

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  
(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

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**NATIONAL FUEL GAS COMPANY**

**TAX-DEFERRED SAVINGS PLAN**

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Benefits at December 31, 2003

Statement of Net Assets Available for Plan  
Benefits at December 31, 2002

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for Plan Benefits for the Year Ended  
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at December 31, 2003

**Independent Auditor's Report**

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 plan benefits of the National Fuel Gas Company Tax-Deferred Savings Plan 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.

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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 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 schedule 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 basic financial statements and, in our opinion, is 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

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	\$19,436,108	\$18,874,200	\$38,310,308
Vanguard 500 Index Fund	-	30,019,819	30,019,819
Vanguard Retirement Savings Trust	-	11,078,225	11,078,225
Vanguard Total Bond Market Index Fund	-	9,672,944	9,672,944
Vanguard Prime Money Market Fund	-	3,318,349	3,318,349
Vanguard European Stock Index Fund	-	2,880,671	2,880,671
Vanguard Extended Market Index Fund	-	2,146,007	2,146,007
Vanguard Pacific Stock Index Fund			

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	-	973,988	973,988
Participant Loan Account	-	2,635,108	2,635,108
	19,436,108	81,599,311	101,035,419
Receivables:			
Employer Contributions	127,476	-	127,476
Participant Contributions	-	490,358	490,358
Net Assets Available for Plan Benefits	\$19,563,584	\$82,089,669	\$101,653,253

The accompanying notes are an integral part of these financial statements

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NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

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	\$15,020,762	\$15,235,963	\$30,256,725
Vanguard 500 Index Fund	-	22,512,669	22,512,669
Vanguard Retirement Savings Trust	-	7,514,062	7,514,062
Vanguard Total Bond Market Index Fund	-	5,889,925	5,889,925
Vanguard Prime Money Market Fund	-	3,390,600	3,390,600
Vanguard European Stock Index Fund	-	1,998,477	1,998,477
Vanguard Extended Market Index Fund	-	1,207,632	1,207,632
Vanguard Pacific Stock Index Fund	-	615,857	615,857

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Participant Loan Account	-	2,291,681	2,2
	-----	-----	-----
	15,020,762	60,656,866	75,6
Receivables:			
Employer Contributions	132,937	-	1
Participant Contributions	-	510,106	5
	-----	-----	-----
Net Assets Available for Plan Benefits	\$15,153,699	\$61,166,972	\$76,3
	=====	=====	=====

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 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 ----- Dec 2003 -----
Investment Income From National Fuel Gas Company Common Stock Funds	\$795,338	\$790,632	\$1,585,970
Interest and Dividend Income	-	554,243	554,243
Investment Income from Mutual Funds	-	869,474	869,474
	-----	-----	-----
Total Investment Income	795,338	2,214,349	3,009,687
Net Appreciation (Depreciation) in Fair Value of Investments	2,754,784	10,414,622	13,169,406
Employer Matching Contributions	1,584,611	-	1,584,611
Participant Contributions	-	6,223,219	6,223,219
Participant Purchase and Loan Fees	(1,715)	(4,065)	(5,780)
Rollovers and Other Individual			

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Transfers In/(Out)	6,200	5,318,746	5,324,946
Payments to Participants or Beneficiaries	(729,366)	(3,244,141)	(3,973,507)
Transfers (To)/From Associated Funds	33	(33)	-
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Increase (Decrease) In Net Assets Available for Plan Benefits	4,409,885	20,922,697	25,332,582
Net Assets Available for Plan Benefits:			
Beginning of Year	15,153,699	61,166,972	76,320,671
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End of Year	\$19,563,584	\$82,089,669	\$101,653,253
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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, 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 January 1, 2004, an additional Retirement Savings Account benefit will be 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 employees of National Fuel Gas Company and its 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. 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 21.

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 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. Beginning January 2004, the 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.

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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 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 wage reduction contributions, employer matching contributions, and the earnings thereon, are at all times fully vested and nonforfeitable. Participant's accounts within the Retirement Savings Account are 100% vested following five years of service. Forfeitures will be used to reduce Company contributions. Since the employer contribution to the retirement savings account is not effective until January 2004, 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.

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**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 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.

Administration Expenses:

Expenses related to administration of the Plan and Trust are borne by the Company. The Company paid Vanguard \$42,913 and \$48,803, for services 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 \$3,009,687 and \$2,701,343 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>

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National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$18,874,200	\$15,235,963
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	19,436,108	15,020,762
Vanguard 500 Index Fund	30,019,819	22,512,669
Vanguard Retirement Savings Trust	11,078,225	7,514,062
Vanguard Total Bond Market Index Fund	9,672,944	5,889,925

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

	For the Year Ended <u>December 31,</u>	
	<u>2003</u>	<u>2002</u>
National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$2,767,408	\$(2,736,156)
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	2,754,784	(2,580,255)
Vanguard 500 Index Fund	6,071,023	(6,773,930)
Vanguard Extended Market Index Fund	579,911	(271,850)
Vanguard Pacific Stock Index Fund	250,730	(74,403)
Vanguard European Stock Index Fund	730,993	(479,858)
Vanguard Total Bond Market Index Fund	14,557	127,719
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	\$13,169,406	\$(12,788,733)
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**SCHEDULE I**

**NATIONAL FUEL GAS COMPANY**

**TAX-DEFERRED SAVINGS PLAN**

**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)
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*	National Fuel Gas Company Common Stock Funds:		
	National Fuel Gas Company	Stock Fund A (1,080,378 units)	
	National Fuel Gas Company	Stock Fund B (1,112,542 units)	\$ 16
		Total National Fuel Gas Company Common Stock Funds	
	Mutual Funds:		
*	Vanguard Group of Investment Companies	500 Index Fund (292,391 units)	

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*	Vanguard Group of Investment Companies	Total Bond Market Index Fund (938,210 units)
*	Vanguard Group of Investment Companies	Prime Money Market Fund (3,318,349 units)
*	Vanguard Group of Investment Companies	European Stock Index Fund (130,940 units)
*	Vanguard Group of Investment Companies	Extended Market Index Fund (80,495 units)
*	Vanguard Group of Investment Companies	Pacific Stock Index Fund (121,294 units)
		Total Vanguard Mutual Funds
	Common/Collective Trust (1):	
*	Vanguard Group of Investment Companies	Retirement Savings Trust (11,078,225 units)
*	National Fuel Gas Company Tax-Deferred Savings Plan	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 Fiduciary Trust Company. The entity's tax identification number is 23-2186884.

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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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