing commitment to modernize its pipeline system, the Company has replaced more than 570 miles of vintage pipelines and service lines during the past three years.

\$67M

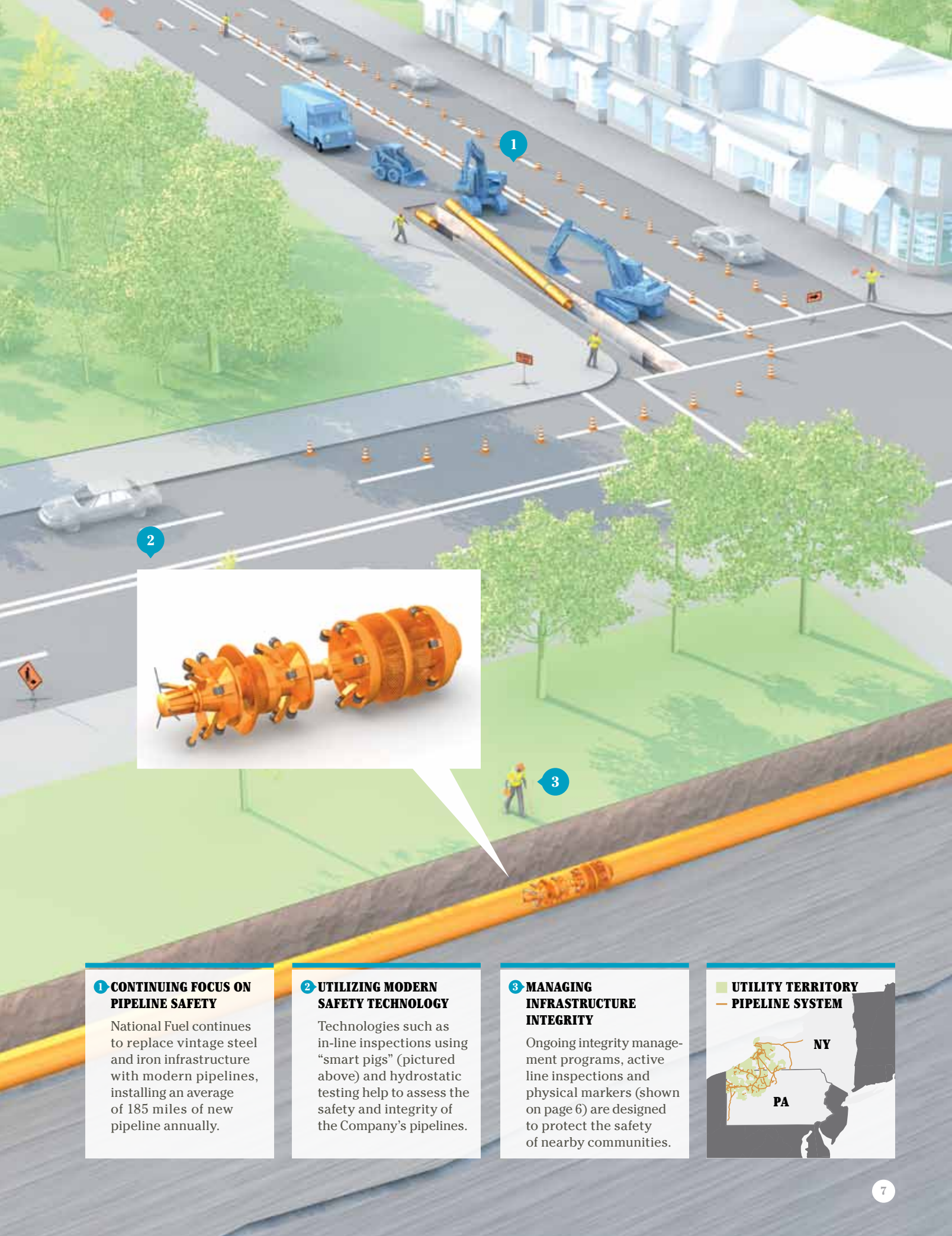
ANNUAL SPENDING ON INFRASTRUCTURE UPGRADES

With a focus on safety and reliability, the Company spends an average of \$67 million annually to improve its distribution and transmission pipeline systems.

100%

MILES OF PIPELINE ASSESSED

By the end of 2012, 100% of the Company's transmission pipelines identified in baseline high-consequence areas will be assessed.



1

2

3



1 CONTINUING FOCUS ON PIPELINE SAFETY

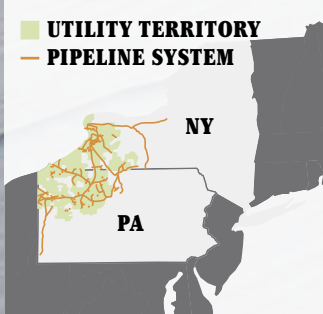
National Fuel continues to replace vintage steel and iron infrastructure with modern pipelines, installing an average of 185 miles of new pipeline annually.

2 UTILIZING MODERN SAFETY TECHNOLOGY

Technologies such as in-line inspections using “smart pigs” (pictured above) and hydrostatic testing help to assess the safety and integrity of the Company’s pipelines.

3 MANAGING INFRASTRUCTURE INTEGRITY

Ongoing integrity management programs, active line inspections and physical markers (shown on page 6) are designed to protect the safety of nearby communities.





New domestic natural gas production from shale formations, including the Marcellus Shale, is generating affordable and stable energy prices for home and business.

Retail natural gas and electric customers are enjoying the benefits of shale gas through lower prices and an improved supply outlook. The U.S. Energy Information Administration credits shale gas for a dramatic increase in the nation's recoverable supplies of natural gas, further enhancing the likelihood of stable and affordable prices for the long run. This is good news for National Fuel's retail gas customers in New York and especially in Pennsylvania, where shale gas production is generating the added benefit of new employment, tax revenues and local development.

Gas supplies are currently growing, but energy conservation remains an important regulatory objective for the long run. In New York, the Utility has been a partner in the state's conservation initiative since 2007, and the Pennsylvania division continues to seek rate design changes that would enable it to promote conservation without creating a need to file costly rate cases. The abundance of low-cost, clean natural gas has also caught the attention of vehicle fleet owners who can achieve

significant savings by switching to compressed natural gas (CNG). To promote the burgeoning CNG market, National Fuel recently won the approval of New York state regulators for a program that will provide project financing to offset the cost of customer-owned CNG vehicles and filling stations.

The Utility's dedication to excellent customer service is exemplified by a simple, but increasingly rare consumer experience: when National Fuel customers call the Utility, their calls are answered, the vast majority within 30 seconds or less, by highly trained professionals stationed in state-of-the-art call centers. Moreover, these call centers are located not in some far-off location, but in the Utility's service territory. As the initial and primary point of contact, a National Fuel representative personally addresses all aspects of customer service, from emergency assistance, to designing complex solutions to maintain service for payment-troubled customers. The Utility is able to provide this high level of service while consistently meeting or exceeding its own and state-mandated customer service performance targets.

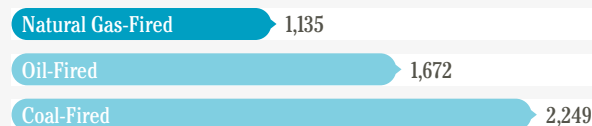
92%

CUSTOMER SATISFACTION

On average, for the past 12 months, 92% of New York Utility customers were satisfied in the areas of billing, field service, collections, leak calls and service applications.

AVERAGE EMISSIONS RATES FOR U.S. POWER GENERATION*

Carbon Dioxide Emissions (pounds per Megawatt hour)



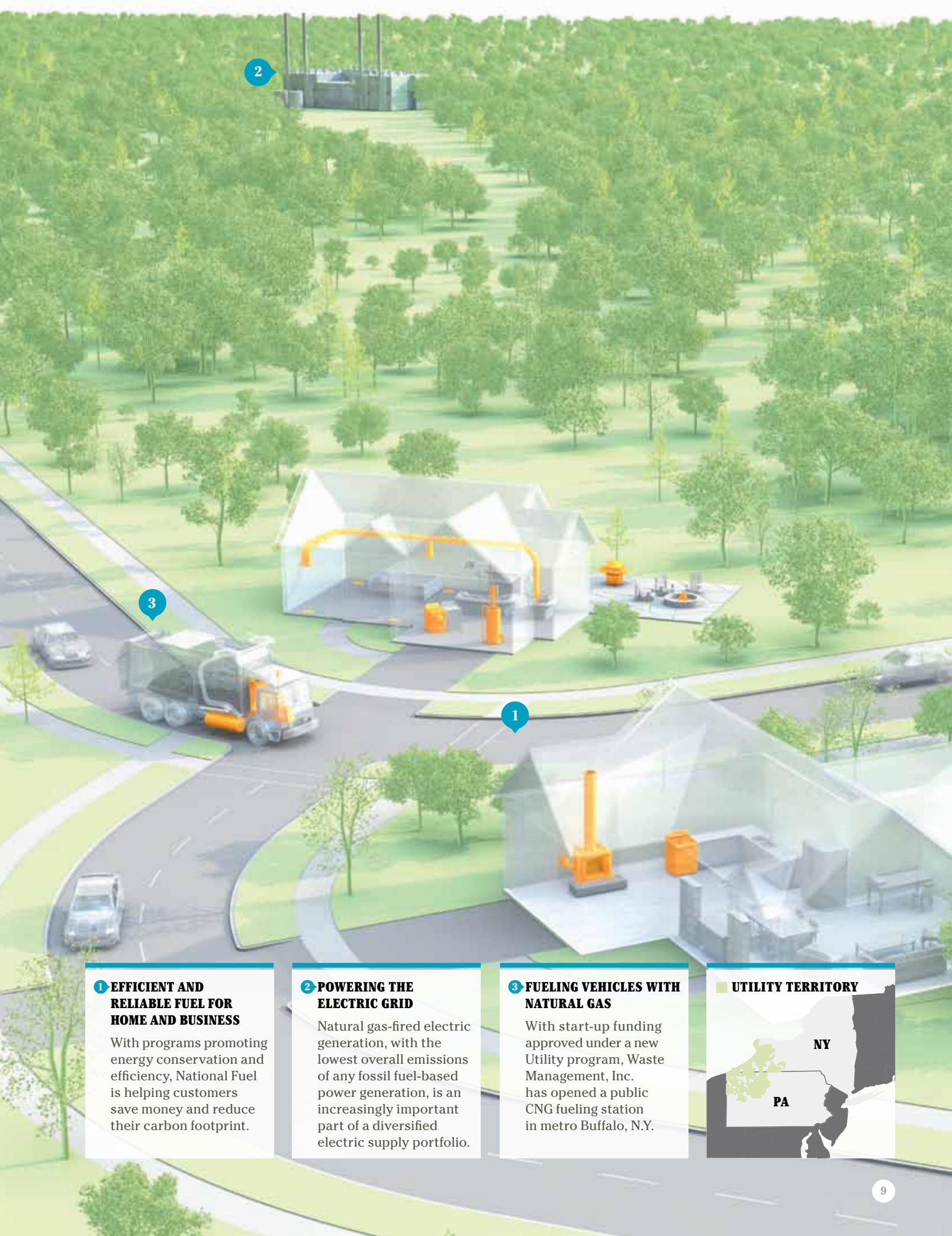
*According to the U.S. Environmental Protection Agency

Natural gas is the cleanest fossil fuel used to generate electricity for homes and businesses.

\$400

YEARLY SAVINGS

Since 2009, lower natural gas prices have reduced the average annual bill for a National Fuel retail customer by nearly 30%, equating to a yearly savings of approximately \$400.



2

3

1

1 EFFICIENT AND RELIABLE FUEL FOR HOME AND BUSINESS

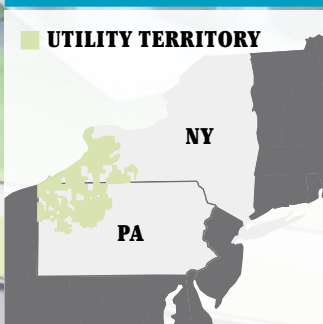
With programs promoting energy conservation and efficiency, National Fuel is helping customers save money and reduce their carbon footprint.

2 POWERING THE ELECTRIC GRID

Natural gas-fired electric generation, with the lowest overall emissions of any fossil fuel-based power generation, is an increasingly important part of a diversified electric supply portfolio.

3 FUELING VEHICLES WITH NATURAL GAS

With start-up funding approved under a new Utility program, Waste Management, Inc. has opened a public CNG fueling station in metro Buffalo, N.Y.



To Our Shareholders

● **YOUR FUTURE IS OUR FUTURE.** With respect to energy, Americans are all in it together. Natural gas development is obviously good for National Fuel, but in terms of environmental benefits, energy security, affordability and jobs, it is also good for the nation. Closer to National Fuel's home turf, this theme resonates at a more personal level: thousands of National Fuel investors, customers, employees, retirees and their families live and do business in New York and Pennsylvania, literally on top of or near the Marcellus Shale natural gas play that, today, is the engine driving National Fuel's growth. National Fuel's historic connection to the gas industry in Appalachia, where the Marcellus Shale is located, has helped to build the Company's competitive advantage in the region, and also explains why our strategic vision is focused on responsible success over the long run.

I make this observation because disagreement over national energy policy has been brought directly to the natural gas industry's doorstep in the form of opposition—regrettably often uninformed opposition—to the natural gas drilling technology known as hydraulic fracturing. Hydraulic fracturing is high-tech American ingenuity. Combined with horizontal drilling, it has enabled producers, like our Seneca Resources, to literally “unlock” vast quantities of natural gas in shale plays that were previously beyond economic development by conventional methods. In practice, hydraulic fracturing has dramatically increased commercially obtainable supplies of natural gas, which has reduced prices, dampened volatility, and increased confidence in natural gas as a reliable and long-term fuel source. Already the technology is credited with reducing imports of foreign oil and easing inflationary pressures on consumers. With our 745,000 net acres prospective for the Marcellus Shale, National Fuel is a key player in the natural

gas renaissance that is positively influencing energy markets now, and has the potential to change America's energy future for the better.

“Your future is our future” recognizes that National Fuel is tied to the cities, towns and villages where we do business. We have a personal stake in the communities where we operate, whether in Pennsylvania, New York, Texas or California. This is why we employ environmental best practices in our drilling program and operations; this is why we apply the highest ethical standards to all of our activities; and this is why we consistently take the long view in our business decisions.

● **GROWTH-DRIVEN RESULTS.** Our approach to doing business has delivered solid financial results for more than a century, and 2011 was no exception. National Fuel's net income grew 14 percent, reaching \$258 million, driven largely by growth in operating results and a gain related to the sale of non-core assets. Despite a year of economic uncertainties, low natural gas prices and market dynamics that affected pipeline systems including our own, the Company's commitment to a measured and methodical plan to develop its Marcellus assets furthered long-term growth. We achieved our 109th year of consecutive dividend payments and our 41st year of increasing dividends. Few corporations can match our dividend record, which we believe reflects National Fuel's extraordinary commitment to long-term value.

Operationally, we also had a successful year, growing total production by 36 percent over the prior year, reaching 67.6 Bcfe. This was achieved despite the sale of our higher-risk offshore Gulf of Mexico properties. The sale of those assets has allowed us to sharpen our focus on lower-risk development opportunities. We maintained stable

LETTER TO SHAREHOLDERS

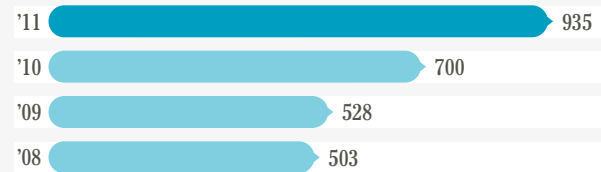
41 YEARS OF DIVIDEND INCREASES

Annualized Dividend Rate at Fiscal Year End



MARCELLUS-DRIVEN RESERVE GROWTH

Company Proved Reserves (Bcfe) at September 30



production from our oil properties in California, which continues to provide us with the free cash flow that helps to fund our Marcellus program. Ultimately, we were able to replace 448 percent of our production, increasing Seneca's reserve base to 935 Bcfe, which still is only a small portion of the 8 to 15 trillion cubic feet equivalent of its risked resource potential.

We also made significant advances in development plans to expand our pipeline infrastructure in the Marcellus Shale region. Designed to add capacity and enable Marcellus producers to move their gas to market, these projects will be leading drivers in the growth expected out of our pipeline and gathering businesses in 2012.

● **FOCUS ON THE CUSTOMER.** Undergirding the success we achieved in 2011 was the performance of our retail business units. Serving customers in New York and Pennsylvania, the Utility continues to generate predictable earnings while maintaining safe operations and delivering excellent customer service. The Utility remains a bedrock business segment that helps support the reliable dividend that many of our shareholders have come to expect. Likewise, our energy marketing subsidiary, National Fuel Resources, delivered another year of strong performance by providing value-driven, reliable natural gas supply service to thousands of retail choice customers across New York and Pennsylvania.

● **WHERE WE ARE HEADED.** While 2011 was an excellent year for National Fuel, we are not content to rest on our laurels. Quite the opposite: building from the foundation of our highly integrated assets and strong balance sheet, we are embarking on a period of significant growth.

We continue to pursue a strategy of integrating Seneca's production with our pipeline construction projects in the Marcellus Shale, in particular with gathering pipelines

planned by Midstream. Supply Corporation and Empire will develop open-access interstate pipeline expansion projects to enable the delivery of Marcellus production, including Seneca's production, to pipelines serving downstream markets. By planning and developing these programs to access Marcellus production as a producer, gatherer and interstate transporter, we are able to maximize the present value of Seneca's production stream and at the same time grow throughput across our Appalachian pipeline systems. Given Seneca's industry-leading acreage contiguity, high level of fee ownership and our pipeline development expertise, we are able to identify localized areas for full development and independently construct the infrastructure needed to quickly bring new production to market. As a result, during the next three years we anticipate that Seneca's production will grow 30 to 50 percent each year.

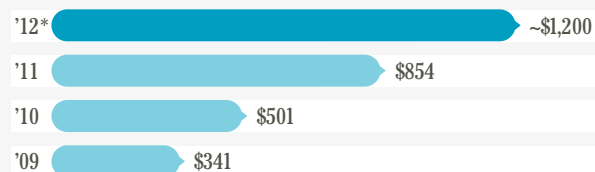
Pipeline companies are undergoing a period of transformation as Appalachian production displaces deliveries from traditional production areas in the Gulf and the southwest. I am pleased to say that National Fuel's Pipeline and Storage segment is part of this transformation, to the Company's long-term advantage. Adding to the expansion projects that went in-service this past fall, we have several other major

“Few corporations can match our dividend record, which we believe reflects National Fuel’s extraordinary commitment to long-term value.”

LETTER TO SHAREHOLDERS

INVESTING IN THE COMPANY'S FUTURE

Consolidated Capital Expenditures (\$ Millions)



*Forecast

MAINTAINING A STRONG BALANCE SHEET

Shareholders' Equity to Total Capitalization at Fiscal Year End *



*Total Capitalization includes the Current Portion of Long-Term Debt

initiatives in various stages of planning that will fuel growth into the future. We expect a substantial realignment of our pipeline system, not only via throughput growth, but also by incorporating operational flexibility that allows us to take advantage of the changing dynamics of the regional pipeline network. This includes our Tioga County Extension and Northern Access Expansion projects, which by enabling flow reversals on two segments of our pipeline facilities will bring increased Marcellus production into northern markets and enhance its availability at regional trading points.

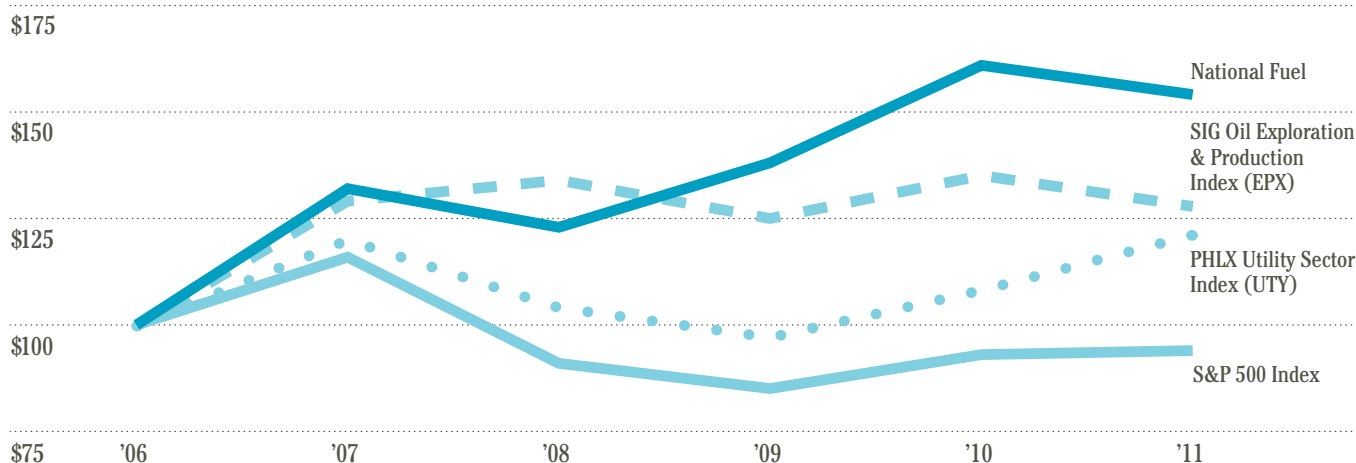
All told, extant and planned projects will drive a considerable expansion of the Company in the near term. To achieve our growth targets, we will deploy a significant level of capital. We are confident, however, in the Company's ability to implement its plans for growth while maintaining a commitment to a strong balance sheet, as is National Fuel's practice.

As is also the Company's practice, we are capable of adjusting our development plans in the event there is a material change in circumstances. With the recent growth in domestic natural gas supply, price outlooks have reached their lowest level in recent history. This is undoubtedly good news for retail customers, but lower gas prices might also adversely impact financial expectations for our major capital

“Building from the foundation of our highly integrated assets and strong balance sheet, we are embarking on a period of significant growth.”

5-YEAR TOTAL SHAREHOLDER RETURNS (Assumes Dividend Reinvestment)

At September 30*



*Assumes \$100 invested on September 30, 2006 and reinvesting of dividends

“I look forward to another year of excellent service to our customers and sustainable growth for the Company, its employees and our shareholders.”

projects. Should that happen, we are able to scale down the Company’s growth plans accordingly. With regard to its drilling program, Seneca’s substantial mineral ownership position minimizes lease expiration concerns and the need to drill uneconomic wells to fulfill lease obligations. Our pipeline expansion projects are built not on speculation of future demand, but with the support of long-term contracts with creditworthy customers. Thus, while our projects are certainly ambitious, they nonetheless are rooted in the Company’s history of financial conservatism and core commitment to responsible growth.

● **BUILDING SYNERGIES.** Today it seems hard to believe that as recently as 2003, there were fears that a natural gas shortage would depress growth in certain sectors of the economy. Since then, technology and market forces intervened, and the nation’s energy outlook has changed dramatically for the better.

National Fuel’s robust performance continues to improve the Company’s outlook as we execute plans for further development of our Marcellus and other shale assets. From our first Marcellus Shale test well drilled in 2009, to our current program integrating Marcellus production with our Appalachian pipeline systems, to promising early results in the expansion of our drilling program into the Utica Shale, we have demonstrated National Fuel’s ability to turn opportunity into results. We also have shown that we have indigenous strengths—a diversified asset base, local knowledge, experience in pipeline construction and management, and an ability to navigate a complex regulatory environment—that in my opinion make National Fuel uniquely able to leverage its opportunities. Our diverse business model has long acted as a hedge for each operating segment, and our Marcellus program is demonstrating that

we can skillfully coordinate business plans and maximize opportunities for growth on a consolidated basis.

For three years running, I have had the good fortune of using this space to reflect on National Fuel’s strong financial and operational performance. In each year, this one included, I express confidence that the Company will deliver another year of solid financial results. The synergies of our diversified business model are more in evidence today than ever before. As a result, I look forward to another year of excellent service to our customers and sustainable growth for the Company, its employees and our shareholders.

Sincerely,



DAVID F. SMITH

Chairman of the Board and Chief Executive Officer
January 9, 2012



PRINCIPAL OFFICERS

National Fuel Gas Company

David F. Smith

Chairman and Chief Executive Officer

Ronald J. Tanski

President and Chief Operating Officer

Matthew D. Cabell

Senior Vice President

James D. Ramsdell

Senior Vice President and

Chief Safety Officer

David P. Bauer

Treasurer and Principal Financial Officer

Karen M. Camiolo

Controller and Principal Accounting Officer

Paula M. Ciprich

General Counsel and Secretary

Donna L. DeCarolis

Vice President Business Development

PRINCIPAL OFFICERS OF PRINCIPAL SUBSIDIARIES

Seneca Resources Corporation

David F. Smith

Chairman

Matthew D. Cabell

President

Barry L. McMahan

Senior Vice President and Secretary

John P. McGinnis

Senior Vice President

Cindy D. Wilkinson

Controller

National Fuel Gas Supply Corporation

David F. Smith

Chairman

John R. Pustulka

President

David P. Bauer

Treasurer

James R. Peterson

Secretary and General Counsel

Karen M. Camiolo

Controller

Ronald C. Kraemer

Vice President

Empire Pipeline, Inc.

David F. Smith

Chairman

Ronald C. Kraemer

President

David P. Bauer

Treasurer

James R. Peterson

Secretary

Karen M. Camiolo

Controller

National Fuel Gas Distribution Corporation

David F. Smith

Chairman

Anna Marie Cellino

President

Carl M. Carlotti

Senior Vice President

Paula M. Ciprich

Secretary

Karen M. Camiolo

Controller

Richard E. Klein

Treasurer

Bruce D. Heine

Vice President

Jay W. Lesch

Vice President

Steven Wagner

Vice President

Sarah J. Mugel

Vice President and General Counsel

Ann M. Wegrzyn

Vice President

National Fuel Resources, Inc.

Joseph N. Del Vecchio

Vice President

DIRECTORS

PHILIP C. ACKERMAN^{3,5^}

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

ROBERT T. BRADY^{2, 3, 4^}

Executive Chairman, former Chief Executive Officer and President of Moog Inc. Director of Astronics Corporation, M&T Bank Corporation, member of the Board of the Buffalo Niagara Partnership and a member of the Governor's Regional Economic Development Council of Western New York. Former Director of Seneca Foods Corporation. Board member since 1995.

R. DON CASH^{1,2,4}

Chairman Emeritus and Board Director of Questar Corporation. Former Chairman, Chief Executive Officer and President of Questar Corporation. Director of Zions Bancorporation, Associated Electric and Gas Insurance Services Limited and the Ranching Heritage Association. Former Director of TODCO (The Offshore Drilling Company). Board member since 2003.

STEPHEN E. EWING^{1,2,5}

Former Vice Chairman of DTE Energy. Former President and Chief Operating Officer of MCN Energy Group Inc., and former President and Chief Executive Officer of Michigan Consolidated Gas Company. Director of CMS Energy. Trustee and immediate past Chairman of the Board of The Skillman Foundation. Chairman of the Auto Club of Michigan (AAA) and Vice Chairman of the Board of the Auto Club Group (AAA). Former Chairman of the American Gas Association, the National Petroleum Council, the Midwest Gas Association and the Natural Gas Vehicle Coalition. Board member since 2007.

ROLLAND E. KIDDER^{1,4}

Founder, former Chairman and President of Kidder Exploration, Inc., and former Trustee of the New York Power Authority. Former Director of two Appalachian-based energy associations: the Independent Oil and Gas Association of New York and the Pennsylvania Natural Gas Association. Former Executive Director of the Robert H. Jackson Center, Inc. Board member since 2002.

CRAIG G. MATTHEWS^{1^,3,5}

Former President, Chief Executive Officer and Director of NUI Corporation. Former Vice Chairman, Chief Operating Officer and Director of KeySpan Corporation. Director of Hess Corporation and Board member of Republic Financial Corporation. Member and former Chairman of the Board of Trustees of Polytechnic Institute of New York University, member of the National Advisory Board for the Salvation Army and founding Chairman of the New Jersey Salvation Army Board. Board member since February 2005.

GEORGE L. MAZANEC^{1,2^,3,5}

Former Vice Chairman of PanEnergy Corporation (now part of Spectra) and former President and Chief Executive Officer of Texas Eastern Transmission Corporation. Former Director of Dynegy Inc. Director of Associated Electric and Gas Insurance Services Limited and member of the Board of Trustees of DePauw University. Board member since 1996. The services of Mr. Mazanec conclude at the 2012 Annual Meeting (March 2012).

RICHARD G. REITEN^{2,4}

Former Chairman, Director, Chief Executive Officer and President of Northwest Natural Gas Company. Former President of Portland General Electric Company and Portland General Corporation. Director of Associated Electric and Gas Insurance Services

Limited, U.S. Bancorp, and IDACORP Inc. Former Chairman and Director of the American Gas Association and former Director of Building Materials Holding Corporation. Board member since 2004.

FREDERIC V. SALERNO^{2,4}

Senior Advisor to New Mountain Capital, L.L.C. Director to GGCP, Inc. Former Vice Chairman and Chief Financial Officer of Verizon Communications. Trustee and former President of the Inner City Scholarship Fund and former Chairman of the Board of Trustees of the State University of New York. Director of Akamai Technologies, Inc., Intercontinental Exchange, Inc., Viacom, Inc., and CBS Corporation. Former Director of Bear Stearns & Co, Inc. and Consolidated Edison, Inc., and former Chairman of the Board of Orion Power Holdings. Board member since 2008.

DAVID F. SMITH^{3^,5}

Chairman, Chief Executive Officer and former President of National Fuel Gas Company. Board member of the American Gas Association (Executive Committee), American Gas Foundation, Gas Technology Institute (Executive Committee), the Business Council of New York State (Chairman and member of the Executive Committee), immediate past Chairman of the Buffalo Niagara Enterprise (Executive Committee), the Buffalo Niagara Partnership (Executive Committee), the State University of New York at Buffalo Law School Dean's Advisory Council and The Sabres Foundation. Board member since 2007.

1 Member of Audit Committee

2 Member of Compensation Committee

3 Member of Executive Committee

4 Member of Nominating/Corporate Governance Committee

5 Member of Financing Committee

^ Denotes Committee Chairman

FINANCIAL AND OPERATING HIGHLIGHTS

National Fuel Gas Company Year Ended September 30

	2011	2010	2009	2008	2007
Operating Revenues (Thousands) ⁽¹⁾	\$ 1,778,842	\$ 1,760,503	\$ 2,051,543	\$ 2,396,837	\$ 2,034,400
Net Income Available for Common Stock (Thousands)	258,402 ⁽²⁾	225,913 ⁽³⁾	100,708 ⁽⁴⁾	268,728	337,455 ⁽⁵⁾
Return on Average Common Equity ⁽⁶⁾	14.2%	13.5%	6.3%	16.6%	22.0%
Per Common Share					
Basic Earnings	\$ 3.13	\$ 2.78	\$ 1.26	\$ 3.27	\$ 4.06
Diluted Earnings	\$ 3.09	\$ 2.73	\$ 1.25	\$ 3.18	\$ 3.96
Dividends Paid	\$ 1.39	\$ 1.35	\$ 1.31	\$ 1.26	\$ 1.21
Dividend Rate at Year-End	\$ 1.42	\$ 1.38	\$ 1.34	\$ 1.30	\$ 1.24
Book Value at Year-End	\$ 22.85	\$ 21.27	\$ 19.74	\$ 20.27	\$ 19.53
Common Shares Outstanding at Year-End	82,812,677	82,075,470	80,499,915	79,120,544	83,461,308
Weighted Average Common Shares Outstanding					
Basic	82,514,015	81,380,434	79,649,965	82,304,335	83,141,640
Diluted	83,670,802	82,660,598	80,628,685	84,474,839	85,301,361
Average Common Shares Traded Daily	534,526	411,256	551,327	654,620	593,424
Common Stock Price					
High	\$ 75.98	\$ 54.42	\$ 48.30	\$ 63.71	\$ 47.87
Low	\$ 48.67	\$ 42.83	\$ 26.67	\$ 38.04	\$ 35.02
Close	\$ 48.68	\$ 51.81	\$ 45.81	\$ 42.18	\$ 46.81
Net Cash Provided by Operating Activities (Thousands)	\$ 677,286	\$ 459,695	\$ 611,818	\$ 482,776	\$ 394,197
Total Assets (Thousands)	\$ 5,284,742	\$ 5,105,625	\$ 4,769,129	\$ 4,130,187	\$ 3,888,412
Capital Expenditures (Thousands)	\$ 837,612	\$ 455,764	\$ 313,633	\$ 397,734	\$ 276,728
Volume Information					
Utility Throughput—MMcf					
Gas Sales	73,857	68,760	69,414	73,470	73,031
Gas Transportation	66,273	60,105	59,751	64,267	62,240
Pipeline & Storage Throughput—MMcf					
Gas Transportation	319,954	301,366	352,182	358,370	356,088
Production					
Gas—MMcf	50,467	30,345	22,284	22,341	26,266
Oil—Mbbbl	2,860	3,220	3,373	3,070	3,450
Total—MMcfe	67,627	49,665	42,522	40,761	46,966
Proved Reserves					
Gas—MMcf	674,922	428,413	248,954	225,899	205,389
Oil—Mbbbl	43,345	45,239	46,587	46,198	47,586
Total—MMcfe	934,992	699,847	528,476	503,087	490,905
Energy Marketing Volume—MMcf					
Gas	52,893	58,299	60,858	56,120	50,775
Average Number of Utility Retail Customers	609,126	619,897	624,149	627,938	645,723
Average Number of Utility Transportation Customers	122,474	108,850	103,176	98,925	79,676
Number of Employees at September 30	1,827	1,859	1,949	1,943	1,952

(1) Excludes discontinued operations.

(2) Includes gain on sale of unconsolidated subsidiaries of \$31.4 million.

(3) Includes gain on sale of Horizon LFG, Inc. of \$6.3 million.

(4) Includes impairment of oil and gas producing properties of (\$108.2) million.

(5) Includes gain on sale of Seneca Energy Canada, Inc. of \$120.3 million.

(6) Calculated using average Total Comprehensive Shareholder Equity.

INVESTOR INFORMATION

COMMON STOCK TRANSFER AGENT AND REGISTRAR

Computershare⁽¹⁾
P.O. Box 358015
Pittsburgh, PA 15252-8015
Tel.: 800-648-8166
E-mail: shrrelations@bnymellon.com
Website: www.bnymellon.com/shareowner/isd
Change of address notices and inquiries about dividends should be sent to the Transfer Agent at the address listed above.

NATIONAL FUEL DIRECT STOCK PURCHASE AND DIVIDEND REINVESTMENT PLAN

National Fuel offers a simple, cost-effective method for purchasing shares of National Fuel stock. A prospectus, which includes details of the Plan, can be obtained by calling, writing or e-mailing Computershare, the administrator of the Plan, at the address listed above.

TRUSTEE FOR DEBENTURES

The Bank of New York Mellon
101 Barclay Street
New York, NY 10286

STOCK EXCHANGE LISTING

New York Stock Exchange
(Stock Symbol: NFG)

ANNUAL MEETING

The Annual Meeting of Stockholders will be held at 9:30 a.m. (local time) on Thursday, March 8, 2012, at The Ritz-Carlton Golf Resort, Naples, 2600 Tiburón Drive, Naples, FL 34109. Stockholders of record as of the close of business on January 9, 2012, will receive in the mail formal notice of the meeting, proxy statement and proxy.

INVESTOR RELATIONS

Investors or financial analysts desiring information should contact:

David P. Bauer
Treasurer
Tel.: 716-857-7318

Timothy J. Silverstein
Director, Investor Relations
Tel.: 716-857-6987
silversteint@natfuel.com

National Fuel Gas Company
6363 Main Street
Williamsville, NY 14221

ADDITIONAL SHAREHOLDER REPORTS

Additional copies of this report and the Financial and Statistical Supplement to the 2011 Annual Report can be obtained without charge by writing to or calling:

Paula M. Ciprich
Corporate Secretary
Tel.: 716-857-7548

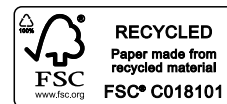
Timothy J. Silverstein
Director, Investor Relations
Tel.: 716-857-6987

National Fuel Gas Company
6363 Main Street
Williamsville, NY 14221

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
3600 HSBC Center
Buffalo, NY 14203

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(1) On December 31, 2011, The Bank of New York Mellon's Shareowner Services business was acquired by Computershare.

This Annual Report contains "forward-looking statements" as defined by the Private Securities Litigation Reform Act of 1995. Forward-looking statements should be read with the cautionary statements and important factors included in the Company's Form 10-K at Item 7, MD&A, under the heading "Safe Harbor for Forward-Looking Statements," and with the "Risk Factors" included in the Company's Form 10-K at Item 1A. 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.

Forward-looking statements include estimates of oil and gas quantities. Proved oil and gas reserves are those quantities of oil and gas which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible under existing economic conditions, operating methods and government regulations. Other estimates of oil and gas quantities, including estimates of probable reserves, possible reserves, and resource potential, are by their nature more speculative than estimates of proved reserves. Accordingly, estimates other than proved reserves are subject to substantially greater risk of being actually realized.

This Annual Report and the statements contained herein are submitted for the general information of stockholders and employees of the Company and are not intended to induce any sale or purchase of securities or to be used in connection therewith. For up-to-date information, we have two sources for your use. You may call 1-800-334-2188 at any time to receive National Fuel's current stock price and trade volume or to hear the latest news releases. You may also have news releases faxed or mailed to you. National Fuel's website can be found at <http://www.nationalfuelgas.com>. You may sign up there to receive news releases automatically by e-mail. Simply go to the E-mail Alerts section and subscribe.



NATIONAL FUEL GAS COMPANY
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NYSE: NFG