NATIONAL FUEL GAS CO
Form DEF 14A
January 18, 2013

# UNITED STATES

# SECURITIES AND EXCHANGE COMMISSION

**Washington, D.C. 20549**

# SCHEDULE 14A

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE**

**SECURITIES EXCHANGE ACT OF 1934**

Filed by the Registrant þ Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

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¨ Definitive Additional Materials

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# NATIONAL FUEL GAS COMPANY

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# NATIONAL FUEL GAS COMPANY

**Notice of Annual Meeting**

**and**

**Proxy Statement**

**Annual Meeting of Stockholders**

**to be held on**

**March 7, 2013**

**2013 Proxy Statement Overview & Summary**

This overview and summary includes certain business performance information and highlights information contained elsewhere in this proxy statement. This overview and summary does not contain all of the information that you should consider, and you should read the Company s Summary Annual Report and Form 10-K and this entire proxy statement carefully before voting.

**Annual Meeting Voting Matters**

The table below summarizes the matters that will be subject to the vote of stockholders at the 2013 Annual Meeting of Stockholders of National Fuel Gas Company:

| Management Proposals | Board Vote Recommendation | Page Number (for additional details) |
|---|---|---|
| 1. Election of Directors | FOR ALL NOMINEES | Page 4 |
| 2. Ratification of Auditor | FOR | Page 63 |
| 3. Advisory Approval of Executive Compensation | FOR | Page 64 |

**Annual Meeting of Stockholders**

| | | |
|---|---|---|
| Ø | Time and Date | March 7, 2013 at 9:30 a.m. local time |
| Ø | Location | The Ritz-Carlton, Naples<br>280 Vanderbilt Beach Road<br>Naples, FL 34108 |
| Ø | Record Date | January 7, 2013 |
| Ø | Voting Details | Stockholders as of the record date are entitled to one vote for each share of common stock for each director nominee and each other proposal to be voted. |
| Ø | Voting Deadline | Votes must be received by March 6, 2013.<br><u>For employee benefit plans</u> votes must be received by March 4, 2013. |

**Overview of Business Performance and Long-Term Strategic Initiatives**

In 2012, the Company s Board of Directors and executives continued to focus on long-term shareholder value. Fiscal year financial results were impacted by the twin headwinds of decades-low natural gas prices affecting several major subsidiaries and the warmest winter on record in the Company s natural gas utility service territory. However, increased crude oil and natural gas production, along with improvement in the Company s midstream businesses as a result of significant capital investments in prior years helped to mitigate the impact of these forces. Long-term planning across our diversified business model has been, and will continue to be, a key contributing factor to the Company s ability to weather short-term trends and circumstances, while steadily capitalizing on opportunities for continued success.

**2012 Financial and Operating Highlights:**

*Dividend:* In June, the Company s annual dividend rate was increased by 2.8% to $1.46 per share, marking the 42nd year of consecutive dividend increases and 110th year of uninterrupted dividend payments.

*Production:* Seneca Resources Corporation ( Seneca ), the Company s exploration and production subsidiary, increased its total natural gas and crude oil production to 83.4 billion cubic feet equivalent ( Bcfe ) (of natural gas), or 23% compared to the prior year.

*Natural Gas & Crude Oil Reserves:* At the end of fiscal 2012, Seneca increased its proved reserves of natural gas and crude oil to 1.246 trillion cubic feet equivalent ( Tcfe ), an improvement of 33% from the prior year.

*Pipeline Projects:* In the Pipeline & Storage segment, net income increased by $29.0 million, or 92%, largely as a result of the completion of two major pipeline expansion projects, the Tioga County Extension Project (designed to move Marcellus Shale production to Canada and the Northeast United States) and the Line N 2011 expansion (designed to transport Marcellus Shale production to major domestic markets), as well as a new rate case settlement.

*Performance:* Total shareholder return ( TSR ) for the five-year period ended September 30, 2012 was 33% versus the 34% median of our 2012 Hay peer group, putting our performance in line with that of our selected peers.

**2012 Long-Term Strategic Results**

National Fuel s capital intensive operations require a focus on strategic initiatives and projects that may take several years from business planning through completion. The results of this focus include:

*Pipeline Expansion:* In the Pipeline & Storage segment, we commenced construction on two new major pipeline expansions, the Northern Access Expansion and the Line N 2012 Expansion. Both of these projects went into service in the first quarter of fiscal 2013. These projects, combined with the phase-in of previously completed projects, are expected to add more than $20 million in revenue to the Pipeline & Storage segment in fiscal 2013.

*Acreage Evaluation:* Seneca continued to delineate its 775,000 net acres prospective for the Marcellus Shale, while also drilling its first two horizontal evaluation wells in areas that are prospective for the emerging Utica Shale.

*New Crude Oil Opportunities:* Seneca acquired a modest acreage position in the emerging Mississippian Lime field in Kansas and negotiated a farm-in agreement in an oil field near its existing California assets.

*Developing New Pipeline Routes:* National Fuel Gas Supply Corporation ( Supply ), Empire Pipeline, Inc. ( Empire ), and National Fuel Gas Midstream Corporation ( Midstream ) continue to aggressively pursue opportunities to expand their pipeline infrastructure to serve the rapid growth in volumes of natural gas and natural gas liquids being produced from the Marcellus and Utica shales in Appalachia.

**Proposal 1 Nominees for Election as Directors**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES FOR THE BOARD OF DIRECTORS**

**David C. Carroll** Age 56 Independent Director since June 2012

*Principal Occupation:* President and CEO of Gas Technology Institute (GTI)

*Expertise:* Leadership, Industry

*Committee Memberships:* Nominating/Corporate Governance

As a highly respected, nationally recognized leader with a multi-faceted knowledge of the natural gas industry, Mr. Carroll brings both industry and leadership experience to the Board. His technical expertise on unconventional gas production, transmission and distribution pipeline integrity, and end-use technologies is directly relevant to the Company s business operations. In addition, Mr. Carroll s involvement in both the domestic and international natural gas communities provides the Board with a broad perspective on emerging issues.

**Craig G. Matthews** Age 69 Independent Director since 2005

*Principal Occupation:* Former President, Chief Executive Officer and Director of NUI Corporation and Former Vice Chairman, Chief Operating Officer and Director of Keyspan Corporation

*Expertise:* Leadership, Industry, Financial Expert

*Committee Memberships:* Audit (Chair), Executive

Mr. Matthews substantial background in the energy industry, having acquired executive, managerial and financial experience with KeySpan and NUI Corporation over 37 years, particularly in applying accounting principles and financial strategy to issues affecting energy companies, make him highly qualified to serve as Chairman of the Company s Audit Committee. Mr. Matthews qualifies as an audit committee financial expert under the Securities and Exchange Commission Rules. During his career, Mr. Matthews has held responsibilities in the areas of marketing, information systems, engineering, finance, and strategic planning functions.

**David F. Smith** Age 59 Director since 2007

*Principal Occupation:* Chairman of the Board and Chief Executive Officer of National Fuel Gas Company *Expertise:* Leadership, Industry, Regional

*Committee Memberships:* Executive (Chair)

Mr. Smith has been employed by the Company since 1978 and during his tenure has served as President of the Company s Pipeline & Storage and Utility subsidiaries, as well as Chairman of Seneca. He has a long history of active participation in industry groups that tackle many of the most important issues facing our industry. These experiences provide the strong foundation for his role as the strategic leader of the Company. Also, Mr. Smith has deep ties to Western New York, the location of the Company s headquarters and a number of its significant business operations.

*For full details, please see pages 4 to 6*

**Proposal 2 Ratification of Auditors**
**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THIS APPOINTMENT**

As a matter of good governance, it is important that stockholders vote to ratify the selection of PricewaterhouseCoopers LLP as the Company s independent auditors for fiscal 2013.

*For full details, please see page 63*

**Addressing the 2012 Advisory Approval of Executive Compensation and Stockholder Feedback**

The 2012 Say-on-Pay advisory vote yielded a result of 73% of votes cast in support of the compensation of the Company s named executive officers. To be proactive in our stockholder engagement, members of Company management held meetings during the summer of 2012 with some of the Company s largest stockholders to obtain feedback on our compensation program, among other topics. This engagement, representing more than 20% of our shares outstanding as of September 30, 2012, facilitated important dialogue in which we gathered various viewpoints.

While 2012 compensation for executives was set prior to the 2012 advisory vote and stockholder engagement efforts, it is important to note that the Compensation Committee of the Company s Board of Directors has incorporated stockholder feedback in its setting of fiscal 2013 compensation. Specifically, on December 19, 2012, the Compensation Committee granted restricted stock units subject to a performance condition under the Company s 2010 Equity Compensation Plan to the named executive officers. The Committee s action represents a change from its practice in prior fiscal years including fiscal 2012 where the Committee utilized a cash based program for a portion of long-term incentive compensation. The compensation program will be subject to further review and possible amendment in fiscal 2013.

Management and the Board consider it important to maintain a program of ongoing stockholder engagement, communication, and transparency, and as a result, the Company plans to continue to build upon these efforts in fiscal 2013.

**Peer Selection Continually Evolves**

For the purpose of benchmarking 2012 performance and establishing 2013 compensation, the Compensation Committee exercised its business judgment, with the advice of independent compensation consultant The Hay Group to modify the peer group listed in the Compensation Discussion and Analysis ( CD&A ) of this Proxy as set forth below. Specifically, Ultra Petroleum Corporation was added in place of Southern Union Company due to Southern Union s acquisition by another entity in 2012. The Committee believes that Ultra Petroleum Corporation is an appropriate addition to the peer group due to its exploration and production operations in the Marcellus Shale and the Company s continuing focus on its own Marcellus Shale assets.

| | **Hay Group 2012 Peer Companies** | **Exploration & Production** | **Natural Gas Utility** | **Pipeline & Storage** |
|---|---|---|---|---|
| 1 | **AGL Resources Inc.** | | X | X |
| 2 | **Atmos Energy Corporation** | | X | X |
| 3 | **Cabot Oil & Gas Corporation** | X | | |
| 4 | **Energen Corporation** | X | X | |
| 5 | **EQT Corporation** | X | X | X |
| 6 | **MDU Resources, Inc.** | X | X | X |
| 7 | **New Jersey Resources Corporation** | | X | X |
| 8 | **Northwest Natural Gas Company** | | X | X |
| 9 | **Questar Corporation** | X | X | X |
| 10 | **Quicksilver Resources, Inc.** | X | | |
| 11 | **Range Resources Corporation** | X | | |
| ~~12~~ | ~~**Southern Union Company**~~ | | ~~X~~ | ~~X~~ |
| 12 | **Southwest Gas Corporation** | | X | |
| 13 | **St. Mary Land & Exploration Company** | X | | |
| 14 | **UGI Corporation** | | X | |
| ***15*** | ***Ultra Petroleum Corporation*** | ***X*** | | |
| 16 | **Whiting Petroleum Corporation** | X | | |
| | **TOTAL** | **10** | **10** | **7** |

**Compensation Summary and Overview**

**Objectives of the Compensation Committee**

When setting compensation for the Company s executives, the Compensation Committee s primary goal is to provide balanced incentives for creating value for stockholders in both the near-term and long-term. In order for this to occur, the Committee awards a combination of cash and equity components that are designed to:

- Ø Focus management efforts on both near-term and long-term drivers of shareholder value
- Ø Tie a significant portion of executive compensation to long-term total shareholder returns by linking a significant portion of an executive officer s potential compensation to the future price of the Company s Common Stock
- Ø Attract, motivate, reward and retain management talent in the highly competitive energy industry in order to achieve the objectives that contribute to the overall success of the Company

**Elements of Compensation**

Executive compensation for fiscal 2012 was set early in the fiscal year, prior to the voting results at the 2012 Annual Meeting of Stockholders held in March of 2012. After meeting with many of our largest stockholders during the summer of 2012 and obtaining valuable feedback, the long-term incentive component of the compensation program has been amended to change the cash incentive to an equity incentive. The compensation program will be subject to further review and possible amendment in fiscal 2013. The Company intends to continue to maintain a dialogue with its stockholders on compensation.

The main elements of the 2012 executive compensation program are as follows:

- Ø *Base Salary (Cash)* Provides a predictable base compensation for day-to-day job performance
- Ø *Short-Term Performance Incentives (Cash)* Utilizes metrics specific to each executive in order to motivate them to deliver near-term results for stockholders, generally over a period that is no longer than two years
- Ø *Long-Term Performance Incentives (Equity & Cash)* Intends to focus the attention of executives on delivering long-term shareholder value and maintaining a significant personal investment in the Company through stock ownership

**Other Key Compensation Features**

- Ø The Company does not provide tax gross-ups
- Ø Executive officers and other officers are required to meet stock ownership guidelines that range from one to four times base salary
- Ø Equity incentive plans prohibit the repricing or exchange of equity awards without stockholder approval
- Ø The Committee has engaged two independent compensation consultants to assist in setting compensation
- Ø All change-in-control agreements are double triggered

**2012 Named Executive Officer Compensation**

**Distinguishing Awarded Pay from Reported Pay**

In reviewing our executive compensation, it is important to distinguish the reported compensation provided to our named executive officers in fiscal 2012 from the compensation that was actually paid or is expected to be paid to them for fiscal 2012 performance. We have provided an additional compensation table below in order to distinguish the annual short-term cash incentive from the 3-year long-term cash incentive and to remove the volatile, significant effects of changes in actuarial assumptions on the value of the named executive officers pension benefits disclosed in the 2012 Summary Compensation Table. This Awarded Pay table is not a substitute for the Summary Compensation Table, which can be found at page 41 in this proxy statement.

| Name and Principal Position | Year | Salary ($) | Short-Term Cash Incentive ($) | Long-Term Cash Incentive * ($) | Stock Awards ($) | Equity Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| **David F. Smith** | 2012 | 880,000 | 1,073,160 | 1,178,800 | 550,900 | 448,008 | 151,211 | 4,282,079 |
| Chairman and Chief Executive Officer | 2011 | 835,000 | 1,457,075 | 1,091,232 | 598,734 | 574,838 | 171,440 | 4,728,319 |
| of the Company | 2010 | 772,500 | 1,317,499 | 1,010,880 | 0 | 1,507,675 | 159,235 | 4,767,789 |
| **David P. Bauer** | 2012 | 293,750 | 215,000 | 67,360 | 68,863 | 56,001 | 23,728 | 724,702 |
| Treasurer and Principal Financial | 2011 | 268,750 | 200,000 | 50,520 | 79,831 | 76,645 | 20,039 | 695,785 |
| Officer of the Company | 2010 | 223,413 | 140,000 | 46,656 | 0 | 48,246 | 15,395 | 473,710 |
| **Ronald J. Tanski** | 2012 | 681,000 | 640,140 | 673,600 | 344,313 | 280,005 | 96,124 | 2,715,182 |
| President and Chief Operating Officer | 2011 | 652,500 | 810,144 | 631,500 | 399,156 | 383,225 | 104,539 | 2,981,064 |
| of the Company | 2010 | 601,250 | 877,104 | 604,800 | 0 | 844,298 | 105,304 | 3,032,756 |
| **Matthew D. Cabell** | 2012 | 573,750 | 445,402 | 505,200 | 309,881 | 252,005 | 58,412 | 2,144,650 |
| President of Seneca Resources | 2011 | 547,789 | 676,060 | 404,160 | 359,241 | 344,903 | 55,962 | 2,388,115 |
| | 2010 | 503,750 | 623,617 | 388,800 | 0 | 663,377 | 52,538 | 2,232,082 |
| Corporation | | | | | | | | |
| **Anna Marie Cellino** | 2012 | 482,250 | 585,861 | 378,900 | 206,588 | 168,003 | 79,695 | 1,901,297 |
| President of National Fuel Gas | 2011 | 458,750 | 551,853 | 336,800 | 239,494 | 229,935 | 76,204 | 1,893,036 |
| Distribution Corporation | 2010 | 430,000 | 552,034 | 172,800 | 0 | 422,149 | 74,398 | 1,651,381 |

* For fiscal year 2012, Long-Term Cash Incentive represents an estimated payment for the three-year performance period ended September 30, 2012. See footnote 3 to the Summary Compensation Table for more information.

**CEO Compensation in Alignment with Peers**

The Compensation Committee understands the importance of using benchmark data that reflects information from companies with <u>comparable</u> business segments over <u>similar</u> time periods. Reflected in the chart below is The Hay Group s comparison of fiscal 2011 total direct compensation for the Company s CEO against that of CEOs in our 2012 Hay peer group. Like the Company s five-year TSR performance, discussed above, the Company s CEO total direct compensation, shown in the table below, is in line with that of our peers.

**Fiscal 2011 is the most recent complete fiscal year for which proxy statement data is available. 2012 compensation may not yet be accurately compared to peers because 2012 proxy statement data for those peers is not yet available.**

# Chairman and CEO

Compared to CEO proxy data for fiscal year 2011

| Company | Title | Sales ($M) | Total Direct Compensation Actual | Total Direct Compensation Target |
|---|---|---|---|---|
| AGL Resources, Inc. | Chairman, President & CEO | $2,338 | $3,114,877 | $4,078,477 |
| Atmos Energy Corp. | President & CEO | $4,348 | $2,948,266 | $2,953,602 |
| Cabot Oil & Gas Corp. | Chairman, President & CEO | $980 | $6,266,435 | $5,283,102 |
| Energen Corp. | Chairman, President & CEO | $1,483 | $3,603,730 | $3,379,766 |
| EQT Corp. | Chairman, President & CEO | $1,640 | $6,167,343 | $4,752,343 |
| MDU Resources Group Inc | President & CEO | $4,050 | $2,789,068 | $2,584,318 |
| New Jersey Resources Corp. | Chairman, President & CEO | $3,009 | $2,929,082 | $2,798,536 |
| Northwest Natural Gas Co. | President & CEO | $849 | $1,404,063 | $1,416,605 |
| Questar Corp. | President & CEO | $1,194 | $2,998,629 | $2,597,634 |
| Quicksilver Resources Inc | President & CEO | $944 | $4,457,045 | $4,692,507 |
| Range Resources Corp. | Chairman & CEO | $1,214 | $7,836,123 | $7,045,508 |
| SM Energy Co | President & CEO | $1,383 | $5,192,950 | $4,843,592 |
| Southwest Gas Corp. | CEO | $1,887 | $2,076,763 | $2,000,863 |
| UGI Corp. | Chairman & CEO | $6,091 | $6,280,268 | $6,416,941 |
| Ultra Petroleum Corp. | Chairman, President & CEO | $1,315 | $5,731,250 | $4,893,750 |
| Whiting Petroleum Corp. | Chairman & CEO | $1,883 | $6,706,117 | $5,612,291 |
| Summary Statistics | | | | |
| 75th Percentile | | $2,506 | $6,192,116 | $4,991,088 |
| Average | | $2,163 | $4,406,376 | $4,084,365 |
| Median | | $1,562 | $4,030,388 | $4,385,492 |
| 25th Percentile | | $1,209 | $2,943,470 | $2,748,311 |
| National Fuel Gas Company | Chairman & CEO | $1,779 | $4,230,647 | $3,608,572 |
| *Percentile Rank* | | *57%* | *52%* | *42%* |

**Total Direct Compensation = base salary + bonus + long-term incentives (target value for cash and grant date value for equity)**



**Changes to the 2013 Compensation Program Based on Stockholder Feedback**

The following are changes that were implemented for 2013 based on comments received while engaging stockholders for feedback on the Company s compensation program:

Ø Shift of long term incentive from a combination of cash and equity to solely equity

Ø Multiple types of equity awards

Ø Performance conditions associated with certain types of equity awards

**Proposal 3 Advisory Approval of Executive Compensation**

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY S EXECUTIVE COMPENSATION**

This proposal allows stockholders to take part in a non-binding, advisory vote to approve the compensation of the Company s named executive officers.

From a near-term perspective, fiscal 2012 was a difficult year given decades-low natural gas prices and the warmest winter on record, which most significantly impacted the performance of our Exploration and Production segment. Our one-year TSR was 14.21% at the $38^{th}$ percentile of our 2012 Hay peer group. Our CEO s annual short-term cash incentive decreased by 26% from the prior fiscal year, reflecting the impact of these factors on his Consolidated Earnings Per Share goal, Production Volume goal, and Marcellus Shale Production goal. Similarly, the annual short-term cash incentive of our President and Chief Operating Officer and the President of our Exploration and Production subsidiary decreased by 21% and 34%, respectively, from the prior fiscal year. For all named executive officers the annual bonus amount decreased by approximately 20% in the aggregate. It is not possible to benchmark 2012 compensation against the peer group because 81% of the group maintains a fiscal year based on the calendar year, and will therefore not report 2012 compensation until months after this proxy statement is filed.

From a long-term perspective, fiscal 2012 was a year of continued focus on long-range planning and completion of capital intensive projects that we believe will pay dividends for years to come.

The Board recommends a vote FOR the advisory approval of executive compensation because it believes that the Company s compensation policies and procedures encourage a culture of pay for performance and are strongly aligned with the interests of the Company s stockholders.

*See the summary above for additional detail. For complete information on this proposal, please refer to page 64 and following.*

# NATIONAL FUEL GAS COMPANY

**6363 MAIN STREET**

**WILLIAMSVILLE, NEW YORK 14221**

January 18, 2013

Dear Stockholders of National Fuel Gas Company:

We are pleased to invite you to join us at the Annual Meeting of Stockholders of National Fuel Gas Company. The meeting will be held at 9:30 a.m. local time on March 7, 2013, at The Ritz-Carlton, Naples, 280 Vanderbilt Beach Road, Naples, Florida, 34108. The matters on the agenda for the meeting are outlined in the enclosed Notice of Annual Meeting and Proxy Statement.

So that you may elect Company directors and secure the representation of your interests at the Annual Meeting, we urge you to vote your shares. The preferred methods of voting are either by telephone or by Internet as described on the proxy card. These methods are both convenient for you and reduce the expense of soliciting proxies for the Company. If you prefer not to vote by telephone or the Internet, please complete, sign and date your proxy card and mail it in the envelope provided. The Proxies are committed by law to vote your shares as you instruct on the proxy card, by telephone or by Internet. **The absence of voting instruction results in what is called a broker non-vote on those proposals. Your vote is important. Please make your voice heard by voting your shares on these important matters.**

If you plan to be present at the Annual Meeting, you may so indicate when you vote by telephone or the Internet, or you can check the WILL ATTEND MEETING box on the proxy card. Even if you plan to be present, we encourage you to promptly vote your shares either by telephone or the Internet, or to complete, sign, date and return your proxy card in advance of the meeting. If you later wish to vote in person at the Annual Meeting, you can revoke your proxy by giving written notice to the Secretary of the Annual Meeting and/or the Trustee (as described on the first page of this proxy statement), and/or by casting your ballot at the Annual Meeting.

Coffee will be served at 9:00 a.m. and I look forward to meeting with you at that time.

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

Sincerely yours,

David F. Smith

*Chairman of the Board of Directors and*

*Chief Executive Officer*

# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

**to be held on March 7, 2013**

To the Stockholders of National Fuel Gas Company:

Notice is hereby given that the Annual Meeting of Stockholders of National Fuel Gas Company (the Company ) will be held at 9:30 a.m. local time on March 7, 2013 at The Ritz-Carlton, Naples, 280 Vanderbilt Beach Road, Naples, Florida, 34108. The doors to the meeting will open at 9:00 a.m. local time. At the meeting, action will be taken with respect to:

(1) the election of three directors to hold office for three-year terms as provided in the attached proxy statement and until their respective successors have been elected and qualified;

(2) ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2013;

(3) advisory approval of executive compensation;

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

Stockholders of record at the close of business on January 7, 2013, will be entitled to vote at the meeting.

By Order of the Board of Directors

Paula M. Ciprich

*General Counsel and Secretary*

January 18, 2013

**Important Notice Regarding The Availability Of Proxy Materials For The Stockholder**

**Meeting To Be Held On March 7, 2013**

**The proxy statement and summary annual report to security holders and financial statements are available at**

**proxy.nationalfuelgas.com**

**YOUR VOTE IS IMPORTANT**

**Please vote by telephone or Internet.**

**Whether or not you plan to attend the meeting, and whatever the number of shares you own, please vote your shares either by telephone or the Internet as described in the proxy/voting instruction card and reduce National Fuel Gas Company s expense in soliciting proxies. Alternatively, you may complete, sign, date and promptly**

**return the enclosed proxy/voting instruction card in the accompanying envelope, which requires no postage if mailed in the United States.**

**NATIONAL FUEL GAS COMPANY**

**6363 MAIN STREET**

**WILLIAMSVILLE, NEW YORK 14221**

# PROXY STATEMENT

# GENERAL INFORMATION

**Introduction**

This proxy statement is furnished to the holders of National Fuel Gas Company (the Company ) common stock (the Common Stock ), in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the Board of Directors or the Board ) for use at the Annual Meeting of Stockholders (the Annual Meeting ) to be held on March 7, 2013, or any adjournment or postponement thereof. This proxy statement and the accompanying proxy/voting instruction card are first being mailed to stockholders on or about January 18, 2013.

**Solicitation of Proxies**

All costs of soliciting proxies will be borne by the Company. MacKenzie Partners, Inc., 105 Madison Avenue, New York, NY 10016, has been retained to assist in the solicitation of proxies by mail, telephone, and electronic communication and will be compensated in the estimated amount of $12,500 plus reasonable out-of-pocket expenses.

**Record Date, Outstanding Voting Securities and Voting Rights**

Only stockholders of record at the close of business on January 7, 2013, will be eligible to vote at the Annual Meeting or any adjournment or postponement thereof. As of that date, 83,488,654 shares of Common Stock were issued and outstanding. The holders of 41,744,328 shares will constitute a quorum at the meeting.

Each share of Common Stock entitles the holder thereof to one vote with respect to each matter that is subject to a vote at the Annual Meeting. Shares may not be voted unless the owner is present or represented by proxy. To be represented by proxy, a stockholder can return a signed proxy card or use the telephone or Internet voting procedures. All shares that are represented by effective proxies received by the Company in time to be voted shall be voted by the authorized Proxy at the Annual Meeting or any adjournment or postponement thereof.

If you hold your shares through a broker, bank or other nominee (in street name ), you will receive instructions from them on how to vote your shares. If you do not give the broker specific instructions on how you would like your shares to be voted, your broker may nonetheless vote your shares on routine matters such as Proposal 2 Ratification of Independent Auditor. However, your broker is prohibited from voting uninstructed shares on non-routine matters such as Proposal 1 Election of Directors and Proposal 3 Advisory Approval of Executive Compensation. **The absence of voting instruction results in what is called a broker non-vote on those proposals and will not be counted. Your vote is important. Please make your voice heard by voting your shares on these important matters.**

Where stockholders direct how their votes shall be cast, shares will be voted in accordance with such directions. Proxies submitted with abstentions and broker non-votes will be included in determining whether or not a quorum is present. Abstentions and broker non-votes will not be counted in tabulating the number of votes cast on proposals submitted to stockholders and therefore will have no effect on the outcome of the votes.

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

**Revoking a Proxy**

Any stockholder giving a proxy may revoke it at any time prior to the voting thereof by mailing a revocation or a subsequent proxy to Paula M. Ciprich, General Counsel and Secretary of the Company, at the address noted below, by voting a subsequent proxy by Internet or phone, or by filing written revocation at the meeting with Ms. Ciprich, Secretary of the meeting, or by casting a ballot at the meeting. If you are an employee stockholder or retired employee stockholder, you may revoke voting instructions given to the Trustee by following the instructions under Employee and Retiree Stockholders in this proxy statement.

**Employee and Retiree Stockholders**

If you are a participant in the Company s Employee Stock Ownership Plan or any of the Company s Tax-Deferred Savings Plans (the Plans ), the proxy card will also serve as a voting instruction form to instruct Vanguard Fiduciary Trust Company (the Trustee for the Plans), as to how to vote your shares. All shares of Common Stock for which the Trustee has not received timely directions shall be voted by the Trustee in the same proportion as the shares of Common Stock for which the Trustee received timely directions, except in the case where to do so would be inconsistent with the provisions of Title I of Employee Retirement Income Security Act ( ERISA ). If the voting instruction form is returned signed but without directions marked for one or more items, regarding the unmarked items you are instructing the Trustee and the Proxies to vote FOR Proposals 1, 2 and 3. Participants in the Plan(s) may also provide those voting instructions by telephone or the Internet. Those instructions may be revoked by re-voting or by written notice to Vanguard Fiduciary Trust Company on or before March 4, 2013 in care of the following address:

To: Vanguard Fiduciary Trust Co.

c/o National Fuel Gas Company

Attn: Legal Department

6363 Main Street

Williamsville, NY 14221

**Multiple Copies of Proxy Statement**

The Company has adopted a procedure approved by the SEC called householding. Under this procedure, stockholders of record who have the same address and last name may receive only one copy of the proxy statement and the Company s annual report. However, if any stockholder wishes to revoke consent for householding and receive a separate summary annual report, financial statements or proxy statement for the upcoming Annual Meeting or in the future, he or she may telephone, toll-free, 1-800-542-1061. The stockholder will need their 12-digit Investor ID number and should simply follow the prompts. Stockholders may also write Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Stockholders sharing an address who wish to receive a single set of reports may do so by contacting their banks or brokers if they are the beneficial holders, or by contacting Broadridge at the address provided above if they are the record holders. This procedure will reduce our printing costs and postage fees, and reduce the quantity of paper arriving at your address.

Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not affect your dividend check mailings.

For additional information on householding, please see IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS in this proxy statement.

**Other Matters**

The Board of Directors does not know of any other matter that will be presented for consideration at the Annual Meeting. If any other matter does properly come before the Annual Meeting, the Proxies will vote in their discretion on such matter.

**Annual Report**

Mailed herewith is a copy of the Company s Summary Annual Report for the fiscal year ended September 30, 2012 ( fiscal 2012 ). Also enclosed are the financial statements for fiscal 2012. The Company will furnish any exhibit to the Form 10-K upon request to the Secretary at the Company s principal office, and upon payment of $5 per exhibit.

# PROPOSAL 1. ELECTION OF DIRECTORS

Three directors are to be elected at the Annual Meeting. The nominees for the three directorships are: Mr. David C. Carroll, Mr. Craig G. Matthews, and Mr. David F. Smith. Messrs. Carroll, Matthews and Smith are currently directors of the Company.

The services of Mr. Richard G. Reiten conclude at the 2013 Annual Meeting, in accordance with the provisions of the Company s Corporate Governance Guidelines on Director Age. Mr. Reiten has been a director since 2004. The Board is deeply appreciative of his industry insight and his many valuable contributions to the Company over that time.

The Company s Restated Certificate of Incorporation provides that the Board of Directors shall be divided into three classes, and that these three classes shall be as nearly equal in number as possible. (A class of directors is the group of directors whose terms expire at the same annual meeting of stockholders.) As well, the Company s Restated Certificate of Incorporation provides that any elected director shall hold office until their successors are elected and qualify, subject to prior death, resignation, retirement, disqualification or removal from office. Accordingly, Messrs. Carroll, Matthews, and Smith have been nominated for terms of three years and until their respective successors shall be elected and shall qualify.

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

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

Refer to the following pages for information concerning the three nominees for director, as well as concerning the six incumbent directors of the Company whose current terms will continue after the Annual Meeting, including information with respect to their principal occupations and certain other positions held by them.

**THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR***

**THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.**

**Nominees for Election as Directors for Three-Year Terms to Expire in 2016**

**David C. Carroll** has been President and CEO of Gas Technology Institute ( GTI ) since 2006. He joined GTI in 2001 as Vice President of Business Development. From 1996 to 2001, he worked for Praxair, Inc., serving as Director of Business Development from 1999 to 2001. Prior to that, Mr. Carroll held positions of increasing responsibility with Liquid Carbonic Industries, a subsidiary of Chicago Bridge & Iron, from 1994 to 1996, and Air Products and Chemicals, Inc. from 1980 to 1994. All of these companies are industrial gas producers and manufacturers. Mr. Carroll has served on the board of Versa Power Systems, Inc. since 2006. He is a member of the Society of Gas Lighting, and the Executives Club of Chicago. He is also Chairman of the steering committee for the 17th International Conference and Exhibition on Liquified Natural Gas in Houston (2013) and will become President of the International Gas Union as the United States prepares to host the 2018 World Gas Conference in Washington, D.C. Mr. Carroll earned a B.S. in Chemical Engineering from the University of Pittsburgh, an MBA from Lehigh University, and has completed the Stanford Executive Program at Stanford University s Graduate School of Business. Mr. Carroll, 56, has served as an independent director for the Company since June 2012.

As a highly respected, nationally recognized leader with a multi-faceted knowledge of the natural gas industry, Mr. Carroll brings both industry and leadership experience to the Board. His technical expertise on unconventional gas production, transmission and distribution pipeline integrity, and end-use technologies is directly relevant to the Company s business operations. In addition, Mr. Carroll s involvement in both the domestic and international natural gas communities provides the Board with a broad perspective on emerging issues.

**Craig G. Matthews** was President, Chief Executive Officer and Director of NUI Corporation, a diversified energy company acquired by AGL Resources Inc. on November 30, 2004, from February 2004 to December 2004. In addition, he was Vice Chairman, Chief Operating Officer and Director of KeySpan Corporation ( KeySpan , previously Brooklyn Union Gas Co.), a natural gas utility company, from March 2001 to March 2002, and held various positions over a 36 year career at KeySpan, including Executive Vice President, and Chief Financial Officer. He was also a Director of KeySpan as well as its exploration and production subsidiary Houston Natural Gas Co. He has been a Director of Hess Corporation (formerly Amerada Hess Corporation) since 2002, and a Board member of Republic Financial Corporation since May 2007. Mr. Matthews is a Member and Former Chairman of the Board of Trustees, Polytechnic Institute of New York University, and is a member of the National Advisory Board for the Salvation Army as well as the founding Chairman of the New Jersey Salvation Army Board. He received his B.S. in Civil Engineering from Rutgers in 1965, and completed his M.S. in Industrial Management at Brooklyn Polytechnic University. He also holds a Doctor of Engineering (Honorary) from NYU/POLY received in 2009. Mr. Matthews, 69, has been a Company director since 2005.

Mr. Matthews substantial background in the energy industry, including executive, managerial and financial experience with KeySpan and NUI Corporation over 37 years, and particularly his experience in applying accounting principles and developing financial strategy at energy companies, make him highly qualified for his service as Chairman of the Company s Audit Committee. As more fully described in the Audit Committee discussion on page 10, Mr. Matthews qualifies as an audit committee financial expert under the Securities and Exchange Commission Rules. During his career, Mr. Matthews has had responsibilities in the areas of marketing, information systems, engineering, finance, and strategic planning.

**David F. Smith** has been Chairman of the Board of the Company since March 11, 2010, and Chief Executive Officer of the Company since February 2008. Mr. Smith has been Chairman of National Fuel Gas Distribution Corporation (1), and National Fuel Gas Supply Corporation (1) since March of 2008, and Chairman of Empire Pipeline, Inc. (1) and Seneca Resources Corporation (1) since April 2008. He was previously President of the Company from February 2006 to June 2010 and Vice President from April 2005 to February 2006, President from April 2005 to July 2008 and Senior Vice President from June 2000 to April 2005 of National Fuel Gas Supply Corporation (1), and President from July 1999 to April 2005 and Senior Vice President from January 1993 to July 1999 of National Fuel Gas Distribution Corporation (1). Mr. Smith was also President of Empire State Pipeline (1) from April 2005 through July 2008, and President or Chairman of various non-regulated subsidiaries of the Company. He is a Board member of the American Gas Association ( AGA ) (Executive Committee), American Gas Foundation, Gas Technology Institute (Executive Committee), the Business Council of New York State (Chairman and member of the Executive Committee), the Buffalo Niagara Enterprise (immediate past Chairman and member of the Executive Committee), the State University of New York at Buffalo Law School Dean s Advisory Council and The Buffalo Sabres Foundation. Mr. Smith holds a Bachelor of Arts in Political Science from the State University of New York at Fredonia, as well as a Juris Doctorate from the State University of New York at Buffalo School of Law. Mr. Smith, 59, has been a Company director since 2007.

Mr. Smith has been employed by the Company since 1978, and during his tenure has served as President of the Company s pipeline and storage, and utility subsidiaries, and Chairman of Seneca Resources Corporation. He has a long and active participation in industry groups that tackle important

(1) Wholly-owned subsidiary of the Company

5

issues facing our industry. These experiences provide the foundation for his role as the strategic leader of the Company. Also, Mr. Smith has deep ties to Western New York, the location of the Company s corporate headquarters and a number of its significant business operations.

**Directors Whose Terms Expire in 2014**

**Robert T. Brady** is the Executive Chairman of Moog Inc. ( Moog ), a worldwide designer, manufacturer and integrator of precision control components and systems. Mr. Brady was Chief Executive Officer of Moog from 1988 to December 1, 2011 and he has been a Moog Board member since 1984. He was President of Moog from 1988 until December 2010. He is also a Director of Astronics Corporation and M&T Bank Corporation and was a director of Seneca Foods Corporation until August 2011. Mr. Brady was named to the UB Council (State University of New York at Buffalo) in January of 2008, is a member of the Governor s Regional Economic Development Council of Western New York and is also a member of the Board of the Buffalo Niagara Partnership. Mr. Brady holds a B.S. in Mechanical Engineering from the Massachusetts Institute of Technology and an M.B.A. from the Harvard University School of Business Administration. He also served as an officer in the U.S. Navy. He is the Lead Independent Director of the Company s Board of Directors and, as such, chairs the regular executive sessions of non-management directors. He is also the designated contact for stockholders and other interested parties to communicate with the non-management directors on the Board. Mr. Brady, 72, has been a Company director since 1995.

Mr. Brady brings to the Board strong business and leadership insight from his experience at a publicly-traded company, having been with Moog since 1966 in positions that have encompassed finance, production and operations management, and also from having served as an officer in the U.S. Navy. He is the Company s only independent director who is currently an executive at a publicly-traded company, which brings a unique and important perspective to the Board.

**Rolland E. Kidder** was the founder of Kidder Exploration, Inc., an independent Appalachian oil and gas company, and was Chairman and President from 1984 to 1994. Mr. Kidder is also a former Director of the Independent Oil and Gas Association of New York and the Pennsylvania Natural Gas Association both Appalachian-based energy associations. He was a Trustee of the New York Power Authority from 1982 to 1993, an investment advisor for P.B. Sullivan & Co., Inc. from 1994 to 2001 and Executive Director of the Robert H. Jackson Center, Inc., in Jamestown, New York, from 2002 to 2006. Mr. Kidder holds a B.A. from Houghton College, and a Juris Doctorate from the State University of New York at Buffalo School of Law. Mr. Kidder, 72, has been a Company director since 2002.

As the founder and former president of an Appalachian producer, Mr. Kidder brings to the Board his knowledge and experience of the exploration and production business in Appalachia. His past directorships of both Pennsylvania and New York based independent producer associations also contribute to that industry knowledge. Mr. Kidder has worked and lives in a small town, in a rural area of the Company s utility service territory. His local knowledge helps the Board understand the perspective of the Company s retail utility customers and the Company s retail stockholders, many of whom are also utility customers and who represent a significant portion of the Company s stockholder ownership.

**Frederic V. Salerno** is a director of GGCP, Inc., a company controlled by Mario Gabelli and one of several affiliated investment management entities that hold, in the aggregate, a significant stake in the Company. Since 2006, Mr. Salerno has also served as Senior Advisor to New Mountain Capital, L.L.C., an investment manager ( New Mountain ). Mr. Salerno retired as Vice Chairman and Chief Financial Officer of Verizon, Inc. ( Verizon ) in September 2002 after more than 37 years in the telecommunications industry. He was Senior Vice Chairman and Chief Financial Officer of Verizon prior to the Bell Atlantic/GTE merger, which created Verizon. Mr. Salerno joined New York Telephone in 1965, became Vice President in 1983 and was appointed President and Chief Executive Officer in 1987 (NY Telephone became Bell Atlantic in 1997). He also served as President, and currently serves as Trustee, of the Inner City Scholarship Fund. In addition, he was Chairman of the Board of Trustees of the State University of New York from 1990 to 1996. Mr. Salerno is a Director of Akamai Technologies, Inc., Intercontinental

Exchange, Inc., Viacom, Inc., and CBS Corporation and was a Director of Bear Stearns & Co., Inc., from 1993 to 2008, Consolidated Edison, Inc. from 2002 to 2006, and was Chairman of the Board of Orion Power Holdings from 2000 to 2002. Mr. Salerno holds a B.S. in Engineering from Manhattan College and an M.B.A. from Adelphi University. Mr. Salerno, 69, has been a Company director since 2008.

Mr. Salerno was nominated and elected to the Board in 2008 pursuant to a now-expired agreement with New Mountain, which at that time held a significant ownership position in your Company. The Board chose to nominate Mr. Salerno for another term although it was under no obligation to do so. Mr. Salerno provides to the Board a particular perspective of an institutional stockholder. As the former Chief Financial Officer of Verizon and Bell Atlantic, Mr. Salerno brings extensive financial expertise to the Board. Further, Mr. Salerno s years of experience in the telecommunications industry provide the Board with an additional perspective from a regulated business outside the natural gas industry. In addition, Mr. Salerno s experience serving on boards for a variety of major public companies provides the Company with a perspective from other industries.

**Directors Whose Terms Expire in 2015**

**Philip C. Ackerman** was Chief Executive Officer of the Company from October 2001 to February 2008, Chairman of the Board of the Company from January 2002 to March, 2010, President of the Company from July 1999 to February 2006, Senior Vice President of the Company from June 1989 to July 1999 and Vice President of the Company from 1980 to June 1989. He was also President of National Fuel Gas Distribution Corporation (1) from October 1995 to July 1999 and Executive Vice President from June 1989 to October 1995, Executive Vice President of National Fuel Gas Supply Corporation (1) from October 1994 to March 2002, President of Seneca Resources Corporation (1) from June 1989 to October 1996, President of Horizon Energy Development, Inc. (1) from September 1995 to March 2008 and President of certain other non-regulated subsidiaries of the Company from prior to 1992 to March 2008. Mr. Ackerman is also currently a Director of Associated Electric and Gas Insurance Services Limited. Mr. Ackerman holds a B.S. in Accounting from the State University of New York at Buffalo and a Juris Doctorate from Harvard University. Mr. Ackerman, 69, has been a Company director since 1994.

Mr. Ackerman s more than 40 years involvement with the Company, including his experience as President of all of the Company s major subsidiaries, enables him to provide the Board with an in-depth perspective on the Company. During his tenure with the Company, National Fuel grew from a regional utility company with $300 million in assets to a fully integrated energy company with over $5.1 billion in assets. Also, Mr. Ackerman has deep ties to Western New York, the location of the Company s corporate headquarters and a number of its significant business operations.

**R. Don Cash** has been Chairman Emeritus since May 2003, and a Board Director since May 1978, of Questar Corporation ( Questar ), an integrated natural gas company headquartered in Salt Lake City, Utah. He was Chairman of Questar from May 1985 to May 2003, Chief Executive Officer of Questar from May 1984 to May 2002 and President of Questar from May 1984 to February 1, 2001. Mr. Cash has been a Director of Zions Bancorporation since 1982, a Director of Associated Electric and Gas Insurance Services Limited since 1993 and is a Director of the Ranching Heritage Association. He was a Director of TODCO (The Offshore Drilling Company) from May 2004 to July 2007 and a former Trustee, until September 2002, of the Salt Lake Organizing Committee for the Olympic Winter Games of 2002. Mr. Cash holds a degree in Engineering from Texas Tech University. Mr. Cash, 70, has been a Company director since 2003.

Because of his nearly 18 years of experience at the helm of Questar Corporation and over 30 years of directorship experience on multiple oil and gas industry-related boards, Mr. Cash provides a broad perspective on the issues facing the Company. In particular, Mr. Cash s depth of experience with Questar (a company which at the time had utility, pipeline and storage and exploration and production businesses) uniquely positions him to provide valuable insights and to inform Board discussions.

(1) Wholly-owned subsidiary of the Company

**Stephen E. Ewing** was Vice Chairman of DTE Energy ( DTE ), a Detroit-based diversified energy company involved in the development and management of energy-related businesses and services nationwide, from November 2005 to December 2006. Two of DTE s subsidiaries are Detroit Edison, the nation s 7th largest electric utility, and Michigan Consolidated Gas Co. ( MichCon ), the nation s 10th largest natural gas local distribution company. Mr. Ewing also had responsibility for DTE s exploration and production subsidiary (DTE Gas Resources) with operations in the Antrim and Barnett Shale. He was also at various times Group President, Gas Division, DTE, President and Chief Operating Officer of MCN Energy Group, Inc. (the then parent of MichCon and a company which had utility, pipeline and storage and exploration and production businesses) and President and Chief Executive Officer of MichCon, until it was acquired by DTE. Mr. Ewing has been a Director of CMS Energy since July 2009. He was also Chairman of the Board of Directors of the AGA for 2006, a member of the National Petroleum Council, and Chairman of the Midwest Gas Association and the Natural Gas Vehicle Coalition. He is currently a Trustee and immediate past Chairman of the Board of The Skillman Foundation, a not-for-profit foundation focused on providing education for low-income children, Chairman of the Auto Club of Michigan and Vice Chairman of the Board of the Auto Club Group (AAA). Mr. Ewing holds a B.A. from DePauw University and an MBA from Michigan State University, and completed the Harvard Advanced Management Program. Mr. Ewing, 68, has been a Company director since 2007.

Mr. Ewing s extensive executive management experience at energy companies with regulated businesses similar to those with the Company provides the Board with a valuable perspective on the Company s regulated operations. Also, his responsibility for DTE s exploration and production subsidiary, with operations in the Antrim and Barnett Shale, enables Mr. Ewing to provide knowledgeable insights with regard to the Company s exploration and production business.

**Annual Meeting Attendance**

Last year all directors except Mr. Salerno attended the 2012 Annual Meeting, and they are expected to do so this year. A meeting of the Board of Directors will take place on the same day and at the same place as the Annual Meeting (and probably future years), and directors are expected to attend all meetings. If a director is unable to attend a Board meeting in person, participation by telephone is permitted and in that event the director may not be physically present at the Annual Meeting of Stockholders.

**Director Independence**

The Board of Directors has determined that directors Ackerman, Brady, Carroll, Cash, Ewing, Kidder, Matthews, Reiten and Salerno are independent, and that Mr. Smith, Chairman of the Board and Chief Executive Officer of the Company, is not independent due to his employment relationship with the Company. The Board s determinations of director independence were made in accordance with the listing standards of the New York Stock Exchange (the NYSE ) and SEC regulations. In making its independence determinations, the Board considered that Mr. Brady is Executive Chairman of Moog, which maintains its headquarters in the Company s utility service territory, and that payments made by Moog to Company affiliates for natural gas service in each of Moog s last three fiscal years were less than (i) $1,000,000 or (ii) 2% of Moog s consolidated gross revenues for the applicable fiscal year. Similarly, the Board considered that Mr. Carroll is President and Chief Executive Officer of GTI, an organization that receives payments from the Company for dues and fees to support research and development, and that such payments in each of GTI s last three fiscal years were less than (i) $1,000,000 or (ii) 2% of GTI s consolidated gross revenues for the applicable fiscal year. The Board also considered that a son of Mr. Kidder is employed by an affiliate of the Company (since before Mr. Kidder became a Company director) in a non-executive supervisory position, at a rate of total compensation that does not implicate the SEC s regulations regarding related person transactions.

**Board Leadership Structure**

The Board of Directors has decided that the appropriate leadership structure at the present time is a combined CEO/Chairman. The Board believes that the combination of the roles provides an efficient and effective leadership model of clear accountability and promotes unified leadership and direction for the Company and also allows for a clear focus for management to execute business plans. It is the Board s opinion that the stockholders interests are best served by allowing the Board to retain flexibility to determine the optimal organizational structure for the Company at a given time, including whether the Chairman role should be filled by the CEO who serves on the Board. At times in the past the roles have been separate. The members of the Board possess considerable experience and unique knowledge of the challenges and opportunities the Company faces, have significant industry experience and are in the best position to evaluate its needs and how best to organize the capabilities of the directors and management to meet those needs.

The independent directors met three times during fiscal 2012, consistent with the requirements of the NYSE rules. In addition, non-management directors meet at regularly scheduled executive sessions without management.

The sessions are chaired by the Lead Independent Director, Robert T. Brady. The Board of Directors provides a process for stockholders and other interested parties to send communications to the Board or to certain directors. Communications to Mr. Brady, to the non-management directors as a group, or to the entire Board should be addressed as follows: Robert T. Brady, Moog Inc., P.O. Box 18, East Aurora, New York 14052. For the present, all stockholder and interested parties communications addressed in such manner will go directly to the indicated directors. If the volume of communication becomes such that the Board determines to adopt a process for determining which communications will be relayed to Board members, that process will appear on the Company s website at www.nationalfuelgas.com.

**Diversity**

Under the Company s Corporate Governance Guidelines, the Board of Directors is required, when selecting candidates for re-election and candidates for Board membership, to consider factors that include a diversity of experience related to the business segments in which the Company operates, as well as a diversity of perspectives to be brought to the Board by the individual members.

**Meetings of the Board of Directors and Standing Committees**

In fiscal 2012, there were four meetings of the Board of Directors. In addition, directors attended meetings of standing or pro tempore committees. The Audit Committee held nine meetings, the Compensation Committee held five meetings, the Executive Committee did not meet, and the Nominating/Corporate Governance Committee held three meetings. During fiscal 2012, all directors attended at least 75% of the aggregate of meetings of the Board and of the committees of the Board on which they served.

The table below shows the number of meetings conducted in fiscal 2012 and the directors who serve on these committees.

| | BOARD COMMITTEES | | | |
|---|---|---|---|---|
| DIRECTOR | Audit | Compensation | Executive | Nominating/ Corporate Governance |
| Philip C. Ackerman | | | X | |
| Robert T. Brady | | X | X | X (Chair) |
| David C. Carroll | | | | X |
| R. Don Cash | X | X(Chair) | | X |
| Stephen E. Ewing | X | X | | |
| Rolland E. Kidder | X | | | X |
| Craig G. Matthews | X (Chair) | | X | |
| Richard G. Reiten | | X | | X |
| Frederic V. Salerno | | X | | X |
| David F. Smith | | | X (Chair) | |
| Number of Meetings in Fiscal 2012 | 9 | 5 | 0 | 3 |

*Audit*

The Audit Committee is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Securities Exchange Act ). The Audit Committee held nine meetings during fiscal 2012 in order to review the scope and results of the annual audit, to receive reports of the Company s independent registered public accounting firm and chief internal auditor, to monitor compliance with the Company s Reporting Procedures for Accounting and Auditing Matters (included in this proxy statement as Appendix A) and to prepare a report of the committee s findings and recommendations to the Board of Directors. The members of the committee are independent as independence for audit committee members is defined in NYSE listing standards, and in SEC regulations. No Audit Committee member simultaneously serves on the audit committees of more than three public companies. The Board limits the number of audit committees on which an Audit Committee member can serve to three, unless the Board has determined that such simultaneous service would not impair the ability of such members to serve effectively. The Company s Board of Directors has determined that the Company has one audit committee financial expert (as defined by SEC regulations) serving on its Audit Committee, namely Mr. Matthews who is an independent director.

In connection with its review of the Company s internal audit function, the Audit Committee in 2011 had a Quality Assessment performed by Ernst & Young that concluded that the Company s Audit Services Department conducts its audits in accordance with the Institute of Internal Auditors *International Standards for the Professional Practice of Internal Auditing* (the Standards ). The Standards state that an external Quality Assessment should be conducted at least once every five years.

Further information relating to the Audit Committee appears in this proxy statement under the headings Audit Fees and Audit Committee Report. A current copy of the Audit Committee charter is available to security holders on the Company s website at www.nationalfuelgas.com.

*Compensation*

As described in the Compensation Discussion and Analysis in this proxy statement, the Compensation Committee held five meetings during fiscal 2012, in order to review and determine the compensation of Company executive officers, to review reports and to grant awards under the Company s 2010 Equity Compensation Plan, the 1997 Award and Option Plan, the National Fuel Gas Company Performance Incentive Program, the National Fuel Gas Company 2012 Performance Incentive Program (both referred to herein as the Performance Incentive Program and separately referred to by name), the

Annual At Risk Compensation Incentive Program ( AARCIP or the At Risk Plan ), and the Executive Annual Cash Incentive Program ( EACIP ). The members of the committee are independent as independence is defined in NYSE listing standards. The members of the committee are also non-employee directors as defined in SEC regulations and outside directors as defined in Federal tax regulations. A current copy of the charter of the Compensation Committee is available to security holders on the Company s website at www.nationalfuelgas.com.

The Compensation Committee is responsible for various aspects of executive compensation, including approval of the base salaries and incentive compensation of the Company s executive officers. The committee is authorized to evaluate director compensation and make recommendations to the full Board regarding director compensation. The committee may form subcommittees and delegate to those subcommittees such authority as the committee deems appropriate, other than authority required to be exercised by the committee as a whole. The committee also administers the Company s 2010 Equity Compensation Plan, the 1997 Award and Option Plan, the At Risk Plan, and the National Fuel Gas Company Performance Incentive Program, and approves performance conditions and target incentives of executive officers under the EACIP. As described more fully in the Compensation Discussion and Analysis, the Company retained The Hay Group, and Meridian Compensation Partners, LLC, both independent compensation consulting firms, to assist in determining executive compensation. In addition, as set forth in the Compensation Committee s charter, the Chief Executive Officer may and does make, and the committee may and does consider, recommendations regarding the Company s compensation and employee benefit plans and practices. The committee then approves executive compensation as it deems appropriate.

*Executive*

The Executive Committee did not meet during fiscal 2012. The committee has, and may exercise, the authority of the full Board, except as may be prohibited by New Jersey corporate law (N.J.S.A.§ 14A:6-9).

*Nominating/Corporate Governance*

All the members of the Nominating/Corporate Governance Committee are independent, as independence is defined in NYSE listing standards. The committee makes recommendations to the full Board on nominees for the position of director. The committee also has duties regarding corporate governance matters as required by law, regulation or NYSE rules. The committee held three meetings during fiscal 2012. Stockholders may recommend individuals to the committee to consider as potential nominees. Procedures by which stockholders may make such recommendations are set forth in Exhibit B to the Company s Corporate Governance Guidelines, described in the following paragraph.

The committee s charter provides for the committee to develop and recommend to the Board criteria for selecting new director nominees and evaluating unsolicited nominations, which criteria are included in this proxy statement as part of the Company s Corporate Governance Guidelines. A current copy of the charter of the committee is available to stockholders on the Company s website at www.nationalfuelgas.com and in print to stockholders who request a copy from the Company s Secretary at its principal office. A current copy of the Corporate Governance Guidelines is included in this proxy statement as Appendix B, and is available to stockholders on the Company s website at www.nationalfuelgas.com. Appendix B also addresses the qualifications and skills the committee believes are necessary in a director, and the committee s consideration of stockholder recommendations for director. Stockholder recommendations identifying a proposed nominee and setting out his or her qualifications should be delivered to the Company s Secretary at its principal office no later than September 20, 2013 in order to be eligible for consideration at the 2014 Annual Meeting of Stockholders.

**Charitable Contributions by Company**

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

**Compensation Committee Interlocks and Insider Participation**

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

**Risk Oversight**

The Company has an enterprise risk management program developed by senior management and the Board and overseen by the CEO. Under this program, major enterprise-wide risks have been identified, along with the mitigative measures to address and manage such risk. At each quarterly meeting of the Audit Committee, to which all Directors are invited and typically attend, the major risks and associated mitigative measures are reviewed. At each Board meeting, a specific presentation is made regarding one or two specific areas of risk. Additional review or reporting on enterprise risks is conducted as needed or as requested by the Board.

**Related Person Transactions**

The Company had no related person transactions in fiscal 2012. The Company s Code of Business Conduct and Ethics (the Code ) (which is in writing and available to stockholders as described at the end of this proxy statement) identifies the avoidance of any actual or perceived conflicts between personal interests and Company interests as an essential part of the responsibility of the Company s directors, officers and employees. The Code provides that a conflict of interest may arise when a director, officer or employee receives improper personal benefits as a result of his or her position in the Company, or when personal situations tend to influence or compromise a director s, officer s or employee s ability to render impartial business decisions in the best interest of the Company. Potential conflicts of interest under the Code would include but not be limited to related person transactions. The Audit Committee administers the Code as it relates to the Company s directors and executive officers.

The Company s policies and procedures for the review, approval or ratification of related person transactions are set forth in writing in the charter of the Audit Committee. The charter provides that the Audit Committee will review and, if appropriate, approve or ratify any transaction between the Company and a related person which is required to be disclosed under SEC rules. In the course of its review of a transaction, the Audit Committee will consider the nature of the related person s interest in the transaction, the material terms of the transaction, the significance of the transaction to the related person and to the Company, whether the transaction would affect the independence of a director, and any other matters the Audit Committee deems appropriate. The Audit Committee will approve or ratify only those transactions that are in, or are not inconsistent with, the best interests of the Company and its stockholders, as the Audit Committee determines in good faith. Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction.

**Directors Compensation**

The 2009 Non-Employee Director Equity Compensation Plan ( Director Compensation Plan ) was approved at the 2009 Annual Meeting of Stockholders. This plan provides for the issuance of shares on a quarterly basis to non-employee directors, in such amounts as the Board may determine from time to time. In addition, non-employee directors receive a portion of their compensation in cash, as determined by the Board from time to time. Directors who are not Company employees or retired employees do not participate in any of the Company s employee benefit or compensation plans. Directors who are current employees receive no compensation for serving as directors.

In fiscal 2012, non-employee directors were paid an annual retainer of $44,000 plus 1,800 shares of Common Stock. The directors received this annual retainer in quarterly payments of $11,000 and 450 shares of stock, with payments prorated for any quarter in which a director had partial service. Common Stock issued to non-employee directors under director compensation plans is nontransferable until the later of two years from issuance or six months after the recipient s cessation of service as a director of the Company except that transferability restrictions lapse upon the death of the recipient.

Fees for each Board and committee meeting were $1,800. Non-employee directors were each paid an additional annual retainer of $10,000 if appointed as Chairman of any committee; accordingly, Messrs. Brady, Cash and Matthews each received an additional annual retainer of $10,000 during fiscal 2012.

Benefit accruals under the Directors Retirement Plan ceased for each current non-employee director on December 31, 1996. Mr. Brady is the only current director eligible for benefits under the Directors Retirement Plan benefits, and after he leaves the Board he will receive his accrued Directors Retirement Plan benefits of $1,800 per year for up to ten years. Individuals who become directors after February 1997 are not eligible to receive benefits under the Directors Retirement Plan. The Directors Retirement Plan pays an annual retirement benefit equal to 10% of the annual retainer in effect on December 31, 1996 ($18,000 per year), multiplied by the number of full years of service prior to January 1, 1997, but not to exceed 100% of that annual retainer. The retirement benefit begins upon the later of the date of the director s retirement