

NATIONAL FUEL GAS CO

Form PRER14A

January 14, 2008

**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 (Amendment No. 24)**

Filed by the Registrant ☐

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))
- ☐ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material Pursuant to Section 240.14a-12

NATIONAL FUEL GAS COMPANY
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- ☐ No fee required
- ☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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☐ Fee paid previously with preliminary materials.

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Explanatory Note

The Company is filing this marked version of Amendment No. 2 to its Preliminary Proxy Statement to show changes made to Amendment No. 1 to the Preliminary Proxy Statement filed by the Company on January 8, 2008.

NATIONAL FUEL GAS COMPANY

Notice of Annual Meeting

and

Proxy Statement

Annual Meeting of Stockholders

to be held on

February 21, 2008

~~PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION DATED JANUARY 8, 2008~~
NATIONAL FUEL GAS COMPANY
6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221

January 11, 2008

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 11:00 a.m. local time on February 21, 2008, at Houston Oaks Golf and Country Club, 22602 Hegar Road, Hockley, Texas 77447. The matters on the agenda for the meeting are outlined in the enclosed Notice of Meeting and Proxy Statement.

This year's Annual Meeting will be a particularly important one, and YOUR vote is extremely important.

As you may know, New Mountain Vantage, L.P., a Delaware hedge fund (New Mountain), together with its affiliates New Mountain Vantage (California), L.P., New Mountain Vantage (Texas), L.P. and New Mountain Vantage Holdco Ltd., and other members of its group (collectively, New Mountain Group), have acquired an approximate 9.6%~~9.7%~~ position in the Company, and are now asking you to elect up to three people they have indicated that they intend to nominate as directors. **National Fuel strongly urges you to reject their request.** We believe New Mountain Group would seek to have the Board pursue an agenda that: is not the right strategic course for the Company, is flawed by inadequate analysis, and is contrary to your best interests as a shareholder of National Fuel. For a detailed explanation of the reasons for our position, we encourage you to read the Board of Directors' letter to New Mountain dated December 11, 2007, in which the Board addresses business issues raised by New Mountain in a September 11, 2007 letter to the Board. The Board's letter to New Mountain is available as Exhibit 99.1 to the second of two Current Reports on Form 8-K filed by the Company with the Securities and Exchange Commission on December 12, 2007. That second Current Report filed on December 12, 2007, which is hereby incorporated by reference in this proxy statement, is available at the SEC's website at <http://www.sec.gov> and at the Company's website at <http://www.nationalfuelgas.com>.

The Board of Directors and management firmly believe that, given New Mountain Group's flawed agenda, there is no place for the New Mountain Group proposed directors inside the National Fuel boardroom. New Mountain Group does not need board representation for its voice to be heard, and its voice deserves no special preference over the voices of all other National Fuel stockholders. The National Fuel Board of Directors consists of strong, independent leaders who are uniquely qualified, with deep experience in natural gas pipelines, utilities, and exploration and production including Appalachia, and who represent the long-term interests of *all* National Fuel stockholders.

Further, your Board and management stand by their record. Over the past fiscal year, three years, five years and ten years, shareholders have enjoyed overall total returns of 32%, 83%, 185% and 214%, respectively, which far exceed returns of the S&P 500 of 16%, 45%, 105% and 89%, respectively, over those same time periods.

Your vote is extremely important, and we urge you to vote your shares to elect the National Fuel Board's nominees and ensure representation of your interests at the Annual Meeting. The preferred methods of voting are either by telephone or by Internet as described on the WHITE 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 WHITE proxy card and mail it in the envelope

provided. The Proxies are committed by law to vote your proxy as you designate.

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 WHITE 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 WHITE 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.

We urge you to read this proxy statement carefully, and to vote for your Board's nominees who are your committed and experienced representatives and fellow National Fuel stockholders, and to reject the New Mountain Group proposed directors. **Do NOT sign any color proxy card they may send to you.**

Coffee will be served at 109:30 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,

Philip C. Ackerman
Chairman of the Board of Directors,
and Chief Executive Officer

~~PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION DATED JANUARY 8, 2008~~

NATIONAL FUEL GAS COMPANY
6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
to be held on February 21, 2008**

To the Stockholders of National Fuel Gas Company:

Notice is hereby given that the Annual Meeting of Stockholders of National Fuel Gas Company will be held at 11:00 a.m. local time on February 21, 2008, at Houston Oaks Golf and Country Club, 22602 Hegar Road, Hockley, Texas 77447. The doors to the meeting will open at 10:30 a.m. local time. At the meeting, action will be taken with respect to:

(1) the election of three directors to three-year terms;

(2) the appointment of an independent registered public accounting firm;

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 December 26, 2007, will be entitled to vote at the meeting.

YOUR VOTE IS EXTREMELY IMPORTANT THIS YEAR IN LIGHT OF THE PROXY CONTEST BEING CONDUCTED BY THE HEDGE FUND NEW MOUNTAIN VANTAGE, L.P. AND ITS DOMESTIC AND FOREIGN AFFILIATES

By Order of the Board of Directors

Anna Marie Cellino
Secretary

January 11, 2008

*****CAUTION*****

NATIONAL FUEL GAS COMPANY HAS RECEIVED A NOTICE FROM NEW MOUNTAIN VANTAGE, L.P., AND CERTAIN OF ITS AFFILIATES, THAT THEY INTEND TO NOMINATE MESSRS. F. FOX BENTON, DAVID DIDOMENICO AND FREDERIC SALERNO FOR ELECTION TO NATIONAL FUEL GAS COMPANY'S BOARD OF DIRECTORS AT THE ANNUAL MEETING. THE BOARD OF DIRECTORS AND MANAGEMENT FIRMLY BELIEVE THAT THE NEW MOUNTAIN GROUP'S AGENDA IS THE WRONG STRATEGIC COURSE FOR THE COMPANY AND CONTRARY TO YOUR BEST INTERESTS AS A SHAREHOLDER.

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 on the enclosed WHITE 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 WHITE proxy/voting instruction card. Please use the accompanying envelope, which requires no postage if mailed in the United States.

THE BOARD URGES YOU NOT TO SIGN ANY PROXY CARDS SENT TO YOU BY THE NEW MOUNTAIN GROUP. IF YOU HAVE PREVIOUSLY SIGNED A PROXY CARD SENT TO YOU BY THE NEW MOUNTAIN GROUP, YOU CAN REVOKE IT BY SIGNING, DATING AND MAILING THE ENCLOSED WHITE PROXY CARD IN THE ENVELOPE PROVIDED.

If you have any questions or need assistance in voting your shares of National Fuel Gas Company's common stock, please call Morrow ~~&&~~ Co., LLC at (800) 252-1959.

~~**PRELIMINARY PROXY STATEMENT SUBJECT TO COMPLETION DATED JANUARY 8, 2008**~~

**NATIONAL FUEL GAS COMPANY
6363 MAIN STREET
WILLIAMSVILLE, NEW YORK 14221**

PROXY STATEMENT

GENERAL INFORMATION

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 February 21, 2008, 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 11, 2008.

Only stockholders of record at the close of business on December 26, 2007, will be eligible to vote at the Annual Meeting or any adjournment or postponement thereof. As of that date, 83,946,575 shares of Common Stock were issued and outstanding. The holders of 41,973,288 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. All shares that are represented by effective proxies received by the Company in time to be voted shall be voted at the Annual Meeting or any adjournment or postponement thereof. 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.

Pursuant to the rules of the New York Stock Exchange ("NYSE"), if you hold your shares in street name through a broker, your broker is permitted to vote your shares on Proposal_1 below (election of directors) only if you give your broker specific instructions as to how to vote. If you are a street name holder and do not provide instructions to your broker on Proposal_1 below, your shares will count toward a quorum but your broker cannot vote your shares on this matter (a "broker non-vote"). A broker non-vote will have no effect on the outcome of the vote on Proposal_1.

Pursuant to the rules of the NYSE, if you are a street name holder and do not provide instructions to your broker on Proposal_2 below, your broker can vote your shares at its discretion on this matter.

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:

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mailing a revocation to Anna Marie Cellino at the above address with a later date than your WHITE PROXY CARD;

- _ delivering a second signed proxy card dated later than the first signed WHITE PROXY CARD;
- _ voting at a later time by telephone;
- _ by filing written revocation at the meeting with Mrs. Cellino, secretary of the meeting, or
- _ by casting a ballot at the meeting.

If you are an employee stockholder, you may revoke voting instructions given to the Trustee by following the instructions under Employee Stockholder in this proxy statement.

Matters of Business, Votes Needed and Recommendations of the Board of Directors

Proposal 1_ Election of Directors

Each outstanding share of our stock is entitled to one vote for as many separate nominees as there are directors to be elected. The Board of Directors has nominated Robert T. Brady, Rolland E. Kidder and John F. Riordan for election to the three available seats on the Board of Directors. Messrs. Brady, Kidder and Riordan are currently directors of the Company. If you do not wish your shares to be voted for a particular nominee on the enclosed WHITE PROXY CARD, you may withhold your vote as provided on the proxy form or withhold authority as prompted during the telephone voting instructions. **The Board of Directors recommends that you vote FOR the election of each of the Board's nominees for director on the enclosed WHITE PROXY CARD.**

Proposal 2_ Ratification of Independent Registered Public Accounting Firm

____ Ratification of the appointment of PricewaterhouseCoopers LLP to audit the Company's financial statements for 2008 requires the favorable vote of a majority of the shares present at the meeting (in person or by proxy) and entitled to vote. The Audit Committee, as required by law, is directly responsible for appointing the Company's independent registered public accounting firm. Its appointment of PricewaterhouseCoopers LLP for 2007 will not be affected by the outcome of this vote. However, the Audit Committee will consider these voting results when selecting the Company's independent auditor for 2008. **The Board of Directors recommends that you vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent registered public accounting firm for 2008.**

How to Vote Your Shares

Voting shares you hold through a nominee

If you hold shares through someone else, such as a stockbroker, bank or nominee, you will receive material from that firm asking you for instructions on how your shares should be voted. You can complete that firm's voting instruction form and return it as requested by the firm. If the firm offers Internet or telephone voting, the voting form will contain instructions on how to access those voting methods.

Returning a signed proxy without voting instructions

If you do return a signed WHITE PROXY CARD without providing voting instructions, your shares will be voted in favor of each of the director candidates nominated by the Board of Directors, in favor of the ratification of the selection of PricewaterhouseCoopers LLP as the Company's independent auditor for 2008, and in the discretion of the Proxies on any other matters that may come before the Annual Meeting or any adjournment or postponement thereof.

If You Plan to Attend the Meeting

Please note that attendance will be limited to stockholders as of the record date. Admission will be on a first-come, first-served basis. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport. Stockholders holding stock in brokerage accounts or by a bank or other nominee may be required to show a brokerage statement or account statement reflecting stock ownership as of the record date. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. You may contact Morrow & Co., LLC] at (800) 252-1959] to obtain directions to the site of the Annual Meeting. The doors to the meeting will open at 109:30 a.m. local time and the meeting will begin at 1140:00 a.m. local time.

Voting in person

If you are a registered shareholder, you may vote your shares in person by ballot at the Annual Meeting, which will be held at Houston Oaks Golf and Country Club, 22602 Hegar Road, Hockley, Texas 77447.~~The~~

If you hold your shares in a stock brokerage account or through a bank or other nominee, you will not be able to vote in person at the Annual Meeting unless you have previously requested and obtained a legal proxy from your broker, bank or other nominee and present it at the Annual Meeting along with a properly completed ballot.

Confidential Voting

At the Annual Meeting, ~~will count the votes. Its~~ officers or employees of IVS Associates, Inc. will serve as inspectors of election. Due to New Mountain's intention to nominate its own candidates for election as directors at the Annual Meeting, there will not be confidential voting at the Annual Meeting.

Employee Stockholders

If you are a participant in at least one of the Company's Employee Stock Ownership Plans or Tax-Deferred Savings Plans, you will receive a separate voting instruction form to instruct the Trustee 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 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 and 2. Participants in the Plan(s) may also provide those voting instructions by telephone. Those instructions may be revoked by written notice to Vanguard Fiduciary Trust Company, Trustee for the Company's Tax-Deferred Savings Plans and the Employee Stock Ownership Plan, on or before February 15, 2008, at the following address:

National Fuel Gas Company
c/o Corporate Election Services ~~[Vanguard] [address] [address]~~
P.O. Box 1150
Pittsburgh, PA 15230

Multiple Copies of Proxy Statement

The Company has adopted a procedure approved by the Securities and Exchange Commission (SEC) called householding. Under this procedure, stockholders of record who have the same address and last name can choose to receive only one copy of the proxy statement. If you would like to receive just one set of these materials, follow the telephone prompts while you vote, or check the box at the bottom of the WHITE PROXY CARD and return the card in the pre-addressed postage-paid envelope. This procedure will reduce our printing costs and postage fees.

Stockholders who participate in householding will continue to receive separate WHITE 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 Annual Report for the fiscal year ended September 30, 2007, which includes financial statements. 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.

This year's vote at the Annual Meeting is extremely important for the future of National Fuel Gas Company.

In addition to voting on the nominees being recommended by your current Board of Directors, you may be solicited for support for a dissident slate of director candidates chosen by the Delaware hedge fund New Mountain and its foreign and domestic affiliates. National Fuel Gas Company strongly urges you not to support their efforts and, instead, to vote for the incumbent slate of directors on the Company's WHITE proxy card.

PROPOSAL 1. ELECTION OF DIRECTORS
(Proposal 1 on WHITE proxy card)
PLEASE USE THE WHITE PROXY CARD ONLY

Three directors are to be elected at this Annual Meeting. The nominees for the three directorships are: Robert T. Brady, Rolland E. Kidder and John F. Riordan. Messrs. Brady, Kidder and Riordan are currently directors of the Company.

The Company's 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.) Accordingly, Messrs. Brady, Kidder and Riordan have been nominated for terms of three years.

It is intended that the Proxies will vote for the election of Messrs. Brady, Kidder and Riordan 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. Brady, Kidder and Riordan 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 concerning the three nominees for director, as well as the seven incumbent directors of the Company whose current terms will continue after the 2008 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.

Last year, all of the directors attended the Annual Meeting of Stockholders, and they are expected to do so again this year.

The Board of Directors Recommends a Vote FOR the Election of Messrs. Brady, Kidder and Riordan on the WHITE proxy card.

**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

**Nominees for Election as Directors
For Three-Year Terms to Expire in 2011**

ROBERT T. BRADY
1995

67 Chairman of Moog Inc. since February 1996. Moog is a worldwide designer, manufacturer and integrator of precision control components and systems with a total return of 27%, 82% and 250% for the one, three and five year periods ending September 30, 2007. President and Chief Executive Officer of Moog Inc. since 1988 and Board member since 1984. Director of Astronics Corporation, M&T Bank Corporation and Seneca Foods Corporation. Chairs the regular executive sessions of non-management directors, and is the designated contact for shareholders to communicate with the non-management directors on the Board.

ROLLAND E. KIDDER
2002

67 Executive Director of the Robert H. Jackson Center, Inc., in Jamestown, New York, from 2002 until 2006. Founder of Kidder Exploration, Inc., an independent Appalachian oil and gas company; 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 Associates, both Appalachian-based energy associations. An elected member of the New York State Assembly from 1975 to 1982. Former Trustee of the New York Power Authority. On the Dean's Advisory Council of the University at Buffalo School of Law from 1996 to 2001. Vice President and investment advisor for P.B. Sullivan & Co., Inc. from 1994 until 2001.

JOHN F. RIORDAN
1995

72 President and CEO from April 2000 to December 2005 of GTI (the Gas Technology Institute), the leading research, development and training organization serving the natural gas industry, Des Plaines, Illinois. President and CEO of MidCon Corporation, a company engaged in interstate and intrastate natural gas transportation as well as wholesale marketing of natural gas, from October 1988 to January 1998. In 1998, Mr. Riordan directed Occidental Petroleum Corporation's divestiture and sale of MidCon to KN Energy, Inc. Vice Chairman of KN Energy from February 1998 to February 1999. Director of Nicor Inc. since 2001. Twice chairman of the Interstate Natural Gas Association of America (INGAA). Former President of the commodity chemical business at Occidental Petroleum and former President of the

natural gas liquids business at Cities Service Company. Former director of Occidental Petroleum and former director of Chicago Bridge & Iron Company. Former Trustee of Niagara University.

(1) As of February 21, 2008.

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**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

Directors Whose Terms Expire in 2009

R. Don Cash 2003	65	Chairman Emeritus since May 2003, and Board Director since May 1978, of Questar Corporation (Questar), an integrated natural gas company headquartered in Salt Lake City, Utah. 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. Director of Zions Bancorporation since 1982 and Associated Electric and Gas Insurance Services Limited since 1993. Director of Texas Tech Foundation since November 2003 and TODCO (The Offshore Drilling Company) from May 2004 until July 2007. Former trustee, until September 2002, of the Salt Lake Organizing Committee for the Olympic Winter Games of 2002.
Stephen E. Ewing 2007	63	Vice Chairman of DTE Energy, a Detroit-based diversified energy company involved in the development and management of energy-related businesses and services nationwide, from November 1, 2005 until December 31, 2006. Group President, Gas Division, DTE Energy from June 1, 2001 until November 1, 2005. Former president and chief operating officer of MCN Energy Group, Inc. Former president and Chief Executive Officer of Michigan Consolidated Gas Co. (MichCon), a natural gas utility. MichCon is a principal operating subsidiary of DTE Energy as a result of the 2001 merger of DTE Energy and MCN Energy Group, Inc. Chairman of the Board of Directors of the American Gas Association for 2006 and past chairman of the Midwest Gas Association and the Natural Gas Vehicle Coalition.
George L. Mazanec 1996	71	Former Vice Chairman, from 1989 until October 1996, of PanEnergy Corporation, Houston, Texas, a diversified energy company (now part of Spectra). Advisor to the Chief Operating Officer of Duke Energy Corporation from August 1997 to 2000. Director of TEPPCO, LP from 1992 to 1997, Director of Northern Border Pipeline Company Partnership from 1993 to 1998 and Director of Westcoast Energy Inc. from 1998 to 2002. Director of Dynegy Inc. since May 2004. Director of the Northern Trust Bank of Texas, NA and Associated Electric and Gas Insurance Services Limited. Former Chairman of the Management Committee of Maritimes & Northeast Pipeline, L.L.C. Member of the Board of Trustees of DePauw University since 1996.

(1) As of February 21, 2008.

**Name and Year
Became a Director
of the Company**

Age(1)

Principal Occupation

Directors Whose Terms Expire in 2010

Philip C. Ackerman 1994	64	Chief Executive Officer of the Company since October 2001. Appointed as Chairman of the Board effective January 3, 2002. President of the Company from July 1999 until February 2006. Senior Vice President of the Company from June 1989 until July 1999 and Vice President from 1980 to June 1989. President of National Fuel Gas Distribution Corporation (2) from October 1995 until July 1999 and Executive Vice President from June 1989 to October 1995. Executive Vice President of National Fuel Gas Supply Corporation (2) from October 1994 to March 2002. President of Seneca Resources Corporation (2) from June 1989 to October 1996. President of Horizon Energy Development, Inc. (2) since September 1995 and certain other non-regulated subsidiaries of the Company since prior to 1992.
Craig G. Matthews 2005	64	Former President, CEO and Director of NUI Corporation, a diversified energy company acquired by AGL Resources Inc. on November 30, 2004, from February 2004 until December 2004. Vice Chairman, Chief Operating Officer and Director of KeySpan Corporation (previously Brooklyn Union Gas Co.) from March 2001 until March 2002. Director of Hess Corporation (formerly Amerada Hess Corporation) since 2002. Chairman of the Board of Trustees, Polytechnic University, and Director since 1996. Board member of Republic Financial Corporation since May 2007.
Richard G. Reiten 2004	68	Chairman from September 2000 through February 2005 and Director since March 1996 of Northwest Natural Gas Company, a natural gas local distribution company headquartered in Portland, Oregon. Chief Executive Officer of Northwest Natural Gas Company from January 1997 until December 2002 and President from January 1996 through May 2001. Director of Associated Electric and Gas Insurance Services Limited since 1997. Director of US Bancorp since 1998, Building Materials Holding Corp. since 2001 and IDACORP Inc. since January 2004.
David F. Smith 2007	54	President and Chief Operating Officer of the Company since February 2006, Vice President from April 2005 until February 2006. President of National Fuel Gas Supply Corporation (2) since April 2005, Senior Vice President from June 2000 until April 2005. President of National Fuel Gas Distribution Corporation (2) from July 1999 to April 2005, Senior Vice President from January 1993 until July 1999. Also president of Empire State Pipeline (2) and various non-regulated subsidiaries of the Company. Board member of the Interstate Natural Gas Association of America (INGAA), the INGAA Foundation, American Gas Foundation and Chairman of the Northeast Gas Association.

(1) As of February 21, 2008.

(2) Wholly-owned subsidiary of the Company.

Solicitation of Proxies by Certain of the Company's Stockholders

In the fall of 2006, the Company received certain communications from foreign and domestic affiliates of New Mountain regarding, among other things, New Mountain's views with respect to the Company's stock price and strategic initiatives. Included with these communications was a summary of a report prepared by Schlumberger Data & Consulting Services (Schlumberger) and others (the Schlumberger Report) for New Mountain. Based on the Schlumberger Report and its own analysis, New Mountain expressed its belief that the Company's shallow conventional oil and gas assets in the Appalachian basin

had not been fully analyzed or developed by the Company. New Mountain also communicated its belief that the Company's Appalachian acreage may contain exploration and development opportunities in deeper formations including the Devonian shale formation.

On December 12, 2006, representatives of the Company's senior management met with representatives of New Mountain to discuss the issues raised by New Mountain. At this meeting, the Company discussed its views on the portions of the Schlumberger Report shared by New Mountain, as well as the Company's strategy with respect to its Appalachian assets. At this meeting, New Mountain encouraged the Company to speak directly to Schlumberger and to retain Schlumberger to perform a similar review of the Company's Appalachian reserves as that performed for New Mountain. The Company indicated to New Mountain that it (i) possessed serious concerns about New Mountain's analysis and conclusions regarding its Appalachian reserves and (ii) believed in the validity of its own existing strategy for its Appalachian assets. However, the Company indicated that it would take New Mountain's suggestions under advisement. The Company asked for a copy of the Schlumberger Report.

On February 15, 2007, representatives of New Mountain addressed all of the Company's directors and the others attending the Company's 2007 Annual Meeting of Stockholders.

On September 7, 2007, representatives of New Mountain again met with representatives of the Company to discuss the Company's Appalachian oil and gas assets, strategic focus and certain governance issues expressed by New Mountain. The Company again asked for a copy of the Schlumberger Report.

On September 11, 2007, New Mountain sent a letter to the Board of Directors containing four requests that would, in the opinion of New Mountain, unlock substantial value for all of the Company's stockholders if implemented. These requests included developing a new greatly accelerated strategic plan for the Company's Appalachian assets, retaining an investment bank to explore the disposition of certain of the Company's assets and a spin-off of certain others into one or more master limited partnerships, redeeming the Company's stockholder rights plan and eliminating its classified board of directors.

On September 12, 2007, the Company sent a letter to New Mountain indicating that it would carefully consider the suggestions made by New Mountain and again requesting that New Mountain provide copies of the full Schlumberger Report and supporting documentation to allow the Company to fully analyze the basis for the conclusions expressed in that report.

On September 14, 2007, New Mountain sent a letter to the Company that reviewed certain of the materials provided to and communications with the Company to that point.

On September 18, 2007, the Company sent a letter to New Mountain reiterating its request for a copy of the full Schlumberger Report.

On October 11, 2007, the Company issued a press release reporting the results of a study performed by Netherland, Sewell & Associates, Inc., independent engineers, regarding the Company's undeveloped reserves in Appalachia. The results of this study were furnished on the Company's Form 8-K, dated October 12, 2007.

On October 17, 2007, the Company received notice from New Mountain Group of their intention to nominate the following three candidates for election at the Annual Meeting: F. Fox Benton, III, David M. DiDomenico and Frederic V. Salerno.

On November 1, 2007, the Company sent letters to New Mountain and its director nominees again requesting copies of the full Schlumberger Report, which the Company has yet to receive as of the date of this proxy statement.

As of January 2, 2008,~~[]~~, the entities and ~~individuals~~~~individual~~ making up New Mountain Group were the beneficial owners of 8,076,206~~[]~~ shares of Common Stock, or approximately 9.6%~~[]~~ of the ~~outstanding~~ Common Stock ~~outstanding as of December 26, 2007~~~~[]~~, 2007,

As of January 11, 2008, New Mountain continues to refuse to produce a copy of the full Schlumberger Report.

After careful consideration, the Board believes that the suggestions made by New Mountain are flawed by inadequate analysis and are not in the best interests of National Fuel's shareholders at this time.

Appalachian E&P

- National Fuel has an aggressive and well thought-out long-term strategy for developing its Appalachian properties that relies on our experience and proprietary knowledge of our acreage.
- A significant modification to that plan, as suggested by New Mountain, would provide no short-term bonanza for investors, and would ultimately erode the long-term value of the assets.

Master Limited Partnership (MLP) Assessment

- _ New Mountain's suggestions to restructure National Fuel by financially engineering its Exploration and Production assets, and/or its Pipeline and Storage assets, into MLPs are similarly founded on insufficient analysis of incomplete data.
- _ After a thorough analysis of real data, we have concluded_ with the concurrence of our top tier financial advisor_ that MLPs are not an attractive financial or strategic alternative for National Fuel at this time.

Additional Asset Review

- _ National Fuel has undertaken a review of those assets that New Mountain views as non-core.
- _ The Company has concluded that New Mountain's suggestions would result in no significant incremental benefit to National Fuel's shareholders and has determined (1) not to sell its core energy marketing segment, (2)_to hold its timber assets available for the right potential opportunity, and (3)_to actively consider the future of its small landfill gas business.

Director Independence

The Board of Directors has determined that directors Brady, Cash, Ewing, Kidder, Matthews, Mazanec, Reiten and Riordan are independent, and that Mr._Ackerman, Chairman and Chief Executive Officer of the Company, and Mr._Smith, President and Chief Operating Officer of the Company, are not. The Board's determinations of director independence were made in accordance with the listing standards of the New York Stock Exchange (NYSE) and the Director Independence Guidelines adopted by the Board and included in this proxy statement as Appendix_A. Generally, Appendix_A provides that, in order for a director to be considered independent, the Board must affirmatively determine that the director has no direct or indirect material relationship with the Company or any subsidiary, after consideration of all relevant facts and circumstances not merely from the standpoint of the director, but also from that of persons or entities with which the director has an affiliation. Specifically, Appendix_A sets out seven specific circumstances in which a director will not be considered independent, and three categorical types of commercial or charitable relationships that will not be considered material relationships for purposes of determining whether a director is independent. Appendix_A also sets out four types of independence-related disclosures that the Company will continue to make.

Non-management directors meet at regularly scheduled executive sessions without management. The sessions are chaired by Robert T. Brady. The Board of Directors provides a process for shareholders 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 communications addressed in such manner will go directly to the indicated directors. If the volume of communication becomes such that the Board adopts 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.

Meetings of the Board of Directors and Standing Committees

During the Company's fiscal year ended September 30, 2007 (fiscal 2007), there were five meetings of the Board of Directors. In addition, certain directors attended meetings of standing or pro tempore committees. The Audit Committee held eight meetings, the Compensation Committee held seven meetings, the Executive Committee held

one meeting, and the Nominating/Corporate Governance Committee held three meetings. During fiscal 2007, all incumbent 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 2007 and the directors who currently serve on these committees.

DIRECTOR	BOARD COMMITTEES			
	Audit	Nominating/ Corporate Governance	Compensation	Executive
Philip C. Ackerman				X (Chair)
Robert T. Brady		X (Chair)	X	X
R. Don Cash	X	X	X	
Stephen E. Ewing	X			
Rolland E. Kidder	X			
Craig G. Matthews	X (Chair)			
George L. Mazanec	X		X (Chair)	X
Richard G. Reiten		X	X	
John F. Riordan		X	X	X