

NATIONAL FUEL GAS CO
Form 11-K
June 27, 2003

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, 2002

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)

10 Lafayette Square, Buffalo, New York 14203
(Address of principal executive office)

REQUIRED INFORMATION

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

See accompanying Index on page 2.

2. Signature
3. Exhibits

Exhibit Number	Description of Exhibit
23	Consent of Independent Accountants
99	Certification

NATIONAL FUEL GAS COMPANY

TAX-DEFERRED SAVINGS PLAN

FOR NON-UNION EMPLOYEES

FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 2002 AND 2001

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, 2002 and 2001, 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 auditing standards generally accepted in the United States of America. 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, 2002 and 2001, and the changes in net assets available for plan 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 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, CPA's, P.C.

June 6, 2003
Buffalo, New York

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
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Investments at market 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
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

NATIONAL FUEL GAS COMPANY
TAX-DEFERRED SAVINGS PLAN
FOR NON-UNION EMPLOYEES
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS

DECEMBER 31, 2001

	Employer Directed Investments	Participant Directed Investments	Total December 31, 2001
Investments at market value:			
National Fuel Gas Company Common Stock Funds	\$46,897,184	\$19,943,014	\$66,840,198

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Vanguard 500 Index Fund	-	36,925,897	36,925,897
Vanguard Retirement Savings Trust	-	8,482,851	8,482,851
Vanguard Total Bond Market Index Fund	-	5,451,636	5,451,636
Vanguard Prime Money Market Fund	-	5,257,373	5,257,373
Vanguard European Stock Index Fund	-	3,726,346	3,726,346
Vanguard Extended Market Index Fund	-	2,271,229	2,271,229
Vanguard Pacific Stock Index Fund	-	1,230,404	1,230,404
Participant Loan Account	-	2,755,576	2,755,576
		-----	-----
	46,897,184	86,044,326	132,941,510
Receivables:			
Employer Contributions	210,414	-	210,414
Participant Contributions	-	334,057	334,057
		-----	-----
Net Assets Available for Plan Benefits	\$47,107,598	\$86,378,383	\$133,485,981
	=====	=====	=====

The accompanying notes are an integral part of these financial statements

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, 2002 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED
DECEMBER 31, 2001)

	Employer Directed Investments	Participant Directed Investments	Total all Inve ----- Decem 2002
	-----	-----	-----
Investment Income From National Fuel Gas Company Common Stock Funds	\$1,959,535	\$820,099	\$2,779,634
Interest Income	-	711,199	711,199
Investment Income from Mutual Funds	-	1,013,324	1,013,324
	-----	-----	-----

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Total Investment Income	1,959,535	2,544,622	4,504,157
Net Depreciation in Fair Value of Investments	(7,479,421)	(13,026,152)	(20,505,573)
Employer Matching Contributions	2,631,375	-	2,631,375
Participant Contributions	-	5,680,405	5,680,405
Participant Purchase and Loan Fees	-	(4,520)	(4,520)
Rollovers and Other Individual Transfers In	2,637	16,830	19,467
Payments to Participants or Beneficiaries	(2,094,175)	(4,069,295)	(6,163,470)
Transfers (to)/from Associated Funds	5,958	(5,958)	-

Decrease in Net Assets Available for Plan Benefits	(4,974,091)	(8,864,068)	(13,838,159)
Net Assets Available for Plan Benefits:			
Beginning of Year	47,107,598	86,378,383	133,485,981

End of Year	\$42,133,507	\$77,514,315	\$119,647,822
=====			

The accompanying notes are an integral part of these financial statements

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.

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 contribution and also by amount of employee's contribution.

Contributions::

Participants may direct the Company to reduce their base salaries by a specified full percentage that ranges from 2% to 50% as amended by the plan during the year. 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.

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 \$11,000 for 2002 and \$12,000 for 2003. If a participant is age 50 or over, the ceiling increases to \$12,000 for 2002 and \$14,000 for 2003.

Participants' accounts, including all salary reduction contributions, employer matching contributions, and the earnings thereon, are at all times fully vested and nonforfeitable.

Employer Matching Contributions:

Employer matching contributions are invested in a fund consisting primarily of the common stock of National Fuel Gas Company (National 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.

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).

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 and Valuation:

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

A two-for-one stock split of National Fuel Gas Company stock occurred on September 7, 2001. The record date for the stock split was August 24, 2001. All share amounts have been adjusted to reflect the two-for-one stock split.

The market volatility of equity-based investments is expected to substantially impact the value of such investments at any given time. It is possible that the value of the Plan's investments both in total and in individual participant accounts, has changed since December 31, 2002.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 \$11,718 and \$19,543, for services rendered in connection with the Plan and Trust for the years ended December 31, 2002 and December 31, 2001, 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.

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

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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 (loss) from parties-in-interest amounted to \$4,504,157 and \$4,454,633 for the years ended December 31, 2002 and December 31, 2001, respectively.

NOTE 5 - INVESTMENTS

As of December 31, 2002 and 2001, the following investments comprised more than 5% of Plan assets:

	2002 ----	2001 ----
National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$17,586,478	\$19,943,014
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	41,912,314	46,897,184
Vanguard 500 Index Fund	28,920,930	36,925,897
Vanguard Retirement Savings Trust	10,429,724	8,482,851
Vanguard Total Bond Market Index Fund	7,227,365	-

The net appreciation (depreciation) in fair value of investments for the years ended December 31, 2002 and 2001 are as follows:

	For the Year Ended December 31,	
	2002 ----	2001 ----
National Fuel Gas Company Common Stock Fund A (Participant Directed)	\$ (3,154,665)	\$ (5,225,235)
National Fuel Gas Company Common Stock Fund B (Non-Participant Directed)	(7,479,421)	(12,347,596)
Vanguard 500 Index Fund	(8,701,506)	(5,457,284)
Vanguard Extended Market Index Fund	(454,751)	(312,123)
Vanguard Pacific Stock Index Fund	(128,001)	(441,520)
Vanguard European Stock Index Fund	(740,563)	(1,005,175)
Vanguard Total Bond Market Index Fund	153,334	79,955
	----- \$ (20,505,573) =====	----- \$ (24,708,978) =====

NOTE 6 - SUBSEQUENT EVENT

The Board of Directors of the Company has 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 will be 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, will be merged into another plan. The merger will be effective as of

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August 1, 2003. Funds previously invested in the Government Bond Fund will initially be invested in the Vanguard Total Bond Market Index Fund, and funds previously invested in the Pooled Investment Contract Fund will initially be invested in the Vanguard Retirement Savings Trust. Former Thrift Plan participants will have the option to move these funds into other investment options offered by the Plan and will retain the same rights and features of the former Thrift Plan. Former Thrift Plan funds will be kept separate from any funds that a participant invests directly into the Plan.

SCHEDULE I

NATIONAL FUEL GAS COMPANY
TAX-DEFERRED SAVINGS PLAN FOR NON-UNION EMPLOYEES
SCHEDULE OF ASSETS HELD FOR INVESTMENT
DECEMBER 31, 2002

(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 (1,185,073 units)	
	National Fuel Gas Company	Stock Fund B (2,824,280 units)	\$36
		Total National Fuel Gas Company Common Stock Funds	
	Mutual Funds:		
*	Vanguard Group of Investment Companies	500 Index Fund (356,389 units)	
*	Vanguard Group of Investment Companies	Total Bond Market Index Fund (696,278 units)	
*	Vanguard Group of Investment Companies	Prime Money Market Fund (4,372,102 units)	
*	Vanguard Group of Investment Companies	European Stock Index Fund (193,526 units)	
*	Vanguard Group of Investment Companies	Extended Market Index Fund (105,403 units)	
*	Vanguard Group of Investment Companies	Pacific Stock Index Fund (192,350 units)	
		Total Vanguard Mutual Funds	
*	Common/Collective Trust (1): Vanguard Group of Investment Companies	Retirement Savings Trust (10,429,724 units)	
*	National Fuel Gas Company Tax Deferred Savings Plan		

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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 of Labor by the Vanguard Fiduciary Trust Company. The entity's tax identification number is 23-2

NATIONAL FUEL GAS COMPANY
TAX-DEFERRED SAVINGS PLAN FOR NON-UNION EMPLOYEES
SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2002

(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
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Purchase Transactions

National Fuel Gas Company	Stock Fund B	\$4,593,069	\$ -	\$ -
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Sale Transactions

National Fuel Gas Company	Stock Fund B	-	2,098,519	-
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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
FOR NON-UNION EMPLOYEES
(Name of Plan)

By /s/ Joseph P. Pawlowski
Joseph P. Pawlowski

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Treasurer, Principal Financial Officer
and Principal Accounting Officer of
National Fuel Gas Company,
Member of the Tax-Deferred Savings
Plan Committee

Date: June 27, 2003

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
23	Consent of Independent Accountants
99	Certification