

National Fuel Gas Company



strong links
in the value chain

2001

*Financial and Statistical
Report*

CORPORATE PROFILE

National Fuel Gas Company, incorporated in 1902, is a diversified energy company with its headquarters in Buffalo, New York. The Company's \$3.4 billion in assets is distributed among six principal business segments: Exploration and Production, Pipeline and Storage, Utility, Energy Marketing, Timber and International.

National Fuel's history dates to the earliest period of the natural gas and oil industry in the United States, and the Company has been responsible for many industry firsts. Today, the Company continues to be managed in the same innovative and entrepreneurial spirit.



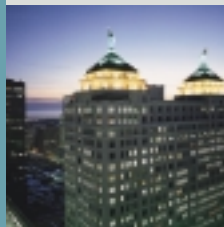
Exploration and Production *Seneca Resources Corporation* explores for, develops and purchases natural gas and oil reserves in the Gulf Coast region of Texas and Louisiana, the Appalachian region, the Rocky Mountain region, California and the western provinces of Canada. Currently, Seneca's exploration emphasis is centered around new reserves in Canada and Appalachia, while development drilling continues to expand in California.



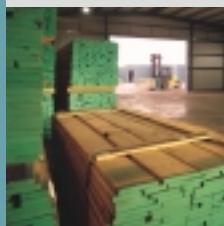
Pipeline and Storage *National Fuel Gas Supply Corporation* provides interstate natural gas transportation and storage for affiliated and nonaffiliated companies through an integrated gas pipeline system that extends 2,989 miles from southwestern Pennsylvania to the New York-Canadian border at the Niagara River. It also owns 27 underground natural gas storage areas and is co-owner of four others.



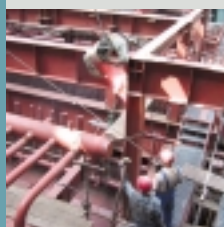
Utility *National Fuel Gas Distribution Corporation* sells or transports natural gas to over 732,000 customers through a local distribution system located in western New York and northwestern Pennsylvania. The major areas served by this system include Buffalo, Niagara Falls and Jamestown in New York, and Erie and Sharon in Pennsylvania.



Energy Marketing *National Fuel Resources, Inc.* is engaged in the marketing and brokerage of natural gas and the performance of energy management services for industrial, commercial, public authority and residential end-users throughout the northeast United States.



Timber *Highland Forest Resources, Inc.* and *Seneca Resources Corporation, Northeast Division* carry out the Timber segment operations for the Company. Highland operates four sawmills in northwestern Pennsylvania. Seneca markets timber from its New York and Pennsylvania land holdings.



International *Horizon Energy Development, Inc.* engages in foreign energy projects through the investments of its indirect subsidiaries as the sole or substantial owner of various business entities. In addition to assets in the Czech Republic, the development group has targeted Poland, Slovakia, Bulgaria and Italy for expansion.

Contents

	<p>2 Consolidated Statements of Income and Earnings Reinvested in the Business</p> <p>3 Consolidated Balance Sheet</p> <p>4 Consolidated Statement of Cash Flows</p> <p>5 Consolidated Statement of Comprehensive Income; Selected Financial Ratios</p> <p>6–8 Schedule of Business Segment Information</p> <p>8 Security Ratings</p> <p>9 Common Stock Data; Summary of General Rate Increases</p>
Exploration and Production	<p>10 Seneca Resources Corporation</p> <p>11 Gas and Oil Reserves; Net Undeveloped Acreage</p> <p>12 Revenues; Gas and Oil Production; Net Well Completions</p> <p>13 Producing Wells; Gas and Oil Prices; Exploration and Production Costs</p>
Pipeline and Storage	<p>14 National Fuel Gas Supply Corporation</p> <p>15 Regulation</p> <p>16 Revenues, Volumes and Revenue Rates; Transmission Statistics</p> <p>17 Firm Transportation by Customer; Contract Storage Service; Storage Statistics</p>
Utility	<p>18 National Fuel Gas Distribution Corporation</p> <p>19 Regulation</p> <p>20 Revenues, Volumes and Customers</p> <p>21 Degree Days; Industrial and Commercial Volumes</p> <p>22 Retail Market Comparative Fuel Cost; Sources of Utility Gas Supply</p>
Energy Marketing	<p>23 National Fuel Resources, Inc.</p> <p>23 Revenues; Volumes; Number of Customers</p>
Timber	<p>23 Highland Forest Resources, Inc. and Seneca Resources Corporation, Northeast Division</p> <p>23 Revenues; Production</p> <p>23 Acreage; Board Feet</p>
International	<p>24 Horizon Energy Development, Inc.</p> <p>24 Revenues; Volumes; Number of Employees</p>
	<p>This report is not a representation or prospectus in regard to the Company's securities and is not furnished in connection with any proposed sales or offer to sell or buy any stock or securities.</p> <p>Data contained herein with respect to any particular year should be considered in conjunction with the notes and comments appearing in the Company's annual report to shareholders for that year.</p>

Consolidated Statements of Income and Earnings Reinvested in the Business

Year Ended September 30
(Thousands of Dollars, Except Per Common Share Amounts)

	2001	2000	1999	1998	1997
Income					
Operating Revenues	\$2,100,352	\$1,425,277	\$1,263,274	\$1,248,000	\$1,265,812
Operating Expenses					
Purchased Gas	1,045,805	503,617	405,925	441,746	528,610
Fuel Used in Heat and Electric Generation	54,968	54,893	55,788	37,837	1,489
Operation and Maintenance	364,318	350,383	328,800	321,411	286,537
Property, Franchise and Other Taxes	83,730	78,878	91,146	92,817	100,549
Depreciation, Depletion and Amortization	174,914	142,170	124,778	117,238	111,650
Impairment of Oil and Gas Producing Properties	180,781	—	—	128,996	—
Income Taxes	37,106	77,068	64,829	24,024	68,674
Total Operating Expenses	1,941,622	1,207,009	1,071,266	1,164,069	1,097,509
Operating Income	158,730	218,268	192,008	83,931	168,303
Other Income	15,256	10,408	12,343	35,870	3,196
Income Before Interest Charges and Minority Interest in Foreign Subsidiaries	173,986	228,676	204,351	119,801	171,499
Interest Charges					
Interest on Long-Term Debt	81,851	67,195	65,402	53,154	42,131
Other Interest	25,294	32,890	22,296	32,130	14,680
	107,145	100,085	87,698	85,284	56,811
Minority Interest in Foreign Subsidiaries	(1,342)	(1,384)	(1,616)	(2,213)	—
Income Before Cumulative Effect	65,499	127,207	115,037	32,304	114,688
Cumulative Effect of Change in Accounting for Depletion	—	—	—	(9,116)	—
Net Income Available for Common Stock	65,499	127,207	115,037	23,188	114,688
Earnings Reinvested in the Business					
Balance at Beginning of Year	525,847	472,517	428,112	472,595	422,874
Dividends on Common Stock	591,346	599,724	543,149	495,783	537,562
	77,858	73,877	70,632	67,671	64,967
Balance at End of Year	\$513,488	\$525,847	\$472,517	\$428,112	\$472,595
Basic Earnings Per Common Share:					
Income Before Cumulative Effect	\$0.83	\$1.63	\$1.49	\$0.42	\$1.51
Cumulative Effect of Change in Accounting for Depletion	—	—	—	(0.12)	—
Net Income Available for Common Stock	\$0.83	\$1.63	\$1.49	\$0.30	\$1.51
Diluted Earnings Per Common Share:					
Income Before Cumulative Effect	\$0.82	\$1.61	\$1.47	\$0.42	\$1.49
Cumulative Effect of Change in Accounting for Depletion	—	—	—	(0.12)	—
Net Income Available for Common Stock	\$0.82	\$1.61	\$1.47	\$0.30	\$1.49
Weighted Average Common Shares Outstanding:					
Used in Basic Calculation	79,053,444	78,233,842	77,327,962	76,632,794	76,167,028
Used in Diluted Calculation	80,361,258	79,166,200	78,083,456	77,407,052	76,880,036

Consolidated Balance Sheet

As September 30 (Thousands of Dollars)

	2001	2000	1999	1998	1997
Assets					
Property, Plant and Equipment	\$4,273,716	\$3,829,637	\$3,390,875	\$3,186,853	\$2,668,478
Less – Accumulated Depreciation, Depletion and Amortization	1,493,003	1,146,246	1,029,643	938,716	849,112
	2,780,713	2,683,391	2,361,232	2,248,137	1,819,366
Current Assets					
Cash and Temporary Cash Investments	36,227	32,125	29,222	30,437	14,039
Receivables – Net	131,726	121,639	97,828	82,336	107,417
Unbilled Utility Revenue	25,375	27,105	18,674	15,403	20,433
Gas Stored Underground	83,231	55,795	41,099	31,661	29,856
Materials and Supplies - at average cost	33,710	25,145	23,631	24,609	19,115
Unrecovered Purchased Gas Costs	4,113	29,681	4,576	6,316	—
Prepayments	39,520	39,150	35,072	19,755	17,807
Total Current Assets	353,902	330,640	250,102	210,517	208,667
Other Assets					
Recoverable Future Taxes	86,586	84,199	87,724	88,303	91,011
Unamortized Debt Expense	19,796	19,841	21,717	22,295	23,394
Other Regulatory Assets	23,253	24,804	25,214	41,735	48,350
Deferred Charges	9,136	12,985	14,266	8,619	12,025
Investment in Unconsolidated Foreign Subsidiary	—	—	—	—	18,887
Fair Value of Derivative Financial Instruments	37,585	—	—	—	—
Other	134,595	95,171	82,331	64,853	45,631
Total Other Assets	310,951	237,000	231,252	225,805	239,298
Total Assets	\$3,445,566	\$3,251,031	\$2,842,586	\$2,684,459	\$2,267,331
Capitalization and Liabilities					
Capitalization					
Common Stock, \$1 Par Value*	\$79,406	\$78,660	\$77,675	\$76,938	\$76,332
Paid In Capital	430,618	412,887	393,114	377,770	366,862
Earnings Reinvested in the Business	513,488	525,847	472,517	428,112	472,595
Total Common Shareholder Equity Before Items Of Other Comprehensive Income (Loss)	1,023,512	1,017,394	943,306	882,820	915,789
Accumulated Other Comprehensive Income (Loss)	(20,857)	(29,957)	(4,013)	7,265	(2,085)
Total Comprehensive Shareholders' Equity	1,002,655	987,437	939,293	890,085	913,704
Long-Term Debt, Net of Current Portion	1,046,694	953,622	822,743	693,021	581,640
Total Capitalization	2,049,349	1,941,059	1,762,036	1,583,106	1,495,344
Minority Interest in Foreign Subsidiaries	22,324	23,031	27,589	25,479	—
Current and Accrued Liabilities					
Notes Payable to Banks and Commercial Paper	489,673	619,502	393,495	326,300	92,400
Current Portion of Long-Term Debt	109,435	11,262	69,608	216,929	103,359
Accounts Payable	118,505	88,853	82,747	59,933	74,105
Amounts Payable to Customers	51,223	9,583	5,934	5,781	10,516
Other Accruals and Current Liabilities	94,634	79,370	87,310	80,480	83,793
Total Current and Accrued Liabilities	863,470	808,570	639,094	689,423	364,173
Deferred Credits					
Accumulated Deferred Income Taxes	340,559	326,994	275,008	258,222	288,555
Taxes Refundable to Customers	16,865	14,410	14,814	18,404	19,427
Unamortized Investment Tax Credit	9,599	9,951	11,007	11,372	12,041
Other Deferred Credits	126,319	114,451	113,038	98,453	87,791
Fair Value of Derivative Financial Instruments	17,081	12,565	—	—	—
Total Deferred Credits	510,423	478,371	413,867	386,451	407,814
Total Capitalization and Liabilities	\$3,445,566	\$3,251,031	\$2,842,586	\$2,684,459	\$2,267,331

* Common Stock Par Value reflects two-for-one stock split on September 7, 2001.

Consolidated Statement of Cash Flows

Year Ended September 30 (Thousands of Dollars)

	2001	2000	1999	1998	1997
Operating Activities					
Net Income Available for Common Stock	\$65,499	\$127,207	\$115,037	\$23,188	\$114,688
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities					
Cumulative Effect of a Change in Accounting for Depletion	—	—	—	9,116	—
Impairment of Oil and Gas Producing Properties	180,781	—	—	128,996	—
Depreciation, Depletion and Amortization	174,914	142,170	124,778	117,238	111,650
Deferred Income Taxes	(55,849)	41,858	14,030	(26,237)	3,800
Minority Interest in Foreign Subsidiaries	1,342	1,384	1,616	2,213	—
Other	6,553	4,540	7,018	(6,378)	8,030
Change in:					
Receivables and Unbilled Utility Revenue	(2,299)	(26,336)	(18,161)	45,200	(10,332)
Gas Stored Underground and Materials and Supplies	(37,054)	(13,707)	(7,280)	(2,744)	7,300
Unrecovered Purchased Gas Costs	25,568	(25,105)	1,740	(6,316)	—
Prepayments	(399)	(3,420)	(15,322)	829	10,065
Accounts Payable	20,419	(16,489)	22,871	(24,975)	9,495
Amounts Payable to Customers	41,640	3,649	153	(4,735)	5,898
Other Accruals and Current Liabilities	13,969	(10,233)	10,931	(15,481)	4,113
Other Assets and Liabilities - Net	(20,940)	12,728	10,093	9,949	29,955
Net Cash Provided by Operating Activities	414,144	238,246	267,504	249,863	294,662
Investing Activities					
Capital Expenditures	(292,706)	(269,371)	(256,120)	(390,118)	(214,001)
Investment in Subsidiaries, Net of Cash Acquired	(90,567)	(123,809)	(5,774)	(111,966)	(21,075)
Investment in Partnerships	(1,830)	(4,442)	(3,633)	(5,453)	—
Other	(2,940)	13,283	6,687	7,583	1,429
Net Cash Used in Investing Activities	(388,043)	(384,339)	(258,840)	(499,954)	(233,647)
Financing Activities					
Change in Notes Payable to Banks and Commercial Paper	(143,397)	226,477	67,195	229,387	(107,300)
Net Proceeds from Issuance of Long-Term Debt	210,221	149,334	198,217	198,750	99,500
Reduction of Long-Term Debt	(23,052)	(167,426)	(213,849)	(103,867)	(1,310)
Proceeds from Issuance of Common Stock	11,545	14,278	10,735	7,853	7,074
Dividends Paid on Common Stock	(76,671)	(73,046)	(69,878)	(66,959)	(64,260)
Dividends Paid to Minority Interest	—	(152)	(246)	(253)	—
Net Cash Provided by (Used in) Financing Activities	(21,354)	149,465	(7,826)	264,911	(66,296)
Effect of Exchange Rates on Cash	(645)	(469)	(2,053)	1,578	—
Net Increase (Decrease) in Cash and Temporary Cash Investments	4,102	2,903	(1,215)	16,398	(5,281)
Cash and Temporary Cash Investments at Beginning of Year	32,125	29,222	30,437	14,039	19,320
Cash and Temporary Cash Investments at End of Year	\$36,227	\$32,125	\$29,222	\$30,437	\$14,039
Supplemental Disclosure of Cash Flow Information					
Cash Paid For:					
Interest	\$97,259	\$97,042	\$75,813	\$46,242	\$52,422
Income Taxes	77,662	41,928	48,995	64,537	69,236

Consolidated Statement of Comprehensive Income

Year Ended September 30 (Thousands of Dollars)	2001	2000	1999
Net Income Available for Common Stock	\$65,499	\$127,207	\$115,037
Other Comprehensive Income, Before Tax:			
Foreign Currency Translation Adjustment	(7,158)	(27,463)	(11,737)
Unrealized Gain (Loss) on Securities Available for Sale Arising During the Period	(712)	2,441	706
Unrealized Gain on Derivative Financial Instruments Arising During the Period	58,355	—	—
Reclassification Adjustment for Realized Losses on Derivative Financial Instruments in Net Income	83,218	—	—
Reclassification Adjustment for Realized Gains on Securities Available for Sale in Net Income	—	(103)	—
Other Comprehensive Income (Loss), Before Tax:	133,703	(25,125)	(11,031)
Income Tax Expense (Benefit) Related to Unrealized Gain (Loss) on Securities Available for Sale Arising During the Period	(249)	855	247
Income Tax Expense Related to Unrealized Gain on Derivative Financial Instruments Arising During the Period	23,053	—	—
Reclassification Adjustment for Income Tax Benefit on Realized Losses on Derivative Financial Instruments in Net Income	32,032	—	—
Reclassification Adjustment for Income Tax Expense on Realized Gains on Securities Available for Sale in Net Income	—	(36)	—
Income Taxes – Net	54,836	819	247
Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax	78,867	(25,944)	(11,278)
Cumulative Effect of Change in Accounting, Net of Tax	(69,767)	—	—
Other Comprehensive Income (Loss), After Cumulative Effect, Net of Tax	9,100	(25,944)	(11,278)
Comprehensive Income	\$74,599	\$101,263	\$103,759

Selected Financial Ratios

Year Ended September 30	2001 ⁽¹⁾	2000	1999	1998 ⁽²⁾	1997
Embedded Cost of Long-Term Debt	7.0%	7.0%	7.0%	6.9%	6.9%
Coverage Ratios:					
Long-Term Debt	2.55	4.48	4.25	N/A ⁽³⁾	5.06
Earnings to Fixed Charges-SEC Basis	1.94	2.98	3.02	1.66	4.01
Capitalization Ratios:					
Comprehensive Shareholders Equity	37.9%	38.4%	42.2%	41.9%	54.0%
Long-Term Debt	39.5%	37.1%	37.0%	32.6%	34.4%
Short-Term Debt	22.6%	24.5%	20.8%	25.5%	11.6%
Effective Federal Income Tax Rate	36.2%	37.7%	35.6%	41.4%	37.5%
Ratio of Internal Cash Flow to Capital Expenditures ⁽⁴⁾	1.01	0.91	0.75	0.46	0.81
Ratio of Internal Cash Flow to Common Stock Dividends Paid	4.87	4.34	3.76	3.71	3.71
Accumulated Depreciation (% of Average Depreciable Assets)	40.1%	34.3%	33.9%	34.7%	35.1%
Depreciation Charge (% of Average Depreciable Assets)	4.7%	4.2%	4.1%	4.3%	4.6%

(1) Includes impairment of oil and gas producing properties (\$104.0) million, where applicable.

(2) Includes impairment of oil and gas producing properties (\$79.1) million and cumulative effect of change in accounting for depletion of (\$9.1) million, where applicable.

(3) The Company was precluded from issuing further debt under its indenture due to the impairment of oil and gas producing properties in 1998.

(4) Internal Cash Flow excludes Dividends.

N/A – Not Applicable

Schedule of Business Segment Information

Year Ended September 30 (Thousands of Dollars)

	2001	2000	1999	1998	1997
Operating Revenues					
Utility	\$1,234,647	\$846,459	\$807,355	\$871,180	\$991,366
Pipeline and Storage	171,091	169,659	168,783	170,983	172,694
Exploration and Production	398,344	238,070	146,994	124,272	119,260
International	97,910	104,736	107,045	76,259	1,910
Energy Marketing	259,206	133,929	99,088	87,187	70,098
Timber	42,091	39,172	31,117	17,805	11,536
Total Reportable Segments	2,203,289	1,532,025	1,360,382	1,347,686	1,366,864
All Other	18,322	5,345	1,765	1,535	371
Intersegment Eliminations ⁽¹⁾	(121,259)	(112,093)	(98,873)	(101,221)	(101,423)
Total Consolidated	\$2,100,352	\$1,425,277	\$1,263,274	\$1,248,000	\$1,265,812
Depreciation, Depletion & Amortization					
Utility	\$36,607	\$35,842	\$34,215	\$33,459	\$32,972
Pipeline and Storage	23,746	23,379	22,690	21,816	21,459
Exploration and Production ⁽³⁾	98,408	69,583	55,750	50,937	51,117
International	12,634	11,110	10,473	7,309	107
Energy Marketing	212	209	165	91	14
Timber	3,186	1,948	1,476	3,527	5,960
Total Reportable Segments	174,793	142,071	124,769	117,139	111,629
All Other	119	97	7	97	18
Corporate	2	2	2	2	3
Total Consolidated	\$174,914	\$142,170	\$124,778	\$117,238	\$111,650
Significant Noncash Item: Impairment of Oil and Gas Producing Properties					
Exploration and Production	\$180,781	—	—	\$128,996	—
Total Consolidated	\$180,781	—	—	\$128,996	—
Operating Income (Loss) Before Income Taxes					
Utility ⁽²⁾	\$129,081	\$126,157	\$120,283	\$124,482	\$123,856
Pipeline and Storage	77,086	65,155	72,104	71,510	73,523
Exploration and Production ⁽³⁾⁽⁴⁾⁽⁷⁾	(14,221)	94,908	42,215	(93,266)	42,694
International	6,605	12,938	12,861	2,136	(2,987)
Energy Marketing	(4,368)	(12,000)	3,036	842	2,053
Timber	12,852	11,220	9,745	4,846	425
Total Reportable Segments	207,035	298,378	260,244	110,550	239,564
All Other	(7,792)	(425)	(857)	(341)	(234)
Corporate	(3,407)	(2,617)	(2,550)	(2,254)	(2,353)
Total Consolidated	\$195,836	\$295,336	\$256,837	\$107,955	\$236,977
Interest Expense					
Utility	\$27,489	\$31,655	\$29,659	\$44,639	\$32,608
Pipeline and Storage	12,131	13,311	13,147	15,232	16,068
Exploration and Production	56,291	42,034	34,409	21,454	11,103
International	9,966	12,353	11,451	7,188	1,230
Energy Marketing	1,649	774	234	31	33
Timber	3,830	4,750	2,208	1,580	1,410
Total Reportable Segments	111,356	104,877	91,108	90,124	62,452
All Other	692	262	100	33	18
Corporate & Intersegment Eliminations	(4,903)	(5,054)	(3,510)	(4,873)	(5,659)
Total Consolidated	\$107,145	\$100,085	\$87,698	\$85,284	\$56,811

Schedule of Business Segment Information *(continued)*

<i>Year Ended September 30 (Thousands of Dollars)</i>	2001	2000	1999	1998	1997
Income Tax Expense (Benefit)					
Utility	\$42,985	\$38,362	\$34,741	\$30,076	\$35,510
Pipeline and Storage	29,091	22,172	22,439	29,644	21,026
Exploration and Production	(36,075)	19,413	2,992	(39,478)	11,592
International	253	(1,783)	15	2,158	(954)
Energy Marketing	(1,660)	(4,372)	1,138	471	931
Timber	4,566	3,816	2,788	1,445	(193)
Total Reportable Segments	39,160	77,608	64,113	24,316	67,912
All Other	(2,281)	(205)	55	119	55
Corporate	227	(335)	661	(411)	707
Total Consolidated	\$37,106	\$77,068	\$64,829	\$24,024	\$68,674
Segment Profit (Loss): Net Income (Loss) (Income Before Cumulative Effect of a Change in Accounting for Depletion for 1998)					
Utility	\$60,707	\$57,662	\$56,875	\$51,788	\$57,220
Pipeline and Storage	40,377	31,614	39,765	39,852	36,760
Exploration and Production ⁽³⁾⁽⁴⁾⁽⁷⁾	(32,284)	34,877	7,127	(64,110)	20,359
International	(3,042)	3,282	2,276	1,279	(3,348)
Energy Marketing	(3,432)	(7,790)	2,054	787	1,567
Timber	7,715	6,133	4,769	1,904	(609)
Total Reportable Segments	70,041	125,778	112,866	31,500	111,949
All Other	(4,277)	(371)	(162)	143	171
Corporate	(265)	1,800	2,333	661	2,568
Total Consolidated	\$65,499	\$127,207	\$115,037	\$32,304	\$114,688
Expenditures for Additions to Long-Lived Assets					
Utility	\$42,374	\$55,799	\$46,974	\$50,680	\$66,908
Pipeline and Storage ⁽⁵⁾	25,978	35,806	34,873	29,145	22,562
Exploration and Production	296,419	280,049	97,586	323,627	120,282
International	15,585	9,767	33,412	96,987	22,293
Energy Marketing	116	89	302	320	96
Timber ⁽⁶⁾	3,694	13,542	52,314	6,778	16,151
Total Reportable Segments	384,166	395,052	265,461	507,537	248,292
All Other	937	3,725	66	—	19
Corporate & Intersegment Eliminations	—	—	—	—	—
Total Consolidated	\$385,103	\$398,777	\$265,527	\$507,537	\$248,311

(1) Represents primarily Pipeline and Storage revenue from the Utility segment.

(2) For the year ended September 30, 1999 and 1998 amounts include the rate recovery of interest expense related to IRS Audits of years 1977-1994. This rate recovery is offset 100% by interest expense, included below the operating income line. Excluding this rate recovery, operating income before income taxes would be \$120,785 and \$118,529 for the year ended September 30, 1999 and 1998, respectively.

(3) In 1998 Seneca changed its method of depletion for oil and gas producing properties from the gross revenue method to the units of production method. The effect of this change was to reduce 1998 depletion expense and to reduce the operating loss before income taxes of the Exploration and Production segment by \$2.3 million and to reduce the loss before cumulative effect of a change in accounting for depletion by \$1.4 million.

(4) 1998 includes impairment of oil and gas producing properties of \$129.0 million pretax or \$79.1 million after-tax.

(5) 2000 includes \$1.2 million in a stock-for-asset swap.

(6) 1997 amount includes noncash acquisition of \$12.3 million in exchange for long-term debt obligations.

(7) 2001 includes impairment of oil and gas producing properties of \$180.8 million pretax or \$104.0 million after-tax.

Schedule of Business Segment Information *(continued)*

<i>At September 30 (Thousands of Dollars)</i>	2001	2000	1999	1998	1997
Segment Assets					
Utility	\$1,284,189	\$1,233,639	\$1,178,185	\$1,171,645	\$1,175,885
Pipeline and Storage	549,991	552,059	542,962	526,738	522,191
Exploration and Production	1,194,393	1,088,066	727,557	673,706	469,795
International	206,361	202,622	255,042	242,339	24,031
Energy Marketing	68,513	47,121	18,676	16,944	17,083
Timber	113,294	107,402	98,830	45,507	42,260
Total Reportable Segments	3,416,741	3,230,909	2,821,252	2,676,879	2,251,245
All Other	26,858	21,930	7,351	5,216	5,207
Corporate & Intersegment Eliminations	1,967	(1,808)	13,983	2,364	10,879
Total Consolidated	\$3,445,566	\$3,251,031	\$2,842,586	\$2,684,459	\$2,267,331

<i>Year Ended September 30 (Thousands of Dollars)</i>	2001	2000	1999	1998	1997
Geographic Information					
Revenues from External Customers ⁽¹⁾ :					
United States	\$1,928,474	\$1,292,190	\$1,156,229	\$1,171,741	\$1,263,902
Czech Republic	97,910	104,736	107,045	76,259	1,910
Canada	73,968	28,351	—	—	—
Total Revenues from External Customers	\$2,100,352	\$1,425,277	\$1,263,274	\$1,248,000	\$1,265,812
<i>At September 30 (Thousands of Dollars)</i>					
Long-Lived Assets:					
United States	\$2,645,764	\$2,488,180	\$2,369,840	\$2,258,817	\$2,036,525
Czech Republic	187,961	183,274	215,457	215,125	22,139
Canada	257,939	248,937	—	—	—
Total Long-Lived Assets	\$3,091,664	\$2,920,391	\$2,585,297	\$2,473,942	\$2,058,664

(1) Revenue is based upon the country in which the sale originates.

Security Ratings

<i>At September 30</i>	Standard & Poors	Moody's	Duff & Phelps
Long-Term Debt	A-	A-2	A
Commercial Paper	A-2	P-1	F-1

Common Stock Data ⁽¹⁾

Year Ended September 30	2001 ⁽²⁾	2000	1999	1998 ⁽³⁾	1997
Number of Common Shareholders at Year End	20,345	21,164	22,336	23,743	20,267
Shares Outstanding at Year End	79,406,105	78,659,606	77,674,998	76,937,590	76,331,776
Return on Average Common Equity	6.4%	13.0%	12.6%	2.6%	13.0%
Book Value Per Common Share	\$12.63	\$12.55	\$12.09	\$11.57	\$11.97
Market Price Range ⁽⁴⁾					
High	\$32.25	\$29.41	\$25.00	\$24.56	\$22.72
Low	\$21.96	\$19.69	\$18.75	\$19.81	\$18.31
Close	\$23.03	\$28.03	\$23.59	\$23.50	\$22.00
Market/Book Value at Year End	182.3%	223.3%	195.1%	203.1%	183.8%
Cash Flow Per Common Share	\$4.72	\$4.05	\$3.39	\$3.24	\$3.13
Price/Earnings Ratio	27.8	17.2	15.9	77.7	14.6
Dividends					
Declared Per Share	\$0.99	\$0.95	\$0.92	\$0.89	\$0.86
Paid Per Share	\$0.97	\$0.94	\$0.91	\$0.88	\$0.85
Rate at Year End	\$1.01	\$0.96	\$0.93	\$0.90	\$0.87
Payout Ratio on Dividends Paid	117.4%	57.8%	61.2%	290.8%	56.5%
Yield at Year End	4.4%	3.4%	3.9%	3.8%	4.0%
Dividends/Book Value at Year End	7.7%	7.6%	7.7%	7.8%	7.3%

(1) Common Stock Data reflects two-for-one stock split on September 7, 2001.

(2) Includes impairment of oil and gas producing properties of (\$104.0) million, where applicable.

(3) Includes impairment of oil and gas producing properties of (\$79.1) million and cumulative effect of change in accounting for depletion of (\$9.1) million, where applicable.

(4) During Fiscal 2000 the NYSE converted the reporting structure from fraction to decimal price form. For consistency we have provided prior years in decimal form.

Listed: New York Stock Exchange Ticker Symbol – NFG

Stock Transfer Agent and Registrar: Computershare Investor Services, LLC, P.O. Box A 3504 Chicago, IL 60690-3504 Tel. (800) 648-8166 or Website at <http://www.computershare.com/investors>

Summary of General Rate Increases

	Filing Date	Effective Date	Test Period Ended	Revenue Increase (Decrease)		Rate of Return				Rate Base		
				(Millions)		Total Rate Base		Equity		(Millions)		
				Requested (\$)	Granted (\$)	Requested (%)	Granted (%)	Requested (%)	Granted (%)	Requested (\$)	Granted (\$)	
National Fuel Gas Distribution Corporation												
New York Division												
Case: 00-G-1495 ⁽¹⁾	N/A	10-1-00	N/A	N/A	—	N/A	N/A	N/A	N/A	N/A	N/A	N/A
98-G-1291 ⁽²⁾	N/A	10-1-98	N/A	N/A	(7.2)	N/A	N/A	N/A	N/A	N/A	N/A	N/A
95-G-1009 ⁽³⁾	9-29-97	10-1-97	9-98	7.2	7.2	N/A	N/A	N/A	N/A	N/A	N/A	N/A
95-G-1009 ⁽³⁾	11-09-95	10-1-96	9-97	28.9	7.2	9.56	N/A	11.50	N/A	630.7	N/A	N/A
94-G-0885	10-21-94	9-20-95	7-96	56.5	14.2	10.44	9.10	12.85	10.40	628.3	574.0	N/A
Pennsylvania Division												
Case: R-953299 ⁽⁴⁾	3-15-95	9-27-95	11-95	22.0	6.0	10.98	N/A	13.25	N/A	230.6	N/A	N/A
R-942991	3-08-94	12-07-94	11-94	16.0	4.8	9.90	9.39	12.25	11.00	216.9	209.8	N/A
National Fuel Gas Supply Corporation												
Supply Division												
Case: RP95—031 ⁽⁵⁾	10-31-94	6-01-95	3-95	21.0	6.0	10.31	9.59 ⁽⁶⁾	12.60	11.30 ⁽⁶⁾	429.0	427.0	N/A

N/A — Not Applicable.

(1) The three year plan runs from October 1, 2000 through September 30, 2003. Earnings above an 11.5% return on a cumulative basis are to be shared equally between shareholders and ratepayers. The plan provides that customers will receive a bill credit of \$17.6 million in the first year, of which \$7.6 million relates to customers' share of earnings accumulated under previous settlements. The credit will be reduced to \$5.0 million in the second year, and in the third and subsequent years the credit will remain at \$5.0 million unless the Company can demonstrate that it is no longer justified.

(2) A two year rate plan which runs through September 30, 2000. An allowed return on equity of 12%, above which 50% of additional earnings are shared equally between shareholders and customers, is retained from the previous settlement (see note 3). The rate plan also called for a \$7.2 million generic restructuring reserve to be recorded in fiscal 1999.

(3) Settlement provided for annual base rate increase of \$7.2 million in each fiscal year beginning October 1, 1996 and 1997 with no specified rate of return on equity. Earnings above a 12% return on equity (excluding certain items determined on a cumulative basis over three years ending 9/30/98) are shared equally between shareholders and the customers.

(4) Settlement—only revenue increase specified.

(5) Reflects the merger of Penn-York Energy Corporation into Supply Corporation as approved by the FERC on January 19, 1994 at Docket No. CP 92-508.

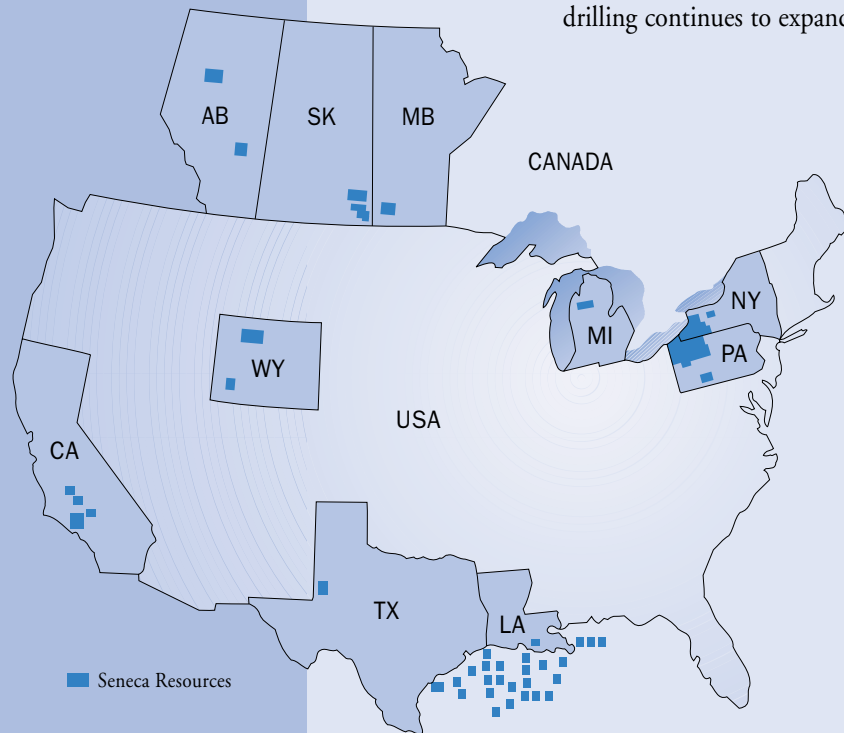
(6) Not specified in the FERC approved settlement agreement—based upon Company calculations.

Exploration and Production



The Company's Exploration and Production operations are carried out through Seneca Resources Corporation (Seneca Resources).

Seneca Resources explores for, develops and purchases natural gas and oil reserves in the Gulf Coast Region of Texas and Louisiana, the Appalachian Region, the Rocky Mountain Region, California and the western provinces of Canada. Currently, Seneca's exploration emphasis is centered around new reserves in Canada and Appalachia, while development drilling continues to expand in California.



Gas and Oil Reserves

<i>Year Ended September 30</i>	2001	2000	1999	1998	1997
Gas Reserves (MMcf)					
Beginning of Year	301,667	320,792	325,065	232,449	207,082
Extensions and Discoveries	51,641	34,641	46,423	40,293	47,951
Revisions of Previous Estimates	(22,847)	(8,001)	(13,091)	(18,623)	20,820
Production	(41,004)	(41,670)	(37,166)	(36,474)	(38,586)
Sales of Minerals In Place	(6,346)	(7,444)	(439)	—	(5,464)
Purchases of Minerals In Place and Other	39,269	3,349	—	107,420	646
End of Year	322,380	301,667	320,792	325,065	232,449
Reserve Replacement Ratio	1.66	.72	.90	3.54	1.80
Oil Reserves (Mbbbl)					
Beginning of Year	119,697	75,819	66,591	17,981	25,749
Extensions and Discoveries	4,549	3,932	3,716	640	359
Revisions of Previous Estimates	(3,659)	4,000	9,808	(4,191)	(6,224)
Production	(7,857)	(5,147)	(4,016)	(2,614)	(1,902)
Sales of Minerals In Place	(765)	(227)	(280)	—	(1)
Purchases of Minerals In Place and Other	3,363	41,320	—	54,775	—
End of Year	115,328	119,697	75,819	66,591	17,981
Reserve Replacement Ratio	.54	9.57	3.37	19.60	(3.08)
Total Gas & Oil Reserves (MMcfe)					
Beginning of Year	1,019,849	775,706	724,611	340,335	361,576
Extensions and Discoveries	78,935	58,233	68,719	44,359	50,105
Revisions of Previous Estimates	(44,801)	15,999	45,757	(43,995)	(16,524)
Production	(88,146)	(72,552)	(61,262)	(52,161)	(49,998)
Sales of Minerals In Place	(10,936)	(8,806)	(2,119)	—	(5,470)
Purchases of Minerals In Place and Other	59,447	251,269	—	436,073	646
End of Year	1,014,348	1,019,849	775,706	724,611	340,335
Reserve Replacement Ratio	1.06	4.49	1.87	8.37	.68

Net Undeveloped Acreage

<i>At September 30</i>	2001	2000	1999	1998	1997
Region					
Gulf Coast	281,408	309,239	305,067	169,244	157,315
West Coast	2,257	12,533	33,753	101,805	87,870
Appalachia	385,585	394,987	414,286	430,192	437,335
Canada	929,460	1,827,910	—	—	—
Total Net Undeveloped Acreage	1,598,710	2,544,669	753,106	701,241	682,520

Revenues

Year Ended September 30 (Thousands of Dollars)	2001	2000	1999	1998	1997
Gas (after Hedging)	\$171,045	\$108,832	\$83,229	\$82,910	\$84,024
Oil (after Hedging)	169,613	117,606	52,050	34,069	34,147
Gas Processing Plant	39,986	17,666	11,751	4,937	—
Other	17,700	(6,034)	(36)	2,356	1,089
Total Revenues	\$398,344	\$238,070	\$146,994	\$124,272	\$119,260

Gas Production (MMcf)

Year Ended September 30	2001	2000	1999	1998	1997
Region					
Gulf Coast	30,663	32,760	28,758	29,461	32,377
West Coast	4,383	4,374	3,977	2,146	1,135
Appalachia	4,142	4,344	4,431	4,867	5,074
Canada	1,816	192	—	—	—
Total Gas Production	41,004	41,670	37,166	36,474	38,586

Oil Production (Mbbbl)

Year Ended September 30	2001	2000	1999	1998	1997
Region					
Gulf Coast	1,914	1,415	1,373	1,228	1,404
West Coast	2,875	2,824	2,633	1,376	490
Appalachia	7	9	10	10	8
Canada	3,061	899	—	—	—
Total Oil Production	7,857	5,147	4,016	2,614	1,902

Total Production (MMcfe)

Year Ended September 30	2001	2000	1999	1998	1997
Total Gas & Oil Production	88,146	72,552	61,262	52,161	49,998

Net Well Completions

Year Ended September 30	2001			2000			1999			1998			1997		
	Productive	Dry	Success Ratio	Productive	Dry	Success Ratio	Productive	Dry	Success Ratio	Productive	Dry	Success Ratio	Productive	Dry	Success Ratio
Region															
Gulf Coast	7	2	.79	14	6	.71	10	5	.67	8	5	.61	6	3	.67
West Coast	88	1	.99	80	1	.99	95	5	.95	13	1	.93	—	2	—
Appalachia	26	3	.90	3	1	.75	3	—	—	4	1	.80	—	—	—
Canada	71	14	.84	22	4	.85	—	—	—	—	—	—	—	—	—
Total Well Completions	192	20	.91	119	12	.91	108	10	.91	25	7	.78	6	5	.55

Producing Wells

At September 30	2001		2000		1999		1998		1997	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Region										
Gulf Coast	104	46	100	35	101	52	102	49	110	55
West Coast	976	899	887	815	922	878	895	877	196	181
Appalachia	1,834	1,745	1,797	1,714	1,806	1,716	1,805	1,728	1,769	1,703
Canada	1,167	954	479	430	—	—	—	—	—	—
Total	4,081	3,644	3,263	2,994	2,829	2,646	2,802	2,654	2,075	1,939

Gas Prices (Average Price per Mcf)

Year Ended September 30	2001	2000	1999	1998	1997
Region					
Gulf Coast	\$4.93	\$3.29	\$2.15	\$2.40	\$2.60
West Coast	10.18	3.62	2.28	2.14	1.79
Appalachia	5.03	3.16	2.44	2.88	2.79
Canada	2.41	2.52	—	—	—
Weighted Average	\$5.39	\$3.31	\$2.20	\$2.45	\$2.60
Weighted Average After Hedging	\$4.17	\$2.61	\$2.24	\$2.27	\$2.18

Oil Prices (Average Price per Barrel)

Year Ended September 30	2001	2000	1999	1998	1997
Region					
Gulf Coast	\$27.47	\$28.27	\$15.18	\$14.69	\$21.37
West Coast	24.06	23.87	11.62	9.85	18.49
Appalachia	28.51	25.12	14.73	16.80	21.28
Canada	24.29	29.28	—	—	—
Weighted Average	\$24.99	\$26.03	\$12.85	\$12.15	\$20.63
Weighted Average After Hedging	\$21.59	\$22.85	\$12.96	\$13.03	\$17.95

Exploration and Production Costs

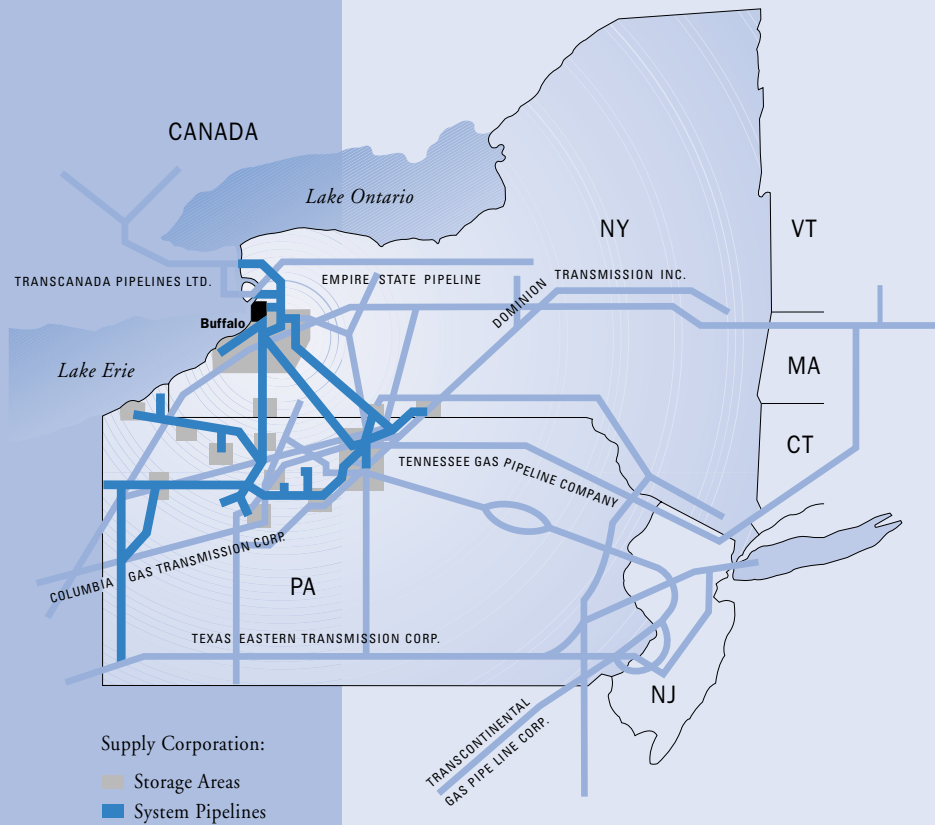
Year Ended September 30 (Dollars per Mcf equivalent)	2001	2000	1999	1998	1997
Reserve Replacement	\$3.41	\$1.20	\$0.80	\$0.86	\$3.50
Lifting	\$0.73	\$0.58	\$0.46	\$0.45	\$0.35
General and Administrative	\$0.25	\$0.20	\$0.15	\$0.16	\$0.15

Pipeline and Storage



The majority of the Company's Pipeline and Storage operations are conducted through National Fuel Gas Supply Corporation (Supply Corporation).

Supply Corporation provides interstate natural gas transportation and storage for affiliated and nonaffiliated companies through an integrated gas pipeline system that extends 2,989 miles from southwestern Pennsylvania to the New York-Canadian border at the Niagara River. It also owns 27 underground natural gas storage areas and is co-owner and operator of four others.



Regulation

The Company's Pipeline and Storage operations are regulated at the Federal level by the Federal Energy Regulatory Commission (FERC).

FERC Overview

The FERC is an independent regulatory agency within the Department of Energy, responsible for regulating interstate activities in the natural gas, electric, hydro and oil pipeline industries. The FERC is composed of five commissioners, including a chair, appointed by the President and confirmed by the Senate for a five-year term.

Current Commissioners

(As of September 30, 2001)

	Term Began	Term Expires	Background
Patrick Henry Wood III <i>Chair</i>	2001	2005	Former Chairman of the Public Utility Commission of Texas.
Linda Key Breathitt	1997	2002	Former Chairman of the Kentucky Public Service Commission and served on the Electricity Committee of NARUC.
William L. Massey	1993	2003	Attorney, formerly Counsel for and partner of Washington, D.C. office of Mayer, Brown & Platt.
Nora Mead Brownell	2001	2006	Former member of the Pennsylvania Public Utility Commission.

Revenues, Volumes and Revenue Rates

<i>Year Ended September 30</i>	2001	2000	1999	1998	1997
Revenues (Thousands of Dollars)					
Firm Transportation:					
Affiliated	\$54,643	\$54,449	\$54,752	\$56,701	\$59,165
Nonaffiliated	36,968	37,856	36,527	36,661	32,323
Interruptible Transportation	1,917	1,578	856	985	1,370
Total Transportation	93,528	93,883	92,135	94,347	92,858
Affiliated Storage	32,677	30,460	28,309	27,384	27,999
Nonaffiliated Storage	29,552	32,726	35,519	36,121	36,222
Total Storage	62,229	63,186	63,828	63,505	64,221
Other	15,334	12,590	12,820	13,131	15,615
Total Revenues	\$171,091	\$169,659	\$168,783	\$170,983	\$172,694
Volumes (MMcf)					
Firm Transportation:					
Affiliated	125,858	113,241	108,250	99,678	122,375
Nonaffiliated	178,325	178,577	191,992	199,060	168,789
Interruptible Transportation	17,372	21,730	8,061	14,310	9,138
Total Volumes	321,555	313,548	308,303	313,048	300,302
Average Revenues per Mcf					
Firm Transportation-Nonaffiliated	\$0.21	\$0.21	\$0.19	\$0.18	\$0.19
Interruptible Transportation	\$0.11	\$0.07	\$0.11	\$0.07	\$0.15

Transmission Statistics

<i>At September 30</i>	2001	2000	1999	1998	1997
Compressor Stations					
Number	14	14	14	16	16
Horsepower	43,776	43,416	43,391	38,005	38,005
Pipeline Mileage	2,989	3,034	3,065	3,136	3,171

Firm Transportation by Customer (MMcf)

Year Ended September 30	2001
National Fuel Gas Distribution Corp.	96,020
Tennessee Gas Pipeline	29,944
National Fuel Resources, Inc.	25,563
Williams Energy Services Co.	23,238
Transcontinental Gas Pipeline Corporation	17,898
Public Service Electric and Gas Co.	11,396
Consolidated Edison Company of NY, Inc.	11,317
TXU Energy Trading, Inc.	10,615
Texaco Energy Marketing, L.P.	7,908
NUI Corporation	5,361
Upstate Energy, Inc.	4,097
Progas U.S.A., Inc.	3,741
Aquila Energy	3,578
Coastal Merchant Energy, L.P.	3,236
Poco Marketing Ltd.	3,179
All Others	47,092
Total Firm Transportation	304,183
Revenues <i>(Thousands of Dollars)</i>	\$91,611

Contract Storage Service (MMcf)

At September 30	2001
National Fuel Gas Distribution Corp.	28,903
Transcontinental Gas Pipe Line Corp.	16,000
National Fuel Resources, Inc.	2,741
TXU Energy	1,719
Upstate Energy Inc.	2,519
PG&E Energy Trading	1,388
Aquila Energy	1,793
South Jersey Resources	1,211
Connecticut Natural	1,484
All Others	6,943
Total Contracted Storage	64,701
Revenues <i>(Thousands of Dollars)</i>	\$62,229

Storage Statistics

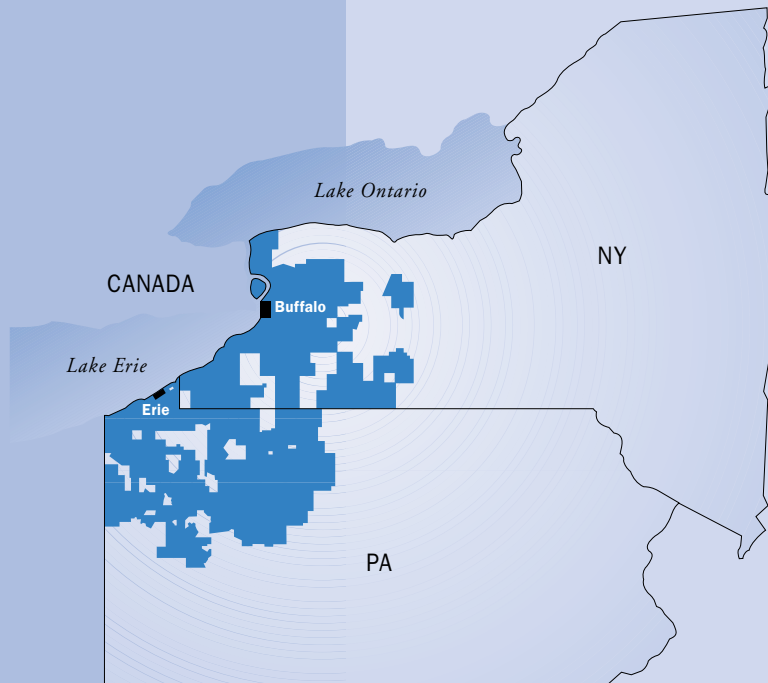
At September 30	2001	2000	1999	1998	1997
Storage Services-Bcf					
Firm Service - Affiliated	34.1	31.1	28.1	26.6	25.8
Firm Service - Nonaffiliated	30.6	33.0	34.2	35.6	35.1
Operational Capacity	7.0	7.0	7.0	7.0	7.0
Total Available Working Capacity - Bcf	71.7	71.0	69.4	69.2	67.9
Leased Storage Capacity	1.0	—	—	—	—
Total Capacity - Bcf	72.7	71.0	69.4	69.2	67.9
Underground Areas	31	32	33	34	34
Compressor Stations					
Number	15	15	15	15	15
Horsepower	31,255	31,255	31,255	32,545	32,545

Utility



The Company's Utility Operation is carried out by National Fuel Gas Distribution Corporation (Distribution Corporation).

Distribution Corporation sells or transports natural gas to over 732,000 customers through a local distribution system located in western New York and northwestern Pennsylvania. The major areas served by this system include Buffalo, Niagara Falls and Jamestown in New York, and Erie and Sharon in Pennsylvania.



■ Distribution Corporation Service Area

Regulation

The Company's Utility Operation is regulated at the state level by the State of New York Public Service Commission (PSC) and the Pennsylvania Public Utility Commission (PaPUC).

PSC Overview

There are five Commission seats. Each Commissioner is appointed by the Governor and confirmed by the State Senate for a term of six years. The Chairman is appointed by the Governor. The PSC is, by law, bipartisan. All of the current Commissioners were appointed by Governor George E. Pataki. The PSC staff consists of approximately 630 employees.

Current Commissioners

(As of September 30, 2001)

	Term Began	Term Expires	Background
Maureen O. Helmer <i>Chairman</i>	1997	2003	Previous General Counsel to the PSC and Counsel to the New York State Senate Energy Committee.
Thomas J. Dunleavy	1996	2001	Former Deputy Commissioner of Telecommunications and Cable Television for the City of New York.
James D. Bennett	1998	2003	Board Member, Long Island Power Authority, Practicing Attorney and CEO of Holiday Inn in Rockville Centre, NY.
Leonard A. Weiss	1999	2004	Former Presiding Justice, New York State Supreme Court.
Neal N. Galvin	1999	2005	Retired President and Chief Executive Officer of Callanan Industries, Inc. and Oldcastle New York State Materials Group.

PaPUC Overview

The PaPUC consists of five members, each appointed by the Governor and confirmed by the State Senate for a term of five years. The Chairman is designated by the Governor. All of the current Commissioners were appointed by Governor Thomas J. Ridge. The PaPUC is served by a staff of approximately 540 employees, divided into thirteen offices and bureaus.

Current Commissioners

(As of September 30, 2001)

	Term Began	Term Expires	Background
Glen R. Thomas <i>Chairman</i>	2001	2006	Former Deputy Policy Director in the Office of Governor Thomas J. Ridge.
Robert K. Bloom <i>Vice Chairman</i>	2000	2005	Former PaPUC Commissioner from 1971-1979 and from 1995-2000.
Aaron Wilson Jr.	1998	2003	Former Mayor of the City of Chester, PA and Administrator in the Chester-Upland School District.
Terrance J. Fitzpatrick	1999	2004	Former Counsel to State Senate Environmental Resource and Energy Committee. He helped to draft the Electricity Generation Customer Choice and Competition Act.

Revenues, Volumes and Customers

Year Ended September 30	2001	2000	1999	1998	1997
Revenues (Thousands of Dollars)					
Residential Sales	\$875,050	\$584,618	\$581,022	\$612,647	\$709,968
Commercial Sales	154,266	93,914	101,482	123,807	167,338
Industrial Sales	29,110	21,543	15,903	18,068	22,412
Off-System Sales	84,078	47,962	29,214	44,479	43,857
Total Sales	1,142,504	748,037	727,621	799,001	943,575
Transportation	89,037	104,534	77,600	62,844	49,285
Other	3,106	(6,112)	2,134	9,335	(1,494)
Total Revenues	\$1,234,647	\$846,459	\$807,355	\$871,180	\$991,366
Volumes (MMcf)					
Residential Sales	73,530	68,196	71,177	71,704	85,676
Commercial Sales	13,831	12,312	13,885	16,405	22,640
Industrial Sales	4,089	4,276	4,144	4,298	5,134
Off-System Sales	12,736	12,833	12,469	16,192	14,051
Total Sales Volumes	104,186	97,617	101,675	108,599	127,501
Transportation	66,283	71,862	64,086	60,080	57,310
Total Volumes	170,469	169,479	165,761	168,679	184,811
Pipeline Mileage	14,778	14,769	14,773	14,784	14,762
Average Revenue per Mcf					
Residential	\$11.90	\$8.57	\$8.16	\$8.54	\$8.29
Commercial	11.15	7.63	7.31	7.55	7.39
Industrial	7.12	5.04	3.84	4.20	4.37
Off-System	6.60	3.74	2.34	2.75	3.12
Transportation	1.34	1.45	1.21	1.05	.86
Average Number of Customers					
Residential	683,526	686,407	683,595	681,640	682,408
Commercial	47,722	47,723	47,728	47,606	47,394
Industrial	1,249	1,272	1,272	1,261	1,244
Total Average Number of Customers	732,497	735,402	732,595	730,507	731,246
Average Number of Transportation Customers:					
Aggregator Programs	52,311	76,706	39,572	26,290	212
Other	1,829	1,904	1,943	1,934	1,801
Residential Customer Statistics					
Average Mcf per Customer	115	110	109	109	126
Average Annual Bill	\$1,366	\$943	\$891	\$929	\$1,040
Househeating Customers – Percent	96%	96%	95%	95%	95%

Degree Days

Year Ended September 30	2001	2000	1999	1998	1997
Buffalo, NY	6,648	6,312	6,179	5,914	6,793
Percent Colder (Warmer) than Normal	(3.2%)	(8.9%)	(9.8%)	(11.6%)	1.5%
Erie, PA	6,351	5,657	5,607	5,389	6,395
Percent Colder (Warmer) than Normal	2.8%	(9.2%)	(9.9%)	(13.4%)	2.8%

Volumes* by Industrial Category (MMcf)

Year Ended September 30	2001
Primary Metal	9,756
Food	4,544
Fabricated Metal Products	3,863
Power Generation	3,854
Chemical & Allied	3,200
Paper & Allied	2,667
Electronic Equipment & Components (excluding computers)	2,529
Transportation Equipment	1,827
Total Volumes 8 Largest Industrial Categories	32,240
Total Industrial Volumes	42,436
Total Utility Volumes	170,469
Percent of 8 Largest Industrial Categories to:	
Total Industrial Volumes	76.0%
Total Utility Volumes	18.9%

Volumes* by Commercial Category (MMcf)

Year Ended September 30	2001
Educational Services	6,010
Retail Trade	4,958
Health Services	4,282
Real Estate	2,839
Justice, Public Order and Safety	1,185
Personal Services	948
Sanitary Services	855
Hotels	748
Membership Organization	742
Amusement & Recreation Services	612
Total Volumes 10 Largest Commercial Categories	23,179
Total Commercial Volumes	35,475
Total Utility Volumes	170,469
Percent of 10 Largest Commercial Categories to:	
Total Commercial Volumes	65.3%
Total Utility Volumes	13.6%

*Sales and transportation volumes.

Retail Market Comparative Fuel Cost* (per million Btu)

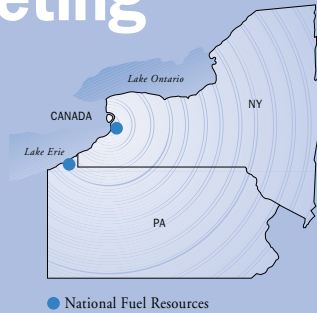
<i>As September 30</i>	2001	2000	1999	1998	1997
New York					
Residential					
Natural Gas	\$8.97	\$11.04	\$7.93	\$7.27	\$8.82
No. 2 Oil	6.32	8.28	7.04	7.20	7.21
Electricity	33.81	30.25	30.78	31.25	32.62
Industrial					
Natural Gas	7.80	9.87	6.75	6.05	6.41
Boiler Fuel (150,000 Mcf and Over)					
Alternate Fuel Capability No. 6 Oil	7.00	9.01	5.44	4.65	4.95
Any Other Alternate Fuel Capability	6.70	9.26	5.80	4.92	5.51
Transportation	0.49	0.50	0.49	.44	.41
No. 6 Oil	5.01	5.17	3.61	3.21	3.48
No. 2 Oil	5.80	7.56	5.20	4.84	5.25
Pennsylvania					
Residential					
Natural Gas	\$8.78	\$8.04	\$6.93	\$7.14	\$7.04
No. 2 Oil	7.99	8.42	7.00	7.50	7.64
Electricity	29.71	23.50	23.54	21.55	20.45
Industrial					
Natural Gas	7.30	6.59	5.37	5.63	5.56
Transportation	0.98	1.04	1.01	1.00	.96
No. 6 Oil	5.16	5.20	3.73	3.40	3.56
No. 2 Oil	5.71	7.70	5.77	5.61	5.11

*Prices include revenue tax where applicable.

Sources of Utility Gas Supply (MMcf)

<i>Year Ended September 30</i>	2001	2000	1999	1998	1997
Long-Term Contract	74,255	73,400	78,347	87,209	107,021
Spot Purchases	40,274	29,463	32,415	28,561	29,498
Appalachian	2,771	1,139	1,609	1,462	2,291
Affiliated Production	—	—	—	—	12
Total Utility Gas Supply	117,300	104,002	112,371	117,232	138,822
Storage Change – Net (Into) or Out	(5,356)	620	(747)	279	1,431
Used In Operations, Shrinkage and Other	(7,758)	(7,005)	(9,949)	(8,912)	(12,752)
Total Gas Available for Utility Sales	104,186	97,617	101,675	108,599	127,501

Energy Marketing



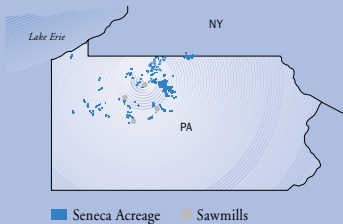
The Company's Energy Marketing operations are carried out by National Fuel Resources, Inc. (NFR).

NFR is engaged in the marketing and brokerage of natural gas and electricity and the performance of energy management services for industrial, commercial, public authority and residential end-users throughout the northeast United States.

Year Ended September 30

	2001	2000	1999	1998	1997
Revenues (Thousands of Dollars)	\$259,206	\$133,929	\$99,088	\$87,187	\$70,098
Natural Gas Marketing Volumes	37,427	35,465	34,454	26,453	21,024
At September 30					
Number of Customers	31,831	33,115	17,480	5,476	1,307

Timber



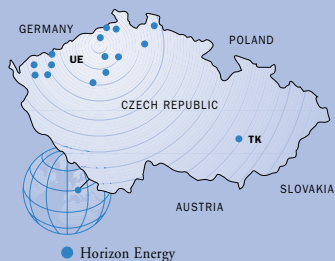
The Company's Timber operations are carried out by Highland Forest Resources, Inc. and Seneca Resources Corporation, Northeast Division.

Highland operates four sawmills in northwestern Pennsylvania. Seneca markets timber from its New York and Pennsylvania land holdings.

Year Ended September 30

	2001	2000	1999	1998	1997
Revenues (Thousands of Dollars)	\$42,091	\$39,172	\$31,117	\$17,805	\$11,536
Production (Thousands of Board Feet)					
Log Sales	8,839	9,370	6,902	2,794	—
Green Lumber Sales	10,332	8,193	8,541	7,634	—
Kiln Dry Lumber Sales	8,804	6,987	5,711	2,710	—
Total	27,975	24,550	21,154	13,138	9,800
At September 30					
Acreage	151,577	152,000	140,000	119,000	118,000
Board Feet (Thousands)	575,000	471,000	423,000	364,000	364,000

International



The Company's International operations are carried out by Horizon Energy Development, Inc. (Horizon)

Horizon engages in foreign energy projects through the investments of its indirect subsidiaries as the sole or substantial owner of various business entities. In addition to assets in the Czech Republic, the development group has targeted Poland, Slovakia, Bulgaria and Italy for expansion.

Year Ended September 30

	2001	2000	1999	1998	1997
Revenues (Thousands)					
Heating	\$69,072	\$69,387	\$71,974	\$49,560	\$1,887
Electricity	26,398	31,426	34,158	22,774	—
Other	2,440	3,923	913	3,925	23
Total Revenues	\$97,910	\$104,736	\$107,045	\$76,259	\$1,910
Sales Volumes					
Heating (Gigajoules)	9,978,118	10,222,024	10,047,042	7,116,776	262,615
Electricity (Megawatt hours)	1,019,901	1,147,303	1,138,980	763,848	—

At September 30

	2001	2000	1999	1998	1997
Number of Employees	911	1,115	1,406	1,390	34

Officers

National Fuel Gas Company

Philip C. Ackerman <i>Chairman of the Board*, President and Chief Executive Officer</i>	Joseph P. Pawlowski <i>Treasurer</i>	Anna Marie Cellino <i>Secretary</i>
	Gerald T. Wehrlin <i>Controller</i>	

Officers of Principal Subsidiaries

National Fuel Gas Distribution Corporation

Philip C. Ackerman <i>Chairman of the Board*</i>	Walter E. DeForest <i>Senior Vice President</i>	Dennis J. Seeley <i>Senior Vice President</i>
David F. Smith <i>President</i>	Joseph P. Pawlowski <i>Senior Vice President and Treasurer</i>	Ronald J. Tanski <i>Senior Vice President and Controller</i>
Anna Marie Cellino <i>Senior Vice President and Secretary</i>	James D. Ramsdell <i>Senior Vice President</i>	Carl M. Carlotti <i>Vice President</i>

National Fuel Gas Supply Corporation

Philip C. Ackerman <i>Chairman of the Board*</i>	Bruce H. Hale <i>Senior Vice President</i>	David F. Smith <i>Senior Vice President</i>
Dennis J. Seeley <i>President</i>	John R. Pustulka <i>Senior Vice President</i>	Joseph P. Pawlowski <i>Treasurer and Secretary</i>

Seneca Resources Corporation

Philip C. Ackerman <i>Chairman of the Board*</i>	Don A. Brown <i>Vice President</i>	Emmett E. Wassell <i>Vice President</i>
James A. Beck <i>President</i>	Robert T. Evans <i>Vice President</i>	Thomas L. Atkins <i>Treasurer and Assistant Secretary</i>
Barry L. McMahan <i>Senior Vice President</i>	Gil E. Klefstad <i>Vice President</i>	
William M. Petmecky <i>Senior Vice President and Secretary</i>	John F. McKnight <i>Vice President</i>	

National Fuel Resources, Inc.

Gerald T. Wehrlin <i>President</i>	Donna L. DeCarolis <i>Vice President</i>	William M. Petmecky <i>Treasurer and Secretary</i>
--	--	--

Highland Forest Resources, Inc.

James A. Beck <i>President</i>	William M. Petmecky <i>Secretary</i>	Thomas L. Atkins <i>Treasurer</i>
--	--	---

Horizon Energy Development, Inc.

Philip C. Ackerman <i>President</i>	Gerald T. Wehrlin <i>Vice President</i>	Ronald J. Tanski <i>Treasurer and Secretary</i>
Bruce H. Hale <i>Vice President</i>		

Directors

Philip C. Ackerman⁶

Chairman of the Board* of Directors of the Company, Chief Executive Officer since October 2001, and President since July 1999. Chairman of the Board* and President of certain subsidiaries of the Company. Board member since 1994.

Robert T. Brady^{3, 5, 8}

Chairman, President and Chief Executive Officer of Moog Inc. Board member since 1995. Director of Acme Electric Corporation, Astronics Corporation, M&T Bank Corporation, M&T Bank and Seneca Foods Corporation.

James V. Glynn^{4, 7}

Chairman since November 2001 of Maid of the Mist Corporation and former President from 1971 to November 2001. Board member since 1997. Director of M&T Bank Corporation, M&T Bank, and Chairman of Niagara University Board of Trustees.

William J. Hill^{4, 5, 7}

Retired President of National Fuel Gas Distribution Corporation. Board member since 1995. Director of National Fuel Gas Distribution Corporation and Reed Manufacturing Company.

Bernard J. Kennedy⁷

Chairman of the Board of Directors of the Company from March 1989 to January 2, 2002, Chief Executive Officer from August 1988 to October 2001, and President from January 1987 to July 1999. Chairman of the Board of Associated Electric & Gas Insurance Services Limited. Director of the Gas Technology Institute, Interstate Natural Gas Association of America, and Merchants Mutual Insurance Company.

Bernard S. Lee, PhD²

Former President of the Institute of Gas Technology. Board member since 1994. Director of NUI Corporation and Peerless Manufacturing Company.

Eugene T. Mann^{3, 5, 7}

Retired Executive Vice President of Fleet Financial Group. Board member since 1993.

George L. Mazanec^{4, 5}

Former Vice Chairman of PanEnergy Corporation (now part of Duke Energy Corporation). Board member since 1996. Director of the Northern Trust Bank of Texas, NA, Westcoast Energy Inc., and Associated Electric & Gas Insurance Services Limited. Former Chairman of the Management Committee of Maritimes & Northeast Pipeline, L.L.C.

John F. Riordan¹

President and Chief Executive Officer of the Gas Technology Institute since April 2000. Board member since July 2000. Director of Nicor Inc., Niagara University, and the Oral and Maxillofacial Surgery Foundation.

¹ Member of Audit Committee

² Chairman, Audit Committee

³ Member of Compensation Committee

⁴ Chairman, Compensation Committee

⁵ Member of Executive Committee

⁶ Chairman, Executive Committee

⁷ Member of Policy and Corporate Governance Committee

⁸ Chairman, Policy and Corporate Governance Committee

* Effective January 3, 2002, Philip C. Ackerman became Chairman of the Board. He succeeded retired Chairman Bernard J. Kennedy.



National Fuel

National Fuel Gas Company

10 Lafayette Square

Buffalo, NY 14203

(716) 857-7000

www.nationalfuelgas.com

Investor Relations

Joseph P. Pawlowski

Treasurer

(716) 857-6904

Margaret M. Suto

Director, Investor Relations

(716) 857-6987

E-mail: sutom@natfuel.com