

NATIONAL FUEL GAS CO
Form 11-K
June 21, 2013
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

[X] ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the Year Ended December 31, 2012

OR

[] TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 1-3880

NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

(Full title of the Plan)

NATIONAL FUEL GAS COMPANY

(Name of issuer of the securities held pursuant to the Plan)

6363 Main Street, Williamsville, New York 14221

(Address of principal executive office)



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REQUIRED INFORMATION

1. Plan financial statements and schedules prepared in accordance with financial reporting requirements of ERISA.

See accompanying Index on next page.

2. Signatures

3. Exhibit

Exhibit Number	Description of Exhibit
23	Consent of Independent Registered Public Accounting Firm

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

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Report of Independent Registered Public Accounting Firm

To the Participants and
Plan Administrator of the
National Fuel Gas Company
Tax-Deferred Savings Plan

We have audited the accompanying statements of net assets available for benefits of the National Fuel Gas Company Tax-Deferred Savings Plan as of December 31, 2012 and 2011, and the related statements of changes in net assets available for benefits for the years then ended. The Plan's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the National Fuel Gas Company Tax-Deferred Savings Plan as of December 31, 2012 and 2011, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, line 4i – Schedule of Assets (Held at End of Year) as of December 31, 2012 is

presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bonadio & Co., LLP

June 21, 2013

Pittsford, New York

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2012	2011
Assets:		
Investments at fair value:		
National Fuel Gas Company Employee Stock Ownership Plan (ESOP) Fund	\$ 49,979,677	\$ 58,745,103
Vanguard 500 Index Fund	23,299,286	22,213,225
Vanguard Retirement Savings Trust	18,368,591	17,410,236
Vanguard Total Bond Market Index Fund	13,571,319	12,770,060
Vanguard STAR Fund	4,941,941	3,973,863
Vanguard Extended Market Index Fund	3,940,639	3,761,089
Vanguard Prime Money Market Fund	3,730,273	4,150,230
Vanguard European Stock Index Fund	3,023,292	2,854,356
Vanguard Pacific Stock Index Fund	1,299,701	1,339,593
	122,154,719	127,217,755
Receivables:		
Notes Receivable from Participants	1,981,285	2,473,925
Employer Contributions	114,646	124,610
Dividends Receivable	-	21,380
Total Assets	124,250,650	129,837,670
Liabilities:		

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Dividends Payable to Participants	-	21,380
Net Assets Available for Benefits at Fair Value	124,250,650	129,816,290
Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts	(924,717)	(806,209)
Net Assets Available for Benefits	\$ 123,325,933	\$ 129,010,081

The accompanying notes are an integral part of these financial statements.

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	December 31, 2012	2011
Investment Income from National Fuel Gas Company ESOP Fund	\$ 1,467,275	\$ 1,511,279
Interest and Dividend Income	386,213	474,187
Investment Income from Mutual Funds	1,266,895	1,220,312
Total Investment Income	3,120,383	3,205,778
Net Depreciation in Fair Value of Investments	(434,661)	(10,761,457)
Interest Income from Notes Receivable from Participants	100,744	120,133
Employer Contributions	1,431,131	1,384,425
Participant Contributions	4,295,561	4,526,283
Participant Purchase and Loan Fees	(4,987)	(4,942)
Rollovers and Other Individual Transfers Out	(329,692)	(9,702)
Dividend Payments to Participants	(98,381)	(74,108)

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Benefit Payments to Participants or Beneficiaries	(13,764,246)	(17,165,041)
Decrease In Net Assets Available for Benefits	(5,684,148)	(18,778,631)
Net Assets Available for Benefits:		
Beginning of Year	129,010,081	147,788,712
End of Year	\$ 123,325,933	\$ 129,010,081

The accompanying notes are an integral part of these financial statements.

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF PLAN

General:

The following is a brief description of the National Fuel Gas Company Tax-Deferred Savings Plan (the Plan) provided for general information purposes only. Participants should refer to the Plan document for more complete information. The Plan is a defined contribution plan as permitted under Section 401(k) of the Internal Revenue Code. The Plan was adopted March 21, 1989, effective as of July 1, 1989, and has been amended since that time. It is subject to the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

During 2003, the Board of Directors of National Fuel Gas Company approved the merger of the National Fuel Gas Company Employees' Thrift Plan (the "Thrift Plan") into the Plan, in part, and into another plan, in part. Specifically, the account balances contained in the Thrift Plan's Government Bond Fund and the Pooled Investment Contract Fund were merged into the Vanguard Total Bond Market Index Fund and the Vanguard Retirement Savings Trust, respectively, within the Plan. Former Thrift Plan participants have the option to move these funds into other investment options offered by the Plan and retain the same rights and features of the former Thrift Plan. Former Thrift Plan funds are kept separate from any funds that a participant invests directly into the Plan.

As of January 1, 2004, an additional Retirement Savings Account benefit was provided to certain participants in the Plan. Participants should refer to the Plan document for more complete information.

Effective September 28, 2007, the Plan was amended such that the portion of the Trust invested in National Fuel Gas Company Stock Fund A and National Fuel Gas Company Stock Fund B is designated as an Employee Stock Ownership Plan ("ESOP"). The ESOP portion of the Plan is intended to be a stock bonus plan as defined in Treasury Regulations section 1.401-1(b)(1)(iii) and a non-leveraged employee stock ownership plan under the requirements of

sections 401(a) and 4975(e) of the Internal Revenue Code. Cash dividends paid with respect to shares of stock held in the ESOP as of the record date for such dividends shall be, at the election of the participant or beneficiary, either (i) paid or distributed in cash to the participant or beneficiary, or (ii) paid to the applicable National Fuel Gas Company ESOP Fund and reinvested in National Fuel Gas Company common stock. Except with respect to hardship withdrawals, if a participant or beneficiary fails to make a proper election with respect to a dividend, the participant or beneficiary shall be deemed to have elected to have the dividend paid to the applicable National Fuel Gas Company ESOP Fund and reinvested in National Fuel Gas Company common stock.

Eligibility and Participation:

Originally, the Plan was established for the benefit of employees of National Fuel Gas Company and its participating subsidiaries (the Company) who were subject to a collective bargaining agreement between the Company and the International Brotherhood of Electrical Workers (IBEW), Locals 2154 and 2199 (which consolidated with 2199-J). These employees became eligible to participate in the Plan on July 1, 1989 or, if later, after completing 1,000 hours of service and attaining age 21. Employees subject to collective bargaining agreements between the Company and the IBEW Local 2279 (now consolidated with IBEW Local 2154) and the Service Employee International Union (SEIU) F & O Conference - Local 22 (prior to their consolidation on September 1, 1999, the International Brotherhood of Firemen and Oilers, Locals 22, 23, 25 and 251) also became eligible to participate in the Plan on August 1, 1990 or, if later, after completing 1,000 hours of service and attaining age 21. Certain Plan participants who have completed 12 months of employment, including at least 1,000 hours of service, attained age 21, and whose first hour of service with the Company is credited on or after November 1, 2003 are eligible for the Retirement Savings Account benefit.

Contributions:

Plan participants may direct the Company to reduce their base pay by a specified full percentage of at least 2% and not more than 50%. These wage reductions are subject to certain Plan and Internal Revenue Code limitations, and the Company remits them to the Plan Trustee on the participants' behalf. In addition, the Company

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makes an employer matching contribution that ranges from 1% to 3.5% of the participants' base pay depending upon their years of service and rate of wage reduction contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. Participants direct the investment of their contributions into various investment options offered by the Plan. Participants may change their investment allocation on a daily basis. Participants eligible for the Retirement Savings Account benefit receive a Company contribution of 2%, 3% or 4% of the participant's compensation (in addition to any employer matching contributions under the Plan), depending on the participant's years of service. The Company contribution in the Retirement Savings Account is participant directed and can be directed into any of the Plan's investment options except for the Common Stock of National Fuel Gas Company.

"Base pay" is defined in the Plan as a participant's basic compensation for a payroll period. An individual participant's wage reduction contributions to the Plan are subject to ceilings imposed by the Internal Revenue Service. However, Company matching contributions are not subject to such ceilings. The ceiling was \$16,500 for 2011, \$17,000 for 2012 and increases to \$17,500 for 2013. However, if a participant is age 50 or over, the ceiling for 2011 was \$22,000, \$22,500 for 2012 and increases to \$23,000 for 2013.

Participants' accounts, including all wage reduction contributions, employer matching contributions, and the earnings thereon, are at all times fully vested and nonforfeitable. Participants' accounts within the Retirement Savings Account are 100% vested following five years of service for all pre-January 1, 2007 employer contributions, and following three years of service for all employer contributions thereafter. Forfeitures may be used to reduce Company contributions. Forfeitures amounted to \$2,777 and \$16,762 for the years ended December 31, 2012 and 2011, respectively. There were no unused forfeitures at December 31, 2012 and 2011.

Employer Matching Contributions:

Employer matching contributions are invested in a fund consisting primarily of the common stock of National Fuel Gas Company (National Fuel Gas Company ESOP Fund). This fund also maintains a small cash position in the Vanguard Prime Money Market Fund and may also include receivables and/or payables for unsettled security transactions and receivables for accrued dividends. A separate account is maintained for each participant showing his/her interest in this fund.

Participants may exchange all or a portion of their National Fuel Gas Company common stock (National Fuel Gas Company ESOP Fund) for an interest in another fund.

Distributions, Notes Receivable from Participants and Withdrawals:

Plan participants (or their beneficiaries) may receive distributions from the Plan upon death, retirement, disability or other termination, in accordance with a qualified domestic relations order, or in the event of hardship, subject to the Plan's limitations and restrictions. In certain cases, participants may postpone receipt of Plan distributions.

Plan participants may borrow from their accounts in accordance with certain Plan rules. The loans are collateralized by the participant's account. Such loans are shown on the Statements of Net Assets Available for Benefits as Notes Receivable from Participants. Notes Receivable from Participants are valued at their unpaid principal balances. Delinquent participant loans are reclassified as distributions based upon the terms of the Plan document.

Former Thrift Plan Participants may, at any time, withdraw the entire value of those amounts transferred to the Plan.

Participant Accounts:

Each participant's account is credited with the participant's contribution and an allocation of (a) the Company's contribution, (b) Plan earnings, and (c) investment fees. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

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Administration:

A Tax-Deferred Savings Plan Committee appointed by the Chief Executive Officer of National Fuel Gas Company is the Administrator of the Plan. The assets of the Plan are held by the Trustee, Vanguard Fiduciary Trust Company (Vanguard).

Plan Termination:

The Company reserves the right in its discretion to amend, suspend, or terminate the Plan at such time as it deems appropriate, subject to the provisions of ERISA. In the event that the Plan is terminated, participants are entitled to all salary reduction contributions, employer matching contributions and earnings thereon within their accounts. Participants with a Retirement Savings Account are entitled to the vested portion of such account.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying financial statements are prepared on the accrual basis of accounting.

As described in Financial Accounting Standards Board (FASB) authoritative guidance regarding the reporting of fully benefit-responsive investment contracts held by a defined-contribution plan, fully benefit-responsive investment contracts are to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Plan invests in investment contracts through a common/collective trust. As required by the authoritative guidance, the Statements of Net Assets Available for Benefits present the fair value of the investment in the common/collective trust as well as the adjustment of the investment in the common/collective trust from fair value to contract value relating to the investment contracts. The Statements of Changes in Net Assets Available for Benefits are prepared on a contract value basis.

The common/collective trust fund is stated at fair value as determined by the Vanguard Retirement Savings Trust based on the fair value of the underlying investments. Its underlying investments in investment contracts are valued at fair value and then adjusted by the issuer to contract value, which represents contributions made less withdrawals plus interest accrued using a crediting rate formula. The crediting rate is the discount rate that equates the estimated future market value with such portfolio's current contract value. Crediting rates are reset quarterly, but cannot fall below zero. The common/collective trust fund's underlying investments seek to preserve capital and provide a competitive level of income over time that is consistent with the preservation of capital.

There are not any unfunded commitments whereby the Plan or its participants are required to invest a specified amount of additional capital at a future date to fund investments that will be made by the common/ collective trust. The common/collective trust fund does not have any significant restrictions on redemptions. Participant-directed redemptions can be made on any business day and do not have a redemption notice period. Certain events, such as a change in law, regulation, administrative ruling or employer-initiated termination of the common/collective trust, may limit the ability of the Plan to transact the common/collective trust fund at contract value. The occurrence of any such events is not considered probable as of December 31, 2012.

Investment Valuation and Income Recognition:

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold, as well as held, during the year. Capital gain distributions are included in investment income.

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Risks and Uncertainties:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, currency and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Administrative Expenses:

Expenses related to administration of the Plan and Trust are borne by the Company. The Company paid Vanguard \$29,244 and \$29,691 for services in connection with the Plan and Trust for the years ended December 31, 2012 and December 31, 2011, respectively. Brokerage commissions and similar costs of acquiring or selling securities (if any) that are incurred by a Vanguard investment fund are borne by the participant. Brokerage commissions and similar costs of acquiring or selling securities that are incurred with respect to National Fuel Gas Company common stock held in the National Fuel Gas Company ESOP Fund are paid by the Company. Fees for managing the National Fuel Gas Company ESOP Fund are borne by the participant. Loan origination fees and annual maintenance fees for each loan are also borne by the participant.

Payments of Benefits:

Benefit payments to participants are recorded upon distribution.

NOTE 3 – FAIR VALUE MEASUREMENTS

The FASB authoritative guidance regarding fair value measurements establishes a fair value hierarchy and prioritizes the inputs used in valuation techniques that measure fair value. Those inputs are prioritized into three levels. Level 1 inputs are unadjusted quoted prices in active markets for assets or liabilities that the Plan can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly at the measurement date. Level 3 inputs are unobservable inputs for the asset or liability at the measurement date. The Plan's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

The following table sets forth, by level within the fair value hierarchy, the Plan's investments that were accounted for at fair value on a recurring basis as of December 31, 2012 and December 31, 2011. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. For the years ended December 31, 2012 and December 31, 2011, no transfers in or out of Level 1 or Level 2 occurred.

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Recurring Fair Value Measures:	At Fair Value as of December 31, 2012			
	Level 1	Level 2	Level 3	Total
Investments:				
National Fuel Gas Company ESOP Fund	\$ -	\$ 49,979,677	\$ -	\$ 49,979,677
Mutual Funds:				
Vanguard 500 Index Fund	23,299,286	-	-	23,299,286
Vanguard Total Bond Market Index Fund	13,571,319	-	-	13,571,319
Vanguard STAR Fund	4,941,941	-	-	4,941,941
Vanguard Extended Market Index Fund	3,940,639	-	-	3,940,639
Vanguard Prime Money Market Fund	3,730,273	-	-	3,730,273
Vanguard European Stock Index Fund	3,023,292	-	-	3,023,292
Vanguard Pacific Stock Index Fund	1,299,701	-	-	1,299,701
Common/Collective Trust Fund:				
Vanguard Retirement Savings Trust	-	18,368,591	-	18,368,591
Total	\$ 53,806,451	\$ 68,348,268	\$ -	\$ 122,154,719

Recurring Fair Value Measures:	At Fair Value as of December 31, 2011			
	Level 1	Level 2	Level 3	Total
Investments:				
National Fuel Gas Company ESOP Fund	\$ -	\$ 58,745,103	\$ -	\$ 58,745,103
Mutual Funds:				
Vanguard 500 Index Fund	22,213,225	-	-	22,213,225
Vanguard Total Bond Market Index Fund	12,770,060	-	-	12,770,060
Vanguard STAR Fund	3,973,863	-	-	3,973,863
Vanguard Extended Market Index Fund	3,761,089	-	-	3,761,089
Vanguard Prime Money Market Fund	4,150,230	-	-	4,150,230
Vanguard European Stock Index Fund	2,854,356	-	-	2,854,356
Vanguard Pacific Stock Index Fund	1,339,593	-	-	1,339,593
Common/Collective Trust Fund:				
Vanguard Retirement Savings Trust	-	17,410,236	-	17,410,236
Total	\$ 51,062,416	\$ 76,155,339	\$ -	\$ 127,217,755

The fair value of the National Fuel Gas Company ESOP Fund reported in Level 2 is primarily based on the quoted market value of National Fuel Gas Company common stock as well as the value of cash positions, such as money market instruments, and receivables at the close of the Plan year. The mutual funds reported in Level 1 are Security and Exchange Commission (SEC) registered investments. The fair values of the Plan's mutual funds are based on quoted market prices as these instruments have active markets. The fair value of the Plan's interest in investment contracts through a common/collective trust is based on the fair value of the underlying investments in the common/collective trust at year-end as determined by the Vanguard Retirement Savings Trust.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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NOTE 4 - INCOME TAXES

Accounting principles generally accepted in the United States of America require the Plan Administrator to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2012, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan's annual return/report is subject to examination by the IRS. While the federal statute of limitations remains open for Plan year 2009 and later years, the Plan Administrator and the Plan's tax counsel believe that Plan year 2008 and prior years are effectively settled. The IRS determined in a letter dated September 9, 2002 that the Plan and related trust were designed in accordance with applicable sections of the Internal Revenue Code (IRC). While the Plan has been amended since receiving the determination letter, the Plan Administrator and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the IRC.

NOTE 5 - PARTIES-IN-INTEREST

The Plan invests in shares of mutual funds managed by an affiliate of Vanguard. Vanguard acts as trustee for only those investments as defined by the Plan. The Plan also invests in common stock of National Fuel Gas Company. Transactions in such investments qualify as party-in-interest transactions, which are exempt from the prohibited transaction rules. Investment income from parties-in-interest amounted to \$3,120,383 and \$3,205,778 for the years ended December 31, 2012 and December 31, 2011, respectively.

NOTE 6 – INVESTMENTS

The following investments comprised more than 5% of Plan assets:

December 31,	
2012	2011

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National Fuel Gas Company ESOP Fund	\$ 49,979,677	\$ 58,745,103
Vanguard 500 Index Fund	23,299,286	22,213,225
Vanguard Retirement Savings Trust	18,368,591	17,410,236
Vanguard Total Bond Market Index Fund	13,571,319	12,770,060

The net appreciation (depreciation) in fair value of investments including realized gains (losses) on investments sold as well as unrealized gains (losses) on investments held during the years ended December 31, 2012 and 2011 are as follows:

	For the Years Ended	
	December 31,	
	2012	2011
National Fuel Gas Company ESOP Fund	\$ (5,183,622)	\$ (10,301,502)
Vanguard 500 Index Fund	2,948,124	70,047
Vanguard Extended Market Index Fund	620,395	(166,066)
Vanguard European Stock Index Fund	474,277	(491,311)
Vanguard STAR Fund	448,551	(56,391)
Vanguard Pacific Stock Index Fund	155,350	(261,732)
Vanguard Total Bond Market Index Fund	102,264	445,498
	\$ (434,661)	\$ (10,761,457)

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NOTE 7 – RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2012 and 2011 to Form 5500: