



## National Fuel Reports First Quarter Results

Williamsville, New York: National Fuel Gas Company (“National Fuel” or the “Company”) (NYSE:NFG) today announced consolidated earnings for the first quarter of its 2010 fiscal year (the quarter ended December 31, 2009) of \$64.5 million or \$0.78 per share.

### HIGHLIGHTS

- Quarterly operating results, before items impacting comparability (“Operating Results”), were \$64.5 million, compared to \$64.3 million for the prior year’s first quarter.
- Compared to the prior year’s first quarter, production of crude oil and natural gas increased nearly 2.0 billion cubic feet equivalent (“Bcfe”), or 20.5%, to 11.5 Bcfe. Marcellus production began to flow consistently during the quarter and made up 0.4 Bcfe of the increase in production. The Company’s production forecast for the entire 2010 fiscal year has been increased to a range between 44 and 51 Bcfe. This compares to production of 42.5 Bcfe in fiscal 2009. The previously announced range was between 42 and 50 Bcfe.
- The Company placed into service the first phase of its Covington Gathering System to gather Marcellus production in Tioga County. The second phase will extend the system south to State Forest Tract 595 and is expected to be in service in June 2010. Both phases together are expected to cost \$15 million to \$18 million.
- Seneca-operated Marcellus Shale production was initiated through the Covington Gathering System in late November. The average daily gross production from two Seneca-operated Marcellus wells was 8.5 MMCFD in December. A third Seneca-operated well began producing into the Covington System in January.
- The Company has entered into contracts with customers and has initiated the regulatory approval process or started construction with respect to three interstate pipeline projects to transport Marcellus production. The three projects (Tioga County Extension Project, Line N Expansion Project and Lamont Project) have preliminary cost estimates totaling \$74 million, and have planned in-service dates between June 2010 and November 2011.
- The Company is updating its GAAP earnings guidance range for fiscal 2010 to a range of \$2.40 to \$2.70 per share. The previous earnings guidance had been a range between \$2.30 to \$2.65 per share. This guidance assumes flat NYMEX equivalent pricing of \$5.00 per MMBtu for natural gas and \$75.00 per Bbl for crude oil for unhedged production for the remainder of the fiscal year.
- A conference call is scheduled for Friday, February 5, 2010, at 11:00 am Eastern Standard Time.



## **MANAGEMENT COMMENTS**

David F. Smith, President and Chief Executive Officer of National Fuel Gas Company stated: "Financial results for the first quarter of fiscal year 2010 were in line with our expectations, as the diversity of our business segments allowed National Fuel to post consistent and steady results in spite of the lower natural gas price environment."

"Operationally, we had another outstanding quarter. In the Exploration and Production segment, we achieved first production from our Seneca-operated Marcellus Shale program, and realized significant increases in production from our conventional Upper Devonian drilling program. As a result, our natural gas production in the East grew by 50% over the prior year. To further expand our foothold in the Marcellus Shale, Seneca Resources was the successful bidder on two tracts of acreage offered by the Pennsylvania Department of Conservation and Natural Resources in their January 2010 lease sale. This addition of approximately 18,000 acres, that is geographically similar to our existing acreage in the area, will help Seneca continue its developmental drilling program in this region, as we identify additional focus areas for drilling on our legacy acreage."

"In the Pipeline and Storage segment, we continue to make progress on important pipeline projects that will help alleviate infrastructure constraints in this region. Overall, we're very pleased with our achievements and look forward to building on our successes in the quarters to come."

## **SUMMARY OF RESULTS**

National Fuel had consolidated earnings for the quarter ended December 31, 2009 of \$64.5 million, or \$0.78 per share, compared to the prior year's first quarter loss of \$42.7 million or \$0.53 per share. (Note: all references to earnings per share are to diluted earnings per share, all amounts are stated in U.S. dollars, and all amounts used in the discussion of earnings and operating results before items impacting comparability ("Operating Results") are after tax unless otherwise noted).



|   | Three Months<br>Ended December 31, |             |
|---|------------------------------------|-------------|
|   | 2009                               | 2008        |
| <i>(in thousands except per share amounts)</i>    |                                    |             |
| Reported GAAP earnings                            | \$ 64,499                          | \$ (42,678) |
| <b>Items impacting comparability<sup>1</sup>:</b> |                                    |             |
| Impairment of oil and gas producing properties    |                                    | 108,207     |
| Impairment of investment in partnership           |                                    | 1,085       |
| Gain on life insurance policies                   |                                    | (2,312)     |
| Operating Results                                 | \$ 64,499                          | \$ 64,302   |
| Reported GAAP earnings per share                  | \$ 0.78                            | \$ (0.53)   |
| <b>Items impacting comparability<sup>1</sup>:</b> |                                    |             |
| Impairment of oil and gas producing properties    |                                    | 1.35        |
| Impairment of investment in partnership           |                                    | 0.01        |
| Gain on life insurance policies                   |                                    | (0.03)      |
| Operating Results                                 | \$ 0.78                            | \$ 0.80     |

<sup>1</sup> See discussion of these items below.

As outlined in the table above, certain items included in GAAP earnings impacted the comparability of the Company's financial results when comparing the first quarters of fiscal 2010 and fiscal 2009. Excluding these items, Operating Results for the current first quarter of \$64.5 million increased \$0.2 million from the prior year's first quarter. Items impacting comparability will be discussed in more detail within the discussion of segment earnings below.

## DISCUSSION OF RESULTS BY SEGMENT

The following discussion of the earnings of each segment is summarized in a tabular form at pages 8 and 9 of this report. It may be helpful to refer to those tables while reviewing this discussion.

### Exploration and Production Segment

The Exploration and Production segment operations are carried out by Seneca Resources Corporation ("Seneca"). Seneca explores for, develops and purchases natural gas and oil reserves in California, in the Appalachian region and in the Gulf of Mexico.



The Exploration and Production segment's earnings in the first quarter of fiscal 2010 of \$29.8 million, or \$0.36 per share, is an increase of \$113.3 million, or \$1.40 per share, when compared with the prior year's first quarter loss of \$83.6 million or \$1.04 per share. The increase in earnings was mainly due to a non-cash charge of \$108.2 million in the first quarter of fiscal 2009 to write down the value of Seneca's oil and natural gas producing properties.

Seneca uses the full cost method of accounting for determining the book value of its oil and natural gas properties. This accounting method requires that Seneca perform a quarterly "ceiling test" to compare the present value of future revenues from its oil and natural gas reserves based on period end spot prices (the "ceiling") with the book value of its 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 charge must be recorded in order to reduce the book value of the oil and gas properties to the calculated ceiling. The impairment at December 31, 2008 was mainly driven by a significant decrease in commodity prices. At December 31, 2009, the ceiling exceeded the book value of Seneca's oil and gas properties by approximately \$417 million.

Excluding the impact of the ceiling test charge in the prior year's first quarter, Operating Results for the current year's first quarter of \$29.8 million, or \$0.36 per share increased \$5.1 million or \$0.05 per share, from the first quarter of the prior year.

Crude oil and natural gas production for the current quarter of 11.5 Bcfe increased nearly 2 Bcfe, or by more than 20 percent compared to the prior year's first quarter. Production increased 48 percent in Appalachia due to higher production from upper Devonian wells and Marcellus production that came online this quarter. In the Gulf of Mexico, production increased by 42 percent. Production that was shut-in due to hurricanes during last year's first quarter was back online in the current quarter.

In addition to the higher production, higher crude oil prices realized after hedging contributed to the increase in Operating Results. Lower natural gas prices realized after hedging reduced earnings. For the quarter ended December 31, 2009, the weighted average oil price received by Seneca (after hedging) was \$74.53 per barrel ("Bbl"), an increase of \$10.19 per Bbl, from the prior year's first quarter. The weighted average natural gas price received by Seneca (after hedging) for the quarter ended December 31, 2009, was \$6.30 per thousand cubic feet ("Mcf"), a decrease of \$2.60 per Mcf compared to the prior year's first quarter.

Aside from the change in production and pricing, several other items impacted earnings including lower lease operating expenses (mostly due to lower production taxes and property taxes), higher depletion expense (due mainly to the increase in production), and higher general and administrative expenses (due to higher labor expenses including additional staffing and associated costs in the East division).

#### Pipeline and Storage Segment

The Pipeline and Storage segment operations are carried out by National Fuel Gas Supply Corporation ("Supply Corporation") and Empire Pipeline, Inc. ("Empire"). These companies provide natural gas transportation and storage services to affiliated and non-affiliated companies through an integrated system of pipelines and underground natural gas storage fields in western New York and western Pennsylvania.



The Pipeline and Storage segment's earnings of \$10.4 million, or \$0.13 per share, for the quarter ended December 31, 2009, decreased \$6.8 million, or \$0.08 per share, when compared with the same period in the prior fiscal year. The decrease was primarily due to lower efficiency gas revenues, mainly the result of lower commodity prices and lower transported volumes during the quarter. Higher transportation revenues from the Empire Connector, which was placed in service in mid December 2008, partially offset this decrease. Higher depreciation expense, property taxes and operating expenses associated with the Empire Connector, higher interest expense and a lower allowance for funds used during construction ("AFUDC") in the first quarter of the current fiscal year also contributed to the decrease in earnings compared to the prior year's first quarter.

#### Utility Segment

The Utility segment operations are carried out by National Fuel Gas Distribution Corporation ("Distribution"), which sells or transports natural gas to customers located in western New York and northwestern Pennsylvania. The Utility segment's earnings of \$23.0 million, for the quarter ended December 31, 2009, increased \$0.9 million, compared to the prior year's first quarter.

In the New York division, earnings increased \$0.5 million. The increase was due to lower operating expenses and certain regulatory true-up adjustments, partially offset by higher interest expense this quarter.

Earnings increased \$0.4 million in the Pennsylvania division. Lower operating expenses and a lower effective tax rate more than offset the impact of lower customer usage per account and higher interest expense.

#### Energy Marketing

National Fuel Resources, Inc. ("NFR") comprises the Company's Energy Marketing segment. NFR markets natural gas to industrial, wholesale, commercial, public authority and residential customers primarily in western and central New York and northwestern Pennsylvania, offering competitively priced natural gas to its customers.

The Energy Marketing segment's earnings for the quarter ended December 31, 2009 of \$1.1 million increased \$0.5 million from the first quarter last year. This increase is mainly due to higher margins.

#### Corporate and All Other

The Corporate and All Other category includes the following active, wholly owned subsidiaries of the Company: Highland Forest Resources, Inc., a corporation that markets high quality hardwoods from New York and Pennsylvania land holdings; Horizon LFG, Inc., a corporation engaged, through subsidiaries, in the purchase, processing, transportation and sale of landfill gas; and Horizon Power, Inc., a corporation that develops and owns independent electric generation facilities that are fueled by natural gas or landfill gas.



Earnings of \$0.3 million in the Corporate and All Other category for the first quarter of fiscal 2010 decreased \$0.8 million when compared to the prior year's first quarter. The comparability of the quarterly results is impacted by a \$2.3 million gain recognized on corporate-owned executive life insurance policies and a \$1.1 million impairment in the value of Horizon Power's 50 percent investment in Energy Systems North East, LLC, in the prior year's first quarter. Excluding these items, Operating Results increased \$0.5 million. Margins from the timber operations increased due to lower costs of purchased logs and harvesting a greater amount of low or no basis timber from Company-owned property this quarter. These increased margins and higher interest income more than offset the impact of higher interest expense and a higher effective tax rate.

## **EARNINGS GUIDANCE**

The Company is updating its earnings guidance for fiscal 2010 to reflect actual first quarter results as well as an anticipated increase in production volumes of natural gas. The revised GAAP earnings range is \$2.40 to \$2.70 per share. This includes forecast oil and gas production for fiscal 2010 for the Exploration and Production segment in the range between 44 and 51 Bcfe, hedges currently in place, and NYMEX equivalent flat commodity pricing on non-hedged volumes exclusive of basis differential of \$5.00 per MMBtu for natural gas and \$75.00 per Bbl for crude oil.

## **EARNINGS TELECONFERENCE**

The Company will host a conference call on Friday, February 5, 2010, at 11 a.m. (Eastern Time) to discuss this announcement. There are two ways to access this call. For those with Internet access, visit the investor relations page at National Fuel's Web site at [investor.nationalfuelgas.com](http://investor.nationalfuelgas.com). For those without Internet access, access is also provided by dialing (toll-free) 1-866-783-2138, and using the passcode "57873090." For those unable to listen to the live conference call, a replay will be available at approximately 2 p.m. (Eastern Time) at the same Web site link and by phone at (toll free) 1-888-286-8010 using passcode "42539167." Both the webcast and telephonic replay will be available until the close of business on Friday, February 12, 2010.

National Fuel is an integrated energy company with \$4.8 billion in assets comprised of the following four operating segments: Exploration and Production, Pipeline and Storage, Utility, and Energy Marketing. Additional information about National Fuel is available on its Internet Web site: [www.nationalfuelgas.com](http://www.nationalfuelgas.com) or through its investor information service at 1-800-334-2188.

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Certain statements contained herein, including those regarding estimated future earnings, and 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 by the Private Securities Litigation Reform Act of 1995. Forward-looking statements 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 contained herein are expressed in good faith and are believed to have a reasonable basis, but there can be no assurance that such expectations, beliefs or projections will result or be achieved or accomplished. In addition to other factors, the following are important factors that could cause actual



results to differ materially from those discussed in the forward-looking statements: financial and economic conditions, including the availability of credit, and their effect on the Company's ability to obtain financing on acceptable terms for working capital, capital expenditures and other investments; occurrences affecting the Company's ability to obtain financing under credit lines or other credit facilities or through the issuance of commercial paper, other short-term notes or debt or equity securities, including any downgrades in the Company's credit ratings and changes in interest rates and other capital market conditions; 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; the creditworthiness or performance of the Company's key suppliers, customers and counterparties; economic disruptions or uninsured losses resulting from terrorist activities, acts of war, major accidents, fires, hurricanes, other severe weather, pest infestation or other natural disasters; changes in demographic patterns and weather conditions; changes in the availability and/or price of natural gas or oil and the effect of such changes on the accounting treatment of derivative financial instruments or the valuation of the Company's natural gas and oil reserves; impairments under the SEC's full cost ceiling test for natural gas and oil reserves; uncertainty of oil and gas reserve estimates; 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, weather conditions, shortages, delays or unavailability of equipment and services required in drilling operations, insufficient gathering, processing and transportation capacity, and the need to obtain governmental approvals and permits and comply with environmental laws and regulations; significant differences between the Company's projected and actual production levels for natural gas or oil; changes in the availability and/or price of derivative financial instruments; changes in the price differentials between oil having different quality and/or different geographic locations, or changes in the price differentials between natural gas having different heating values and/or different geographic locations; changes in laws and regulations to which the Company is subject, including those involving taxes, safety, employment, climate change, other environmental matters, and exploration and production activities such as hydraulic fracturing; the nature and projected profitability of pending and potential projects and other investments, and the ability to obtain necessary governmental approvals and permits; significant differences between the Company's projected and actual capital expenditures and operating expenses, and unanticipated project delays or changes in project costs or plans; inability to obtain new customers or retain existing ones; significant changes in competitive factors affecting the Company; governmental/regulatory actions, initiatives and proceedings, including those involving acquisitions, financings, rate cases (which address, among other things, allowed rates of return, rate design and retained natural gas), affiliate relationships, industry structure, franchise renewal, and environmental/safety requirements; unanticipated impacts of restructuring initiatives in the natural gas and electric industries; ability to successfully identify and finance acquisitions or other investments and ability to operate and integrate existing and any subsequently acquired business or properties; 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; significant changes in tax rates or policies or in rates of inflation or interest; significant changes in the Company's relationship with its employees or contractors and the potential adverse effects if labor disputes, grievances or shortages were to occur; changes in accounting principles or the application of such principles to the Company; the cost and effects of legal and administrative claims against the Company or activist shareholder campaigns to effect changes at the Company; increasing health care costs and the resulting effect on health insurance premiums and on the obligation to provide other post-retirement benefits; or 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.

**NATIONAL FUEL GAS COMPANY**  
**RECONCILIATION OF CURRENT AND PRIOR YEAR GAAP EARNINGS**  
**QUARTER ENDED DECEMBER 31, 2009**

| (Thousands of Dollars)                                 | Exploration &<br>Production | Pipeline &<br>Storage | Utility          | Energy<br>Marketing | Corporate /<br>All Other | Consolidated     |
|--|-----------------------------|-----------------------|------------------|---------------------|--------------------------|------------------|
| <b>First quarter 2009 GAAP earnings</b>                | \$ (83,557)                 | \$ 17,176             | \$ 22,088        | \$ 599              | \$ 1,016                 | \$ (42,678)      |
| <b>Items impacting comparability:</b>                  |                             |                       |                  |                     |                          |                  |
| Gain on life insurance policies                        |                             |                       |                  |                     | (2,312)                  | (2,312)          |
| Impairment of investment in partnership                |                             |                       |                  |                     | 1,085                    | 1,085            |
| Impairment of oil and gas properties                   | 108,207                     |                       |                  |                     |                          | 108,207          |
| <b>First quarter 2009 operating results</b>            | <u>24,650</u>               | <u>17,176</u>         | <u>22,088</u>    | <u>599</u>          | <u>(211)</u>             | <u>64,302</u>    |
| <b>Drivers of operating results</b>                    |                             |                       |                  |                     |                          |                  |
| Higher (lower) crude oil prices                        | 5,572                       |                       |                  |                     |                          | 5,572            |
| Higher (lower) natural gas prices                      | (10,950)                    |                       |                  |                     |                          | (10,950)         |
| Higher (lower) natural gas production                  | 10,804                      |                       |                  |                     |                          | 10,804           |
| Higher (lower) crude oil production                    | 683                         |                       |                  |                     |                          | 683              |
| Lower (higher) lease operating expenses                | 632                         |                       |                  |                     |                          | 632              |
| Lower (higher) depreciation / depletion                | (499)                       | (641)                 |                  |                     |                          | (1,140)          |
| Higher (lower) transportation revenues                 |                             | 1,641                 |                  |                     |                          | 1,641            |
| Higher (lower) efficiency gas revenues                 |                             | (2,276)               |                  |                     |                          | (2,276)          |
| Lower (higher) operating expenses                      | (609)                       | (575)                 | 2,222            |                     |                          | 1,038            |
| Lower (higher) property, franchise and other taxes     |                             | (566)                 |                  |                     |                          | (566)            |
| Higher (lower) usage                                   |                             |                       | (941)            |                     |                          | (941)            |
| Regulatory true-up adjustments                         |                             |                       | 818              |                     |                          | 818              |
| Warmer weather in Pennsylvania                         |                             |                       | (248)            |                     |                          | (248)            |
| Higher (lower) margins                                 |                             |                       |                  | 375                 | 1,885                    | 2,260            |
| Lower AFUDC *  |                             | (2,688)               |                  |                     |                          | (2,688)          |
| Higher (lower) interest income                         | (803)                       |                       |                  |                     | 961                      | 158              |
| (Higher) lower interest expense                        | 615                         | (1,904)               | (1,728)          |                     | (1,415)                  | (4,432)          |
| Lower (higher) income tax expense / effective tax rate | (464)                       |                       | 1,264            |                     | (1,151)                  | (351)            |
| All other / rounding                                   | 148                         | 187                   | (462)            | 118                 | 192                      | 183              |
| <b>First quarter 2010 GAAP earnings</b>                | <u>\$ 29,779</u>            | <u>\$ 10,354</u>      | <u>\$ 23,013</u> | <u>\$ 1,092</u>     | <u>\$ 261</u>            | <u>\$ 64,499</u> |

\* AFUDC = Allowance for Funds Used During Construction

**NATIONAL FUEL GAS COMPANY**  
**RECONCILIATION OF CURRENT AND PRIOR YEAR GAAP EARNINGS PER SHARE**  
**QUARTER ENDED DECEMBER 31, 2009**

|  | Exploration &<br>Production | Pipeline &<br>Storage | Utility        | Energy<br>Marketing | Corporate /<br>All Other | Consolidated   |
|--|-----------------------------|-----------------------|----------------|---------------------|--------------------------|----------------|
| <b>First quarter 2009 GAAP earnings</b>                | \$ (1.04)                   | \$ 0.21               | \$ 0.28        | \$ 0.01             | \$ 0.01                  | \$ (0.53)      |
| <b>Items impacting comparability:</b>                  |                             |                       |                |                     |                          |                |
| Gain on life insurance policies                        |                             |                       |                |                     | (0.03)                   | (0.03)         |
| Impairment of investment in partnership                |                             |                       |                |                     | 0.01                     | 0.01           |
| Impairment of oil and gas properties                   | 1.35                        |                       |                |                     |                          | 1.35           |
| <b>First quarter 2009 operating results</b>            | 0.31                        | 0.21                  | 0.28           | 0.01                | (0.01)                   | 0.80           |
| <b>Drivers of operating results</b>                    |                             |                       |                |                     |                          |                |
| Higher (lower) crude oil prices                        | 0.07                        |                       |                |                     |                          | 0.07           |
| Higher (lower) natural gas prices                      | (0.13)                      |                       |                |                     |                          | (0.13)         |
| Higher (lower) natural gas production                  | 0.13                        |                       |                |                     |                          | 0.13           |
| Higher (lower) crude oil production                    | 0.01                        |                       |                |                     |                          | 0.01           |
| Lower (higher) lease operating expenses                | 0.01                        |                       |                |                     |                          | 0.01           |
| Lower (higher) depreciation / depletion                | (0.01)                      | (0.01)                |                |                     |                          | (0.02)         |
| Higher (lower) transportation revenues                 |                             | 0.02                  |                |                     |                          | 0.02           |
| Higher (lower) efficiency gas revenues                 |                             | (0.03)                |                |                     |                          | (0.03)         |
| Lower (higher) operating expenses                      | (0.01)                      | (0.01)                | 0.03           |                     |                          | 0.01           |
| Lower (higher) property, franchise and other taxes     |                             | (0.01)                |                |                     |                          | (0.01)         |
| Higher (lower) usage                                   |                             |                       | (0.01)         |                     |                          | (0.01)         |
| Regulatory true-up adjustments                         |                             |                       | 0.01           |                     |                          | 0.01           |
| Warmer weather in Pennsylvania                         |                             |                       | -              |                     |                          | -              |
| Higher (lower) margins                                 |                             |                       |                | -                   | 0.02                     | 0.02           |
| Lower AFUDC *  |                             | (0.03)                |                |                     |                          | (0.03)         |
| Higher (lower) interest income                         | (0.01)                      |                       |                |                     | 0.01                     | -              |
| (Higher) lower interest expense                        | 0.01                        | (0.02)                | (0.02)         |                     | (0.02)                   | (0.05)         |
| Lower (higher) income tax expense / effective tax rate | (0.01)                      |                       | 0.01           |                     | (0.01)                   | (0.01)         |
| All other / rounding                                   | (0.01)                      | 0.01                  | (0.02)         | -                   | 0.01                     | (0.01)         |
| <b>First quarter 2010 GAAP earnings</b>                | <b>\$ 0.36</b>              | <b>\$ 0.13</b>        | <b>\$ 0.28</b> | <b>\$ 0.01</b>      | <b>\$ -</b>              | <b>\$ 0.78</b> |

\* AFUDC = Allowance for Funds Used During Construction

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

(Thousands of Dollars, except per share amounts)

| <b><u>SUMMARY OF OPERATIONS</u></b>                 | Three Months Ended<br>December 31,<br>(Unaudited) |                    |
|---|---|--------------------|
|   | 2009  | 2008               |
| Operating Revenues                                  | \$ 457,011  | \$ 607,163         |
| Operating Expenses:                                 |   |                    |
| Purchased Gas                                       | 172,787   | 328,733            |
| Operation and Maintenance                           | 94,497  | 100,887            |
| Property, Franchise and Other Taxes                 | 18,659  | 18,762             |
| Depreciation, Depletion and Amortization            | 44,955  | 42,342             |
| Impairment of Oil and Gas Producing Properties      | -   | 182,811            |
|   | 330,898   | 673,535            |
| Operating Income (Loss)                             | 126,113   | (66,372)           |
| Other Income (Expense):                             |   |                    |
| Income from Unconsolidated Subsidiaries             | 401   | 1,118              |
| Impairment of Investment in Partnership             | -   | (1,804)            |
| Interest Income                                     | 1,154   | 1,892              |
| Other Income  | 356   | 4,880              |
| Interest Expense on Long-Term Debt                  | (22,063)  | (18,056)           |
| Other Interest Expense                              | (1,384)   | 375                |
|   | 104,577   | (77,967)           |
| Income (Loss) Before Income Taxes                   | 104,577   | (77,967)           |
| Income Tax Expense (Benefit)                        | 40,078  | (35,289)           |
| <b>Net Income (Loss) Available for Common Stock</b> | <b>\$ 64,499</b>                                  | <b>\$ (42,678)</b> |
| <b>Earnings (Loss) Per Common Share:</b>            |   |                    |
| Basic   | \$ 0.80   | \$ (0.54)          |
| Diluted   | \$ 0.78   | \$ (0.53)          |
| <b>Weighted Average Common Shares:</b>              |   |                    |
| Used in Basic Calculation                           | 80,612,303  | 79,289,005         |
| Used in Diluted Calculation                         | 82,172,649  | 80,167,893         |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Unaudited)**

| <i>(Thousands of Dollars)</i>                               | December 31,<br>2009 | September 30,<br>2009 |
|---|----------------------|-----------------------|
| <b>ASSETS</b>   |                      |                       |
| Property, Plant and Equipment                               | \$5,245,050          | \$5,183,527           |
| Less - Accumulated Depreciation, Depletion and Amortization | 2,078,625            | 2,051,482             |
| Net Property, Plant and Equipment                           | 3,166,425            | 3,132,045             |
| Current Assets:   |                      |                       |
| Cash and Temporary Cash Investments                         | 404,401              | 408,053               |
| Cash Held in Escrow   | 2,000                | 2,000                 |
| Hedging Collateral Deposits                                 | 1,092                | 848                   |
| Receivables - Net   | 176,202              | 144,466               |
| Unbilled Utility Revenue                                    | 55,012               | 18,884                |
| Gas Stored Underground                                      | 49,042               | 55,862                |
| Materials and Supplies - at average cost                    | 28,501               | 24,520                |
| Other Current Assets  | 64,052               | 68,474                |
| Deferred Income Taxes                                       | 48,621               | 53,863                |
| Total Current Assets  | 828,923              | 776,970               |
| Other Assets:   |                      |                       |
| Recoverable Future Taxes                                    | 138,435              | 138,435               |
| Unamortized Debt Expense                                    | 14,249               | 14,815                |
| Other Regulatory Assets                                     | 522,669              | 530,913               |
| Deferred Charges  | 3,507                | 2,737                 |
| Other Investments   | 77,692               | 78,503                |
| Investments in Unconsolidated Subsidiaries                  | 14,728               | 16,257                |
| Goodwill  | 5,476                | 5,476                 |
| Intangible Assets   | 21,087               | 21,536                |
| Fair Value of Derivative Financial Instruments              | 19,791               | 44,817                |
| Other   | 4,719                | 6,625                 |
| Total Other Assets  | 822,353              | 860,114               |
| Total Assets  | \$4,817,701          | \$4,769,129           |
| <b>CAPITALIZATION AND LIABILITIES</b>                       |                      |                       |
| Capitalization:   |                      |                       |
| Comprehensive Shareholders' Equity                          |                      |                       |
| Common Stock, \$1 Par Value Authorized - 200,000,000        |                      |                       |
| Shares; Issued and Outstanding - 80,981,933 Shares          |                      |                       |
| and 80,499,915 Shares, Respectively                         |                      |                       |
|   | \$80,982             | \$80,500              |
| Paid in Capital   | 620,601              | 602,839               |
| Earnings Reinvested in the Business                         | 985,663              | 948,293               |
| Total Common Shareholders' Equity Before                    | 1,687,246            | 1,631,632             |
| Items of Other Comprehensive Loss                           | -                    | -                     |
| Accumulated Other Comprehensive Loss                        | (52,702)             | (42,396)              |
| Total Comprehensive Shareholders' Equity                    | 1,634,544            | 1,589,236             |
| Long-Term Debt, Net of Current Portion                      | 1,049,000            | 1,249,000             |
| Total Capitalization  | 2,683,544            | 2,838,236             |
| Current and Accrued Liabilities:                            |                      |                       |
| Notes Payable to Banks and Commercial Paper                 | -                    | -                     |
| Current Portion of Long-Term Debt                           | 200,000              | -                     |
| Accounts Payable  | 108,404              | 90,723                |
| Amounts Payable to Customers                                | 94,468               | 105,778               |
| Dividends Payable   | 27,129               | 26,967                |
| Interest Payable on Long-Term Debt                          | 17,203               | 32,031                |
| Customer Advances   | 30,653               | 24,555                |
| Customer Security Deposits                                  | 19,565               | 17,430                |
| Other Accruals and Current Liabilities                      | 19,451               | 18,875                |
| Fair Value of Derivative Financial Instruments              | -                    | 2,148                 |
| Total Current and Accrued Liabilities                       | 516,873              | 318,507               |
| Deferred Credits:   |                      |                       |
| Deferred Income Taxes                                       | 670,989              | 663,876               |
| Taxes Refundable to Customers                               | 67,050               | 67,046                |
| Unamortized Investment Tax Credit                           | 3,814                | 3,989                 |
| Cost of Removal Regulatory Liability                        | 120,797              | 105,546               |
| Other Regulatory Liabilities                                | 116,035              | 120,229               |
| Pension and Other Post-Retirement Liabilities               | 401,737              | 415,888               |
| Asset Retirement Obligations                                | 91,538               | 91,373                |
| Other Deferred Credits                                      | 145,324              | 144,439               |
| Total Deferred Credits                                      | 1,617,284            | 1,612,386             |
| Commitments and Contingencies                               | -                    | -                     |
| Total Capitalization and Liabilities                        | \$4,817,701          | \$4,769,129           |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(Unaudited)**

| <i>(Thousands of Dollars)</i>                                       | Three Months Ended<br>December 31, |                   |
|---|------------------------------------|-------------------|
|   | 2009                               | 2008              |
| <b>Operating Activities:</b>  |                                    |                   |
| Net Income (Loss) Available for Common Stock                        | \$64,499                           | (\$42,678)        |
| Adjustments to Reconcile Net Income (Loss) to Net Cash              |                                    |                   |
| <b>Provided by Operating Activities:</b>                            |                                    |                   |
| Impairment of Oil and Gas Producing Properties                      | -                                  | 182,811           |
| Depreciation, Depletion and Amortization                            | 44,955                             | 42,342            |
| Deferred Income Taxes   | 21,092                             | (69,626)          |
| Income from Unconsolidated Subsidiaries, Net of Cash Distributions  | 1,599                              | 1,032             |
| Impairment of Investment in Partnership                             | -                                  | 1,804             |
| Excess Tax Benefits Associated with Stock-Based Compensation Awards | (13,437)                           | (5,927)           |
| Other   | 7,958                              | 6,628             |
| <b>Change in:</b>   |                                    |                   |
| Hedging Collateral Deposits   | (244)                              | (3,742)           |
| Receivables and Unbilled Utility Revenue                            | (67,882)                           | (98,914)          |
| Gas Stored Underground and Materials and<br>Supplies                | 2,839                              | 20,971            |
| Unrecovered Purchased Gas Costs                                     | -                                  | 10,992            |
| Prepayments and Other Current Assets                                | 17,859                             | 14,958            |
| Accounts Payable  | 11,408                             | 3,705             |
| Amounts Payable to Customers  | (11,310)                           | 1,962             |
| Customer Advances   | 6,098                              | (2,924)           |
| Customer Security Deposits  | 2,135                              | 1,354             |
| Other Accruals and Current Liabilities                              | (13,536)                           | 29,053            |
| Other Assets  | 16,967                             | 12,560            |
| Other Liabilities   | (22,667)                           | (6,217)           |
| <b>Net Cash Provided by Operating Activities</b>                    | <b>\$68,333</b>                    | <b>\$100,144</b>  |
| <b>Investing Activities:</b>  |                                    |                   |
| Capital Expenditures  | (\$62,135)                         | (\$84,268)        |
| Investment in Partnership   | (70)                               | -                 |
| Other   | (247)                              | (632)             |
| <b>Net Cash Used in Investing Activities</b>                        | <b>(\$62,452)</b>                  | <b>(\$84,900)</b> |
| <b>Financing Activities:</b>  |                                    |                   |
| Change in Notes Payable to Banks and Commercial Paper               | \$ -                               | \$66,000          |
| Excess Tax Benefits Associated with Stock-Based Compensation Awards | 13,437                             | 5,927             |
| Dividends Paid on Common Stock                                      | (26,967)                           | (25,714)          |
| Proceeds From Issuance of Common Stock                              | 3,997                              | 6,989             |
| <b>Net Cash Provided by (Used in) Financing Activities</b>          | <b>(\$9,533)</b>                   | <b>\$53,202</b>   |
| Net Increase (Decrease) in Cash and Temporary                       |                                    |                   |
| Cash Investments  | (3,652)                            | 68,446            |
| Cash and Temporary Cash Investments                                 |                                    |                   |
| at Beginning of Period  | 408,053                            | 68,239            |
| Cash and Temporary Cash Investments                                 |                                    |                   |
| at December 31  | <b>\$404,401</b>                   | <b>\$136,685</b>  |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**SEGMENT OPERATING RESULTS AND STATISTICS  
(UNAUDITED)**

| (Thousands of Dollars, except per share amounts)              | Three Months Ended |                    |                   |
|---|--------------------|--------------------|-------------------|
|   | December 31,       |                    |                   |
| <b>EXPLORATION AND PRODUCTION SEGMENT</b>                     | 2009               | 2008               | Variance          |
| Total Operating Revenues                                      | \$ 106,351         | \$ 96,712          | \$ 9,639          |
| Operating Expenses:   |                    |                    |                   |
| Operation and Maintenance:                                    |                    |                    |                   |
| General and Administrative Expense                            | 8,489              | 7,092              | 1,397             |
| Lease Operating Expense                                       | 12,244             | 12,614             | (370)             |
| All Other Operation and Maintenance Expense                   | 2,184              | 2,630              | (446)             |
| Property, Franchise and Other Taxes (Lease Operating Expense) | 2,352              | 2,955              | (603)             |
| Depreciation, Depletion and Amortization                      | 23,911             | 23,144             | 767               |
| Impairment of Oil and Gas Producing Properties                | -                  | 182,811            | (182,811)         |
|   | <u>49,180</u>      | <u>231,246</u>     | <u>(182,066)</u>  |
| Operating Income (Loss)                                       | 57,171             | (134,534)          | 191,705           |
| Other Income (Expense):                                       |                    |                    |                   |
| Interest Income   | 153                | 1,389              | (1,236)           |
| Other Interest Expense  | (7,868)            | (8,814)            | 946               |
| Income (Loss) Before Income Taxes                             | 49,456             | (141,959)          | 191,415           |
| Income Tax Expense (Benefit)                                  | 19,677             | (58,402)           | 78,079            |
| Net Income (Loss)   | <u>\$ 29,779</u>   | <u>\$ (83,557)</u> | <u>\$ 113,336</u> |
| Net Income (Loss) Per Share (Diluted)                         | <u>\$ 0.36</u>     | <u>\$ (1.04)</u>   | <u>\$ 1.40</u>    |

|  | Three Months Ended |                  |                   |
|--|--------------------|------------------|-------------------|
|  | December 31,       |                  |                   |
| <b>PIPELINE AND STORAGE SEGMENT</b>      | 2009               | 2008             | Variance          |
| Revenues from External Customers         | \$ 34,504          | \$ 35,267        | \$ (763)          |
| Intersegment Revenues                    | 20,257             | 20,837           | (580)             |
| Total Operating Revenues                 | <u>54,761</u>      | <u>56,104</u>    | <u>(1,343)</u>    |
| Operating Expenses:                      |                    |                  |                   |
| Purchased Gas                            | (63)               | 14               | (77)              |
| Operation and Maintenance                | 17,032             | 16,147           | 885               |
| Property, Franchise and Other Taxes      | 5,109              | 4,239            | 870               |
| Depreciation, Depletion and Amortization | 8,839              | 7,853            | 986               |
|  | <u>30,917</u>      | <u>28,253</u>    | <u>2,664</u>      |
| Operating Income                         | 23,844             | 27,851           | (4,007)           |
| Other Income (Expense):                  |                    |                  |                   |
| Interest Income                          | 31                 | 13               | 18                |
| Other Income                             | 98                 | 2,787            | (2,689)           |
| Other Interest Expense                   | (6,596)            | (3,667)          | (2,929)           |
| Income Before Income Taxes               | 17,377             | 26,984           | (9,607)           |
| Income Tax Expense                       | 7,023              | 9,808            | (2,785)           |
| Net Income                               | <u>\$ 10,354</u>   | <u>\$ 17,176</u> | <u>\$ (6,822)</u> |
| Net Income Per Share (Diluted)           | <u>\$ 0.13</u>     | <u>\$ 0.21</u>   | <u>\$ (0.08)</u>  |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**SEGMENT OPERATING RESULTS AND STATISTICS  
(UNAUDITED)**

|  | Three Months Ended<br>December 31, |                  |                  |
|--|------------------------------------|------------------|------------------|
|  | 2009                               | 2008             | Variance         |
| (Thousands of Dollars, except per share amounts) |                                    |                  |                  |
| <b><u>UTILITY SEGMENT</u></b>                    |                                    |                  |                  |
| Revenues from External Customers                 | \$ 232,404                         | \$ 349,637       | \$ (117,233)     |
| Intersegment Revenues                            | 4,514                              | 4,553            | (39)             |
| Total Operating Revenues                         | <u>236,918</u>                     | <u>354,190</u>   | <u>(117,272)</u> |
| Operating Expenses:                              |                                    |                  |                  |
| Purchased Gas                                    | 127,391                            | 241,896          | (114,505)        |
| Operation and Maintenance                        | 44,987                             | 49,614           | (4,627)          |
| Property, Franchise and Other Taxes              | 10,735                             | 11,126           | (391)            |
| Depreciation, Depletion and Amortization         | 9,919                              | 9,723            | 196              |
|  | <u>193,032</u>                     | <u>312,359</u>   | <u>(119,327)</u> |
| Operating Income                                 | 43,886                             | 41,831           | 2,055            |
| Other Income (Expense):                          |                                    |                  |                  |
| Interest Income                                  | 718                                | 796              | (78)             |
| Other Income                                     | 270                                | 275              | (5)              |
| Other Interest Expense                           | (8,724)                            | (6,066)          | (2,658)          |
| Income Before Income Taxes                       | 36,150                             | 36,836           | (686)            |
| Income Tax Expense                               | 13,137                             | 14,748           | (1,611)          |
| Net Income                                       | <u>\$ 23,013</u>                   | <u>\$ 22,088</u> | <u>\$ 925</u>    |
| Net Income Per Share (Diluted)                   | <u>\$ 0.28</u>                     | <u>\$ 0.28</u>   | <u>\$ -</u>      |

|  | Three Months Ended<br>December 31, |                |                 |
|--|------------------------------------|----------------|-----------------|
|  | 2009                               | 2008           | Variance        |
| <b><u>ENERGY MARKETING SEGMENT</u></b>   |                                    |                |                 |
| Operating Revenues                       | \$ 71,736                          | \$ 115,007     | \$ (43,271)     |
| Operating Expenses:                      |                                    |                |                 |
| Purchased Gas                            | 68,603                             | 112,450        | (43,847)        |
| Operation and Maintenance                | 1,334                              | 1,468          | (134)           |
| Property, Franchise and Other Taxes      | 9                                  | 7              | 2               |
| Depreciation, Depletion and Amortization | 11                                 | 11             | -               |
|  | <u>69,957</u>                      | <u>113,936</u> | <u>(43,979)</u> |
| Operating Income                         | 1,779                              | 1,071          | 708             |
| Other Income (Expense):                  |                                    |                |                 |
| Interest Income                          | 6                                  | 3              | 3               |
| Other Income                             | 16                                 | 43             | (27)            |
| Other Interest Expense                   | (6)                                | (135)          | 129             |
| Income Before Income Taxes               | 1,795                              | 982            | 813             |
| Income Tax Expense                       | 703                                | 383            | 320             |
| Net Income                               | <u>\$ 1,092</u>                    | <u>\$ 599</u>  | <u>\$ 493</u>   |
| Net Income Per Share (Diluted)           | <u>\$ 0.01</u>                     | <u>\$ 0.01</u> | <u>\$ -</u>     |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**SEGMENT OPERATING RESULTS AND STATISTICS  
(UNAUDITED)**

| (Thousands of Dollars, except per share amounts) | Three Months Ended |                  |                 |
|--|--------------------|------------------|-----------------|
|  | December 31,       |                  |                 |
| ALL OTHER  | 2009               | 2008             | Variance        |
| Revenues from External Customers                 | \$ 11,805          | \$ 10,325        | \$ 1,480        |
| Intersegment Revenues                            | -                  | 2,322            | (2,322)         |
| Total Operating Revenues                         | <u>11,805</u>      | <u>12,647</u>    | <u>(842)</u>    |
| Operating Expenses:                              |                    |                  |                 |
| Purchased Gas                                    | 1,497              | 1,960            | (463)           |
| Operation and Maintenance                        | 5,735              | 9,532            | (3,797)         |
| Property, Franchise and Other Taxes              | 384                | 365              | 19              |
| Depreciation, Depletion and Amortization         | 2,101              | 1,438            | 663             |
|  | <u>9,717</u>       | <u>13,295</u>    | <u>(3,578)</u>  |
| Operating Income (Loss)                          | 2,088              | (648)            | 2,736           |
| Other Income (Expense):                          |                    |                  |                 |
| Income from Unconsolidated Subsidiaries          | 401                | 1,118            | (717)           |
| Impairment of Investment in Partnership          | -                  | (1,804)          | 1,804           |
| Interest Income                                  | 29                 | 249              | (220)           |
| Other Income                                     | 28                 | 1                | 27              |
| Other Interest Expense                           | (542)              | (773)            | 231             |
|  | <u>2,004</u>       | <u>(1,857)</u>   | <u>3,861</u>    |
| Income (Loss) Before Income Taxes                | 2,004              | (1,857)          | 3,861           |
| Income Tax Expense (Benefit)                     | 838                | (989)            | 1,827           |
| Net Income (Loss)                                | <u>\$ 1,166</u>    | <u>\$ (868)</u>  | <u>\$ 2,034</u> |
| Net Income (Loss) Per Share (Diluted)            | <u>\$ 0.01</u>     | <u>\$ (0.01)</u> | <u>\$ 0.02</u>  |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**SEGMENT OPERATING RESULTS AND STATISTICS  
(UNAUDITED)**

|  | Three Months Ended<br>December 31, |                 |                   |
|--|------------------------------------|-----------------|-------------------|
|  | 2009                               | 2008            | Variance          |
| (Thousands of Dollars, except per share amounts) |                                    |                 |                   |
| <b>CORPORATE</b>                                 |                                    |                 |                   |
| Revenues from External Customers                 | \$ 211                             | \$ 215          | \$ (4)            |
| Intersegment Revenues                            | 538                                | 1,003           | (465)             |
| Total Operating Revenues                         | <u>\$ 749</u>                      | <u>\$ 1,218</u> | <u>\$ (469)</u>   |
| Operating Expenses:                              |                                    |                 |                   |
| Operation and Maintenance                        | 3,160                              | 2,918           | 242               |
| Property, Franchise and Other Taxes              | 70                                 | 70              | -                 |
| Depreciation, Depletion and Amortization         | 174                                | 173             | 1                 |
|  | <u>3,404</u>                       | <u>3,161</u>    | <u>243</u>        |
| Operating Loss                                   | (2,655)                            | (1,943)         | (712)             |
| Other Income (Expense):                          |                                    |                 |                   |
| Interest Income                                  | 22,682                             | 20,984          | 1,698             |
| Other Income                                     | (56)                               | 1,774           | (1,830)           |
| Interest Expense on Long-Term Debt               | (22,063)                           | (18,056)        | (4,007)           |
| Other Interest Expense                           | (113)                              | (1,712)         | 1,599             |
|  | <u>(2,205)</u>                     | <u>1,047</u>    | <u>(3,252)</u>    |
| Income (Loss) Before Income Taxes                | (2,205)                            | 1,047           | (3,252)           |
| Income Tax Benefit                               | (1,300)                            | (837)           | (463)             |
| Net Income (Loss)                                | <u>\$ (905)</u>                    | <u>\$ 1,884</u> | <u>\$ (2,789)</u> |
| Net Income (Loss) Per Share (Diluted)            | <u>\$ (0.01)</u>                   | <u>\$ 0.02</u>  | <u>\$ (0.03)</u>  |

|                                  | Three Months Ended<br>December 31, |                    |                 |
|----------------------------------|------------------------------------|--------------------|-----------------|
|                                  | 2009                               | 2008               | Variance        |
| <b>INTERSEGMENT ELIMINATIONS</b> |                                    |                    |                 |
| Intersegment Revenues            | <u>\$ (25,309)</u>                 | <u>\$ (28,715)</u> | <u>\$ 3,406</u> |
| Operating Expenses:              |                                    |                    |                 |
| Purchased Gas                    | (24,641)                           | (27,587)           | 2,946           |
| Operation and Maintenance        | (668)                              | (1,128)            | 460             |
|                                  | <u>(25,309)</u>                    | <u>(28,715)</u>    | <u>3,406</u>    |
| Operating Income                 | -                                  | -                  | -               |
| Other Income (Expense):          |                                    |                    |                 |
| Interest Income                  | (22,465)                           | (21,542)           | (923)           |
| Other Interest Expense           | 22,465                             | 21,542             | 923             |
|                                  | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ -</u>     |
| Net Income                       | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ -</u>     |
| Net Income Per Share (Diluted)   | <u>\$ -</u>                        | <u>\$ -</u>        | <u>\$ -</u>     |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**SEGMENT INFORMATION (Continued)**

(Thousands of Dollars)

|                              | Three Months Ended<br>December 31,<br>(Unaudited) |                          |                        |
|------------------------------|---|--------------------------|------------------------|
|                              | 2009  | 2008                     | Increase<br>(Decrease) |
| <b>Capital Expenditures:</b> |   |                          |                        |
| Exploration and Production   | \$ 47,737 <sup>(1)(2)</sup>                       | \$ 86,410 <sup>(3)</sup> | \$ (38,673)            |
| Pipeline and Storage         | 6,987   | 19,501 <sup>(4)</sup>    | (12,514)               |
| Utility                      | 11,952  | 13,589                   | (1,637)                |
| Energy Marketing             | 4   | 2                        | 2                      |
| Total Reportable Segments    | <u>66,680</u>                                     | <u>119,502</u>           | <u>(52,822)</u>        |
| All Other                    | 986 <sup>(2)</sup>                                | 52                       | 934                    |
| Corporate                    | 27  | 31                       | (4)                    |
| Eliminations                 | -   | (344)                    | 344                    |
| Total Capital Expenditures   | <u>\$ 67,693</u>                                  | <u>\$ 119,241</u>        | <u>\$ (51,548)</u>     |

<sup>(1)</sup> Amount for the three months ended December 31, 2009 includes \$15.4 million of accrued capital expenditures, the majority of which was in the Appalachian region. This amount has been excluded from the Consolidated Statement of Cash Flows at December 31, 2009 since it represents a non-cash investing activity at that date.

<sup>(2)</sup> Capital expenditures for the Exploration and Production segment for the three months ended December 31, 2009 exclude \$9.1 million of capital expenditures, the majority of which was in the Appalachian region. Capital expenditures for All Other for the three months ended December 31, 2009 exclude \$0.7 million of capital expenditures related to the construction of the Midstream Covington Gathering System. Both of these amounts were accrued at September 30, 2009 and paid during the three months ended December 31, 2009. These amounts were excluded from the Consolidated Statement of Cash Flows at September 30, 2009 since they represented non-cash investing activities at that date. These amounts have been included in the Consolidated Statement of Cash Flows at December 31, 2009.

<sup>(3)</sup> Amount for the three months ended December 31, 2008 includes \$51.7 million of accrued capital expenditures, the majority of which was for lease acquisitions in the Appalachian region. This amount has been excluded from the Consolidated Statement of Cash Flows at December 31, 2008 since it represents a non-cash investing activity at that date.

<sup>(4)</sup> Amount for the three months ended December 31, 2008 excludes \$16.8 million of capital expenditures related to the Empire Connector project accrued at September 30, 2008 and paid during the three months ended December 31, 2008. This amount was excluded from the Consolidated Statement of Cash Flows at September 30, 2008 since it represented a non-cash investing activity at that date. The amount has been included in the Consolidated Statement of Cash Flows at December 31, 2008.

**DEGREE DAYS**

| Three Months Ended December 31 | Normal | 2009  | 2008  | Percent Colder<br>(Warmer) Than: |           |
|--------------------------------|--------|-------|-------|----------------------------------|-----------|
|                                |        |       |       | Normal                           | Last Year |
| Buffalo, NY                    | 2,260  | 2,246 | 2,313 | (0.6)                            | (2.9)     |
| Erie, PA                       | 2,081  | 2,048 | 2,067 | (1.6)                            | (0.9)     |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**EXPLORATION AND PRODUCTION INFORMATION**

|  | Three Months Ended<br>December 31, |              |                        |
|--|------------------------------------|--------------|------------------------|
|  | 2009                               | 2008         | Increase<br>(Decrease) |
| <b><u>Gas Production/Prices:</u></b>                           |                                    |              |                        |
| Production (MMcf)  |                                    |              |                        |
| Gulf Coast   | 2,690                              | 1,746        | 944                    |
| West Coast   | 997                                | 1,022        | (25)                   |
| Appalachia   | 2,801                              | 1,851        | 950                    |
| Total Production   | <u>6,488</u>                       | <u>4,619</u> | <u>1,869</u>           |
| Average Prices (Per Mcf)                                       |                                    |              |                        |
| Gulf Coast   | \$ 4.84                            | \$ 7.04      | \$ (2.20)              |
| West Coast   | 4.64                               | 5.02         | (0.38)                 |
| Appalachia   | 5.07                               | 8.53         | (3.46)                 |
| Weighted Average   | 4.91                               | 7.19         | (2.28)                 |
| Weighted Average after Hedging                                 | 6.30                               | 8.90         | (2.60)                 |
| <b><u>Oil Production/Prices:</u></b>                           |                                    |              |                        |
| Production (Thousands of Barrels)                              |                                    |              |                        |
| Gulf Coast   | 146                                | 128          | 18                     |
| West Coast   | 684                                | 682          | 2                      |
| Appalachia   | 11                                 | 15           | (4)                    |
| Total Production   | <u>841</u>                         | <u>825</u>   | <u>16</u>              |
| Average Prices (Per Barrel)                                    |                                    |              |                        |
| Gulf Coast   | \$ 72.78                           | \$ 56.19     | \$ 16.59               |
| West Coast   | 70.32                              | 48.01        | 22.31                  |
| Appalachia   | 84.05                              | 69.06        | 14.99                  |
| Weighted Average   | 70.94                              | 49.66        | 21.28                  |
| Weighted Average after Hedging                                 | 74.53                              | 64.34        | 10.19                  |
| Total Production (MMcfe)                                       | <u>11,534</u>                      | <u>9,569</u> | <u>1,965</u>           |
| <b><u>Selected Operating Performance Statistics:</u></b>       |                                    |              |                        |
| General & Administrative Expense per Mcfe <sup>(1)</sup>       | \$ 0.74                            | \$ 0.74      | \$ -                   |
| Lease Operating Expense per Mcfe <sup>(1)</sup>                | \$ 1.27                            | \$ 1.63      | \$ (0.36)              |
| Depreciation, Depletion & Amortization per Mcfe <sup>(1)</sup> | \$ 2.07                            | \$ 2.42      | \$ (0.35)              |

<sup>(1)</sup> Refer to page 13 for the General and Administrative Expense, Lease Operating Expense and Depreciation, Depletion, and Amortization Expense for the Exploration and Production segment.

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**EXPLORATION AND PRODUCTION INFORMATION**

**Hedging Summary for the Remaining Nine Months of Fiscal 2010**

| <u>SWAPS</u> | <u>Volume</u> | <u>Average Hedge Price</u> |
|--------------|---------------|----------------------------|
| Oil          | 1.4 MMBBL     | \$74.63 / BBL              |
| Gas          | 11.7 BCF      | \$6.90 / MCF               |

**Hedging Summary for Fiscal 2011**

| <u>SWAPS</u> | <u>Volume</u> | <u>Average Hedge Price</u> |
|--------------|---------------|----------------------------|
| Oil          | 0.9 MMBBL     | \$68.72 / BBL              |
| Gas          | 12.6 BCF      | \$7.22 / MCF               |

**Hedging Summary for Fiscal 2012**

| <u>SWAPS</u> | <u>Volume</u> | <u>Average Hedge Price</u> |
|--------------|---------------|----------------------------|
| Oil          | 0.3 MMBBL     | \$62.95 / BBL              |
| Gas          | 8.8 BCF       | \$7.49 / MCF               |

**Gross Wells in Process of Drilling**  
**Quarter Ended December 31, 2009**

|   | <u>Gulf</u> | <u>West</u> | <u>East</u>            |                       | <u>Total Company</u> |
|---|-------------|-------------|------------------------|-----------------------|----------------------|
|   |             |             | <u>Marcellus Shale</u> | <u>Upper Devonian</u> |                      |
| <b>Wells in Process - Beginning of Period</b> |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 25.00                  | 22.00                 | 47.00                |
| Developmental                                 | 0.00        | 0.00        | 3.00                   | 68.00                 | 71.00                |
| <b>Wells Commenced</b>                        |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 11.00                  | 5.00                  | 16.00                |
| Developmental                                 | 0.00        | 11.00       | 0.00                   | 31.00                 | 42.00                |
| <b>Wells Completed</b>                        |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 1.00                   | 3.00                  | 4.00                 |
| Developmental                                 | 0.00        | 10.00       | 2.00                   | 41.00                 | 53.00                |
| <b>Wells Plugged &amp; Abandoned</b>          |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 0.00                   | 0.00                  | 0.00                 |
| Developmental                                 | 0.00        | 0.00        | 0.00                   | 2.00                  | 2.00                 |
| <b>Wells in Process - End of Period</b>       |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 35.00                  | 24.00                 | 59.00                |
| Developmental                                 | 0.00        | 1.00        | 1.00                   | 56.00                 | 58.00                |

**Net Wells in Process of Drilling**  
**Quarter Ended December 31, 2009**

|   | <u>Gulf</u> | <u>West</u> | <u>East</u>            |                       | <u>Total Company</u> |
|---|-------------|-------------|------------------------|-----------------------|----------------------|
|   |             |             | <u>Marcellus Shale</u> | <u>Upper Devonian</u> |                      |
| <b>Wells in Process - Beginning of Period</b> |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 19.50                  | 20.00                 | 39.50                |
| Developmental                                 | 0.00        | 0.00        | 2.00                   | 67.00                 | 69.00                |
| <b>Wells Commenced</b>                        |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 8.00                   | 5.00                  | 13.00                |
| Developmental                                 | 0.00        | 9.36        | 0.00                   | 31.00                 | 40.36                |
| <b>Wells Completed</b>                        |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 1.00                   | 2.00                  | 3.00                 |
| Developmental                                 | 0.00        | 8.36        | 1.50                   | 41.00                 | 50.86                |
| <b>Wells Plugged &amp; Abandoned</b>          |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 0.00                   | 0.00                  | 0.00                 |
| Developmental                                 | 0.00        | 0.00        | 0.00                   | 2.00                  | 2.00                 |
| <b>Wells in Process - End of Period</b>       |             |             |                        |                       |                      |
| Exploratory                                   | 0.00        | 0.00        | 26.50                  | 23.00                 | 49.50                |
| Developmental                                 | 0.00        | 1.00        | 0.50                   | 55.00                 | 56.50                |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

**Pipeline & Storage Throughput - (millions of cubic feet - MMcf)**

|                                      | Three Months Ended<br>December 31, |                |                        |
|--------------------------------------|------------------------------------|----------------|------------------------|
|                                      | 2009                               | 2008           | Increase<br>(Decrease) |
| Firm Transportation - Affiliated     | 30,176                             | 33,735         | (3,559)                |
| Firm Transportation - Non-Affiliated | 50,463                             | 68,518         | (18,055)               |
| Interruptible Transportation         | 755                                | 1,619          | (864)                  |
|                                      | <u>81,394</u>                      | <u>103,872</u> | <u>(22,478)</u>        |

**Utility Throughput - (MMcf)**

|                   | Three Months Ended<br>December 31, |               |                        |
|-------------------|------------------------------------|---------------|------------------------|
|                   | 2009                               | 2008          | Increase<br>(Decrease) |
| Retail Sales:     |                                    |               |                        |
| Residential Sales | 16,824                             | 18,166        | (1,342)                |
| Commercial Sales  | 2,490                              | 2,911         | (421)                  |
| Industrial Sales  | 158                                | 143           | 15                     |
|                   | <u>19,472</u>                      | <u>21,220</u> | <u>(1,748)</u>         |
| Off-System Sales  | 356                                | 512           | (156)                  |
| Transportation    | 17,061                             | 17,473        | (412)                  |
|                   | <u>36,889</u>                      | <u>39,205</u> | <u>(2,316)</u>         |

**Energy Marketing Volumes**

|                    | Three Months Ended<br>December 31, |        |                        |
|--------------------|------------------------------------|--------|------------------------|
|                    | 2009                               | 2008   | Increase<br>(Decrease) |
| Natural Gas (MMcf) | 14,101                             | 13,136 | 965                    |

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES  
FISCAL 2010 EARNINGS GUIDANCE AND SENSITIVITY**

| <u>Fiscal 2010 (Diluted earnings per share guidance*)</u> | <u>Earnings per share sensitivity to changes<br/>from prices used in guidance* ^</u> |                                 |          |                               |          |
|---|--|---------------------------------|----------|-------------------------------|----------|
|   | <u>Earnings Range</u>  | <u>\$1 change per MMBtu gas</u> |          | <u>\$5 change per Bbl oil</u> |          |
|   |  | Increase                        | Decrease | Increase                      | Decrease |
| Consolidated Earnings                                     | \$2.40 - \$2.70  | + \$0.06                        | - \$0.06 | + \$0.04                      | - \$0.04 |

\* Please refer to forward looking statement footnote beginning at page 6 of this document.

^ This sensitivity table is current as of February 5, 2010 and only considers revenue from the Exploration and Production segment's crude oil and natural gas sales. This revenue is based upon pricing used in the Company's earnings forecast. For its fiscal 2010 earnings forecast, the Company is utilizing flat NYMEX equivalent commodity pricing, exclusive of basis differential, of \$5 per MMBtu for natural gas and \$75 per Bbl for crude oil. The sensitivities will become obsolete with the passage of time, changes in Seneca's production forecast, changes in basis differential, as additional hedging contracts are entered into, and with the settling of hedge contracts at their maturity.

**NATIONAL FUEL GAS COMPANY  
AND SUBSIDIARIES**

| <b><u>Quarter Ended December 31 (unaudited)</u></b>           | <u>2009</u>             | <u>2008</u>             |
|---|-------------------------|-------------------------|
| Operating Revenues  | <u>\$ 457,011,000</u>   | <u>\$ 607,163,000</u>   |
| Net Income (Loss) Available for Common Stock                  | <u>\$ 64,499,000</u>    | <u>\$ (42,678,000)</u>  |
| Earnings (Loss) Per Common Share:                             |                         |                         |
| Basic   | <u>\$ 0.80</u>          | <u>\$ (0.54)</u>        |
| Diluted   | <u>\$ 0.78</u>          | <u>\$ (0.53)</u>        |
| Weighted Average Common Shares:                               |                         |                         |
| Used in Basic Calculation                                     | <u>80,612,303</u>       | <u>79,289,005</u>       |
| Used in Diluted Calculation                                   | <u>82,172,649</u>       | <u>80,167,893</u>       |
| <br><b><u>Twelve Months Ended December 31 (unaudited)</u></b> |                         |                         |
| Operating Revenues  | <u>\$ 1,907,701,000</u> | <u>\$ 2,439,256,000</u> |
| Net Income Available for Common Stock                         | <u>\$ 207,885,000</u>   | <u>\$ 155,446,000</u>   |
| Earnings Per Common Share:                                    |                         |                         |
| Basic   | <u>\$ 2.60</u>          | <u>\$ 1.91</u>          |
| Diluted   | <u>\$ 2.56</u>          | <u>\$ 1.87</u>          |
| Weighted Average Common Shares:                               |                         |                         |
| Used in Basic Calculation                                     | <u>79,983,513</u>       | <u>81,217,898</u>       |
| Used in Diluted Calculation                                   | <u>81,156,966</u>       | <u>83,112,216</u>       |