

NATIONAL FUEL GAS CO
Form U5S
January 28, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C.

FORM U5S

ANNUAL REPORT

For the Fiscal Year Ended September 30, 2001

Filed Pursuant to the

Public Utility Holding Company Act of 1935

by

National Fuel Gas Company

10 Lafayette Square, Buffalo, N.Y. 14203

NATIONAL FUEL GAS COMPANY

FORM U5S - ANNUAL REPORT

For the Fiscal Year Ended September 30, 2001

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ITEM 1. SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF SEPTEMBER 30, 2001

| Name of Company | Number of Common Shares Owned | Percent of Voting Power | Issuer Book Value | Owner's Book Value |
|--|----------------------------------|----------------------------|------------------------|-----------------------|
| ----- | ----- | ----- | ----- | ----- |
| <u>Registrant:</u> | | | (Thousands of Dollars) | |
| National Fuel Gas Company (Parent, Company or Registrant) | - | - | - | - |
| <u>Statutory Subsidiaries:</u> | | | | |
| National Fuel Gas Distribution Corporation (Distribution Corporation) (Note 1) | 2,000 | 100% | \$512,400 | \$512,400 |
| Unsecured Debt (Note 9) | - | - | \$373,600 | \$373,600 |
| National Fuel Gas Supply Corporation (Supply Corporation) (Note 2) | 1,013,802 | 100% | \$289,411 | \$289,411 |
| Unsecured Debt (Note 9) | - | - | \$148,400 | \$148,400 |
| Seneca Resources Corporation (Seneca Resources) (Note 3) | 100,000 | 100% | \$ 81,744 | \$ 81,744 |
| Unsecured Debt (Note 9) | - | - | \$911,900 | \$911,900 |
| National Fuel Exploration Corp. (NFE) | 115,000,000 | 100% | \$(32,171) | \$(32,171) |
| Unsecured Debt (Note 9) | - | - | \$253,005 | \$253,005 |
| National Fuel Exploration Acquisition Corp. (Note 3) | 100 | 100% | \$(75,231) | \$(75,231) |
| Player Resources, Ltd. (Note 3) | - | 100% | \$(75,231) | \$(75,231) |
| Empire Exploration Company, Empire 1983 Drilling Program, Empire 1983 Joint Venture (Note 10) | N/A | N/A | \$ 970 | \$ 970 |
| Highland Forest Resources, Inc. (Highland) (Note 4) | 4,500 | 100% | \$ 8,683 | \$ 8,683 |

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| | | | | |
|---|-----------|--------|-----------|-----------|
| Unsecured Debt (Note 9) | - | - | \$ 62,900 | \$ 62,900 |
| Data-Track Account Services, Inc. (Data-Track) (Note 5) | 1,000 | 100% | \$ 768 | \$ 768 |
| Leidy Hub, Inc. (Leidy Hub) (Note 6) | 4,000 | 100% | \$ 730 | \$ 730 |
| National Fuel Resources, Inc. (NFR) (Note 7) | 10,000 | 100% | \$ 30,287 | \$ 30,287 |
| Unsecured Debt (Note 9) | - | - | \$ 19,000 | \$ 19,000 |
| Horizon Energy Development, Inc. (Horizon) (Notes 8 and 11-12) | 4,750 | 100% | \$ 8,855 | \$ 8,855 |
| Unsecured Debt (Note 9) | - | - | \$103,700 | \$103,700 |
| Sceptre Power Company *(Note 11) | N/A | 100% | \$ 3,948 | \$ 3,948 |
| Horizon Energy Holdings, Inc. (HEHI) (Note 12) | 2,000 | 100% | \$112,492 | \$112,492 |
| Horizon Energy Development B.V. (HED B.V.) (Note 12) | 400 | 100% | \$112,492 | \$112,492 |
| Unsecured Debt (Note 9) | - | - | \$ 120 | \$ 120 |
| United Energy, a.s. . (UE) (Note 12) | 8,405,037 | 85.16% | \$104,366 | \$112,819 |
| Unsecured Debt (Note 9) | - | - | \$ 45,575 | \$ 45,575 |
| Teplarna Liberec, a.s. (TL) (Note 12) | 70 | 70% | \$ 9,181 | \$ 8,187 |

ITEM 1. SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF SEPTEMBER 30, 2001 (Continued)

| Name of Company ----- | Number of Common Shares Owned ----- | Percent of Voting Power ----- | Issuer Book Value ----- | Owner's Book Value ----- |
|---|---|-------------------------------------|-------------------------------|--------------------------------|
| <u>Registrant:</u> | | | | |
| (Thousands of Dollars) | | | | |
| Lounske tepelne Hospodarstvi, s.r.o (LTH) (Note 12) | N/A | 100% | \$ 53 | \$ 53 |
| Teplo Branany, s.r.o. (TB) (Note 12) | N/A | 49% | \$ 1 | \$ 1 |
| ENOP Company, s.r.o. (ENOP) (Note 12) | N/A | 100% | \$ 142 | \$ 242 |
| Horizon Energy Development, s.r.o. (HED) (Note 12) | N/A | 100% | \$ 2,335 | \$ 2,335 |
| Power Development, s.r.o. (PD) (Note 12) | N/A | 100% | \$ 2 | \$ 2 |
| Teplarna Kromeriz a.s. (Kromeriz) (Note 12) | 375 | 100% | \$ (63) | \$ (63) |
| Unsecured Debt (Note 9) | - | - | \$ 82 | \$ 82 |
| Upstate Energy Inc. (Upstate) (Note 13) | 1,000 | 100% | \$ (215) | \$ (215) |
| Unsecured Debt (Note 9) | - | - | \$ 3,600 | \$ 3,600 |
| Seneca Independence Pipeline Company (SIP) (Note 14) | 1,000 | 100% | \$ 468 | \$ 468 |
| Unsecured Debt (Note 9) | - | - | \$ 13,200 | \$ 13,200 |
| Niagara Independence Marketing Company (NIM) (Note 15) | 1,000 | 100% | \$ 1 | \$ 1 |

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| | | | | |
|--|-------|------|-----------|-----------|
| Horizon Power, Inc. (Power) (Note 16) | 1,000 | 100% | \$ 5,736 | \$ 5,736 |
| Unsecured Debt (Note 9) | - | - | \$ 12,200 | \$ 12,200 |
| Seneca Energy II, LLC (Seneca Energy) | N/A | 50% | (Note 16) | (Note 16) |
| Model City Energy, LLC (Model City) | N/A | 50% | (Note 16) | (Note 16) |
| Energy Systems North East, LLC (ESNE) | N/A | 50% | (Note 16) | (Note 16) |

Notes:

1. Distribution Corporation is a public utility that sells natural gas and provides gas transportation service in western New York and northwestern Pennsylvania.
2. Supply Corporation is engaged in the transportation and storage of natural gas for affiliated and nonaffiliated companies.
3. Seneca Resources is engaged in the exploration for, and the development and purchase of, natural gas and oil reserves in the Gulf Coast of Texas and Louisiana, and in California, Wyoming and in the Appalachian region of the United States. Also, exploration and production operations are conducted in the provinces of Manitoba, Alberta and Saskatchewan in Canada by Seneca's wholly-owned subsidiary, National Fuel Exploration Corp. (NFE), an Alberta, Canada corporation. NFE owns 100% of National Fuel Exploration Acquisition Corp., which owns 100% of Player Resources Ltd. (Player). National Fuel Acquisition Corp. has no operations other than serving as the holding company for the stock of Player. In addition, Seneca Resources is engaged in the marketing of timber from its Pennsylvania land holdings.
4. Highland operates several sawmills and kilns in northwestern Pennsylvania and processes timber from north-central Pennsylvania, primarily high quality hardwoods.

ITEM 1. SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF SEPTEMBER 30, 2001 (Continued)

5. Data-Track provides collection services (principally issuing collection notices) primarily for the subsidiaries of the Company.
6. Leidy Hub is a New York corporation formed to provide various natural gas hub services to customers in the eastern United States.
7. NFR 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 northeastern United States.
8. Horizon was formed to engage in foreign and domestic energy projects through investment in various business entities (see Notes 11-12).
9. Unsecured debt is presented on pages 6-7.
10. In December 1983, Empire Exploration, Inc. (which was subsequently merged into Seneca Resources) established a drilling fund through a series of limited partnerships in which it acts as general partner (See File No. 70-6909). Empire Exploration, Inc.'s aggregate investment in all three limited partnerships amounted to

\$970,150.

11. Horizon became one of the partners in Sceptre Power Company, a California general partnership, on September 15, 1995. This partnership was dissolved as of December 23, 1996 and is currently winding down operations.
12. Horizon owns 100% of the capital stock of HEHI, a New York corporation which owns 100% of HED B.V. HED B.V. in turn owns 100% of the ownership interests of HED, PD and Kromeriz (all Czech corporations). HED B.V. owns 85.16% of United Energy, a.s. (UE). UE owns 100% of the ownership interests of ENOP and LTH, 70% of the ownership interest of TL and 49% of the ownership interest of TB. At the end of June 2001, UE sold its 65.78% interest in Jablonecka teplarenska a realitni, a.s. (JTR). All UE subsidiaries are Czech corporations or limited liability companies. HED B.V. and its subsidiaries are primarily engaged in district heating and power generation operations in the Czech Republic.
13. Upstate is a New York corporation engaged in wholesale natural gas marketing and other energy-related activities.
14. SIP, a Delaware corporation, holds a one-third general partnership interest in Independence Pipeline Company (Independence), a Delaware general partnership. Independence proposes to construct and operate the Independence Pipeline, a 400-mile interstate pipeline system which would transport natural gas from Defiance, Ohio to Leidy, Pennsylvania.
15. NIM, a Delaware corporation, owns a one-third general partnership interest in DirectLink Gas Marketing Company, which partnership was formed to engage in natural gas marketing and related businesses, in part by subscribing for firm transportation capacity on the Independence Pipeline.
16. Power is a New York corporation designated as an "exempt wholesale generator" under the Public Utility Holding Company Act of 1935 and is developing or operating, through its subsidiaries, mid-range independent power production facilities.
Power owns a 50% limited liability company interest in each of Seneca Energy II, LLC, a New York limited liability company formed in February 2000 (Seneca Energy), Model City Energy, LLC, a New York limited liability company formed in February 2000 (Model City), and Energy Systems North East, LLC, a Delaware limited liability company formed in September 2000 (ESNE). "Issuer Book Value" and "Owner's Book Value" for Seneca Energy, Model City and ESNE are filed pursuant to Rule 104(b).

ITEM 1. SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF SEPTEMBER 30, 2001 (Continued)

Note (9) Unsecured Debt

| Name of Company (Issuer) | Security Owned by Registrant | Principal Amount Owed | Issuer Book Value | Owner's Book Value |
|-----------------------------|------------------------------|-----------------------------|-------------------------|--------------------------|
| ----- | | | | |
| (Thousands of Dollars) | | | | |
| ----- | | | | |
| Distribution Corporation | Intercompany Notes: | | | |
| | 7.48% Due February 18, 2003 | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| | 7.99% Due February 1, 2004 | 100,000 | 100,000 | 100,000 |
| | 7.46% Due March 30, 2023 | 49,000 | 49,000 | 49,000 |
| | 8.55% Due July 15, 2024 | 20,000 | 20,000 | 20,000 |
| | 7.50% Due June 13, 2025 | 50,000 | 50,000 | 50,000 |

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| | | | | |
|--|--|---------|---------|---------|
| | 6.26% Due August 12, 2027 | 30,000 | 30,000 | 30,000 |
| | 3.25% System Money Pool(1) | 74,600 | 74,600 | 74,600 |
| | | ----- | ----- | ----- |
| | | 373,600 | 373,600 | 373,600 |
| | | ----- | ----- | ----- |
| Supply Corporation | Intercompany Notes: | | | |
| | 7.99% Due February 1, 2004 | 25,000 | 25,000 | 25,000 |
| | 6.95% Due August 1, 2004 | 50,000 | 50,000 | 50,000 |
| | 8.55% Due July 15, 2024 | 30,000 | 30,000 | 30,000 |
| | 6.26% Due August 12, 2027 | 10,000 | 10,000 | 10,000 |
| | 3.25% System Money Pool(1) | 33,400 | 33,400 | 33,400 |
| | | ----- | ----- | ----- |
| | | 148,400 | 148,400 | 148,400 |
| | | ----- | ----- | ----- |
| Seneca Resources | Intercompany Notes: | | | |
| | 7.48% Due February 18,2003 | 100,000 | 100,000 | 100,000 |
| | 6.95% Due August 1, 2004 | 50,000 | 50,000 | 50,000 |
| | 6.39% Due May 27, 2008 | 120,000 | 120,000 | 120,000 |
| | 6.18% Due March 1, 2009 | 100,000 | 100,000 | 100,000 |
| | 7.70% Due October 22, 2010 | 200,000 | 200,000 | 200,000 |
| | 6.26% Due August 12, 2027 | 50,000 | 50,000 | 50,000 |
| | 3.25% System Money Pool(1) | 291,900 | 291,900 | 291,900 |
| | | ----- | ----- | ----- |
| | | 911,900 | 911,900 | 911,900 |
| | | ----- | ----- | ----- |
| NFE | 3.25% Line of Credit | 253,005 | 253,005 | 253,005 |
| | 3.98% Short-Term Bank Loan | 15,675 | 15,675 | 15,675 |
| | | ----- | ----- | ----- |
| | | 268,680 | 268,680 | 268,680 |
| | | ----- | ----- | ----- |
| Highland | 3.25% System Money Pool(1) | 62,900 | 62,900 | 62,900 |
| | | ----- | ----- | ----- |
| Horizon | Intercompany Notes: | | | |
| | 6.26% Due August 12, 2027 | 10,000 | 10,000 | 10,000 |
| | 6.39% Due May 27, 2008 | 80,000 | 80,000 | 80,000 |
| | 3.66% Line of credit(2) | 13,700 | 13,700 | 13,700 |
| | | ----- | ----- | ----- |
| | | 103,700 | 103,700 | 103,700 |
| | | ----- | ----- | ----- |
| Horizon Energy Development B.V. (HED B.V.) | 3.66% Line of Credit(2) | 120 | 120 | 120 |
| | | ----- | ----- | ----- |
| UE | 5.85%(3) Payable Quarterly Through June 2006 | 2,283 | 2,283 | 2,283 |
| | 5.55% Short-Term Bank Loan | 10,392 | 10,392 | 10,392 |
| | 5.56% Short-Term Bank Loan | 588 | 588 | 588 |
| | 5.40% Short-Term Bank Loan | 3,118 | 3,118 | 3,118 |
| | 5.535% (4) Payable March 2001-December 2004 | 15,765 | 15,765 | 15,765 |
| | 6.35% Payable July 2001-September 2006 | 13,429 | 13,429 | 13,429 |
| | | ----- | ----- | ----- |
| | | 45,575 | 45,575 | 45,575 |
| | | ----- | ----- | ----- |

ITEM 1. SYSTEM COMPANIES AND INVESTMENTS THEREIN AS OF SEPTEMBER 30, 2001 (Concluded)

Note (10) Unsecured Debt

| Name of Company (Issuer) | Security Owned by Registrant | Principal Amount Owed | Issuer Book Value | Owner's Book Value |
|-----------------------------|------------------------------|-----------------------------|-------------------------|--------------------------|
| | | (Thousands of Dollars) | | |
| Kromeriz | 8.0% Intercompany Note | 82 | 82 | 82 |
| Upstate | 3.25% System Money Pool (1) | 3,600 | 3,600 | 3,600 |
| SIP | 3.25% System Money Pool (1) | 13,200 | 13,200 | 13,200 |
| NFR | 3.25% System Money Pool (1) | 19,000 | 19,000 | 19,000 |
| Horizon Power Inc. | 3.60% Line of Credit (2) | 12,200 | 12,200 | 12,200 |
| | | \$1,962,957 | \$1,962,957 | \$1,962,957 |

- Interest rate represents weighted average of all short-term securities outstanding at September 30, 2001, pursuant to System money pool arrangement, S.E.C. File No. 70-8297 (Release Nos. 25964, 26076 and 26196).
- Interest rate represents the rate paid by respective subsidiaries on line of credit amounts outstanding at September 30, 2001.
- Interest rate is six month PRIBOR (Prague Interbank Offered Rate) plus 0.5%.
- Interest rate per the debt agreement is six month PRIBOR (Prague Interbank Offered Rate) plus 0.475%. However, under the terms of an interest rate swap, which extends until June 2002, UE pays a fixed rate of 8.31% and receives a floating rate of six month PRIBOR.

ITEM 2. ACQUISITIONS OR SALES OF UTILITY ASSETS

None during fiscal year ended September 30, 2001.

ITEM 3. ISSUE, SALE, PLEDGE, GUARANTEE OR ASSUMPTION OF SYSTEM SECURITIES

- Name of Issuer: Horizon Energy Development, Inc.
Description of Security: Line of Credit Agreement with maximum draw of \$40,000,000
Effective Average Interest Rate: 5.48%
Name of Person to Whom Issued: National Fuel Gas Company
End of Year Balance: \$13,700,000

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Highest Balance During Year: \$13,700,000
 Exemption: Rule 52

2. Name of Issuer: National Fuel Exploration Corp.

Description of Security: Line of Credit Agreement with maximum draw of \$260,000,000
 Effective Average Interest Rate: 5.25%
 Name of Person to Whom Issued: Seneca Resources Corporation
 End of Year Balance: \$253,005,372
 Highest Balance During Year: \$253,005,372
 Exemption: Rule 52

3. Name of Issuer: Horizon Energy Development B.V.

Description of Security: Line of Credit Agreement with maximum draw of \$150,000
 Effective Average Interest Rate: 4.6%
 Name of Person to Whom Issued: Horizon Energy Development, Inc.
 End of Year Balance: \$120,000
 Highest Balance During Year: \$120,000
 Exemption: Rule 52

4. Name of Issuer: Horizon Power, Inc.

Description of Security: Line of Credit Agreement with maximum draw of \$20,000,000
 Effective Average Interest Rate: 4.166%
 Name of Person to Whom Issued: National Fuel Gas Company
 End of Year Balance: \$12,200,000
 Highest Balance During Year: \$12,200,000
 Exemption: Rule 52

5. Item 9, Part I(b) for Energy Systems North East, LLC (ESNE) includes a description of notes issued by ESNE, an exempt wholesale generator.

ITEM 4. ACQUISITION, REDEMPTION OR RETIREMENT OF SYSTEM SECURITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2001

| Name of Issuer and Title of Issue ----- | Name of Company Acquiring, Redeeming or Retiring ----- Securities ----- | Number of Shares or Principal Amount ----- | | | Consideration ----- (Thousands of Dollars) ----- |
|--|---|--|----------|---------|---|
| | | Acquired | Redeemed | Retired | |

Registered Holding Company:

Registrant:

| | | |
|-------------------------------------|------------|---------|
| 7.50% Note due November 22, 2010 | Registrant | 200,000 |
|-------------------------------------|------------|---------|

Subsidiaries of Registered Holding Company:

| | |
|--|--------|
| Seneca Resources: 7.70% Note maturing | Seneca |
|--|--------|

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November 22, 2010

Resources 200,000

200,000

ITEM 5. INVESTMENTS IN SECURITIES OF NONSYSTEM COMPANIES

| 1. Name of Owner ----- | Number of Persons ----- | Business of Persons ----- | Aggregate Investment ----- |
|---------------------------|-------------------------------|------------------------------|----------------------------------|
|---------------------------|-------------------------------|------------------------------|----------------------------------|

None.

ITEM 6. OFFICERS AND DIRECTORS

Part I. Names, principal business address and positions held as of September 30, 2001

| Name | Address | Number of Persons | Business of Persons | Names of System Companies with Which Connected | | | |
|----------------|-------------------|----------------------|---------------------|--|---|---|-------------------------------|
| | | | | Registrant | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corp.* |
| B. J. Kennedy | Buffalo, NY | (1) | D, COB, CEO, s | D, COB, s | D, COB, s | D, COB, s | D, COB, s |
| B. S. Lee | Des Plaines, IL | (2) | D, df | - | - | - | - |
| G. L. Mazanec | Houston, TX | (3) | D, df | - | - | - | - |
| J. F. Riordan | Des Plaines, IL | (17) | D, df | - | - | - | - |
| E. T. Mann | Buffalo, NY | (1) | D, df | - | - | - | - |
| R. T. Brady | Buffalo, NY | (4) | D, df | - | - | - | - |
| W. J. Hill | Buffalo, NY | (1) | D, df | D | - | - | - |
| J. V. Glynn | Niagara Falls, NY | (9) | D, df | - | - | - | - |
| P. C. Ackerman | Buffalo, NY | (1) | D, P, s | D, s | EVP, s | D, s | D, s |
| J. R. Peterson | Buffalo, NY | (1) | AS, s | - | GC, s | - | - |
| J. A. Beck | Houston, TX | (5) | - | - | - | D, P, s | - |
| W. M. Petmecky | Houston, TX | (5) | - | - | - | SVP, S, s | - |
| D. A. Brown | Houston, TX | (5) | - | - | - | VP, s | - |
| G. E. Klefstad | Houston, TX | (5) | - | - | - | VP, s | - |
| E. E. Wassell | Houston, TX | (5) | - | - | - | VP, s | - |
| J. F. McKnight | Houston, TX | (5) | - | - | - | VP, s | - |
| B. L. McMahon | Santa Paula, CA | (6) | - | - | - | SVP, s | - |
| A. M. Cellino | Buffalo, NY | (1) | S, s | SVP, S, s | s | - | - |

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| | | | | | |
|--------------------|------------------------|------|--------------|-----------|----------|
| P. M. Ciprich | Buffalo, NY (1) | - | AS, GC, s | - | - |
| W. E. DeForest | Buffalo, NY (1) | - | SVP, D, s | - | - |
| B. H. Hale | Buffalo, NY (1) | - | - | D, SVP, s | - |
| J. P. Pawlowski | Buffalo, NY (1) | T, s | D, SVP, T, s | T, S, s | s |
| J. R. Pustulka | Buffalo, NY (1) | - | s | SVP, s | s |
| J. D. Ramsdell | Buffalo, NY (1) | - | SVP, s | s | s |
| W. A. Ross | Buffalo, NY (1) | - | - | D, VP, s | - |
| D. J. Seeley | Buffalo, NY (1) | - | SVP, s | P, D, s | - |
| D. F. Smith | Buffalo, NY (1) | - | P, D, s | SVP, s | D |
| R. J. Tanski | Buffalo, NY (1) | - | SVP, C, s | s | s |
| G. T. Wehrlin | Buffalo, NY (1) | C, s | - | - | C |
| C. M. Carlotti | Erie, PA (16) | - | VP, s | - | - |
| R. T. Evans | Houston, TX (5) | - | - | - | VP, s |
| T. L. Atkins | Houston, TX (5) | - | - | - | T, AS, s |
| D. L. DeCarolis | Williamsville, NY (12) | - | - | - | - |
| J. F. Kronenwetter | Buffalo, NY (1) | - | - | - | - |
| R. E. Klein | Buffalo, NY (1) | - | AC, s | s | s |
| S. Wagner | Buffalo, NY (1) | s | AT, s | s | s |
| B. Heine | Buffalo, NY (1) | - | AVP, s | - | - |
| J. Lesch | Buffalo, NY (18) | - | AVP, s | - | - |
| D. Wassum | Buffalo, NY (1) | - | - | - | - |
| R. C. Kraemer | Buffalo, NY (1) | - | - | - | - |

Position Symbol Key

| | |
|--|---------------------------|
| COB - Chairman of the Board of Directors | S - Secretary |
| CEO - Chief Executive Officer | AS - Assistant Secretary |
| P - President | C - Controller |
| EVP - Executive Vice President | AC - Assistant Controller |
| SVP - Senior Vice President | D - Director |
| VP - Vice President | s - Salary |
| AVP - Assistant Vice President | T - Treasurer |
| GC - General Counsel | AT - Assistant Treasurer |
| df - Director's Fees | |

See page 14 for Notes.

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| | | | | | | | |
|---|---------|---------|---------|---|---|---|---|
| - | - | - | - | - | D | - | - |
| - | - | - | - | - | - | - | - |
| D | D | - | - | - | - | - | D |
| - | s | T, S, s | - | - | - | - | - |
| D | P, D, s | VP, s | D, S, T | - | - | - | D |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | T | T | - | - |
| - | VP, s | - | - | - | - | - | - |
| - | - | AVP, s | - | - | - | - | - |
| - | s | - | - | - | - | - | - |
| - | s | s | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| - | - | AVP, s | - | - | - | - | - |
| - | - | AVP, s | - | - | - | - | - |

* Officers and directors of Seneca Resources' subsidiaries as of September 30, 2001 were as follows:

National Fuel Exploration Corp.

Board of Directors and Officers:

| | |
|---------------------------------------|-----------------------|
| B. J. Kennedy (Director and Chairman) | Buffalo, NY (1) |
| J. B. McCashin (President) | Calgary, Alberta (19) |
| D. Conrad (Secretary) | Calgary, Alberta (19) |
| W. M. Petmecky (Assistant Secretary) | Houston, TX (5) |
| G. W. Burns (Director) | Calgary, Alberta (19) |
| D. R. Goruk (Director) | Calgary, Alberta (19) |

NFEx Acquisition Corp.

Board of Directors and Officers:

| | |
|---|-----------------------|
| B. J. Kennedy (Director and Chairman) | Buffalo, NY (1) |
| P. C. Ackerman (Director) | Buffalo, NY (1) |
| J. B. McCashin (Director and President) | Calgary, Alberta (19) |
| D. R. Goruk (Director) | Calgary, Alberta (19) |
| W. M. Petmecky (Assistant Secretary) | Houston, TX (5) |
| D. Conrad (Secretary) | Calgary, Alberta (19) |

Player Resources Ltd.

Board of Directors and Officers:

| | |
|--|-----------------------|
| P. C. Ackerman (Director) | Buffalo, NY (1) |
| J. A. Beck (Director) | Houston, TX (5) |
| J. B. McCashin ((President and Director) | Calgary, Alberta (19) |

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| | |
|------------------------|-----------------------|
| D. R. Goruk (Director) | Calgary, Alberta (19) |
| D. Conrad (Secretary) | Calgary, Alberta (19) |
| W. Dummer (Controller) | Calgary, Alberta (19) |

** Officers and directors of Horizon's subsidiaries as of September 30, 2001 were as follows:

Horizon Energy Holdings, Inc.

Board of Directors and Officers:

| | |
|---|-----------------|
| P. C. Ackerman (Director and President) | Buffalo, NY (1) |
| B. H. Hale (Vice President) | Buffalo, NY (1) |
| G. T. Wehrlin (Vice President) | Buffalo, NY (1) |
| R. J. Tanski (Secretary and Treasurer) | Buffalo, NY (1) |

Horizon Energy Development, B.V.

Managing Directors:

| | |
|-------------------|--------------------------------|
| B. H. Hale | Buffalo, NY (1) |
| G. T. Wehrlin | Buffalo, NY (1) |
| Intra Beheer B.V. | Amsterdam, The Netherlands (8) |

Horizon Energy Development, s.r.o.

Managing Director:

| | |
|------------|-----------------|
| B. H. Hale | Buffalo, NY (1) |
|------------|-----------------|

Statutory Agents:

| | |
|--------------|----------------------------|
| L. Jarolimek | Prague, Czech Republic (7) |
| A. Novak | Prague, Czech Republic (7) |

Power Development, s.r.o. (in liquidation as of January 19, 2001)

Liquidator

| | |
|-----------|-----------------------------|
| P. Ferenc | Prague, Czech Republic (11) |
|-----------|-----------------------------|

Statutory Agents:

| | |
|--------------|----------------------------|
| L. Jarolimek | Prague, Czech Republic (7) |
| A. Novak | Prague, Czech Republic (7) |

Teplarna Kromeriz, a.s. (in liquidation as of November 15, 2001)

Board of Directors:

| | |
|-----------|------|
| J. Drabek | (14) |
|-----------|------|

Liquidator:

| | |
|--------------|------|
| JUDr. Krejci | (13) |
|--------------|------|

See page 14 for Notes

Notes

1. National Fuel Gas Company, 10 Lafayette Square, Buffalo, New York 14203
2. Institute of Gas Technology, 1700 So. Mt. Prospect Road, DesPlaines, IL 60018-1804
3. Duke Energy Corporation, P.O. Box 1642, Houston, TX 77251-1642
4. Moog Inc., Plant 24/Seneca at Jamison Rd., East Aurora, NY 14052-0018
5. Seneca Resources Corporation, 1201 Louisiana Street, Suite 400, Houston, Texas 77002
6. Seneca Resources Corporation, P.O. Box 630, Santa Paula, CA 93061-0630
7. Horizon Energy Development, s.r.o., Maiselova 15, Praha 1 - Josefov, 11000, Czech Republic
8. Intra Beheer B.V., Leidseplein 29, 1017 PS, Amsterdam, The Netherlands
9. Maid of the Mist Corporation, 151 Buffalo Avenue, Niagara Falls, New York 14303
10. Teplarna Liberec, a.s., Dr. Milady Horakove 641/34a, 460 01 Liberec 4, Czech Republic
11. Predicor, Tax advisor, Pristavni 2, 170 00 Prague 7, Czech Republic
12. National Fuel Resources, Inc., 165 Lawrence Bell Drive, Williamsville, NY 14221

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13. Law Office Rasovsky, Krejci, Cinglos, Spitalka 23 b, 602 00 Brno, Czech Republic
14. United Energy, a.s., Teplarenska no. 2, Komorany, 434 03 Most 3, Czech Republic
15. Teplo Branany, s.r.o., Bilinska 76 Branany, Czech Republic
16. National Fuel Gas Company, 1100 State Street, Erie, PA 16501
17. Gas Technology Institute, 1700 So. Mt. Prospect Road, Des Plaines, IL 60018-1804
18. National Fuel Gas Distribution Corporation, 365 Mineral Springs Road, Building 3, Buffalo, NY 14210
19. National Fuel Exploration Corp., 1000, 550-6th Avenue, S.W., Calgary, Alberta T2P 0S2
20. City of Liberec, nam. Dr. E. Benese 1, 460 59 Liberec 1, Czech Republic
21. Parliament of the Czech Republic, Snemovni 4, 118 26 Prague 1, Czech Republic
22. President of Usti Region, Velka Hradebni 48, 400 01 Usti nad Labem, Czech Republic
23. City of Louny, Mirove namesti 35, 440 33 Louny, Czech Republic

Item 6. OFFICERS AND DIRECTORS (Continued)

Part II. Financial connections as of September 30, 2001:

| Name of Officer or Director ----- | Name and Location of Financial Institution ----- | Position Held in Financial Institution ----- | Applicable Exemption Rule ----- |
|---|--|---|--|
| R. T. Brady | Manufacturers and Traders Trust Company, Buffalo, New York | Director | 70 (a) |
| | M&T Bank Corporation, Buffalo, New York | Director | 70 (a) |
| G. L. Mazanec | Northern Trust Bank of Texas, Dallas, Texas | Director | 70 (a) |
| J. V. Glynn | Manufacturers and Traders Trust Company, Buffalo, New York | Director | 70 (a) |
| | M&T Bank Corporation, Buffalo, New York | Director | 70 (a) |

Part III. Compensation and other related information:

a. Compensation of Directors and Executive Officers:

The information required by this item appears under "Directors' Compensation," and "Executive Compensation," on pages 6 to 7, and pages 10 to 18, respectively, of the National Fuel Gas Company Proxy Statement, dated January 10, 2002, included as Exhibit A (3) to this Form U5S and is incorporated herein by reference.

b. Interest of executive officers and directors in securities of System Companies including options or other rights to acquire securities:

The information required by this item appears under "Security Ownership of Certain Beneficial Owners and Management," on pages 8 and 9 of the National Fuel Gas Company Proxy Statement, dated January 10, 2002, included as Exhibit A(3) of this Form U5S and is incorporated herein by reference.

c. Contracts and Transactions with System Companies:

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The following contracts and transactions with the directors and executive officers of National Fuel Gas Company were disclosed in the Company's Form 10-K or Form 10-K/A for fiscal year 2001.

- ◆ Retirement and Consulting Agreement, dated September 5, 2001, between the Company and Bernard J. Kennedy (Exhibit 10 (iii)(a), Form 8-K dated September 19, 2001 in File No. 1-3880)
- ◆ Pension Settlement Agreement, dated September 5, 2001, between the Company and Bernard J. Kennedy (Exhibit 10(iii)(b), Form 8-K dated September 19, 2001 in File No. 1-3880)
- ◆ Employment Agreement, dated September 17, 1981, with Bernard J. Kennedy (Exhibit 10.4, Form 10-K for fiscal year ended September 30, 1994 in File No. 1-3880)
- ◆ Tenth Amendment to Employment Agreement with Bernard J. Kennedy, effective September 1, 1999 (Exhibit 10.1, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)

Item 6. OFFICERS AND DIRECTORS (Continued)

- ◆ Agreement dated August 1, 1986, with Joseph P. Pawlowski (Exhibit 10.1, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Agreement dated August 1, 1986, with Gerald T. Wehrin (Exhibit 10.2, Form 10-K for fiscal year ended September 30, 1997, in File No. 1-3880)
- ◆ Form of Employment Continuation and Noncompetition Agreements, dated as of December 11, 1998, with Philip C. Ackerman, Walter E. DeForest, Joseph P. Pawlowski, Dennis J. Seeley, David F. Smith and Gerald T. Wehrin (Exhibit 10.1, Form 10-Q for the quarterly period ended June 30, 1999 in File No. 1-3880)
- ◆ Severance Agreement, Release and Waiver dated March 27, 2000, between National Fuel Gas Supply Corporation and Richard Hare (Exhibit 10.2, Form 10-Q for the quarterly period ended March 31, 2000 in File No. 1-3880)
- ◆ Form of Employment Continuation and Noncompetition Agreement, dated as of December 11, 1998, with James A. Beck (Exhibit 10.3, Form 10-Q for the quarterly period ended June 30, 1999 in File No. 1-3880)
- ◆ National Fuel Gas Company 1983 Incentive Stock Option Plan, as amended and restated through February 18, 1993 (Exhibit 10.2, Form 10-Q for the quarterly period ended March 31, 1993 in File No. 1-3880)
- ◆ National Fuel Gas Company 1984 Stock Plan, as amended and restated through February 18, 1993 (Exhibit 10.3, Form 10-Q for the quarterly period ended March 31, 1993 in File No. 1-3880)
- ◆ Amendment to the National Fuel Gas Company 1984 Stock Plan, dated December 11, 1996 (Exhibit 10.7, Form 10-K for fiscal year ended September 30, 1996 in File No. 1-3880)
- ◆ National Fuel Gas Company 1993 Award and Option Plan, dated February 18, 1993 (Exhibit 10.1, Form 10-Q for the quarterly period ended March 31, 1993 in File No. 1-3880)
- ◆ Amendment to National Fuel Gas Company 1993 Award and Option Plan, dated October 27, 1995 (Exhibit 10.8, Form 10-K for fiscal year ended September 30, 1995 in File No. 1-3880)

- ◆ Amendment to National Fuel Gas Company 1993 Award and Option Plan, dated December 11, 1996 (Exhibit 10.8, Form 10-K for fiscal year ended September 30, 1996 in File No. 1-3880)
- ◆ Amendment to National Fuel Gas Company 1993 Award and Option Plan, dated December 18, 1996 (Exhibit 10, Form 10-Q for the quarterly period ended December 31, 1996 in File No. 1-3880)
- ◆ National Fuel Gas Company 1993 Award and Option Plan, amended through June 14, 2001 (Exhibit 10.1, Form 10-K for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ National Fuel Gas Company 1997 Award and Option Plan, amended through June 14, 2001 (Exhibit 10.2, Form 10-K for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ National Fuel Gas Company Deferred Compensation Plan, as amended and restated through May 1, 1994 (Exhibit 10.7, Form 10-K for fiscal year ended September 30, 1994 in File No. 1-3880)

Item 6. OFFICERS AND DIRECTORS (Continued)

- ◆ Amendment to the National Fuel Gas Company Deferred Compensation Plan, dated September 19, 1996 (Exhibit 10.10, Form 10-K for fiscal year ended September 30, 1996 in File No. 1-3880)
- ◆ Amendment to the National Fuel Gas Company Deferred Compensation Plan, dated September 27, 1995 (Exhibit 10.9, Form 10-K for fiscal year ended September 30, 1995 in File No. 1-3880)
- ◆ National Fuel Gas Company Deferred Compensation Plan, as amended and restated through March 20, 1997 (Exhibit 10.3, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Amendment to National Fuel Gas Company Deferred Compensation Plan dated June 16, 1997 (Exhibit 10.4, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Amendment No. 2 to the National Fuel Gas Company Deferred Compensation Plan, dated March 13, 1998 (Exhibit 10.1, Form 10-K for fiscal year ended September 30, 1998 in File No. 1-3880)
- ◆ Amendment to the National Fuel Gas Company Deferred Compensation Plan, dated February 18, 1999 (Exhibit 10.1, Form 10-Q for the quarterly period ended March 31, 1999 in File No. 1-3880)
- ◆ Amendment to National Fuel Gas Company Deferred Compensation Plan, dated June 15, 2001 (Exhibit 10.3, Form 10-K for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ National Fuel Gas Company Tophat Plan, effective March 20, 1997 (Exhibit 10, Form 10-Q for the quarterly period ended June 30, 1997 in File No. 1-3880)
- ◆ Amendment No. 1 to the National Fuel Gas Company Tophat Plan, dated April 6, 1998 (Exhibit 10.2, Form 10-K for fiscal year ended September 30, 1998 in File No. 1-3880)
- ◆ Amendment No. 2 to the National Fuel Gas Company Tophat Plan, dated December 10, 1998 (Exhibit 10.1, Form 10-Q for the quarterly period ended December 31, 1998 in File No. 1-3880)
- ◆ Death Benefits Agreement, dated August 28, 1991, with Bernard J. Kennedy (Exhibit 10-TT, Form 10-K for fiscal year ended September 30, 1991 in File No. 1-3880)

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- ◆ Amendment to Death Benefit Agreement of August 28, 1991, with Bernard J. Kennedy, dated March 15, 1994 (Exhibit 10.11, Form 10-K for fiscal year ended September 30, 1995 in File No. 1-3880)
- ◆ Amended and Restated Split Dollar Insurance Agreement, effective June 15, 2000 among National Fuel Gas Company, Bernard J. Kennedy, and Joseph B. Kennedy, as Trustee of the Trust under the Agreement dated January 9, 1998 (Exhibit 10.1, Form 10-Q for the quarterly period ended June 30, 2000 in File No. 1-3880)
- ◆ Contingent Benefit Agreement effective June 15, 2000 between National Fuel Gas Company and Bernard J. Kennedy (Exhibit 10.2, Form 10-Q for the quarterly period ended June 30, 2000 in File No. 1-3880)
- ◆ Amended and Restated Split Dollar Insurance and Death Benefit Agreement dated September 17, 1997 with Philip C. Ackerman (Exhibit 10.5, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)

Item 6. OFFICERS AND DIRECTORS (Continued)

- ◆ Amendment Number 1 to Amended and Restated Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and Philip C. Ackerman, dated March 23, 1999 (Exhibit 10.3, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amended and Restated Split Dollar Insurance and Death Benefit Agreement dated September 15, 1997 with Joseph P. Pawlowski (Exhibit 10.7, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Amendment Number 1 to Amended and Restated Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and Joseph P. Pawlowski, dated March 23, 1999 (Exhibit 10.5, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Second Amended and Restated Split Dollar Insurance Agreement dated June 15, 1999 with Gerald T. Wehrin (Exhibit 10.6, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amended and Restated Split Dollar Insurance and Death Benefit Agreement dated September 15, 1997 with Walter E. DeForest (Exhibit 10.7, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amendment Number 1 to Amended and Restated Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and Walter E. DeForest, dated March 29, 1999 (Exhibit 10.8, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amended and Restated Split Dollar Insurance and Death Benefit Agreement dated September 15, 1997 with Dennis J. Seeley (Exhibit 10.9, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amendment Number 1 to Amended and Restated Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and Dennis J. Seeley, dated March 29, 1999 (Exhibit 10.10, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)

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- ◆ Split Dollar Insurance and Death Benefit Agreement dated September 15, 1997 with Bruce H. Hale (Exhibit 10.11, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amendment Number 1 to Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and Bruce H. Hale, dated March 29, 1999 (Exhibit 10.12, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Split Dollar Insurance and Death Benefit Agreement dated September 15, 1997 with David F. Smith (Exhibit 10.13, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amendment Number 1 to Split Dollar Insurance and Death Benefit Agreement by and Between National Fuel Gas Company and David F. Smith, dated March 29, 1999 (Exhibit 10.14, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ National Fuel Gas Company and Participating Subsidiaries Executive Retirement Plan as amended and restated through November 1, 1995 (Exhibit 10.10, Form 10-K for fiscal year ended September 30, 1995 in File No. 1-3880)

Item 6. OFFICERS AND DIRECTORS (Continued)

- ◆ National Fuel Gas Company and Participating Subsidiaries 1996 Executive Retirement Plan Trust Agreement (II) dated May 10, 1996 (Exhibit 10.13, Form 10-K for fiscal year ended September 30, 1996 in File No. 1-3880)
- ◆ Amendments to National Fuel Gas Company and Participating Subsidiaries Executive Retirement Plan dated September 18, 1997 (Exhibit 10.9, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Amendments to the National Fuel Gas Company and Participating Subsidiaries Executive Retirement Plan dated December 10, 1998 (Exhibit 10.2, Form 10-Q for the quarterly period ended December 31, 1998 in File No. 1-3880)
- ◆ Amendments to National Fuel Gas Company and Participating Subsidiaries Executive Retirement Plan effective September 16, 1999 (Exhibit 10.15, Form 10-K for fiscal year ended September 30, 1999 in File No. 1-3880)
- ◆ Amendment to National Fuel Gas Company and Participating Subsidiaries Executive Retirement Plan, effective September 5, 2001 (Exhibit 10.4, Form 10-K/A for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ Retirement Supplement Agreement, dated September 14, 2000, between the Company and Gerald T. Wehrlin (Exhibit 10.5, Form 10-K/A for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ Retirement Supplement Agreement, dated January 11, 2002, between the Company and Joseph P. Pawlowski (Exhibit 10.6, Form 10-K/A for fiscal year ended September 30, 2001 in File No. 1-3880)
- ◆ Administrative Rules with Respect to at Risk Awards under the 1993 Award and Option Plan (Exhibit 10.14, Form 10-K for fiscal year ended September 30, 1996 in File No. 1-3880)
- ◆ Administrative Rules with Respect to at Risk Awards under the 1997 Award and Option Plan (Exhibit A, Definitive Proxy Statement, Schedule 14(A) filed January 14, 2000 in File No. 1-3880)

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- ◆ Administrative Rules of the Compensation Committee of the Board of Directors of National Fuel Gas Company, as amended and restated, effective December 10, 1998 (Exhibit 10.3, Form 10-Q for the quarterly period ended December 31, 1998 in File No. 1-3880)
- ◆ Excerpts of Minutes from the National Fuel Gas Company Board of Directors Meeting of February 20, 1997 regarding the Retirement Benefits for Bernard J. Kennedy (Exhibit 10.10, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)
- ◆ Excerpts of Minutes from the National Fuel Gas Company Board of Directors Meeting of March 20, 1997 regarding the Retainer Policy for Non-Employee Directors (Exhibit 10.11, Form 10-K for fiscal year ended September 30, 1997 in File No. 1-3880)

d. Indebtedness to System Companies: None

e. Participation in Bonus and Profit-Sharing Arrangements and Other Benefits:

The information required by this item appears under Directors Compensation, and Executive Compensation, on pages 6 to 7 and pages 10 to 18, respectively, of the National Fuel Gas Company Proxy Statement, dated January 10, 2002, included as Exhibit A(3) to this Form U5S and incorporated herein by reference.

Item 6. OFFICERS AND DIRECTORS (Concluded)

f. Rights to Indemnity:

The information required by this item appears in Article II, Paragraph 8 of the National Fuel Gas Company By-Laws as amended through December 13, 2001. Such By-Laws are listed as Exhibit B(1)(ii) to this Form U5S and are incorporated herein by reference as indicated.

The Company also purchases directors and officers liability insurance coverage with an annual aggregate limit of \$135 million, and, in recognition of the scope of the foregoing by-law indemnification, certain other errors and omissions and general liability insurance coverages which are applicable to all employees as insureds, including directors and officers.

ITEM 7. CONTRIBUTIONS AND PUBLIC RELATIONS

| Name of Company | Name of Recipient or Beneficiary | Purpose | Accounts Charged Per Books of Disbursing Company | Amount Fiscal Year Ended September 30 |
|---|----------------------------------|---------|--|---------------------------------------|
| Tabulation showing expenditures, disbursements, or payments during the year, in money, goods or services directly or indirectly to or for the account of: | | | | |
| (1) Any political party, candidate for public office or holder of such office, or any committee or agent therefor: | | | | |
| Distribution Corporation | N/A | *FEDPAC | Misc. Income Deductions | \$ 3,000 |
| Distribution Corporation | N/A | *NYPAC | Misc. Income Deductions | \$ 3,000 |
| Distribution Corporation | N/A | *PAPAC | Misc. Income Deductions | \$ 2,000 |
| Supply Corporation | N/A | *FEDPAC | Misc. Income Deductions | \$ 1,000 |
| Supply Corporation | N/A | *NYPAC | Misc. Income Deductions | \$ 1,000 |

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Supply Corporation N/A *PAPAC Misc. Income Deductions \$ 1,

* Company labor and expenses relating to administration of political action funds.

(2) Any citizens group or public relations counsel:

| | | | | |
|--------------------------|------------------|-------|-------------------|-------|
| Distribution Corporation | 24 Beneficiaries | Civic | Operation Expense | \$ 5, |
| Supply Corporation | 14 Beneficiaries | Civic | Operation Expense | \$ 3, |
| Seneca Resources | 1 Beneficiary | Civic | Operation Expense | \$ |

The information called for by instruction 2 to Item 7 was compiled, and memoranda from the applicable System Companies were received and are preserved by the Registrant.

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS

Part I. Intercompany sales and services

1. Salaries of officers of the Registrant

| | NATIONAL FUEL GAS COMPANY | | | | | | | |
|-----------------|--|--------------------|--------------|------------------|-----------|----------|----------|------------|
| | ----- | | | | | | | |
| | REPORT OF OFFICERS' SALARIES | | | | | | | |
| | ----- | | | | | | | |
| | FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001 | | | | | | | |
| | ----- | | | | | | | |
| | Parent | Distribution Corp. | Supply Corp. | Seneca Resources | Leidy Hub | Highland | Horizon | Data-Track |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| B. J. Kennedy | \$72,093 | \$296,854 | \$449,520 | \$10,602 | \$ - | \$2,120 | \$ 8,481 | \$4,240 |
| P. C. Ackerman | 53,550 | 220,500 | 220,500 | 91,350 | - | 6,300 | 37,800 | - |
| A. M. Cellino | 9,000 | 114,383 | 56,617 | - | - | - | - | - |
| J. P. Pawlowski | 13,000 | 153,995 | 75,010 | 16,103 | - | 1,700 | - | - |
| G. T. Wehrlin | 18,337 | 20,548 | 9,916 | 2,128 | 4,477 | 219 | 180,600 | - |

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries

| DISTRIBUTION CORPORATION | |
|--|--|
| ----- | |
| REPORT OF INTERCOMPANY SALES AND SERVICES | |
| ----- | |
| FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001 | |

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(THOUSANDS OF DOLLARS)

Common Expenses

| Receiving Company | Executive | Purchasing | Corporate Communications | Materials Management | Accounting | Acco Paya |
|--------------------|-----------|------------|--------------------------|----------------------|------------|-----------|
| Supply Corporation | \$ 533 | \$225 | \$153 | \$ 8 | \$ 871 | \$25 |
| Seneca Resources | 515 | - | 8 | - | 189 | |
| UCI | - | - | - | - | - | |
| Highland | 64 | - | 1 | - | 21 | |
| Data-Track | - | - | - | - | - | |
| NFR | 7 | - | - | - | 2 | |
| Leidy Hub | - | - | - | - | - | |
| Horizon | - | - | - | - | - | |
| Parent Company | - | - | - | - | - | |
| NIM | - | - | - | - | - | |
| Upstate Energy | - | - | - | - | - | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$1,119 | \$225 | \$162 | \$ 8 | \$1,083 | \$25 |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Common Expenses

| Receiving Company | Data Processing | Human Resources | Legal | Finance | Government Affair | Be Se |
|--------------------|-----------------|-----------------|-------|---------|-------------------|-------|
| Supply Corporation | \$232 | \$358 | \$ 74 | \$635 | \$48 | |
| Seneca Resources | - | 46 | 71 | 118 | - | |
| UCI | - | - | - | - | - | |
| Highland | - | 5 | 9 | 13 | - | |
| Data-Track | - | - | - | - | - | |
| NFR | - | 1 | 1 | 1 | - | |
| Leidy Hub | - | - | - | - | - | |
| Horizon | - | - | - | - | - | |
| Parent Company | - | - | - | - | - | |
| NIM | - | - | - | - | - | |
| Upstate Energy | - | - | - | - | - | |
| | ----- | ----- | ----- | ----- | ----- | ----- |
| | \$232 | \$410 | \$155 | \$767 | \$48 | |
| | ===== | ===== | ===== | ===== | ===== | ===== |

Common Expenses

| Receiving Company | Payroll | Total Common Expense | Total Clearing Charges* | Total Direct Charges* | Convenience or Accommodation Payments* | T Statu |
|--------------------|---------|----------------------|-------------------------|-----------------------|--|---------|
| Supply Corporation | \$130 | \$3,852 | \$4,461 | \$4,449 | \$ 8,333 | |
| Seneca Resources | - | 1,126 | 152 | 366 | 2,329 | |
| UCI | - | - | - | - | 4 | |
| Highland | - | 135 | 17 | 43 | 196 | |
| Data-Track | - | - | - | - | 24 | |
| NFR | - | 15 | 49 | 214 | 218 | |
| Leidy Hub | - | - | - | 11 | - | |
| Horizon | - | - | 2 | 945 | 26 | |
| Parent Company | - | - | 5 | 231 | 798 | |
| NIM | - | - | - | - | 4 | |
| Upstate Energy | - | - | - | - | 2 | |

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| | | | | |
|-------|---------|---------|---------|----------|
| ----- | ----- | ----- | ----- | ----- |
| \$130 | \$5,128 | \$4,686 | \$6,259 | \$11,934 |
| ===== | ===== | ===== | ===== | ===== |

* Analysis of Clearing Charges, Direct Charges & Convenience or Accommodation Payments is presented on pages 24 and 25.

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries (Continued)

DISTRIBUTION CORPORATION

REPORT OF INTERCOMPANY SALES AND SERVICES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

(THOUSANDS OF DOLLARS)

| Receiving Company | Clearing Charges | | | | | | To Cle Ch |
|--------------------|---------------------------------|--------------------|--------|---------|--------------------|----------------------|-----------------|
| | Material Issue & Transfer | Telecommunications | Rental | Postage | Data Processing | Messenger Expense | |
| Supply Corporation | \$1,826 | \$203 | \$42 | \$ 6 | \$2,270 | \$114 | \$4 |
| Seneca Resources | 3 | 63 | - | - | 84 | 2 | |
| UCI | - | - | - | - | - | - | |
| Highland | - | - | - | - | 9 | 8 | |
| Data-Track | - | - | - | - | - | - | |
| NFR | - | 38 | - | - | 1 | 10 | |
| Leidy Hub | - | - | - | - | - | - | |
| Horizon | - | - | 2 | - | - | - | |
| Parent Company | 1 | - | - | 1 | 3 | - | |
| NIM | - | - | - | - | - | - | |
| Upstate Energy | - | - | - | - | - | - | |
| | ----- | ----- | --- | --- | ----- | ----- | --- |
| | \$1,830 | \$304 | \$44 | \$ 7 | \$2,367 | \$134 | \$4 |
| | ===== | ===== | === | === | ===== | ===== | == |

| Receiving Company | Direct Charges | | | | | | Ac |
|--------------------|----------------|-------|-------------------------|-----------|------------|----------------------------|----|
| | Land | MMD | Telecom- munications | Insurance | Operations | Contract Administration | |
| Supply Corporation | \$308 | \$122 | \$37 | \$466 | \$1,946 | \$38 | |
| Seneca Resources | 32 | - | - | - | 13 | - | |
| UCI | - | - | - | - | - | - | |
| Highland | - | - | - | - | - | - | |
| Data-Track | - | - | - | - | - | - | |
| NFR | - | - | - | - | - | - | |
| Leidy Hub | - | - | - | - | - | - | |
| Horizon | - | - | - | - | - | - | |
| Parent Company | - | - | - | - | - | - | |
| NIM | - | - | - | - | - | - | |

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| | | | | | | |
|----------------|-------|-------|------|-------|---------|------|
| Upstate Energy | - | - | - | - | - | - |
| | ---- | ---- | --- | ---- | ----- | --- |
| | \$340 | \$122 | \$37 | \$466 | \$1,959 | \$38 |
| | ==== | ==== | === | ==== | ===== | === |

Direct Charges

| Receiving Company | Legal | Interstate Marketing | Government Affairs | Finance | Executive | Rates & Regulation | R |
|--------------------|-------|-------------------------|-----------------------|---------|-----------|-----------------------|---|
| Supply Corporation | \$54 | \$ - | \$240 | \$151 | \$ 920 | \$- | |
| Seneca Resources | 16 | - | 7 | 42 | 253 | 1 | |
| UCI | - | - | - | - | - | - | |
| Highland | 11 | - | - | 10 | 22 | - | |
| Data-Track | - | - | - | - | - | - | |
| NFR | 8 | - | - | 49 | 156 | - | |
| Leidy Hub | - | - | - | - | 11 | - | |
| Horizon | - | 34 | - | 224 | 618 | - | |
| Parent Company | - | - | - | 29 | 179 | - | |
| NIM | - | - | - | - | - | - | |
| Upstate Energy | - | - | - | - | - | - | |
| | --- | --- | ---- | ---- | ----- | --- | |
| | \$89 | \$34 | \$247 | \$505 | \$2,159 | \$1 | |
| | ==== | ==== | ===== | ===== | ===== | == | |

Direct Charges

| Receiving Company | Benefit Services | Engineering | Quality Assurance |
|--------------------|---------------------|-------------|----------------------|
| Supply Corporation | \$20 | \$72 | \$44 |
| Seneca Resources | 2 | - | - |
| UCI | - | - | - |
| Highland | - | - | - |
| Data-Track | - | - | - |
| NFR | - | - | - |
| Leidy Hub | - | - | - |
| Horizon | - | - | - |
| Parent Company | 3 | 2 | - |
| NIM | - | - | - |
| Upstate Energy | - | - | - |
| | --- | --- | --- |
| | \$25 | \$74 | \$44 |
| | ==== | ==== | ==== |

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries (Continued)

DISTRIBUTION CORPORATION

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

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(THOUSANDS OF DOLLARS)

| | Receiving Company | | | | | | | | |
|-----------------------------------|-------------------|-----------------------|---------------------|--------------|-------------|--------------|--------------|--------------|-------------|
| | Parent Company | Supply Corporation | Seneca Resources | Data- UCI | Track | Highland | NFR | Leidy Hub | Horizon |
| Material | \$ - | \$ 371 | \$ 5 | \$ - | \$ - | \$ 2 | \$ - | \$ - | \$ - |
| Rents | - | 79 | - | - | - | - | - | - | - |
| Transportation | - | 11 | 1 | - | - | - | - | - | - |
| Utilities | - | 909 | 84 | - | 23 | - | 22 | - | - |
| Contractors & Outside Services | 546 | 1,201 | 37 | 1 | (1) | 2 | (2) | (1) | (8) |
| Equipment Purchases & Rentals | 1 | 652 | - | - | - | - | 2 | - | - |
| Employee Benefits | 8 | 2,784 | 5 | - | - | 5 | 93 | - | - |
| Office Expense | 20 | 727 | 37 | - | 1 | 15 | 18 | 1 | 32 |
| Dues & Subscriptions | 150 | 223 | - | - | - | - | - | - | - |
| Other Insurance | - | 1,084 | 2,152 | - | - | 83 | 25 | - | - |
| Injuries & Damages | 3 | 221 | - | 1 | - | 87 | - | - | - |
| Other | 57 | 47 | 8 | 2 | 1 | 2 | 60 | - | 2 |
| Advertising | - | 10 | - | - | - | - | - | - | - |
| Postage | 13 | 5 | - | - | - | - | - | - | - |
| Environmental | - | 3 | - | - | - | - | - | - | - |
| Land Acquisitions | - | 6 | - | - | - | - | - | - | - |
| | <u>\$ 798</u> | <u>\$ 8,333</u> | <u>\$2,329</u> | <u>\$ 4</u> | <u>\$24</u> | <u>\$196</u> | <u>\$218</u> | <u>\$ -</u> | <u>\$26</u> |

| | Receiving Company | | |
|-----------------------------------|-------------------|-------------------|-----------------|
| | NIM | Upstate Energy | Total |
| Material | \$ 2 | \$ 1 | \$ 381 |
| Rents | - | - | 79 |
| Transportation | - | - | 12 |
| Utilities | - | - | 1,038 |
| Contractors & Outside Services | (2) | (1) | 1,772 |
| Equipment Purchases & Rentals | - | - | 655 |
| Employee Benefits | - | - | 2,895 |
| Office Expense | 4 | 1 | 856 |
| Dues & Subscriptions | - | - | 373 |
| Other Insurance | - | 1 | 3,345 |
| Injuries & Damages | - | - | 312 |
| Other | - | - | 179 |
| Advertising | - | - | 10 |
| Postage | - | - | 18 |
| Environmental | - | - | 3 |
| Land Acquisition | - | - | 6 |
| | <u>\$ 4</u> | <u>\$ 2</u> | <u>\$11,934</u> |

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries (Continued)

| SUPPLY CORPORATION | | | | | | | | |
|--|-------------------|------------------------|---------------------------------|-----------------|------------------------------|----------------|-------------------------|---------|
| REPORT OF INTERCOMPANY SALES AND SERVICES | | | | | | | | |
| FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001 | | | | | | | | |
| (THOUSANDS OF DOLLARS) | | | | | | | | |
| Receiving Company | Clearing Accounts | | | | | Direct Charges | | |
| | DPC Clearing | Production Clearing | Material Issue & Transfer | Rental Clear | Total Clearing Charges | MMD | Interstate Marketing | Finance |
| Distribution Corp. | \$ 9 | \$ - | \$ 448 | \$2,774 | \$3,231 | \$55 | \$35 | \$ - |
| Seneca Resources | - | 180 | 7 | - | 187 | - | - | - |
| Horizon | - | - | - | 26 | 26 | - | 3 | 133 |
| Highland | - | - | - | - | - | - | - | - |
| Data Track | - | - | - | - | - | - | - | - |
| NFR | - | - | - | - | - | - | - | - |
| Leidy Hub | - | - | - | - | - | - | - | - |
| Parent Company | - | - | - | 10 | 10 | - | - | 79 |
| Upstate Energy | - | - | - | - | - | - | - | - |
| NIM | - | - | - | - | - | - | - | - |
| | --- | ---- | ----- | ----- | ----- | --- | --- | ---- |
| | \$ 9 | \$180 | \$ 455 | \$2,810 | \$3,454 | \$55 | \$38 | \$212 |
| | === | ===== | ===== | ===== | ===== | === | === | ===== |

Direct Charges Continued

| Receiving Company | Benefit Services | Engineering | Human Resources | Land | Gas Control | Executive | Operations, Construction & Customer | | Le |
|--------------------|---------------------|-------------|--------------------|-------|----------------|-----------|---|-------|----|
| | | | | | | | Service | Le | |
| Distribution Corp. | \$ - | \$ 39 | \$ 67 | \$185 | \$1,134 | \$1,098 | \$1,523 | \$ - | |
| Seneca Resources | - | - | - | 22 | - | 39 | 82 | - | |
| Horizon | - | - | - | - | - | 516 | - | - | |
| Highland | - | - | 11 | - | - | 11 | - | - | |
| Data Track | - | - | - | - | - | 17 | - | - | |
| NFR | - | - | 7 | - | - | 17 | - | - | |
| Leidy Hub | - | - | - | - | - | - | - | - | |
| Parent Company | 2 | - | - | - | - | 256 | - | - | |
| Upstate Energy | - | - | - | - | - | - | - | - | |
| NIM | - | - | - | - | - | 2 | - | - | |
| | --- | --- | --- | --- | --- | --- | --- | --- | |
| | \$ 2 | \$ 39 | \$ 85 | \$207 | \$1,134 | \$1,956 | \$1,605 | \$ - | |
| | ===== | ===== | ===== | ===== | ===== | ===== | ===== | ===== | |

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| Receiving Company | Total Direct Charges | Total Clearing Charges | Convenience or Accommodation Payments* | Total Services Rendered By Statutory Subsidiaries |
|--------------------|----------------------|------------------------|--|---|
| Distribution Corp. | \$4,154 | \$3,231 | \$1,458 | \$ 8,843 |
| Seneca Resources | 143 | 187 | 13 | 343 |
| Horizon | 705 | 26 | 5 | 736 |
| Highland | 22 | - | (2) | 20 |
| Data Track | 17 | - | 1 | 18 |
| NFR | 24 | - | 1 | 25 |
| Leidy Hub | - | - | - | - |
| Parent Company | 337 | 10 | 13 | 360 |
| Upstate Energy | - | - | - | - |
| NIM | 2 | - | - | 2 |
| | ----- | ----- | ----- | ----- |
| | \$5,404 | \$3,454 | \$1,489 | \$10,347 |
| | ===== | ===== | ===== | ===== |

* Analysis of Convenience or Accommodation Payments is presented on page 27.

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries (Continued)

| SUPPLY CORPORATION | | | | | |
|---|-------------------|--------------------------|------------------|----------------|----------|
| ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS | | | | | |
| FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001 | | | | | |
| (THOUSANDS OF DOLLARS) | | | | | |
| | Receiving Company | | | | |
| | Parent Company | Distribution Corporation | Seneca Resources | Horizon Energy | Highland |
| Material | \$ - | \$ 127 | \$ 1 | \$- | \$ - |
| Rents | - | - | - | - | - |
| Transportation | - | 7 | - | - | - |
| Utilities | - | 298 | - | - | - |
| Contractors & Outside Services | - | 721 | 4 | 2 | - |
| Equipment Purchases & Rentals | - | 6 | - | - | - |
| Employee Benefits | 13 | 67 | 2 | 1 | - |
| Office Expense | - | 67 | - | 1 | - |
| Dues & Memberships | - | 35 | - | - | - |
| Other | - | 80 | 6 | 1 | (2) |
| Other Insurance | - | 44 | - | - | - |
| Postage | - | - | - | - | - |

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| | | | | | |
|--------------------|------|---------|------|-----|-------|
| Advertising | - | - | - | - | - |
| Environmental | - | - | - | - | - |
| Injuries & Damages | - | 6 | - | - | - |
| | --- | ----- | --- | -- | --- |
| | \$13 | \$1,458 | \$13 | \$5 | \$(2) |
| | === | ===== | === | == | === |

| | Receiving Company | | | | | Total |
|--------------------------------|-------------------|------|-----------|----------------|------|---------|
| | Data-Track | NFR | Leidy Hub | Upstate Energy | NIM | |
| Material | \$- | \$ - | \$- | \$- | \$ - | \$ 128 |
| Rents | - | - | - | - | - | - |
| Transportation | - | - | - | - | - | 7 |
| Utilities | - | - | - | - | - | 298 |
| Contractors & Outside Services | - | - | - | - | - | 727 |
| Equipment Purchases & Rentals | - | - | - | - | - | 6 |
| Employee Benefits | 1 | 1 | - | - | - | 85 |
| Office Expense | - | - | - | - | - | 68 |
| Dues & Memberships | - | - | - | - | - | 35 |
| Other | - | - | - | - | - | 85 |
| Other Insurance | - | - | - | - | - | 44 |
| Postage | - | - | - | - | - | - |
| Advertising | - | - | - | - | - | - |
| Environmental | - | - | - | - | - | - |
| Injuries & Damages | - | - | - | - | - | 6 |
| | -- | --- | -- | -- | --- | ----- |
| | \$1 | \$ 1 | \$- | \$- | \$ - | \$1,489 |
| | == | === | == | == | === | ===== |

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Continued)

2. Services rendered by Statutory Subsidiaries (Continued)

SENECA RESOURCES

REPORT OF INTERCOMPANY SALES AND SERVICES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

(THOUSANDS OF DOLLARS)

| Receiving Company | Timber Sales | Operations | Convenience or Accommodation Payments | Total Services Rendered By Statutory Subsidiaries |
|-------------------|--------------|------------|---------------------------------------|---|
| ----- | ----- | ----- | ----- | ----- |

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| | | | | |
|--------------------|----------|--------|-------|----------|
| Supply Corporation | \$ - | \$ 670 | \$ 22 | \$ 692 |
| Highland | 11,448 | - | 1 | 11,449 |
| NFR | - | - | 10 | 10 |
| Upstate Energy | - | - | - | - |
| Parent Company | - | - | - | - |
| NFE | - | - | 188 | 188 |
| Horizon | - | - | 7 | 7 |
| | ----- | ----- | ----- | ----- |
| | \$11,448 | \$ 670 | \$228 | \$12,346 |
| | ===== | ===== | ===== | ===== |

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS

| | Receiving Company | | | | | Total |
|-------|-------------------|---------|--------------------|------|-------|-------|
| | Highland | Horizon | Supply Corporation | NFR | NFE | |
| Other | \$1 | \$7 | \$22 | \$10 | \$188 | \$228 |
| | -- | -- | --- | --- | ---- | ---- |
| | \$1 | \$7 | \$22 | \$10 | \$188 | \$228 |
| | == | == | === | === | ===== | ===== |

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Continued)

Part I. Intercompany sales and services (Concluded)

2. Services rendered by Statutory Subsidiaries (Concluded)

HIGHLAND

 REPORT OF INTERCOMPANY SALES AND SERVICES

 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

 (THOUSANDS OF DOLLARS)

| Receiving Company | Convenience Payments | Total Services Rendered By Statutory Subsidiaries |
|--------------------|----------------------|---|
| ----- | ----- | ----- |
| Seneca Resources | \$320 | \$320 |
| Supply Corporation | - | - |
| | ---- | ---- |
| | \$320 | \$320 |
| | ===== | ===== |

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DATA-TRACK

REPORT OF INTERCOMPANY SALES AND SERVICES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

(THOUSANDS OF DOLLARS)

| Receiving Company | Collection Services | Total Services Rendered by Statutory Subsidiaries |
|--------------------------|---------------------|---|
| Distribution Corporation | \$435 | \$435 |
| NFR | 9 | 9 |
| | \$444 | \$444 |

3. Services rendered by Registrant

No services were rendered for a charge by the Registrant to any of its subsidiaries during the fiscal year ended September 30, 2001.

ITEM 8. SERVICE, SALES AND CONSTRUCTION CONTRACTS (Concluded)

Part II. Contracts to purchase services or goods between any System company and any affiliate (other than a System company) at September 30, 2001:

None

Part III. Employment of any person by any System company for the performance on a continuing basis of management services:

| Name | Description of Contract and Scope of Services | Annual Consideration |
|----------------------------------|---|-----------------------|
| Robert Davis | Performs management and consulting services for Highland. | \$100,000 |
| Joseph Maljovec | Performs management and consulting services for Highland. | \$ 68,952 |
| Enterprise Risk Management, Inc. | Performs consulting services for the Registrant regarding placement of insurance coverages and participates in management or facilitation | Retainer of \$ 86,000 |

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NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

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| National Fuel Exploration Corporation: | |
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| Consolidating Statement of Income for the Fiscal Year Ended September 30, 2001 | 58 |
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| Consolidating Statement of Comprehensive Income for the Fiscal Year Ended September 30, 2001 | 61 |
| Horizon Energy Development, Inc. and Subsidiaries: | |
| Consolidating Balance Sheet at September 30, 2001 | 62 |
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| Consolidating Statement of Earnings Reinvested in the Business for the Fiscal Year Ended September 30, 2001 | 64 |
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| Horizon Energy Holdings, Inc.: | |
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ITEM 10. FINANCIAL STATEMENTS AND EXHIBITS (Concluded)

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2001

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| Horizon Energy Development B.V.: | |
| Consolidating Balance Sheet at September 30, 2001 | 72-73 |
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| Consolidating Statement of Earnings Reinvested in the Business for the Fiscal Year Ended September 30, 2001 | 76-77 |
| Consolidating Statement of Cash Flows for the Fiscal Year Ended September 30, 2001 | 78-79 |
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| United Energy, a.s.: | |
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| Consolidating Statement of Earnings Reinvested in the Business for the Fiscal Year Ended September 30, 2001 | 84 |
| Consolidating Statement of Cash Flows for the Fiscal Year Ended September 30, 2001 | 85 |
| Consolidating Statement of Comprehensive Income for the Fiscal Year Ended September 30, 2001 | 86 |
| Notes to Consolidated Financial Statements | * |

*The Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, are incorporated herein by reference.

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
and Shareholders of
National Fuel Gas Company

In our opinion, the consolidated financial statements listed in the index appearing under Item 10 on Pages 35 and 36 present fairly, in all material respects, the financial position of National Fuel Gas Company and its subsidiaries at September 30, 2001, and the results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement

presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating information on Pages 38 through 86 is presented for purposes of additional analysis rather than to present financial position, results of operations and cash flows of the individual companies. Accordingly, we do not express an opinion on the financial position, results of operations and cash flows of the individual companies. However, the consolidating information on Pages 38 through 86 has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

PricewaterhouseCoopers LLP

Buffalo, New York

October 24, 2001, except for Note F,
as to which the date is December 3, 2001

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. |
|---|---------------------------------|---|---|--|-----------------------|
| <u>ASSETS</u> | | | | | |
| PROPERTY, PLANT & <u>EQUIPMENT</u> | \$ 132 | \$ 1,325,812 | \$ 802,188 | \$ 1,806,118 | \$ - |
| Less: Accumulated Depreciation, Depletion and Amortization | 131 | 380,119 | 318,967 | 693,304 | - |
| | 1 | 945,693 | 483,221 | 1,112,814 | - |
| <u>CURRENT ASSETS:</u> | | | | | |
| Cash and Temporary Cash Investments | (4) | 5,455 | 311 | 557 | 95 |
| Notes Receivable -Intercompany | 524,500 | - | - | 30,300 | 800 |
| Allowance for Uncollectible Accounts | - | (15,246) | (242) | (132) | - |
| Accounts Receivable -Intercompany | 26,942 | 9,163 | 4,926 | 4,543 | 3 |
| Accounts Receivable | 407 | 86,927 | 8,172 | 34,282 | - |
| Unbilled Utility Revenue | - | 21,535 | - | - | - |
| Dividends Receivable | | | | | |

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| | | | | | |
|---|---------|---------|--------|--------|-----|
| -Intercompany Materials and Supplies - at average cost Gas Stored Underground Unrecovered Purchased Gas Costs Prepayments | 17,354 | - | - | - | - |
| | - | 5,141 | 7,625 | 3,513 | - |
| | - | 69,537 | - | - | - |
| | - | 4,113 | - | - | - |
| | 531 | 27,741 | 4,716 | 6,288 | - |
| | 569,730 | 214,366 | 25,508 | 79,351 | 898 |

OTHER ASSETS:

| | | | | | |
|--|--------------|--------------|------------|--------------|--------|
| Recoverable Future Taxes | - | 81,641 | 4,945 | - | - |
| Unamortized Debt Expense | 8,059 | 8,439 | 5,648 | - | - |
| Other Regulatory Assets | 5,579 | 15,292 | 2,382 | - | - |
| Deferred Charges | 1,505 | 2,806 | 4,632 | 509 | - |
| Fair Value of Derivative Financial Instruments | - | - | - | 36,413 | - |
| Investment in Associated Companies | 952,182 | - | 61 | - | - |
| Notes Receivable - Intercompany | 1,124,000 | - | - | - | - |
| Other | 17,958 | 15,953 | 8,946 | 2,068 | - |
| | 2,109,283 | 124,131 | 26,614 | 38,990 | - |
| | \$ 2,679,014 | \$ 1,284,190 | \$ 535,343 | \$ 1,231,155 | \$ 898 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | | | | | |
|---------------------------------------|--------------------------------------|--------------------------------|---|-----------------|-------|
| NATIONAL FUEL GAS COMPANY | NATIONAL FUEL GAS DISTRIBUTION CORP. | NATIONAL FUEL GAS SUPPLY CORP. | SENECA RESOURCES CORPORATION (CONSOLIDATED) | LEIDY HUB, INC. | R |
| ----- | ----- | ----- | ----- | ----- | ----- |
| <u>CAPITALIZATION AND LIABILITIES</u> | | | | | |

CAPITALIZATION:

Common Stock \$1 Par Value; Authorized - 200,000,000 Shares; Issued and

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| | | | | | |
|---|-----------|---------|---------|----------|-------|
| Outstanding - 79,406,105 Shares | \$ 79,406 | \$ - | \$ - | \$ - | \$ - |
| Capital Stock of Subsidiaries | - | 59,170 | 25,345 | 500 | 4 |
| Paid in Capital | 430,618 | 121,668 | 35,894 | 104,035 | 1,365 |
| Earnings Reinvested in the Business | 513,488 | 331,562 | 227,528 | (22,012) | (639) |
| <hr/> | | | | | |
| Total Common Shareholder Equity Before Items of Other Comprehensive Income | 1,023,512 | 512,400 | 288,767 | 82,523 | 730 |
| Accumulated Other Comprehensive Income (Loss) | (20,857) | - | 644 | (779) | - |
| <hr/> | | | | | |
| Total Comprehensive Shareholders' Equity | 1,002,655 | 512,400 | 289,411 | 81,744 | 730 |
| <hr/> | | | | | |
| Long-Term Debt, Net of Current Portion | 1,024,000 | 219 | - | - | - |
| Notes Payable - Intercompany | - | 299,000 | 115,000 | 620,000 | - |
| <hr/> | | | | | |
| Total Capitalization | 2,026,655 | 811,619 | 404,411 | 701,744 | 730 |
| <hr/> | | | | | |
| Minority Interest in Foreign Subsidiaries | - | - | - | - | - |
| <hr/> | | | | | |
| CURRENT AND ACCRUED | | | | | |
| <u>LIABILITIES:</u> | | | | | |
| Notes Payable to Banks and Commercial Paper | 459,900 | - | - | 15,675 | - |
| Notes Payable - Intercompany | 32,600 | 74,600 | 33,400 | 291,900 | - |
| Current Portion of Long-Term Debt | 100,000 | 297 | 136 | - | - |
| Accounts Payable | 36 | 35,966 | 12,592 | 58,797 | - |
| Amounts Payable to Customers | - | 51,223 | - | - | - |
| Accounts Payable - Intercompany | 1,608 | 14,697 | 6,945 | 19,355 | 34 |
| Dividends Payable - Intercompany | - | 8,700 | 6,154 | 2,000 | - |
| Other Accruals and Current Liabilities | 53,934 | 38,258 | 563 | (525) | - |
| <hr/> | | | | | |
| | 648,078 | 223,741 | 59,790 | 387,202 | 34 |
| <hr/> | | | | | |
| <u>DEFERRED CREDITS:</u> | | | | | |
| Accumulated Deferred Income Taxes | 53 | 134,604 | 59,197 | 138,275 | 133 |
| Taxes Refundable to Customers | - | 19,541 | (2,676) | - | - |
| Unamortized Investment Tax Credit | - | 9,315 | 284 | - | - |

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| | | | | | |
|---|--------------|--------------|------------|--------------|--------|
| Fair Value of Derivative Financial Instruments | - | - | - | - | - |
| Other Deferred Credits | 4,228 | 85,370 | 14,337 | 3,934 | 1 |
| | 4,281 | 248,830 | 71,142 | 142,209 | 134 |
| | \$ 2,679,014 | \$ 1,284,190 | \$ 535,343 | \$ 1,231,155 | \$ 898 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. | R |
|--|---------------------------------|---|---|--|-----------------------|---|
| <u>OPERATING REVENUE:</u> | \$ - | \$ 1,234,648 | \$ 171,091 | \$ 409,956 | \$ - | |
| <u>OPERATING EXPENSE:</u> | | | | | | |
| Purchased Gas | - | 839,539 | 1,860 | 44,954 | - | |
| Fuel Used in Heat and Electric Generation | - | - | - | - | - | |
| Operation | 4,536 | 159,196 | 50,391 | 78,177 | 18 | |
| Maintenance | - | 12,285 | 8,112 | - | - | |
| Property, Franchise & Other Taxes | 522 | 57,939 | 9,887 | 13,035 | - | |
| Impairment of Oil and Gas Producing Properties | - | - | - | 180,781 | - | |
| Depreciation, Depletion and Amortization | 2 | 36,607 | 23,746 | 99,245 | - | |
| Income Taxes | 227 | 42,985 | 29,327 | (33,218) | 10 | |
| | 5,287 | 1,148,551 | 123,323 | 382,974 | 28 | |
| Operating Income (Loss) | (5,287) | 86,097 | 47,768 | 26,982 | (28) | |
| <u>OTHER INCOME:</u> | | | | | | |
| Unremitted Earnings of Subsidiaries | (1,929) | - | - | - | - | |
| Dividends from Subsidiaries | 69,416 | - | - | - | - | |
| Interest-Intercompany | 104,988 | 70 | - | 1,478 | 43 | |
| Other | 258 | 2,030 | 4,512 | 1,521 | - | |
| | 172,733 | 2,100 | 4,512 | 2,999 | 43 | |

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| | | | | | |
|---|-----------|-----------|-----------|-------------|-------|
| Income (Loss) Before Interest Charges and Minority Interest in Foreign Subsidiaries | 167,446 | 88,197 | 52,280 | 29,981 | 15 |
| <u>INTEREST CHARGES:</u> | | | | | |
| Interest on Long-Term Debt | 78,231 | - | - | 55 | - |
| Interest-Intercompany | 1,651 | 26,083 | 10,882 | 56,327 | - |
| Other Interest | 22,065 | 1,406 | 582 | 620 | - |
| | 101,947 | 27,489 | 11,464 | 57,002 | - |
| Minority Interest in Foreign Subsidiaries | - | - | - | - | - |
| Net Income (Loss) Available for Common Stock | \$ 65,499 | \$ 60,708 | \$ 40,816 | \$ (27,021) | \$ 15 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. |
|--|---------------------------|--------------------------------------|--------------------------------|---|-----------------|
| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | | | | | |
| Balance at Beginning of Year | \$ 525,847 | \$ 305,654 | \$ 211,328 | \$ 13,009 | \$ (654) |
| Net Income (Loss) Available for Common Stock | 65,499 | 60,708 | 40,816 | (27,021) | 15 |

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| | | | | | |
|---|------------|------------|------------|-------------|----------|
| Dividends on Common Stock (2001 - \$0.99 per share) | (77,858) | (34,800) | (24,616) | (8,000) | - |
| | ----- | ----- | ----- | ----- | ----- |
| Balance at End of Year | \$ 513,488 | \$ 331,562 | \$ 227,528 | \$ (22,012) | \$ (639) |
| | ===== | ===== | ===== | ===== | ===== |

At September 30, 2001

Intercompany Eliminations:

Earnings Reinvested in the Business:

| | |
|---|------------|
| Unremitted Earnings of Subsidiaries Since Acquisition | 532,456 |
| Earnings Reinvested in the Business of Subsidiaries at Acquisition | 7,095 |
| Consolidating Adjustment | (13,375) |
| | ----- |
| | \$ 526,176 |
| | ===== |

Net Income Available for Common Stock:

| | |
|---|---------|
| Subsidiaries-Dividends on Common Stock | 69,416 |
| Unremitted Earnings of Subsidiaries | (1,929) |
| Consolidating Adjustment | (1,736) |
| | ----- |
| | 65,751 |
| | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | | | | |
|---------------------------------|---|---|--|-----------------------|
| National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. |
| ----- | ----- | ----- | ----- | ----- |

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OPERATING ACTIVITIES:

| | | | | | |
|---|-----------|-----------|-----------|-------------|-------|
| Net Income (Loss) Available for Common Stock | \$ 65,499 | \$ 60,708 | \$ 40,816 | \$ (27,021) | \$ 15 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | | |
| Unremitted (Earnings)/ | | | | | |
| Loss of Subsidiaries | 1,929 | - | - | - | - |
| Dividend Income from Subsidiaries | - | - | - | - | - |
| Impairment of Oil & Gas Producing Properties | - | - | - | 180,781 | - |
| Depreciation, Depletion and Amortization | 2 | 36,607 | 23,746 | 99,246 | - |
| Deferred Income Taxes | 243 | (18,002) | 3,894 | (44,345) | (1) |
| Minority Interest in Foreign Subsidiaries | - | - | - | - | - |
| Other | 1,502 | 993 | (1,619) | (797) | - |
| Change in: | | | | | |
| Receivables and Unbilled Utility Revenue | (64) | (17,442) | 4,150 | 11,124 | - |
| Accounts Receivable- | | | | | |
| Intercompany | (5,285) | (3,668) | 5,101 | 768 | 2 |
| Gas Stored Underground and Material and Supplies | - | (40,887) | 126 | 636 | - |
| Unrecovered Purchased Gas Costs | - | 25,568 | - | - | - |
| Prepayments | (24) | (5,129) | 123 | 4,719 | - |
| Accounts Payable | (14) | (13,204) | 2,730 | 31,553 | - |
| Amounts Payable to Customers | - | 41,640 | - | - | - |
| Accounts Payable-Intercompany | 708 | 969 | 1,411 | 4,169 | (3) |
| Other Accruals and Current Liabilities | 9,503 | 7,839 | (8,953) | 3,599 | (3) |
| Other Assets | (2,734) | (1,164) | (4,340) | 1,153 | - |
| Other Liabilities | (2,224) | 14,584 | (1,607) | (16,164) | (1) |
| | ----- | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used in) Operating Activities | \$ 69,041 | \$ 89,412 | \$ 65,578 | \$ 249,421 | \$ 9 |
| | ----- | ----- | ----- | ----- | ----- |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

(Consolidating Statement of Cash Flows continues on pages 48 and 49)

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | | | | |
|---------------------------------|---|---|--|-----------------------|
| National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. |
| ----- | ----- | ----- | ----- | ----- |

INVESTING ACTIVITIES:

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| | | | | | |
|--|-----------|-------------|-------------|--------------|-------|
| Capital Expenditures | \$ - | \$ (42,374) | \$ (24,998) | \$ (206,300) | \$ - |
| Investment in Subsidiaries, Net of Cash Acquired | - | - | - | (90,567) | - |
| Dividends Received from Subsidiaries | - | - | - | - | - |
| Investment in Associated Companies | (36,800) | - | - | - | - |
| Investment in Partnerships | - | - | - | - | - |
| Change in Notes Receivable - Intercompany | (39,200) | - | - | - | - |
| Other | - | 37 | 6 | (5,224) | - |
| | ----- | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used In) Investing Activities | (76,000) | (42,337) | (24,992) | (302,091) | - |
| | ----- | ----- | ----- | ----- | ----- |
| <u>FINANCING ACTIVITIES:</u> | | | | | |
| Change in Notes Payable to Banks and Commercial Paper | (141,300) | - | - | 2,912 | - |
| Change in Notes Payable-Intercompany | 9,100 | (8,400) | (16,500) | 52,300 | - |
| Capital Contribution | - | - | - | - | - |
| Net Proceeds from Issuance of Long-Term Debt | 197,294 | - | - | - | - |
| Reduction of Long-Term Debt | - | (454) | (127) | (1,747) | - |
| Proceeds from Issuance of Common Stock | 18,477 | - | - | - | - |
| Dividends Paid on Common Stock | (76,671) | (34,800) | (24,616) | (8,000) | - |
| Dividends Paid to Minority Interest | - | - | - | - | - |
| | ----- | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used in) Financing Activities | 6,900 | (43,654) | (41,243) | 45,465 | - |
| | ----- | ----- | ----- | ----- | ----- |
| Effect of Exchange Rates on Cash | - | - | - | (853) | - |
| | ----- | ----- | ----- | ----- | ----- |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (59) | 3,421 | (657) | (8,058) | 9 |
| Cash and Temporary Cash Investments at Beginning of Year | 55 | 2,034 | 968 | 8,615 | 86 |
| | ----- | ----- | ----- | ----- | ----- |
| Cash and Temporary Cash Investments at End of Year | \$ (4) | \$ 5,455 | \$ 311 | \$ 557 | \$ 95 |
| | ===== | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL GAS COMPANY AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME

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FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Gas Company | National Fuel Gas Distribution Corp. | National Fuel Gas Supply Corp. | Seneca Resources Corporation (Consolidated) | Leidy Hub, Inc. |
|---|---------------------------------|---|---|--|-----------------------|
| Net Income (Loss) Available for Common Stock | \$ 65,499 | \$ 60,708 | \$ 40,816 | \$ (27,021) | \$ 15 |
| Other Comprehensive Income (Loss), Before Tax: | | | | | |
| Foreign Currency | | | | | |
| Translation Adjustment | (7,158) | - | - | (14,850) | - |
| Unrealized Gain / (Loss) on Securities Available for Sale Arising During the Period | (712) | - | - | - | - |
| Unrealized Gain / (Loss) on Derivative Financial Instruments During the Period | 58,355 | - | 1,606 | 59,986 | - |
| Reclassification Adjustment for Realized (Gains)/Losses on Derivative Financial Instruments in Net Income | 83,218 | - | (438) | 82,859 | - |
| Other Comprehensive Income (Loss), Before Tax | 133,703 | - | 1,168 | 127,995 | - |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/(Loss) on Securities Available for Sale Arising During the Period | (249) | - | - | - | - |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/(Loss) on Derivative Financial Instruments During the Period | 23,053 | - | 622 | 23,586 | - |
| Reclassification Adjustment for Income Tax Benefit/ (Expense) on Derivative Financial Instruments in Net Income | 32,032 | - | (169) | 31,955 | - |
| Income Taxes - Net | 54,836 | - | 453 | 55,541 | - |
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 78,867 | - | 715 | 72,454 | - |
| Cumulative Effect of Change in Accounting | (69,767) | - | (72) | (68,902) | - |
| Other Comprehensive Income (Loss), After Cumulative Effect, Net of Tax | 9,100 | - | 643 | 3,552 | - |

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| | | | | | |
|-----------------------------|-----------|-----------|-----------|-------------|-------|
| Comprehensive Income (Loss) | \$ 74,599 | \$ 60,708 | \$ 41,459 | \$ (23,469) | \$ 15 |
| | ===== | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

SENECA RESOURCES CORPORATION
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Seneca Resources Corporation | National Fuel Exploration (Consolidated) | Total Before Eliminations | Eliminat |
|---|------------------------------------|---|------------------------------|----------|
| | ----- | ----- | ----- | ----- |
| <u>ASSETS</u> | | | | |
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ 1,334,320 | \$ 471,798 | \$ 1,806,118 | \$ |
| Less: Accumulated DD&A | 474,870 | 218,434 | 693,304 | |
| | ----- | ----- | ----- | ----- |
| | 859,450 | 253,364 | 1,112,814 | |
| | ----- | ----- | ----- | ----- |
| <u>CURRENT ASSETS:</u> | | | | |
| Cash and Temporary Cash Investments | 214 | 343 | 557 | |
| Allowance for Uncollectible Accounts | (132) | - | (132) | |
| Notes Receivable - Intercompany | 30,300 | - | 30,300 | |
| Accounts Receivable | 25,312 | 8,970 | 34,282 | |
| Accounts Receivable - Intercompany | 20,773 | - | 20,773 | (1 |
| Materials and Supplies | 841 | 2,672 | 3,513 | |
| Prepayments | 5,521 | 767 | 6,288 | |
| | ----- | ----- | ----- | ----- |
| | 82,829 | 12,752 | 95,581 | (1 |
| | ----- | ----- | ----- | ----- |
| <u>OTHER ASSETS:</u> | | | | |
| Investment in Associated Company | (32,171) | - | (32,171) | 3 |
| Deferred Charges | 366 | 143 | 509 | |
| Fair Value of Derivative Financial Instruments | 31,981 | 4,432 | 36,413 | |
| Notes Receivable - Intercompany | 253,005 | - | 253,005 | (25 |
| Other Assets | 2,068 | - | 2,068 | |
| | ----- | ----- | ----- | ----- |
| | 255,249 | 4,575 | 259,824 | (22 |
| | ----- | ----- | ----- | ----- |
| <u>TOTAL ASSETS</u> | \$ 1,197,528 | \$ 270,691 | \$ 1,468,219 | \$ (23 |
| | ===== | ===== | ===== | ===== |
| <u>CAPITALIZATION & LIABILITIES</u> | | | | |
| <u>CAPITALIZATION:</u> | | | | |
| Common Stock | \$ 500 | \$ - | \$ 500 | \$ |
| Paid - in - Capital | 104,035 | 78,445 | 182,480 | (7 |
| Earnings Reinvested in the Business | (22,012) | (91,382) | (113,394) | 9 |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|---|---------------------|-------------------|---------------------|----------------|
| Total Common Shareholder Equity Before Items of Other Comprehensive Income | 82,523 | (12,937) | 69,586 | 1 |
| Accumulated Other Comprehensive Loss | (779) | (19,234) | (20,013) | 1 |
| Total Comprehensive Shareholders' Equity | 81,744 | (32,171) | 49,573 | 3 |
| Long-Term Debt, Net of Current Portion | - | - | - | |
| Notes Payable-Intercompany | 620,000 | 253,005 | 873,005 | (25) |
| Total Capitalization | 701,744 | 220,834 | 922,578 | (22) |
| <u>CURRENT AND ACCRUED LIABILITIES:</u> | | | | |
| Current Portion of Long-Term Debt Notes Payable to Banks and Commercial Paper | - | - | - | |
| Accounts Payable | 42,875 | 15,922 | 58,797 | |
| Notes Payable - Intercompany | 291,900 | - | 291,900 | |
| Accounts Payable - Intercompany | 19,355 | 16,230 | 35,585 | (1) |
| Dividends Payable - Intercompany | 2,000 | - | 2,000 | |
| Other Accruals and Current Liabilities | (477) | (48) | (525) | |
| | 355,653 | 47,779 | 403,432 | (1) |
| <u>DEFERRED CREDITS:</u> | | | | |
| Accumulated Deferred Income Taxes | 136,228 | 2,047 | 138,275 | |
| Other Deferred Credits | 3,903 | 31 | 3,934 | |
| | 140,131 | 2,078 | 142,209 | |
| <u>TOTAL CAPITALIZATION & LIABILITIES</u> | \$ 1,197,528 | \$ 270,691 | \$ 1,468,219 | \$ (23) |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

SENECA RESOURCES CORPORATION
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Seneca Resources Corporation | National Fuel Exploration | Total Before Eliminations | Eliminat |
|----------------------------------|------------------------------------|---------------------------------|------------------------------|-----------|
| <u>OPERATING REVENUE:</u> | \$ 335,989 | \$ 73,967 | \$ 409,956 | \$ |
| <u>OPERATING EXPENSE:</u> | | | | |
| Purchased Gas | 44,954 | - | 44,954 | |
| Operation | 50,769 | 27,408 | 78,177 | |
| Maintenance | - | - | - | |

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| | | | | |
|---|-------------|-------------|--------------|-------|
| Property, Franchise & Other Taxes | 4,771 | 8,264 | 13,035 | |
| Impairment of Oil & Gas Producing Properties | - | 180,781 | 180,781 | |
| Depreciation, Depletion and Amortization | 78,998 | 20,247 | 99,245 | |
| Income Taxes | 40,979 | (74,197) | (33,218) | |
| | ----- | ----- | ----- | |
| | 220,471 | 162,503 | 382,974 | |
| | ----- | ----- | ----- | |
| Operating Income (Loss) | 115,518 | (88,536) | 26,982 | |
| | ----- | ----- | ----- | |
| <u>OTHER INCOME:</u> | | | | |
| Unremitted Earnings/(Loss) of Subsidiary | (97,773) | - | (97,773) | 9 |
| Interest - Intercompany | 10,695 | - | 10,695 | (|
| Other | 977 | 544 | 1,521 | |
| | ----- | ----- | ----- | |
| | (86,101) | 544 | (85,557) | 8 |
| | ----- | ----- | ----- | |
| Income (Loss) Before Interest Charges and Minority Interest in Foreign Subsidiary | 29,417 | (87,992) | (58,575) | 8 |
| | ----- | ----- | ----- | |
| <u>INTEREST CHARGES:</u> | | | | |
| Interest on Long-Term Debt | 55 | - | 55 | |
| Interest - Intercompany | 56,327 | 9,217 | 65,544 | (|
| Other Interest | 56 | 564 | 620 | |
| | ----- | ----- | ----- | |
| | 56,438 | 9,781 | 66,219 | (|
| | ----- | ----- | ----- | |
| Net Income (Loss) Available for Common Stock | \$ (27,021) | \$ (97,773) | \$ (124,794) | \$ 9 |
| | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

SENECA RESOURCES CORPORATION
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | Seneca Resources Corporation | National Fuel Exploration | Total Before Eliminations | Eliminat |
|--|------------------------------|---------------------------|---------------------------|----------|
| | ----- | ----- | ----- | ----- |
| Balance at Beginning of Year | \$ 13,009 | \$ 6,391 | \$ 19,400 | \$ (|
| Net Income (Loss) Available | | | | |

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| | | | | |
|---------------------------|-------------|-------------|--------------|------|
| for Common Stock | (27,021) | (97,773) | (124,794) | 9 |
| Dividends on Common Stock | (8,000) | - | (8,000) | |
| Balance at End of Year | \$ (22,012) | \$ (91,382) | \$ (113,394) | \$ 9 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

SENECA RESOURCES CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Seneca Resources Corporation | National Fuel Exploration | Total Before Eliminations | Eliminati |
|---|------------------------------------|---------------------------------|------------------------------|-----------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Net Income (Loss) | \$ (27,021) | \$ (97,773) | \$ (124,794) | \$ 97, |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | |
| Unremitted (Earnings)/Loss of Subsidiary | 97,773 | - | 97,773 | (97, |
| Impairment of Oil & Gas Producing Properties | - | 180,781 | 180,781 | |
| Depreciation, Depletion & Amortization | 78,998 | 20,248 | 99,246 | |
| Deferred Income Taxes | 30,566 | (74,911) | (44,345) | |
| Other | (797) | - | (797) | |
| Change in: | | | | |
| Receivables and Unbilled Utility Revenue | 6,828 | 4,296 | 11,124 | |
| Accounts Receivable - Intercompany | (9,180) | - | (9,180) | 9, |
| Materials and Supplies | (167) | 803 | 636 | |
| Prepayments | 5,373 | (654) | 4,719 | |
| Accounts Payable | 33,655 | (2,203) | 31,452 | |
| Accounts Payable - Intercompany | 4,169 | 10,049 | 14,218 | (10, |
| Other Accruals and Current Liabilities | 3,936 | (337) | 3,599 | |
| Other Assets | 2,374 | (1,221) | 1,153 | |
| Other Liabilities | (14,931) | (1,233) | (16,164) | |
| Net Cash Provided by Operating Activities | 211,576 | 37,845 | 249,421 | |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Capital Expenditures | (149,466) | (56,834) | (206,300) | |
| Investment in Subsidiaries, Net of Cash Acquired | - | (90,567) | (90,567) | |
| Change in Notes Receivable - Intercompany | (99,919) | - | (99,919) | 99, |

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| | | | | |
|--|-----------|-----------|-----------|------|
| Investment in Associated Company | - | - | - | |
| Other | (6,442) | 1,218 | (5,224) | |
| Net Cash Used in Investing Activities | (255,827) | (146,183) | (402,010) | 99, |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | | | |
| Change in Notes Payable - Intercompany | 52,300 | 99,919 | 152,219 | (99, |
| Change in Notes Payable to Banks and Commercial Paper | - | 2,912 | 2,912 | |
| Reduction of Long-Term Debt | (1,747) | - | (1,747) | |
| Dividends Paid on Common Stock | (8,000) | - | (8,000) | |
| Capital Contribution | - | - | - | |
| Net Cash Provided by Financing Activities | 42,553 | 102,831 | 145,384 | (99, |
| Effect of Exchange Rates on Cash | - | (853) | (853) | |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (1,698) | (6,360) | (8,058) | |
| Cash and Temporary Cash Investments at Beginning of Period | 1,912 | 6,703 | 8,615 | |
| Cash and Temporary Cash Investments at End of Period | \$ 214 | \$ 343 | \$ 557 | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

SENECA RESOURCES CORPORATION
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Seneca Resources Corporation | National Fuel Exploration | Total Before Eliminations | Eliminat |
|--|------------------------------------|---------------------------------|------------------------------|----------|
| Net Income (Loss) Available for Common Stock | \$ (27,021) | \$ (97,773) | \$ (124,794) | \$ 97, |
| Other Comprehensive Income (Loss), Before Tax: | | | | |
| Foreign Currency Translation Adjustment | (14,850) | (14,850) | (29,700) | 14, |
| Unrealized Gain on Derivative | | | | |

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| | | | | |
|---|-------------|--------------|--------------|--------|
| Financial Instruments During the Period | 59,986 | 17,564 | 77,550 | (17, |
| Reclassification Adjustment for Realized Losses on Derivative Financial Instruments in Net Income | 82,859 | 13,741 | 96,600 | (13, |
| | ----- | ----- | ----- | ----- |
| Other Comprehensive Income (Loss), Before Tax | 127,995 | 16,455 | 144,450 | (16, |
| Income Tax Expense Related to Unrealized Gain on Derivative Financial Instruments During the Period | 23,586 | 7,532 | 31,118 | (7, |
| Reclassification Adjustment for Income Tax Benefit on Losses on Derivative Financial Instruments Realized in Net Income | 31,955 | 5,746 | 37,701 | (5, |
| | ----- | ----- | ----- | ----- |
| Income Taxes - Net | 55,541 | 13,278 | 68,819 | (13, |
| | ----- | ----- | ----- | ----- |
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 72,454 | 3,177 | 75,631 | (3, |
| Cumulative Effect of Change in Accounting | (68,902) | (18,080) | (86,982) | 18, |
| | ----- | ----- | ----- | ----- |
| Other Comprehensive Income (Loss), After Cumulative Effect, Net of Tax | 3,552 | (14,903) | (11,351) | 14, |
| | ----- | ----- | ----- | ----- |
| Comprehensive Income (Loss) | \$ (23,469) | \$ (112,676) | \$ (136,145) | \$112, |
| | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL EXPLORATION CORPORATION
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Exploration Corporation | National Fuel Exploration Acquisition Corporation | Total Before Eliminations | Eliminat |
|--|---|--|------------------------------|----------|
| | ----- | ----- | ----- | ----- |
| <u>ASSETS</u> | | | | |
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ 296,377 | \$ 175,421 | \$ 471,798 | \$ |
| Less: Accumulated DD&A | 76,800 | 146,007 | 222,807 | (|
| | ----- | ----- | ----- | ----- |
| | 219,577 | 29,414 | 248,991 | |
| | ----- | ----- | ----- | ----- |

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DEFERRED CREDITS:

| | | | |
|-----------------------------------|-------|-------|-------|
| Accumulated Deferred Income Taxes | 2,047 | - | 2,047 |
| Other Deferred Credits | 31 | - | 31 |
| | ----- | ----- | ----- |
| | 2,078 | - | 2,078 |
| | ----- | ----- | ----- |

TOTAL CAPITALIZATION & LIABILITIES

| | | | |
|-----------|-----------|------------|-------|
| \$257,191 | \$ 36,817 | \$ 294,008 | \$ (2 |
| ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

Note: The financial statements of National Fuel Exploration Acquisition Corp. (presented on pages 57 through 61) represent the financial results of its wholly-owned subsidiary, Player Resources Ltd. (Player). National Fuel Exploration Acquisition Corp. has no operations other than serving as the holding company for the stock of Player.

NATIONAL FUEL EXPLORATION CORPORATION
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Exploration Corporation | National Fuel Exploration Acquisition Corporation | Total Before Eliminations | Eliminat |
|---|---|--|------------------------------|----------|
| | ----- | ----- | ----- | ----- |
| <u>OPERATING REVENUE:</u> | \$ 67,187 | \$ 6,780 | \$ 73,967 | \$ |
| | ----- | ----- | ----- | ----- |
| <u>OPERATING EXPENSE:</u> | | | | |
| Purchased Gas | - | - | - | |
| Operation | 24,962 | 2,446 | 27,408 | |
| Maintenance | - | - | - | |
| Property, Franchise & Other Taxes | 8,264 | - | 8,264 | |
| Impairment of Oil & Gas Producing Properties | 52,117 | 131,735 | 183,852 | (|
| Depreciation, Depletion and Amortization | 16,116 | 5,470 | 21,586 | (|
| Income Taxes | (15,842) | (58,683) | (74,525) | |
| | ----- | ----- | ----- | ----- |
| | 85,617 | 80,968 | 166,585 | (|
| | ----- | ----- | ----- | ----- |
| Operating Income (Loss) | (18,430) | (74,188) | (92,618) | |
| | ----- | ----- | ----- | ----- |
| <u>OTHER INCOME:</u> | | | | |
| Unremitted Loss of Subsidiary | (74,368) | - | (74,368) | 7 |
| Interest - Intercompany | - | - | - | |
| Other | 544 | - | 544 | |
| | ----- | ----- | ----- | ----- |
| | (73,824) | - | (73,824) | 7 |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|--|--------------|-------------|--------------|------|
| Income (Loss) Before Interest Charges and Minority Interest in Foreign Subsidiary | (92,254) | (74,188) | (166,442) | 7 |
| <u>INTEREST CHARGES:</u> | | | | |
| Interest on Long-Term Debt | - | - | - | |
| Interest - Intercompany | 9,217 | - | 9,217 | |
| Other Interest | 384 | 180 | 564 | |
| | 9,601 | 180 | 9,781 | |
| Net Income (Loss) Available for Common Stock | \$ (101,855) | \$ (74,368) | \$ (176,223) | \$ 7 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL EXPLORATION CORPORATION
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | National Fuel Exploration Corporation | National Fuel Exploration Acquisition Corporation | Total Before Eliminations | Eliminat |
|---|---|--|------------------------------|----------|
| Balance at Beginning of Year | \$ 6,391 | \$ - | \$ 6,391 | \$ |
| Net Income (Loss) Available for Common Stock | (101,855) | (74,368) | (176,223) | 7 |
| Dividends on Common Stock | - | - | - | |
| Balance at End of Year | \$ (95,464) | \$ (74,368) | \$ (169,832) | \$7 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL EXPLORATION CORPORATION
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

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| | National Fuel Exploration Corporation | National Fuel Exploration Acquisition Corporation | Total Before Eliminations | Eliminati |
|---|---|--|------------------------------|-----------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Net Income (Loss) | \$ (101,855) | \$ (74,368) | \$ (176,223) | \$ 78, |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | |
| Unremitted Loss of Subsidiary | 74,368 | - | 74,368 | (74, |
| Impairment of Oil & Gas Producing Properties | 52,117 | 131,735 | 183,852 | (3, |
| Depreciation, Depletion & Amortization | 16,116 | 5,470 | 21,586 | (1, |
| Deferred Income Taxes | (16,529) | (58,710) | (75,239) | |
| Other | - | - | - | |
| Change in: | | | | |
| Receivables and Unbilled Utility Revenue | (383) | 4,679 | 4,296 | |
| Accounts Receivable - Intercompany | (3,089) | - | (3,089) | 3, |
| Materials and Supplies | 803 | - | 803 | |
| Prepayments | (290) | (364) | (654) | |
| Accounts Payable | 2,703 | (4,906) | (2,203) | |
| Accounts Payable - Intercompany | 10,049 | 3,089 | 13,138 | (3, |
| Other Accruals and Current Liabilities | (400) | 63 | (337) | |
| Other Assets | 18 | (1,239) | (1,221) | |
| Other Liabilities | (1,233) | - | (1,233) | |
| Net Cash Provided by Operating Activities | 32,395 | 5,449 | 37,844 | |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Capital Expenditures | (52,607) | (4,227) | (56,834) | |
| Investment in Subsidiaries, Net of Cash Acquired | - | (90,567) | (90,567) | |
| Change in Notes Receivable - Intercompany | (99,919) | - | (99,919) | 99, |
| Investment in Associated Company | - | - | - | |
| Other | 904 | 314 | 1,218 | |
| Net Cash Used in Investing Activities | (151,622) | (94,480) | (246,102) | 99, |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | |
| Change in Notes Payable - Intercompany | 99,919 | 99,919 | 199,838 | (99, |
| Change in Notes Payable to Banks and Commercial Paper | 12,326 | (9,414) | 2,912 | |
| Reduction of Long-Term Debt | - | - | - | |
| Dividends Paid on Common Stock | - | - | - | |
| Capital Contribution | - | - | - | |
| Net Cash Provided by Financing Activities | 112,245 | 90,505 | 202,750 | (99, |

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| | | | | |
|--|---------|---------|---------|----|
| Effect of Exchange Rates on Cash | 344 | (1,196) | (852) | |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (6,638) | 278 | (6,360) | |
| Cash and Temporary Cash Investments at Beginning of Period | 6,703 | - | 6,703 | |
| Cash and Temporary Cash Investments at End of Period | \$ 65 | \$ 278 | \$ 343 | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

NATIONAL FUEL EXPLORATION CORPORATION
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | National Fuel Exploration Corporation | National Fuel Exploration Acquisition Corporation | Total Before Eliminations | Eliminat |
|---|---|--|------------------------------|----------|
| Net Income (Loss) Available for Common Stock | \$ (101,855) | \$ (74,368) | \$ (176,223) | \$7 |
| Other Comprehensive Income (Loss), Before Tax: | | | | |
| Foreign Currency Translation Adjustment | (14,850) | (2,856) | (17,706) | |
| Unrealized Gain on Derivative Financial Instruments During the Period | 17,273 | 3,489 | 20,762 | (|
| Reclassification Adjustment for Realized Losses on Derivative Financial Instruments in Net Income | 13,741 | - | 13,741 | |
| Other Comprehensive Income (Loss), Before Tax | 16,164 | 633 | 16,797 | |
| Income Tax Expense Related to Unrealized Gain on Derivative Financial Instruments During the Period | 7,532 | 1,496 | 9,028 | (|
| Reclassification Adjustment for Income Tax Benefit on Losses on Derivative Financial Instruments Realized in Net Income | 5,746 | - | 5,746 | |
| Income Taxes - Net | 13,278 | 1,496 | 14,774 | (|

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| | | | | |
|---|--------------|-------------|--------------|-----|
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 2,886 | (863) | 2,023 | |
| Cumulative Effect of Change in Accounting | (18,080) | - | (18,080) | |
| Other Comprehensive Income (Loss), After Cumulative Effect, Net of Tax | (15,194) | (863) | (16,057) | |
| Comprehensive Income (Loss) | \$ (117,049) | \$ (75,231) | \$ (192,280) | \$7 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Horizon Energy Development, Inc. | Horizon Energy Holdings (Consolidated) | Sceptre Power Company | Total Before Eliminations | Elimin |
|---|---|---|-----------------------------|------------------------------|--------|
| <u>ASSETS</u> | | | | | |
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ - | \$ 271,073 | \$ - | \$ 271,073 | \$ |
| Less: Accumulated DD&A | - | 92,824 | - | 92,824 | |
| | - | 178,249 | - | 178,249 | |
| <u>CURRENT ASSETS:</u> | | | | | |
| Cash and Temporary Cash Investments | (140) | 5,938 | 11 | 5,809 | |
| Notes Receivable - Intercompany | 920 | - | - | 920 | |
| Allowance for Uncollectible Accounts | - | (762) | - | (762) | |
| Accounts Receivable - Intercompany | 2,819 | - | - | 2,819 | |
| Accounts Receivable | - | 5,707 | 10 | 5,717 | |
| Unbilled Utility Revenue | - | 3,840 | - | 3,840 | |
| Materials and Supplies | - | 3,014 | - | 3,014 | |
| Prepayments | - | 27 | - | 27 | |
| | 3,599 | 17,764 | 21 | 21,384 | |
| <u>OTHER ASSETS:</u> | | | | | |
| Investment in Associated Companies | 116,440 | - | - | 116,440 | (11 |
| Other Assets | - | 9,590 | - | 9,590 | |
| Notes Receivable - Intercompany | - | - | - | - | |
| Deferred Charges | 40 | - | - | 40 | |
| | 116,480 | 9,590 | - | 126,070 | (11 |

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| | | | | | |
|---|------------|------------|-----------|------------|--------|
| <u>TOTAL ASSETS</u> | \$ 120,079 | \$ 205,603 | \$ 21 | \$ 325,703 | \$ (11 |
| | ===== | ===== | ===== | ===== | ===== |
| <u>CAPITALIZATION & LIABILITIES</u> | | | | | |
| <u>CAPITALIZATION:</u> | | | | | |
| Common Stock | \$ 5 | \$ 2 | \$ 11,524 | \$ 11,531 | \$ (1 |
| Paid - in - Capital | 38,246 | 115,056 | - | 153,302 | (11 |
| Capital Contribution from Horizon | - | - | - | - | |
| Earnings Reinvested in the Business | (9,143) | 17,044 | (7,576) | 325 | (|
| | ----- | ----- | ----- | ----- | ----- |
| Total Common Shareholder Equity | | | | | |
| Before Items of Other | | | | | |
| Comprehensive Income | 29,108 | 132,102 | 3,948 | 165,158 | (13 |
| Accumulated Other Comprehensive | | | | | |
| Income | (20,253) | (19,610) | - | (39,863) | 1 |
| | ----- | ----- | ----- | ----- | ----- |
| Total Comprehensive Shareholders' | | | | | |
| Equity | 8,855 | 112,492 | 3,948 | 125,295 | (11 |
| | ----- | ----- | ----- | ----- | ----- |
| Long-Term Debt, Net of Current | | | | | |
| Portion | - | 22,475 | - | 22,475 | |
| Notes Payable - Intercompany | 90,000 | - | - | 90,000 | |
| | ----- | ----- | ----- | ----- | ----- |
| Total Capitalization | 98,855 | 134,967 | 3,948 | 237,770 | (11 |
| | ----- | ----- | ----- | ----- | ----- |
| Minority Interest in Foreign | | | | | |
| Subsidiaries | - | 22,324 | - | 22,324 | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>CURRENT AND ACCRUED LIABILITIES:</u> | | | | | |
| Notes Payable - Intercompany | 13,700 | 120 | - | 13,820 | |
| Notes Payable to Banks | - | 14,098 | - | 14,098 | |
| Current Portion of Long-Term Debt | - | 9,002 | - | 9,002 | |
| Accounts Payable | 126 | 8,990 | 15 | 9,131 | |
| Accounts Payable - Intercompany | 3,844 | 2,506 | - | 6,350 | (|
| Other Accruals and Current | | | | | |
| Liabilities | 3,796 | 2,965 | (3,923) | 2,838 | |
| | ----- | ----- | ----- | ----- | ----- |
| | 21,466 | 37,681 | (3,908) | 55,239 | (|
| | ----- | ----- | ----- | ----- | ----- |
| <u>DEFERRED CREDITS:</u> | | | | | |
| Accumulated Deferred Income Taxes | (718) | 9,961 | (20) | 9,223 | |
| Fair Value of Deriv. Financial | | | | | |
| Instruments | - | 581 | - | 581 | |
| Other Deferred Credits | 476 | 89 | 1 | 566 | |
| | ----- | ----- | ----- | ----- | ----- |
| | (242) | 10,631 | (19) | 10,370 | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>TOTAL CAPITALIZATION & LIABILITIES</u> | \$ 120,079 | \$ 205,603 | \$ 21 | \$ 325,703 | \$ (11 |
| | ===== | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001

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(THOUSANDS OF DOLLARS)

| | Horizon Energy Development, Inc. | Horizon Energy Holdings (Consolidated) | Sceptre Power Company | Total Before Eliminations | Elimin (Dr) |
|--|---|--|-----------------------------|------------------------------|----------------|
| <u>OPERATING REVENUE:</u> | \$ - | \$ 97,937 | \$ - | \$ 97,937 | \$ - |
| <u>OPERATING EXPENSE:</u> | | | | | |
| Fuel Used in Heat and Electric Generation | - | 53,334 | - | 53,334 | |
| Operation | 3,738 | 19,403 | - | 23,141 | |
| Maintenance | - | 38 | - | 38 | |
| Property, Franchise & Other Taxes | 15 | 2,169 | - | 2,184 | |
| Depreciation, Depletion and Amortization | 25 | 12,609 | - | 12,634 | |
| Income Taxes | (3,416) | 3,669 | - | 253 | |
| | 362 | 91,222 | - | 91,584 | |
| Operating Income (Loss) | (362) | 6,715 | - | 6,353 | |
| <u>OTHER INCOME:</u> | | | | | |
| Unremitted Earnings of Subsidiaries | 3,287 | - | - | 3,287 | |
| Interest - Intercompany | 24 | - | - | 24 | |
| Other | 409 | 1,482 | - | 1,891 | |
| | 3,720 | 1,482 | - | 5,202 | |
| Income (Loss) Before Interest Charges and and Minority Interest in Foreign Subsidiaries | 3,358 | 8,197 | - | 11,555 | |
| <u>INTEREST CHARGES:</u> | | | | | |
| Interest on Long-Term Debt | - | 3,565 | - | 3,565 | |
| Interest-Intercompany | 5,738 | 1 | - | 5,739 | |
| Other Interest | 661 | 1 | - | 662 | |
| | 6,399 | 3,567 | - | 9,966 | |
| Minority Interest in Foreign Subsidiaries | - | (1,342) | - | (1,342) | |
| Net Income (Loss) Available for Common Stock | \$ (3,041) | \$ 3,288 | \$ - | \$ 247 | \$ - |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

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HORIZON ENERGY DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | Horizon Energy Development, Inc. | Horizon Energy Holdings (Consolidated) | Sceptre Power Company | Total Before Eliminations | Elimin (Dr) |
|---|---|--|-----------------------------|------------------------------|----------------|
| Balance at Beginning of Year | \$ (6,102) | \$ 13,757 | \$ (7,576) | \$ 79 | \$ (|
| Net Income (Loss) Available for Common Stock | (3,041) | 3,288 | - | 247 | (|
| Dividends on Common Stock | - | - | - | - | - |
| Balance at End of Year | <u>\$ (9,143)</u> | <u>\$ 17,045</u> | <u>\$ (7,576)</u> | <u>\$ 326</u> | <u>\$ (</u> |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | Horizon Energy Development, Inc. | Horizon Energy Holdings (Consolidated) | Sceptre Power Company | Total Before Eliminations & Adjustments & | EL |
|---|---|--|-----------------------------|---|----|
| Net Income (Loss) | \$ (3,041) | \$ 3,288 | \$ - | \$ 247 | - |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | | |
| Unremitted Earnings of Subsidiaries | (3,287) | - | - | (3,287) | - |
| Depreciation, Depletion & Amortization | 25 | 12,609 | - | 12,634 | - |
| Deferred Income Taxes | 22 | 188 | - | 210 | - |
| Minority Interest in Foreign Subsidiaries | - | 1,342 | - | 1,342 | - |
| Other | 130 | 1,084 | - | 1,214 | - |
| Change in: | | | | | |
| Accounts Receivable - Intercompany | (263) | - | - | (263) | - |
| Receivables and Unbilled Utility Revenue | - | (402) | - | (402) | - |
| Material and Supplies | - | 932 | - | 932 | - |
| Prepayments | - | 33 | - | 33 | - |
| Accounts Payable | 15 | (157) | - | (142) | - |
| Accounts Payable - Intercompany | 466 | - | - | 466 | - |
| Other Accruals and Current | | | | | |

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| | | | | |
|--|----------|----------|-------|----------|
| Liabilities | 2,062 | 3,800 | - | 5,862 |
| Other Assets | 5 | (1,350) | - | (1,345) |
| Other Liabilities | (403) | 87 | - | (316) |
| <hr/> | | | | |
| Net Cash Provided by (Used in) Operations | (4,269) | 21,454 | - | 17,185 |
| <hr/> | | | | |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Capital Expenditures | - | (15,587) | - | (15,587) |
| Investment in Associated Companies | - | - | - | - |
| Other | - | 7,007 | - | 7,007 |
| <hr/> | | | | |
| Net Cash Provided by (Used In) Investing Activities | - | (8,580) | - | (8,580) |
| <hr/> | | | | |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | |
| Change in Notes Payable to Banks | - | (5,009) | - | (5,009) |
| Change in Notes Payable - Intercompany | 4,080 | 120 | - | 4,200 |
| Return of Capital Contribution | - | - | - | - |
| Net Proceeds from Issuance of Long-Term Debt | - | 12,927 | - | 12,927 |
| Reduction of Long-Term Debt | - | (20,724) | - | (20,724) |
| <hr/> | | | | |
| Net Cash Provided by (Used in) Financing Activities | 4,080 | (12,686) | - | (8,606) |
| <hr/> | | | | |
| Effect of Exchange Rates on Cash | - | 208 | - | 208 |
| <hr/> | | | | |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (189) | 396 | - | 207 |
| <hr/> | | | | |
| Cash and Temporary Cash Investments of Beginning of Period | 49 | 5,542 | 11 | 5,602 |
| <hr/> | | | | |
| Cash and Temporary Cash Investments at End of Year | \$ (140) | \$ 5,938 | \$ 11 | \$ 5,809 |
| <hr/> | | | | |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY DEVELOPMENT, INC. AND SUBSIDIARIES
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| Horizon Energy Development, Inc. | Horizon Energy Holdings (Consolidated) | Sceptre Power Company | Total Before Eliminations & Adjustments | Elimin (Dr) |
|----------------------------------|--|-----------------------|---|-------------|
| ----- | ----- | ----- | ----- | ----- |

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| | | | | | |
|---|------------|-----------|------|-----------|-------|
| Net Income (Loss) Available for Common Stock | \$ (3,041) | \$ 3,288 | \$ - | \$ 247 | \$ (|
| Other Comprehensive Income (Loss) : | | | | | |
| Foreign Currency Translation Adjustment | 7,692 | 7,692 | - | 15,384 | (|
| Unrealized Gain / (Loss) on Derivative Financial Instruments During the Period | (139) | (139) | - | (278) | |
| Reclassification Adjustment for Realized (Gains)/Losses on Derivative Financial Instruments in Net Income | 796 | 796 | - | 1,592 | |
| Other Comprehensive Income (Loss), Before Tax | 8,349 | 8,349 | - | 16,698 | (|
| Income Tax Expense/(Benefit) Related to Unrealized Gain/ (Loss) on Derivative Financial Instruments During the Period | (43) | (43) | - | (86) | |
| Reclassification Adjustment for Income Tax Benefit/(Expense) on Derivative Financial Instruments in Net Income | 247 | 247 | - | 494 | |
| Income Taxes - Net | 204 | 204 | - | 408 | |
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 8,145 | 8,145 | - | 16,290 | (|
| Cumulative Effect of Change in Accounting | (793) | (793) | - | (1,586) | |
| Other Comprehensive Income (Loss), After Cumulative Effect Net of Tax | 7,352 | 7,352 | - | 14,704 | (|
| Comprehensive Income (Loss) | \$ 4,311 | \$ 10,640 | \$ - | \$ 14,951 | \$ (1 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY HOLDINGS
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

Horizon Horizon Energy

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| | Energy Holdings | Development B.V. (Consolidated) | Total Before Eliminations | Eliminations | Energy and |
|--|--------------------|------------------------------------|------------------------------|---------------------|---------------|
| | ----- | ----- | ----- | ----- | ----- |
| <u>ASSETS</u> | | | | | |
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ - | \$ 271,073 | \$ 271,073 | \$ - | |
| Less: Accumulated DD&A | - | 92,824 | 92,824 | - | |
| | ----- | ----- | ----- | ----- | |
| | - | 178,249 | 178,249 | - | |
| | ----- | ----- | ----- | ----- | |
| <u>CURRENT ASSETS:</u> | | | | | |
| Cash and Temporary Cash Investments | - | 5,938 | 5,938 | - | |
| Notes Receivable - Intercompany | - | - | - | - | |
| Allowance for Uncollectible Accounts | - | (762) | (762) | - | |
| Accounts Receivable - Intercompany | - | - | - | - | |
| Accounts Receivable | - | 5,707 | 5,707 | - | |
| Unbilled Utility Revenue | - | 3,840 | 3,840 | - | |
| Materials and Supplies | - | 3,014 | 3,014 | - | |
| Prepayments | - | 27 | 27 | - | |
| | ----- | ----- | ----- | ----- | |
| | - | 17,764 | 17,764 | - | |
| | ----- | ----- | ----- | ----- | |
| <u>OTHER ASSETS:</u> | | | | | |
| Investment in Associated Companies | 112,492 | - | 112,492 | (112,492) | |
| Other Assets | - | 9,590 | 9,590 | - | |
| Notes Receivable - Intercompany | - | - | - | - | |
| Deferred Charges | - | - | - | - | |
| | ----- | ----- | ----- | ----- | |
| | 112,492 | 9,590 | 122,082 | (112,492) | |
| | ----- | ----- | ----- | ----- | |
| <u>TOTAL ASSETS</u> | \$ 112,492 | \$ 205,603 | \$ 318,095 | \$ (112,492) | |
| | ===== | ===== | ===== | ===== | |
| <u>CAPITALIZATION & LIABILITIES</u> | | | | | |
| <u>CAPITALIZATION:</u> | | | | | |
| Common Stock | \$ 2 | \$ 29 | \$ 31 | \$ (29) | |
| Paid - in - Capital | 115,056 | 109,921 | 224,977 | (109,921) | |
| Earnings Reinvested in the Business | 17,044 | 22,794 | 39,838 | (22,794) | |
| | ----- | ----- | ----- | ----- | |
| Total Common Shareholder Equity Before Items of Other Comprehensive Income | 132,102 | 132,744 | 264,846 | (132,744) | |
| Accumulated Other Comprehensive Income | (19,610) | (20,252) | (39,862) | 20,252 | |
| | ----- | ----- | ----- | ----- | |
| Total Comprehensive Shareholders' Equity | 112,492 | 112,492 | 224,984 | (112,492) | |
| | ----- | ----- | ----- | ----- | |
| Long-Term Debt, Net of Current Portion | - | 22,475 | 22,475 | - | |
| Notes Payable - Intercompany | - | - | - | - | |
| | ----- | ----- | ----- | ----- | |
| Total Capitalization | 112,492 | 134,967 | 247,459 | (112,492) | |
| | ----- | ----- | ----- | ----- | |
| Minority Interest in Foreign Subsidiaries | - | 22,324 | 22,324 | - | |
| | ----- | ----- | ----- | ----- | |

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CURRENT AND ACCRUED LIABILITIES:

| | | | | |
|--|---|--------|--------|---|
| Notes Payable - Intercompany | - | 120 | 120 | - |
| Notes Payable to Banks | - | 14,098 | 14,098 | - |
| Current Portion of Long-Term Debt | - | 9,002 | 9,002 | - |
| Accounts Payable | - | 8,990 | 8,990 | - |
| Accounts Payable - Intercompany | - | 2,506 | 2,506 | - |
| Other Accruals and Current Liabilities | - | 2,965 | 2,965 | - |
| | - | 37,681 | 37,681 | - |

DEFERRED CREDITS:

| | | | | |
|--|---|--------|--------|---|
| Accumulated Deferred Income Taxes | - | 9,961 | 9,961 | - |
| Fair Value of Deriv. Financial Instruments | - | 581 | 581 | - |
| Other Deferred Credits | - | 89 | 89 | - |
| | - | 10,631 | 10,631 | - |

TOTAL CAPITALIZATION &

| | | | | |
|--------------------|------------|------------|------------|--------------|
| <u>LIABILITIES</u> | \$ 112,492 | \$ 205,603 | \$ 318,095 | \$ (112,492) |
|--------------------|------------|------------|------------|--------------|

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY HOLDINGS
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Horizon Energy Holdings | Horizon Energy Development B.V. (Consolidated) | Total Before Eliminations | Eliminations (Dr) Cr | Consolidated |
|---|-------------------------|--|---------------------------|----------------------|--------------|
| <u>OPERATING REVENUE:</u> | \$ - | \$ 97,937 | \$ 97,937 | \$ - | \$ - |
| <u>OPERATING EXPENSE:</u> | | | | | |
| Fuel Used in Heat and Electric Generation | - | 53,334 | 53,334 | - | - |
| Operation | - | 19,403 | 19,403 | - | - |
| Maintenance | - | 38 | 38 | - | - |
| Property, Franchise & Other Taxes | - | 2,169 | 2,169 | - | - |
| Depreciation, Depletion and Amortization | - | 12,609 | 12,609 | - | - |
| Income Taxes | - | 3,669 | 3,669 | - | - |
| | - | 91,222 | 91,222 | - | - |
| Operating Income (Loss) | - | 6,715 | 6,715 | - | - |
| <u>OTHER INCOME:</u> | | | | | |
| Unremitted Earnings of Subsidiaries | 3,287 | - | 3,287 | (3,287) | - |

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| | | | | |
|--|----------|----------|----------|------------|
| Interest - Intercompany | - | - | - | - |
| Other | - | 1,482 | 1,482 | - |
| | ----- | ----- | ----- | ----- |
| | 3,287 | 1,482 | 4,769 | (3,287) |
| | ----- | ----- | ----- | ----- |
| Income (Loss) Before Interest Charges and and Minority Interest in Foreign Subsidiaries | 3,287 | 8,197 | 11,484 | (3,287) |
| | ----- | ----- | ----- | ----- |
| <u>INTEREST CHARGES:</u> | | | | |
| Interest on Long-Term Debt | - | 3,565 | 3,565 | - |
| Interest-Intercompany | - | 1 | 1 | - |
| Other Interest | - | 1 | 1 | - |
| | ----- | ----- | ----- | ----- |
| | - | 3,567 | 3,567 | - |
| | ----- | ----- | ----- | ----- |
| Minority Interest in Foreign Subsidiaries | - | (1,342) | (1,342) | - |
| | ----- | ----- | ----- | ----- |
| Net Income (Loss) Available for Common Stock | \$ 3,287 | \$ 3,288 | \$ 6,575 | \$ (3,287) |
| | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY HOLDINGS
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | Horizon Energy Holdings | Horizon Energy Development B.V. (Consolidated) | Total Before Eliminations | Eliminations (Dr) Cr | Consolidated Horizon Energy Holdings Subsidiaries |
|---|-------------------------------|--|------------------------------|-------------------------|--|
| | ----- | ----- | ----- | ----- | ----- |
| Balance at Beginning of Year | \$ 13,757 | \$ 19,507 | \$ 33,264 | \$ (19,507) | \$ |
| Net Income (Loss) Available for Common Stock | 3,287 | 3,288 | 6,575 | (3,287) | |
| Dividends on Common Stock | - | - | - | - | |
| | ----- | ----- | ----- | ----- | ----- |
| Balance at End of Year | \$ 17,044 | \$ 22,795 | \$ 39,839 | \$ (22,794) | \$ |
| | ===== | ===== | ===== | ===== | ===== |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

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HORIZON ENERGY HOLDINGS
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Horizon Energy Holdings | Horizon Energy Development B.V. (Consolidated) | Total Before Eliminations & Adjustments | Eliminations |
|---|-------------------------------|--|---|--------------|
| | ----- | ----- | ----- | ----- |
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | |
| Net Income (Loss) | \$ 3,287 | \$ 3,288 | \$ 6,575 | \$ (3,287) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | |
| Unremitted Earnings of Subsidiaries | (3,287) | - | (3,287) | 3,287 |
| Depreciation, Depletion & Amortization | - | 12,609 | 12,609 | - |
| Deferred Income Taxes | - | 188 | 188 | - |
| Minority Interest in Foreign Subsidiaries | - | 1,342 | 1,342 | - |
| Other | - | 1,084 | 1,084 | - |
| Change in: | | | | |
| Accounts Receivable - Intercompany | - | - | - | - |
| Receivables and Unbilled Utility Revenue | - | (402) | (402) | - |
| Material and Supplies | - | 932 | 932 | - |
| Prepayments | - | 33 | 33 | - |
| Accounts Payable | - | (157) | (157) | - |
| Accounts Payable - Intercompany | - | - | - | - |
| Other Accruals and Current Liabilities | - | 3,800 | 3,800 | - |
| Other Assets | - | (1,350) | (1,350) | - |
| Other Liabilities | - | 87 | 87 | - |
| | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used in) Operations | - | 21,454 | 21,454 | - |
| | ----- | ----- | ----- | ----- |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | |
| Capital Expenditures | - | (15,587) | (15,587) | - |
| Investment in Associated Companies | - | - | - | - |
| Other | - | 7,007 | 7,007 | - |
| | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used In) Investing Activities | - | (8,580) | (8,580) | - |
| | ----- | ----- | ----- | ----- |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | |
| Change in Notes Payable to Banks | - | (5,009) | (5,009) | - |
| Change in Notes Payable - Intercompany | - | 120 | 120 | - |
| Net Proceeds from Issuance of Long-Term Debt | - | 12,927 | 12,927 | - |
| Reduction of Long-Term Debt | - | (20,724) | (20,724) | - |
| | ----- | ----- | ----- | ----- |
| Net Cash Provided by (Used in) Financing Activities | - | (12,686) | (12,686) | - |
| | ----- | ----- | ----- | ----- |

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| | | | | |
|---|------|----------|----------|------|
| Effect of Exchange Rates on Cash | - | 208 | 208 | - |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | - | 396 | 396 | - |
| Cash and Temporary Cash Investments of Beginning of Period | - | 5,542 | 5,542 | - |
| Cash and Temporary Cash Investments at End of Year | \$ - | \$ 5,938 | \$ 5,938 | \$ - |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON ENERGY HOLDINGS
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | Horizon Energy Holdings | Horizon Energy Development B.V. (Consolidated) | Total Before Eliminations & Adjustments | Eliminations (Dr) Cr |
|---|-------------------------------|--|---|-------------------------|
| Net Income (Loss) Available for Common Stock | \$ 3,287 | \$ 3,288 | \$ 6,575 | \$ (3,287) |
| Other Comprehensive Income (Loss) : | | | | |
| Foreign Currency Translation Adjustment | 7,692 | 7,692 | 15,384 | (7,692) |
| Unrealized Gain / (Loss) on Derivative Financial Instruments During the Period | (139) | (139) | (278) | 139 |
| Reclassification Adjustment for Realized (Gains)/Losses on Derivative Financial Instruments in Net Income | 796 | 796 | 1,592 | (796) |
| Other Comprehensive Income (Loss), Before Tax | 8,349 | 8,349 | 16,698 | (8,349) |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/ (Loss) on Derivative Financial Instruments During the Period | (43) | (43) | (86) | 43 |
| Reclassification Adjustment for Income Tax Benefit/(Expense) on Derivative Financial Instruments in Net Income | 247 | 247 | 494 | (247) |
| Income Taxes - Net | 204 | 204 | 408 | (204) |

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| | | | | |
|---|-----------|-----------|-----------|-------------|
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 8,145 | 8,145 | 16,290 | (8,145) |
| Cumulative Effect of Change in Accounting | (793) | (793) | (1,586) | 793 |
| Other Comprehensive Income (Loss), After Cumulative Effect Net of Tax | 7,352 | 7,352 | 14,704 | (7,352) |
| Comprehensive Income (Loss) | \$ 10,639 | \$ 10,640 | \$ 21,279 | \$ (10,639) |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

| | Horizon B.V. | United Energy, a.s. (UE) (Consolidated) | Power Development | HORIZON E CONSOLI AT S (THO |
|--|--------------|--|----------------------|--------------------------------------|
| <u>ASSETS</u> | | | | |
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ - | \$ 269,717 | \$ - | |
| Less: Accumulated DD&A | - | 91,511 | - | |
| | - | 178,206 | - | |
| <u>CURRENT ASSETS:</u> | | | | |
| Cash and Temporary Cash Investments | 34 | 4,426 | 2 | |
| Notes Receivable - Intercompany | 18 | - | - | |
| Allowance for Uncollectible Accounts | - | (762) | - | |
| Accounts Receivable - Intercompany | - | - | - | |
| Accounts Receivable | - | 5,438 | - | |
| Unbilled Utility Revenue | - | 3,840 | - | |
| Materials and Supplies | - | 3,014 | - | |
| Prepayments | - | 24 | - | |
| | 52 | 15,980 | 2 | |
| <u>OTHER ASSETS:</u> | | | | |
| Investment in Associated Companies | 115,093 | - | - | |
| Other Assets | (27) | 9,059 | - | |
| Notes Receivable - Intercompany | - | - | - | |
| Deferred Charges | - | - | - | |
| | 115,066 | 9,059 | - | |
| <u>TOTAL ASSETS</u> | \$ 115,118 | \$ 203,245 | \$ 2 | |

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| <u>CAPITALIZATION & LIABILITIES</u> | | | |
|--|------------|------------|----------|
| <u>CAPITALIZATION:</u> | | | |
| Common Stock | \$ 29 | \$ 59,770 | \$ (506) |
| Paid - in - Capital | 109,921 | 50,804 | 1,623 |
| Earnings Reinvested in the Business | 22,794 | 21,619 | (258) |
| ----- | | | |
| Total Common Shareholder Equity Before Items of Other Comprehensive Income | 132,744 | 132,193 | 859 |
| Accumulated Other Comprehensive Income | (20,252) | (19,374) | (857) |
| ----- | | | |
| Total Comprehensive Shareholders' Equity | 112,492 | 112,819 | 2 |
| ----- | | | |
| Long-Term Debt, Net of Current Portion | - | 22,475 | - |
| Notes Payable - Intercompany | - | - | - |
| ----- | | | |
| Total Capitalization | 112,492 | 135,294 | 2 |
| ----- | | | |
| Minority Interest in Foreign Subsidiaries | - | 22,324 | - |
| ----- | | | |
| <u>CURRENT AND ACCRUED LIABILITIES:</u> | | | |
| Notes Payable - Intercompany | 120 | - | - |
| Notes Payable to Banks | - | 14,098 | - |
| Current Portion of Long-Term Debt | - | 9,002 | - |
| Accounts Payable | - | 8,976 | - |
| Accounts Payable - Intercompany | 2,506 | - | - |
| Other Accruals and Current Liabilities | - | 2,920 | - |
| ----- | | | |
| | 2,626 | 34,996 | - |
| ----- | | | |
| <u>DEFERRED CREDITS:</u> | | | |
| Accumulated Deferred Income Taxes | - | 9,961 | - |
| Fair Value of Deriv. Financial Instruments | - | 581 | - |
| Other Deferred Credits | - | 89 | - |
| ----- | | | |
| | - | 10,631 | - |
| ----- | | | |
| <u>TOTAL CAPITALIZATION & LIABILITIES</u> | \$ 115,118 | \$ 203,245 | \$ 2 |
| ===== | | | |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

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| | Horizon B.V. | UE (Consolidated) | Power Development |
|--|--------------|----------------------|----------------------|
| <u>OPERATING REVENUE:</u> | \$ - | \$ 96,925 | \$ - |
| <u>OPERATING EXPENSE:</u> | | | |
| Fuel Used in Heat and Electric Generation | - | 52,601 | - |
| Operation | 61 | 18,646 | 153 |
| Maintenance | - | - | - |
| Property, Franchise & Other Taxes | 4 | 2,070 | 5 |
| Depreciation, Depletion and Amortization | - | 11,654 | - |
| Income Taxes | - | 3,664 | - |
| | 65 | 88,635 | 158 |
| Operating Income (Loss) | (65) | 8,290 | (158) |
| <u>OTHER INCOME:</u> | | | |
| Unremitted Earnings of Subsidiaries | 3,354 | - | - |
| Other | - | 1,209 | - |
| | 3,354 | 1,209 | - |
| Income (Loss) Before Interest Charges and and Minority Interest in Foreign Subsidiaries | 3,289 | 9,499 | (158) |
| <u>INTEREST CHARGES:</u> | | | |
| Interest on Long-Term Debt | - | 3,554 | - |
| Interest-Intercompany | 1 | - | - |
| Other Interest | 1 | - | - |
| | 2 | 3,554 | - |
| Minority Interest in Foreign Subsidiaries | - | (1,342) | - |
| Net Income (Loss) Available for Common Stock | \$ 3,287 | \$ 4,603 | \$ (158) |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON E
CONSOLIDATING STATEMENT
FOR THE FISCAL

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| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | Horizon B.V. | UE (Consolidated) | Power Development |
|---|--------------|----------------------|----------------------|
| Balance at Beginning of Year | \$ 19,507 | \$ 17,017 | \$ (100) |
| Net Income (Loss) Available for Common Stock | 3,287 | 4,603 | (158) |
| Dividends on Common Stock | - | - | - |
| Balance at End of Year | \$ 22,794 | \$ 21,620 | \$ (258) |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

HORIZON
CONSOLIDAT
FOR THE FISCAL
(TH

| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | Horizon B.V. | UE (Consolidated) | Power Developm |
|---|--------------|----------------------|-------------------|
| Net Income (Loss) | \$ 3,287 | \$ 4,603 | \$ (15 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | |
| Unremitted Earnings of Subsidiaries | (3,354) | - | |
| Depreciation, Depletion & Amortization | - | 11,654 | |
| Deferred Income Taxes | - | 182 | |
| Minority Interest in Foreign Subsidiaries | - | 1,342 | |
| Other | - | 578 | |
| Change in: | | | |
| Accounts Receivable - Intercompany Receivables and Unbilled Utility Revenue | - | (493) | |
| Material and Supplies | - | 932 | |
| Prepayments | - | 9 | |
| Accounts Payable | - | (234) | |
| Accounts Payable - Intercompany Other Accruals and Current Liabilities | - | 3,774 | |
| Other Assets | (13) | (1,487) | 11 |
| Other Liabilities | 1 | 86 | |

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| | | | |
|--|-------|----------|-----|
| Net Cash Provided by (Used in) Operations | (79) | 20,946 | (4) |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | |
| Capital Expenditures | - | (15,451) | |
| Change in Notes Receivable - Intercompany | (19) | - | |
| Investment in Associated Companies | - | - | |
| Other | (100) | 7,383 | |
| Net Cash Provided by (Used In) Investing Activities | (119) | (8,068) | |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | |
| Change in Notes Payable to Banks | - | (5,009) | |
| Change in Notes Payable - Intercompany | 120 | - | 1 |
| Net Proceeds from Issuance of Long-Term Debt | - | 12,927 | |
| Reduction of Long-Term Debt | - | (20,724) | |
| Net Cash Provided by (Used in) Financing Activities | 120 | (12,806) | 1 |
| Effect of Exchange Rates on Cash | - | 201 | 2 |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (78) | 273 | |
| Cash and Temporary Cash Investments of Beginning of Period | 112 | 4,153 | |
| Cash and Temporary Cash Investments at End of Year | \$ 34 | \$ 4,426 | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

| | Horizon B.V. | UE (Consolidated) | Power Developme |
|--|--------------|----------------------|--------------------|
| Net Income (Loss) Available for Common Stock | \$ 3,287 | \$ 4,603 | \$ (158) |
| Other Comprehensive Income (Loss) : | | | |

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| | | | |
|--|-----------|-----------|----------|
| Foreign Currency Translation Adjustment | 7,692 | 7,592 | (276) |
| Unrealized Gain / (Loss) on Derivative Financial Instruments During the Period | (139) | (139) | - |
| Reclassification Adjustment for Realized (Gains)/Losses on Derivative Financial Instruments in Net Income | 796 | 796 | - |
| Other Comprehensive Income (Loss), Before Tax | 8,349 | 8,249 | (276) |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/(Loss) on Derivative Financial Instruments During the Period | (43) | (43) | - |
| Reclassification Adjustment for Income Tax Benefit/(Expense) on Derivative Financial Instruments in Net Income | 247 | 247 | - |
| Income Taxes - Net | 204 | 204 | - |
| Other Comprehensive Income (Loss), After Cumulative Effect, Net of Tax | 8,145 | 8,045 | (276) |
| Cumulative Effect of Change in Accounting | (793) | (793) | - |
| Other Comprehensive Income (Loss), After Cumulative Effect Net of Tax | 7,352 | 7,252 | (276) |
| Comprehensive Income (Loss) | \$ 10,639 | \$ 11,855 | \$ (434) |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

UNITED ENERGY, a.s.
CONSOLIDATING BALANCE SHEET
AT SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| UE | Teplarna Liberec | Jablonecka Teplarenska a Realitni, as (JTR) | ENOP | Tot Eli |
|-------|------------------|---|-------|---------|
| ----- | ----- | ----- | ----- | ----- |

ASSETS

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| | | | | | |
|--|------------|-----------|-------|--------|-------|
| <u>PROPERTY, PLANT & EQUIPMENT</u> | \$ 254,445 | \$ 15,200 | \$ - | \$ 72 | \$ |
| Less: Accumulated DD&A | 86,567 | 4,611 | - | 333 | |
| | ----- | ----- | ----- | ----- | ----- |
| | 167,878 | 10,589 | - | (261) | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>CURRENT ASSETS:</u> | | | | | |
| Cash and Temporary Cash Investments | 1,888 | 2,305 | - | 233 | |
| Notes Receivable - Intercompany | - | - | - | - | |
| Allowance for Uncollectible Accounts | (386) | (375) | - | (1) | |
| Accounts Receivable - Intercompany | - | - | - | - | |
| Accounts Receivable | 3,686 | 1,635 | - | 117 | |
| Unbilled Utility Revenue | 3,645 | 195 | - | - | |
| Materials and Supplies | 2,915 | 99 | - | - | |
| Prepayments | 16 | 8 | - | - | |
| | ----- | ----- | ----- | ----- | ----- |
| | 11,764 | 3,867 | - | 349 | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>OTHER ASSETS:</u> | | | | | |
| Investment in Associated Companies | 8,429 | - | - | - | |
| Other Assets | 9,946 | (986) | - | 99 | |
| Notes Receivable - Intercompany | - | - | - | - | |
| Deferred Charges | - | - | - | - | |
| | ----- | ----- | ----- | ----- | ----- |
| | 18,375 | (986) | - | 99 | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>TOTAL ASSETS</u> | \$ 198,017 | \$ 13,470 | \$ - | \$ 187 | \$ |
| | ===== | ===== | ===== | ===== | ===== |
| <u>CAPITALIZATION & LIABILITIES</u> | | | | | |
| <u>CAPITALIZATION:</u> | | | | | |
| Common Stock | \$ 59,770 | \$ 17,004 | \$ - | \$ 3 | \$ |
| Paid - in - Capital | 50,804 | (5,723) | - | 883 | |
| Earnings Reinvested in the Business | 21,619 | 153 | - | (527) | |
| | ----- | ----- | ----- | ----- | ----- |
| Total Common Shareholder Equity Before Items of Other Comprehensive Income | 132,193 | 11,434 | - | 359 | |
| Accumulated Other Comprehensive Income | (19,374) | (3,247) | - | (117) | |
| | ----- | ----- | ----- | ----- | ----- |
| Total Comprehensive Shareholders' Equity | 112,819 | 8,187 | - | 242 | |
| | ----- | ----- | ----- | ----- | ----- |
| Long-Term Debt, Net of Current Portion | 22,475 | - | - | - | |
| Notes Payable - Intercompany | - | - | - | - | |
| | ----- | ----- | ----- | ----- | ----- |
| Total Capitalization | 135,294 | 8,187 | - | 242 | |
| | ----- | ----- | ----- | ----- | ----- |
| Minority Interest in Foreign Subsidiaries | 18,378 | 3,946 | - | - | |
| | ----- | ----- | ----- | ----- | ----- |
| <u>CURRENT AND ACCRUED LIABILITIES:</u> | | | | | |
| Notes Payable - Intercompany | - | - | - | - | |
| Notes Payable to Banks | 14,098 | - | - | - | |
| Current Portion of Long-Term Debt | 9,002 | - | - | - | |
| Accounts Payable | 8,092 | 806 | - | 65 | |
| Accounts Payable - Intercompany | 13 | - | - | - | |
| Other Accruals and Current Liabilities | 2,312 | 564 | - | 44 | |
| | ----- | ----- | ----- | ----- | ----- |

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| | | | | | |
|---|------------|-----------|------|--------|----|
| | 33,517 | 1,370 | - | 109 | |
| <u>DEFERRED CREDITS:</u> | | | | | |
| Accumulated Deferred Income Taxes | 10,158 | (33) | - | (164) | |
| Fair Value of Deriv. Financial Instruments | 581 | - | - | - | |
| Other Deferred Credits | 89 | - | - | - | |
| | 10,828 | (33) | - | (164) | |
| <u>TOTAL CAPITALIZATION & LIABILITIES</u> | \$ 198,017 | \$ 13,470 | \$ - | \$ 187 | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

Note: At the end of June 2001, UE sold its 65.78% in JTR.

UNITED ENERGY, a.s.
CONSOLIDATING STATEMENT OF INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | UE | Teplarna Liberec | JTR | ENOP | Tot Eli |
|---|-----------|---------------------|----------|--------|------------|
| <u>OPERATING REVENUE:</u> | \$ 75,348 | \$ 16,784 | \$ 7,280 | \$ 511 | \$ |
| <u>OPERATING EXPENSE:</u> | | | | | |
| Fuel Used in Heat and Electric Generation | 37,275 | 11,159 | 3,998 | 169 | |
| Operation | 15,378 | 5,056 | 736 | 474 | |
| Maintenance | - | - | - | - | |
| Property, Franchise & Other Taxes | 1,646 | 288 | 132 | 4 | |
| Depreciation, Depletion and Amortization | 9,793 | 847 | 621 | 393 | |
| Income Taxes | 3,558 | (199) | 380 | (75) | |
| | 67,650 | 17,151 | 5,867 | 965 | |
| Operating Income (Loss) | 7,698 | (367) | 1,413 | (454) | |
| <u>OTHER INCOME:</u> | | | | | |
| Unremitted Earnings of Subsidiaries | 403 | - | - | - | |
| Other | 914 | 265 | 27 | 3 | |
| | 1,317 | 265 | 27 | 3 | |
| Income (Loss) Before Interest Charges and | | | | | |

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| | | | | | |
|---|----------|---------|--------|----------|----|
| and Minority Interest in Foreign Subsidiaries | 9,015 | (102) | 1,440 | (451) | |
| <u>INTEREST CHARGES:</u> | | | | | |
| Interest on Long-Term Debt | 3,489 | - | 65 | - | |
| Interest-Intercompany | - | - | - | - | |
| Other Interest | - | - | - | - | |
| | 3,489 | - | 65 | - | |
| Minority Interest in Foreign Subsidiaries | (923) | 48 | (467) | - | |
| Net Income (Loss) Available for Common Stock | \$ 4,603 | \$ (54) | \$ 908 | \$ (451) | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

Note: At the end of June 2001, UE sold its 65.78% in JTR. The income statement for JTR represents the period of October 1, 2000 through June 30, 2001.

UNITED ENERGY, a.s.
CONSOLIDATING STATEMENT OF EARNINGS REINVESTED IN THE BUSINESS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| <u>EARNINGS REINVESTED IN THE BUSINESS</u> | UE | Teplarna Liberec | JTR | ENOP | Tot Eli |
|---|-----------|------------------|---------|----------|---------|
| Balance at Beginning of Year | \$ 17,017 | \$ 207 | \$ 271 | \$ (76) | \$ |
| Net Income (Loss) Available for Common Stock | 4,603 | (54) | 908 | (451) | |
| Elimination of JTR Earnings Reinvested in Business due to sale in June 2001 | - | - | (1,179) | - | |
| Dividends on Common Stock | - | - | - | - | |
| Balance at End of Year | \$ 21,620 | \$ 153 | \$ - | \$ (527) | \$ |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

UNITED ENERGY, a.s.

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CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | UE | Teplarna Liberec | JTR | ENOP | Total Bef Eliminati & Adjustm |
|---|----------|---------------------|---------|----------|-------------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES:</u> | | | | | |
| Net Income (Loss) | \$ 4,603 | \$ (54) | \$ 908 | \$ (451) | \$ 5,006 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | | | | |
| Unremitted Earnings of Subsidiaries | (403) | - | - | - | (403) |
| Depreciation, Depletion & Amortization | 9,793 | 847 | 621 | 393 | 11,654 |
| Deferred Income Taxes | 862 | (585) | 57 | (152) | 182 |
| Minority Interest in Foreign Subsidiaries | 923 | (48) | 467 | - | 1,342 |
| Other | 640 | (58) | (10) | 6 | 578 |
| Change in: | | | | | |
| Accounts Receivable - Intercompany | 14 | - | - | - | 14 |
| Receivables and Unbilled Utility Revenue | (785) | (89) | 84 | 297 | (493) |
| Material and Supplies | (67) | 631 | 368 | - | 932 |
| Prepayments | 9 | - | - | - | 9 |
| Accounts Payable | (617) | 451 | (139) | 81 | (224) |
| Accounts Payable - Intercompany | (25) | - | - | - | (25) |
| Other Accruals and Current Liabilities | 2,825 | 494 | 308 | 147 | 3,774 |
| Other Assets | (1,217) | (30) | (240) | - | (1,487) |
| Other Liabilities | 86 | - | - | - | 86 |
| Net Cash Provided by (Used in) Operations | 16,641 | 1,559 | 2,424 | 321 | 20,945 |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES:</u> | | | | | |
| Capital Expenditures | (14,207) | (958) | (285) | (1) | (15,451) |
| Change in Notes Receivable - Intercompany | - | - | - | - | - |
| Other | 8,650 | 43 | 269 | - | 8,962 |
| Net Cash Provided by (Used In) Investing Activities | (5,557) | (915) | (16) | (1) | (6,489) |
| <u>CASH FLOWS FROM FINANCING ACTIVITIES:</u> | | | | | |
| Change in Notes Payable to Banks | (3,756) | - | (1,253) | - | (5,009) |
| Change in Notes Payable - Intercompany | - | - | (593) | - | (593) |
| Net Proceeds from Issuance of Long-Term Debt | 12,927 | - | - | - | 12,927 |
| Repayment of Lease to Subsidiaries | - | - | - | (95) | (95) |
| Reduction of Long-Term Debt | (20,562) | - | (162) | - | (20,724) |
| Net Cash Provided by (Used in) Financing Activities | (11,391) | - | (2,008) | (95) | (13,494) |

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| | | | | | |
|---|----------|----------|--------|--------|----------|
| Effect of Exchange Rates on Cash | 135 | 88 | (13) | (9) | 201 |
| Net Increase (Decrease) in Cash and Temporary Cash Investments | (172) | 732 | 387 | 216 | 1,163 |
| Cash and Temporary Cash Investments of Beginning of Period | 2,060 | 1,573 | 502 | 18 | 4,153 |
| Cash and Temporary Cash Investments at End of Year | \$ 1,888 | \$ 2,305 | \$ 889 | \$ 234 | \$ 5,316 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

Note: At the end of June 2001, UE sold its 65.78% in JTR. The statement of cash flows for JTR represents the period of October 1, 2000 through June 30, 2001.

UNITED ENERGY, a.s.
CONSOLIDATING STATEMENT OF COMPREHENSIVE INCOME
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2001
(THOUSANDS OF DOLLARS)

| | UE | Teplarna Liberec | JTR | ENOP | Total Bef Eliminati |
|--|----------|---------------------|--------|----------|------------------------|
| Net Income (Loss) Available for Common Stock | \$ 4,603 | \$ (54) | \$ 908 | \$ (451) | \$ 5,006 |
| Other Comprehensive Income (Loss) : | | | | | |
| Foreign Currency Translation Adjustment | 7,592 | 675 | 1,036 | 30 | 9,333 |
| Unrealized Gain / (Loss) on Derivative Financial Instruments During the Period | (139) | - | - | - | (139) |
| Reclassification Adjustment for Realized (Gains)/Losses on Derivative Financial Instruments in Net Income | 796 | - | - | - | 796 |
| Other Comprehensive Income (Loss), Before Tax | 8,249 | 675 | 1,036 | 30 | 9,990 |
| Income Tax Expense/(Benefit) Related to Unrealized Gain/(Loss) on Derivative Financial Instruments During the Period | (43) | - | - | - | (43) |
| Reclassification Adjustment for Income Tax Benefit/(Expense) on Derivative Financial Instruments in Net Income | 247 | - | - | - | 247 |

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| | | | | | |
|---|-----------|--------|----------|----------|-----------|
| Income Taxes - Net | 204 | - | - | - | 204 |
| Other Comprehensive Income (Loss), Before Cumulative Effect, Net of Tax | 8,045 | 675 | 1,036 | 30 | 9,786 |
| Cumulative Effect of Change in Accounting | (793) | - | - | - | (793) |
| Other Comprehensive Income (Loss), After Cumulative Effect Net of Tax | 7,252 | 675 | 1,036 | 30 | 8,993 |
| Comprehensive Income (Loss) | \$ 11,855 | \$ 621 | \$ 1,944 | \$ (421) | \$ 13,999 |

See Notes to Consolidated Financial Statements included in Item 8 of National Fuel Gas Company's Form 10-K for the fiscal year ended September 30, 2001, incorporated herein by reference.

Note: At the end of June 2001, UE sold its 65.78% in JTR. The statement of comprehensive income for JTR represents the period of October 1, 2000 through June 30, 2001.

EXHIBITS

- A. *(1) Annual Report on Form 10-K for fiscal year ended September 30, 2001 filed December 17, 2001 (File No. 1-3880).
- (2) National Fuel Gas Company 2001 Annual Report to Shareholders (paper copy submitted under cover of Form SE).
- *(3) National Fuel Gas Company Proxy Statement, dated and filed January 10, 2002 (File No. 1-03880).
- B. Articles of Incorporation, By-Laws and Partnership Agreements.
- (1) National Fuel Gas Company
- *i Restated Certificate of Incorporation of National Fuel Gas Company, dated September 21, 1998 (Exhibit 3.1, Form 10-K for fiscal year ended September 30, 1998 in File No. 1-3880).
- *ii National Fuel Gas Company By-Laws as amended on December 13, 2001 (Exhibit 3.1, Form 10-K/A for fiscal year ended September 30, 2001 in File No. 1-3880)
- (2) National Fuel Gas Distribution Corporation
- *i By-Laws, as amended March 11, 1998. (Exhibit (2)i, designated as Exhibit EX-99-1 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1999.)
- *ii Restated Certificate of Incorporation of National Fuel

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Gas Distribution Corporation, dated May 9, 1988
(Exhibit B-1 in File No. 70-7478).

(3) National Fuel Gas Supply Corporation

- *i By-Laws, as amended (Exhibit (3)i, Form U5S for fiscal year ended September 30, 1989).
- *ii Articles of Incorporation of United Natural Gas Company, dated February 1, 1886 (Exhibit (3)ii, Form U5S for fiscal year ended September 30, 1984).
- *iii Certificate of Merger and Consolidation dated January 2, 1951 (Exhibit (3)iii, Form U5S for fiscal year ended September 30, 1984).
- *iv Joint Agreement and Plan of Merger, dated June 18, 1974 (Exhibit (3)iv, Form U5S for fiscal year ended September 30, 1987).
- *v Certificate of Merger and Plan of Merger of Penn-York Energy Corporation and National Fuel Gas Supply Corporation dated April 1, 1994 (Exhibit (3)v, designated as Exhibit EX-99-3 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1994).

* Incorporated herein by reference as indicated.

EXHIBITS (Continued)

(4) Leidy Hub, Inc. (formerly Enerop Corporation)

- *i By-Laws (Exhibit A-15, File No. 70-7478).
- *ii Restated Certificate of Incorporation of Enerop Corporation dated October 15, 1993. (Exhibit (4)ii, designated as Exhibit Ex-99-2 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1999).
- *iii Action by Board of Directors to amend the By-Laws dated October 10, 1993 (Exhibit (4)iii, designated as Exhibit EX-3 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1993).

(5) Seneca Resources Corporation

- *i By-Laws, as amended (Exhibit (5)i, Form U5S for fiscal year ended September 30, 1989).
- *ii Articles of Incorporation of Mars Natural Gas Company dated March 29, 1913 (Exhibit (5)ii, Form U5S for fiscal year ended September 30, 1984).
- *iii Secretary's Certificate dated January 4, 1918 (Exhibit (5)iii, Form U5S for fiscal year ended September 30, 1984).
- *iv Articles of Amendment, dated March 30, 1955 (Exhibit (5)iv, Form U5S for fiscal year ended September 30, 1984).

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- *v Certificate of Amendment changing name of the Mars Company to Seneca Resources Corporation, January 29, 1976 (Exhibit (5)v, Form U5S for fiscal year ended September 30, 1984).
- *vi Certificate of Merger and Plan of Merger of Seneca Resources Corporation and Empire Exploration, Inc. dated April 29, 1994 (Exhibit (5)vi, designated as Exhibit EX-99-2 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1994).
- *vii Articles of Merger and Plan of Merger of HarCor Energy, Inc. with and into Seneca Resources Corporation, filed August 31, 1999. (Exhibit (5)vii, designated as Exhibit EX-99-3 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1999.)
- *viii Certificate of Ownership and Merger merging HarCor Energy, Inc. into Seneca Resources Corporation filed August 31, 1999. (Exhibit (5)viii, designated as Exhibit EX-99-4 for EDGAR purposes, Form U5S for fiscal year ended September 30, 1999.)

* Incorporated herein by reference as indicated.

* Incorporated herein by reference as indicated.

SIGNATURE

The undersigned System company has duly caused this annual report to be signed on its behalf by the undersigned thereunto duly authorized pursuant to the requirements of the Public Utility Holding Company Act of 1935.

NATIONAL FUEL GAS COMPANY

By: /s/Joseph P. Pawlowski
Joseph P. Pawlowski, Treasurer
and Principal Accounting Officer

Date: January 28, 2002

EXHIBIT INDEX

| | |
|--------|---|
| ex99-1 | Certificate of Limited Partnership, dated November 28, 1983, of Empire Exploration Company |
| ex99-2 | Certificate of Limited Partnership, dated November 28, 1983, of Empire 1983 Drilling Program |
| ex99-3 | Amendment of Certificate of Limited Partnership, dated December 21, 1983, of Empire 1983 Drilling Program |

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| | |
|---------|--|
| ex99-4 | Business Certificate for Partners, dated December 6, 1983, of Empire 1983 Joint Venture |
| ex99-5 | Certificate of Amendment of the Certificate of Incorporation, dated June 20, 2001, of Horizon Power, Inc. |
| ex99-6 | Articles of Organization, dated February 23, 2000, of Seneca Energy II, LLC |
| ex99-7 | Articles of Organization, dated February 11, 2000, of Model City Energy, LLC |
| ex99-8 | Certificate of Formation, dated September 26, 2000, of Energy Systems North East, LLC |
| ex99-9 | Notarial Record, dated December 4, 2001, of Horizon Energy Development B.V. |
| ex99-10 | Articles of Association, dated June 27, 2001, of Teplarna Kromeriz, a.s. |
| ex99-11 | Articles of Association, dated June 21, 2001, of Teplarna Liberec, a.s. |
| ex99-12 | Articles of Association, dated April 28, 1992, of United Energy, a.s. |
| ex99-13 | Certificate of Amalgamation and Articles of Amalgamation, dated September 28, 2001, of Player Resources Ltd. |
| ex99-14 | By-Laws No. 1, dated January 28, 1998, of Player Resources Ltd. |
| ex99-15 | Tax Allocation Agreement pursuant to Rule 45(c) |
| ex99-16 | Organization Chart Showing Relationship to Teplarna Kromeriz, a.s. |
| ex99-17 | Organization Chart Showing Relationship to United Energy, a.s. |
| ex99-18 | Organization Chart Showing Relationship to Horizon Power, Inc. |
| ex99-19 | United Energy, a.s. Audited Financial Statements for the Calendar Year Ended December 31, 2000 |
| ex99-20 | Teplarna Liberec, a.s. Audited Financial Statements for the Calendar Year Ended December 31, 2000 |
| ex99-21 | Teplarna Kromeriz, a.s. Audited Financial Statements for the Calendar Year Ended December 31, 2000 |