

NATIONAL FUEL GAS CO
Form 11-K
June 24, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

F O R M 11-K

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

For the Year Ended December 31, 2003

NATIONAL FUEL GAS COMPANY
TAX-DEFERRED SAVINGS PLAN
FOR NON-UNION EMPLOYEES
(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 page 3.

2. Signature

3. Exhibit

Exhibit Number

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Description of Exhibit

Consent of Independent Accountants

NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

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Independent Auditor's Report

To the Participants and
Plan Administrator of the
National Fuel Gas Company
Tax-Deferred Savings Plan for
Non-Union Employees

We have audited the accompanying statements of net assets available for plan benefits of the National Fuel Gas Company Tax-Deferred Savings Plan for Non-Union Employees as of December 31, 2003 and 2002, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. 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 plan benefits of National Fuel Gas Company Tax-Deferred Savings Plan for Non-Union Employees as of December 31, 2003 and 2002, and the changes in its financial status for the years then ended in conformity with U. S. generally accepted accounting principles.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are 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. These supplemental schedules are the responsibility of the Plan's management. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

FREED MAXICK & BATTAGLIA, CPAs, P.C.

June 4, 2004
Buffalo, New York

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 2003

	Employer Directed Investments	Participant Directed Investments	Total December 31, 2003
<hr/>			
Investments at fair value:			
National Fuel Gas Company Common Stock Funds	\$50,860,164	\$19,502,462	\$70,362,626
Vanguard 500 Index Fund	-	39,073,515	39,073,515
Vanguard Retirement Savings Trust	-	11,325,499	11,325,499
Vanguard Total Bond Market Index Fund	-	7,932,316	7,932,316

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Vanguard European Stock Index Fund	-	4,367,249	4,367,249
Vanguard Prime Money Market Fund	-	4,061,202	4,061,202
Vanguard Extended Market Index Fund	-	3,635,066	3,635,066
Vanguard Pacific Stock Index Fund	-	1,572,707	1,572,707
Participant Loan Account	-	2,637,391	2,637,391
		-----	-----
	50,860,164	94,107,407	144,967,571
Receivables:			
Employer Contributions	221,077	-	221,077
Participant Contributions	-	418,482	418,482
		-----	-----
Net Assets Available for Plan Benefits	\$51,081,241	\$94,525,889	\$145,607,130
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 2002

	Employer Directed Investments	Participant Directed Investments	Total December 31 2002
	-----	-----	-----
Investments at fair value:			
National Fuel Gas Company Common Stock Funds	\$41,912,314	\$17,586,478	\$59,498,792
Vanguard 500 Index Fund	-	28,920,930	28,920,930
Vanguard Retirement Savings Trust	-	10,429,724	10,429,724
Vanguard Total Bond Market Index Fund	-	7,227,365	7,227,365
Vanguard Prime Money Market Fund	-	4,372,102	4,372,102

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Vanguard European Stock Index Fund	-	3,137,049	3,137,049
Vanguard Extended Market Index Fund	-	1,975,255	1,975,255
Vanguard Pacific Stock Index Fund	-	1,131,020	1,131,020
Participant Loan Account	-	2,368,211	2,368,211
	-----	-----	-----
	41,912,314	77,148,134	119,060,448
Receivables:			
Employer Contributions	221,193	-	221,193
Participant Contributions	-	366,181	366,181
	-----	-----	-----
Net Assets Available for Plan Benefits	\$42,133,507	\$77,514,315	\$119,647,822
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 2003 (WITH COMPARATIVE TOTALS FOR THE YEAR

ENDED DECEMBER 31, 2002)

	Employer Directed Investments	Participant Directed Investments	Total all In ----- Decem 2003
	-----	-----	-----
Investment Income From National Fuel Gas Company Common Stock Funds	\$2,125,292	\$845,806	\$2,971,098
Interest and Dividend Income	-	636,842	636,842
Investment Income from Mutual Funds	-	1,052,185	1,052,185
	-----	-----	-----

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Total Investment Income	2,125,292	2,534,833	4,660,125
Net Appreciation (Depreciation) in Fair Value of Investments	7,581,509	13,610,448	21,191,957
Employer Matching Contributions	2,655,470	-	2,655,470
Participant Contributions	-	5,776,250	5,776,250
Participant Purchase and Loan Fees	(1,647)	(2,153)	(3,800)
Rollovers and Other Individual Transfers In/(Out)	(6,200)	1,168,482	1,162,282
Payments to Participants or Beneficiaries	(3,405,835)	(6,077,141)	(9,482,976)
Transfers (to)/from Associated Funds	(855)	855	-
	-----	-----	-----
Increase (Decrease) in Net Assets Available for Plan Benefits	8,947,734	17,011,574	25,959,308
Net Assets Available for Plan Benefits:			
Beginning of Year	42,133,507	77,514,315	119,647,822
	-----	-----	-----
End of Year	\$51,081,241	\$94,525,889	\$145,607,130
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

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 For Non-Union Employees (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 July 26, 1984, effective as of July 1, 1984, and has been amended and restated since that time. It is subject to the Employee Retirement Income Security Act of 1974, as amended.

During 2003, the Board of Directors of the 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 Plan. The account balances containing the employer directed investment fund of the Thrift Plan, which consisted of National Fuel Gas Company Common Stock, was merged into another plan. The merger was effective as of August 1, 2003. Funds previously invested in the Government Bond Fund were initially invested in the Vanguard Total Bond Market Index Fund, and funds previously invested in the Pooled Investment Contract Fund were initially invested in the Vanguard Retirement Savings Trust. 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.

Effective, July 1, 2003, 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.

Eligibility and Participation:

Originally, the Plan was established for the benefit of professional, administrative or executive (i.e. salaried) employees of National Fuel Gas Company and its subsidiaries (the Company). Persons who were salaried employees on July 1, 1984, were eligible to participate at that date. Effective on various dates since July 1, 1984, most non-union non-salaried employees of the Company became eligible to participate in the Plan. New employees must complete 1,000 hours of employment and have attained age 21 in order to become eligible to participate. There are four groups of non-union employees who are eligible to participate in the Plan. Employer contributions vary by group and employee's years of service and contribution. Eligible Plan participants for the Retirement Savings Account Benefit, will have completed 12 months of employment, including at least 1,000 hours of service, and have attained age 18.

Contributions:

Participants may direct the Company to reduce their base salaries by a specified full percentage that ranges from 2% to 50%. These salary reductions are subject to certain Plan and Internal Revenue Code limitations, and the Company remits them to the Plan Trustee on the participants' behalf. 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. In addition, the Company makes an employer matching contribution that ranges from 1% to 6% of the participant's base salary, depending on their participant group, years of service and rate of salary reduction contributions. Beginning January 2004 participants eligible for the Retirement Savings Account Benefit, will receive a Company contribution of 2% or 3% of the participant's compensation, depending on the participant's years of service. The Company contribution in the Retirement Savings Account is participant directed.

Base salary is defined in the Plan generally to mean a participant's base annual salary for a payroll period. An individual participant's salary reduction contributions to the Plan are subject to ceilings imposed by the Internal Revenue Service. However, the Company matching contributions are not subject to such ceilings. The ceiling is \$12,000 for 2003 and \$13,000 for 2004. If a participant is age 50 or over, the ceiling increases to \$14,000 for 2003 and \$16,000 for 2004.

Participants' accounts, including all salary 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. Forfeitures will be used to reduce Company contributions. The employer contribution to the Retirement Savings Account commenced January 2004, therefore, there are no forfeitures for the years ending December 31, 2003 and 2002.

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 Stock Fund B). This fund also maintains a small cash position in 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 not redirect their interests in this fund into any other fund.

Withdrawals, Loans and Distributions:

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. Additionally, Plan participants may borrow from their accounts in accordance with various Plan rules. In certain cases, participants may postpone receipt of Plan distributions.

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 and, (b) Plan earnings, and charged with an allocation of 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.

Administration:

National Fuel Gas Company is the Administrator of the Plan. A Tax-Deferred Savings Plan Committee appointed by National Fuel Gas Company's Board of Directors exercises National Fuel Gas Company's duties as Administrator. The assets of the Plan are held by the Trustee, Vanguard Fiduciary Trust Company (Vanguard).

Plan Termination:

Although it has not expressed any intent to do so, National Fuel Gas Company has the right to terminate, amend, or modify the Plan at any time subject to the provisions of ERISA.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accounts of the Plan are maintained on the accrual basis.

Investment Valuation and Income Recognition:

National Fuel Gas Company Stock Funds A (participant directed) and B (non-participant directed) are reported on a current value basis using the quoted market value of National Fuel Gas Company common stock and the value of the cash positions and receivables at the close of the Plan year. Shareholders of National Fuel Gas Company stock have the right to give voting instructions to the Trustee with respect to the number of shares of Common Stock of National Fuel Gas Company, that are held on their behalf. Mutual funds are reported on a current value basis, using quoted market values of the investments at the close of the Plan year. The investment contracts in the Vanguard Retirement Savings Trust are carried at the stated unit values of the funds which are derived from the fair value of the underlying investments. Participant loans are valued at their outstanding balances, which approximate fair value. National Fuel Gas Company stock distributed to participants is reflected at market value at the date of distribution. 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. Capital gain distributions are included in investment income.

Risks and Uncertainties:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value 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 statement of net assets available for benefits.

Use of Estimates:

The preparation of financial statements in conformity with U. S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets 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 \$14,409 and \$11,718, for services rendered in connection with the Plan and Trust for the years ended December 31, 2003 and December 31, 2002, respectively. Brokerage commissions and similar costs of acquiring or selling securities (if any) that are incurred by the investment funds are borne by the participant. Loan origination fees and annual maintenance fees for each loan are also borne by the participant.

Payments of Benefits:

Benefits payments to participants are recorded upon distribution.

NOTE 3 INCOME TAXES

The Internal Revenue Service has determined in a letter dated September 9, 2002 that the Plan qualifies under Section 401(a) and Section 401(k) of the Internal Revenue Code of 1986, as amended. Accordingly, no provision for income taxes has been recorded. Although 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 Internal Revenue Code.

NOTE 4 PARTIES-IN-INTEREST

The Plan invests in shares of mutual funds managed by an affiliate of Vanguard Fiduciary Trust Company (VFTC). VFTC 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 \$4,660,125 and \$4,504,157 for the years ended December 31, 2003 and December 31, 2002, respectively.

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NOTE 5 INVESTMENTS

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

	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$19,502,462	\$17,586,478
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	50,860,164	41,912,314
Vanguard 500 Index Fund	39,073,515	28,920,930
Vanguard Retirement Savings Trust	11,325,499	10,429,724
Vanguard Total Bond Market Index Fund	7,932,316	7,227,365

The net appreciation (depreciation) in fair value of investments are as follows:

	<u>For the Year Ended</u>	
	<u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$ 3,200,230	\$ (3,154,665)
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	7,581,509	(7,479,421)
Vanguard 500 Index Fund	7,938,517	(8,701,506)
Vanguard Extended Market Index Fund	964,745	(454,751)
Vanguard Pacific Stock Index Fund	421,643	(128,001)
Vanguard European Stock Index Fund	1,131,041	(740,563)
Vanguard Total Bond Market Index Fund	(45,728)	153,334
	-----	-----
	\$21,191,957	\$ (20,505,573)
	=====	=====

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SCHEDULE I**NATIONAL FUEL GAS COMPANY**

TAX-DEFERRED SAVINGS PLAN FOR NON-UNION EMPLOYEES**SCHEDULE OF ASSETS HELD FOR INVESTMENT****DECEMBER 31, 2003**

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d)
	-----	-----	-----
*	National Fuel Gas Company Common Stock Funds:		
	National Fuel Gas Company	Stock Fund A (1,116,340 units)	
	National Fuel Gas Company	Stock Fund B (2,911,286 units)	\$38
		Total National Fuel Gas Company Common Stock Funds	
	Mutual Funds:		
*	Vanguard Group of Investment Companies	500 Index Fund (380,574 units)	
*	Vanguard Group of Investment Companies	Total Bond Market Index Fund (769,381 units)	
*	Vanguard Group of Investment Companies	European Stock Index Fund (198,511 units)	
*	Vanguard Group of Investment Companies	Prime Money Market Fund (4,061,202 units)	
*	Vanguard Group of Investment Companies	Extended Market Index Fund (136,349 units)	
*	Vanguard Group of Investment Companies	Pacific Stock Index Fund (195,854 units)	
		Total Vanguard Mutual Funds	
	Common/Collective Trust (1):		
*	Vanguard Group of Investment Companies	Retirement Savings Trust (11,325,499 units)	
*	National Fuel Gas Company Tax Deferred Savings Plan For Non-Union Employees	Participant Loan Account	

TOTAL ASSETS HELD FOR INVESTMENT

* Denotes known party-in-interest to the Plan.

(1) The audited annual report for the Vanguard Retirement Savings Trust has been filed with the Department of Labor by the Vanguard Fiduciary Trust Company. The entity's tax identification number is 23-2186884.

NATIONAL FUEL GAS COMPANY
TAX-DEFERRED SAVINGS PLAN FOR NON-UNION EMPLOYEES
SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2003

(a) Identity of Party Involved	(b) Description of Asset (Include Interest Rate and Maturity in Case of Loan)	(c) Purchase Price	(d) Selling Price	(e) Lease Rental
<u>Purchase Transactions</u>				
National Fuel Gas Company	Stock Fund B	\$4,800,537	\$ -	\$ -
<u>Sale Transactions</u>				
National Fuel Gas Company	Stock Fund B	-	3,434,196	-

SIGNATURE

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

NATIONAL FUEL GAS COMPANY
TAX DEFERRED SAVINGS PLAN
(Name of Plan)

By /s/ R. J. Tanski
R. J. Tanski
Treasurer and Principal Financial Officer

By /s/ K. M. Camiolo

K. M. Camiolo

Controller and Principal Accounting Officer

Date: June 24, 2004

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EXHIBIT INDEX

Exhibit Number	Description of Exhibit
23	Consent of Independent Accountants
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