NATIONAL FUEL GAS CO
Form DEF 14A
January 20, 2017
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE

SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

NATIONAL FUEL GAS COMPANY

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

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(3) Filing Party:

(4) Date Filed:

Table of Contents

NATIONAL FUEL GAS COMPANY

Notice of Annual Meeting

and

Proxy Statement

Annual Meeting of Stockholders

to be held on

March 9, 2017

Table of Contents

WHY YOUR VOTE IS IMPORTANT

Q: **Who is asking for my vote and why am I receiving this document?**

A: The Board of Directors asks that you vote on the matters listed in the Notice of Annual Meeting, which are more fully described in this proxy statement. This proxy statement is a document that Securities and Exchange Commission regulations require that we give you when we ask you to sign a proxy designating individuals to vote on your behalf. A proxy, if duly executed and not revoked, will be voted and, if it contains any specific instructions, will be voted in accordance with those instructions.

Q: **How many shares are not voted at the Annual Meeting on non-routine matters (like the advisory vote on executive compensation and proposals other than the ratification of accountant)?**

A: **23% of all shares were not voted** last year at our Annual Meeting on non-routine matters. **YOU MUST TELL YOUR BROKER HOW TO VOTE YOUR SHARES.** Since 2010, brokers have not been able to vote customer shares on non-routine matters. As you can see, this has disenfranchised a significant group of our stockholders.

Q: **How can I vote?**

A: There are four ways to vote by proxy:

Vote by Phone by calling 1-800-690-6903: You will need information from your proxy card to vote; have it available and follow the instructions provided.

Vote by scanning the Quick Response Code or QR Code on the Proxy card: By accessing the QR site through the proxy card you can vote your shares.

Vote by Internet by going to www.proxyvote.com: You will need information from your proxy card to vote; have it available and follow the instructions provided.

Vote by Mail: Complete and return the separate enclosed proxy card in the prepaid and addressed envelope.

You may also vote in person at the Annual Meeting. However, if you are the beneficial owner of the shares, you must obtain a legal proxy from the stockholder of record, usually your bank or broker, and bring it with you. A legal proxy identifies you, states the number of shares you own, and gives you the right to vote those shares. Without a legal proxy we cannot identify you as the owner, and will not know how many shares you have to vote.

Table of Contents

TABLE OF CONTENTS

2017 PROXY STATEMENT OVERVIEW & SUMMARY	iii
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS	
GENERAL INFORMATION	1
PROPOSAL 1. ELECTION OF DIRECTORS	4
Compensation Committee Interlocks and Insider Participation	16
Risk Oversight	16
Related Person Transactions	16
Directors Compensation	17
Director Compensation Table Fiscal 2016	18
Audit Fees	18
Audit Committee Report	20
Security Ownership of Certain Beneficial Owners and Management	22
Equity Compensation Plan Information	24
Executive Compensation	25
Compensation Committee Report	25
Compensation Discussion and Analysis	25
Fiscal 2016 Summary Compensation Table	43
Grants of Plan-Based Awards in Fiscal 2016	45
Outstanding Equity Awards at Fiscal 2016 Year-End	46
Option Exercises and Stock Vested in Fiscal 2016	48
Fiscal 2016 Pension Benefits	49
Fiscal 2016 Nonqualified Defined Contribution and Other Nonqualified Deferred Compensation Plans	51
Fiscal 2016 Potential Payments Upon Termination or Change in Control	52
PROPOSAL 2. ADVISORY APPROVAL OF NAMED EXECUTIVE OFFICER COMPENSATION	62
PROPOSAL 3. ADVISORY VOTE ON THE FREQUENCY OF FUTURE SAY ON PAY VOTES	70
PROPOSAL 4. REAPPROVAL OF THE 2012 ANNUAL AT RISK COMPENSATION INCENTIVE PLAN	71
PROPOSAL 5. RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	76
SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE	77
CODE OF ETHICS	77
IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS	77
PROPOSALS OF SECURITY HOLDERS FOR THE 2018 ANNUAL MEETING	78
OTHER BUSINESS	78
WHERE YOU CAN FIND ADDITIONAL INFORMATION	78

YOUR VOTE IS IMPORTANT!

PLEASE VOTE BY PHONE, BY QR CODE OR BY INTERNET, OR COMPLETE, SIGN, DATE AND RETURN YOUR PROXY CARD.

Table of Contents

2017 Proxy Statement Overview & Summary

This overview and summary includes certain business performance information and highlights information contained elsewhere in this proxy statement. This overview and summary does not contain all of the information that you should consider, and you should read the Company s Summary Annual Report and Form 10-K and this entire proxy statement carefully before voting.

Annual Meeting Voting Matters

The table below summarizes the matters that will be subject to the vote of stockholders at the 2017 Annual Meeting of Stockholders of National Fuel Gas Company:

Proposals	Board Vote Recommendation	Page Number (for additional details)
1. Election of Directors	FOR ALL NOMINEES	Page 4
2. Advisory Approval of Named Executive Officer Compensation	FOR	Page 62
3. Advisory Vote on the Frequency of Future Say on Pay Votes	FOR EVERY THREE YEARS	Page 70
4. Reapproval of the 2012 Annual At Risk Compensation Incentive Plan	FOR	Page 71
5. Ratification of Appointment of Independent Registered Public Accounting Firm	FOR	Page 76

Annual Meeting of Stockholders

Ø Time and Date	March 9, 2017 at 9:30 a.m. local time
Ø Location	The Houstonian Hotel, 111 North Post Oak Lane, Houston, TX 77024
Ø Record Date	January 9, 2017
Ø Voting Details	Stockholders as of the record date are entitled to one vote for each share of common stock for each director nominee and each other proposal to be voted.
Ø Voting Deadline	Votes must be received by March 8, 2017. For stock that is held in employee benefit plans votes must be received by March 7, 2017.
Ø Attending the Meeting	National Fuel stockholders as of the record date are entitled to attend the annual meeting. In accordance with our security procedures, all persons attending the annual meeting may be asked for picture identification and proof of stock ownership. Please see Attending the Meeting on page 2.

Overview of Business Performance and Long-Term Strategic Initiatives

Fiscal 2016 was another challenging year for both the Company and the energy industry. The sustained decline in commodity prices resulted in lower realizations on the Exploration & Production segment s production and continued the series of non-cash write-downs of our oil and gas properties that began last year. Those non-cash write-downs resulted in a consolidated net loss for the year. Record warm weather also had a negative impact on our results in fiscal 2016, as it reduced earnings in the Utility segment. Nonetheless, we had a successful year operationally, and the Company is well-positioned for the longer term.

Table of Contents

The nature and flexibility of our integrated assets allowed us to act quickly and appropriately in response to deteriorating conditions in the commodity markets. As the fee owners of natural gas rights on our large acreage position in Appalachia, and given our just-in-time gathering build-out model, we were able to cut back and delay capital spending across the Company while also preserving our long-term growth opportunities. The Exploration & Production segment slowed its development plans in the Marcellus Shale, where the Company went from operating three drilling rigs in fiscal 2015 to a single rig starting in the second quarter of fiscal 2016. In addition, the Exploration & Production segment entered into a Joint Development Agreement with a partner to jointly develop 75 Marcellus wells, which further reduced the segment s capital expenditures. We also postponed certain investments in gathering and transmission pipeline infrastructure, including the Northern Access 2016 expansion project which now has a target completion date of November 1, 2017.

2016 Financial and Operating Highlights:

46th Year of Consecutive Dividend Increases: In June, the Board of Directors increased the Company s annual dividend rate by 2.5% to $1.62 per share, marking the 46th year of consecutive dividend increases and 114th year of uninterrupted dividend payments. The financial stability of our regulated Pipeline & Storage and Utility segments supports the Company s dividend.

Continued Growth of Midstream Businesses: The Company continues to expand its valuable pipeline infrastructure footprint in the Appalachian basin. The Company grew its Pipeline & Storage segment s assets to $1.68 billion at September 30, 2016, a 6% increase versus the prior year, driven primarily by three expansion projects Northern Access 2015, Westside Expansion & Modernization, and Tuscarora Lateral that were placed in service at the start of the fiscal year. Gathering segment assets meanwhile increased by 20%, to $534 million at fiscal year end, as additional gathering lines were put into service to accommodate growth in Seneca Resources Corporation s gross production from the Marcellus Shale.

Firm Sales and Hedge Portfolio Partially Insulates Seneca s Cash Flows from Volatile Commodity Prices: Seneca s average net realized natural gas and crude oil prices in fiscal 2016, after the impact of hedging, were $3.02 per thousand cubic feet (Mcf) and $57.91 per barrel (Bbl). Comparatively, average NYMEX natural gas and crude oil prices for the fiscal 2016 period were $2.32 per million British thermal units (MMBtu) and $41.69 per Bbl. (The heating value of 1 Mcf of natural gas is approximately equal to 1 MMBtu.) Seneca has taken a conservative approach to provide a measure of protection against volatile swings in commodity prices by building a portfolio of physical firm sales, firm transportation capacity and financial hedges that locks in the realizations on a majority of its total natural gas and oil production.

Marcellus Shale Joint Development Agreement Reduces Capital Expenditures and Strengthens Balance Sheet: In the first quarter of fiscal 2016, Seneca entered into a Joint Development Agreement with a financial partner to jointly develop Marcellus Shale natural gas assets located in the Company s Western Development Area in north-central Pennsylvania. The Joint Development Agreement, which was extended in June 2016, resulted in a commitment from Seneca s partner to invest as much as $325 million for an 80% working interest in the development of 75 Marcellus Shale wells between fiscal 2016 and 2018. In a period of low commodity prices, the Joint Development Agreement significantly reduced near-term upstream capital spending and strengthened the Company s balance sheet, while maintaining activity levels that will continue to drive upstream operational efficiencies and develop the production that will utilize the Company s midstream infrastructure.

Operational Efficiencies Push Marcellus Well Costs Lower and Improve Program Economics: Seneca continues to be successful in driving down the drilling and completion costs of its Marcellus Shale wells in its Western Development Area, a result of Seneca s large, contiguous acreage position there. Seneca s Marcellus drilling cost per foot has declined 60%

Table of Contents

since fiscal 2012, due in large part to faster drilling times and longer horizontal laterals that now approach 8,000 ft. per well. Seneca s completion cost per stage meanwhile has fallen 77% since 2012, driven primarily by lower water costs resulting from Seneca s investments in infrastructure and efforts to recycle and reuse produced water from Seneca and third-party wells. Consequently, Seneca has lowered its average Marcellus well costs to $633 per lateral foot, which leads industry peers in the basin.

Increase in Natural Gas and Crude Oil Production: Seneca increased its total natural gas and crude oil production to a record 161.1 billion cubic feet equivalent in fiscal 2016, despite slowing its drilling activity and voluntarily curtailing an estimated 34.6 billion cubic feet of net natural gas production due to declines during the year in local spot prices.

Long-Term Strategic Initiatives

National Fuel s capital intensive operations require a focus on strategic initiatives, including those between subsidiaries, that may take several years from business planning through completion. The results of this focus include:

Integrated Upstream and Midstream Development in Appalachia: The Company has designed and begun execution on a multi-year plan to develop and grow our upstream and midstream assets in Appalachia. The strategy leverages the exceptional resource potential of our 785,000 net acres in the Marcellus and Utica shales, the geographic integration of our valuable pipeline infrastructure footprint in Appalachia, and the operational and financial synergies that are generated from Company s integrated business structure.

As Seneca continues to methodically develop its vast acreage in the Western Development Area, the Company s Gathering and Pipeline & Storage segments are working to build the pipeline infrastructure necessary to move Seneca s production from Pennsylvania to premium markets outside of the Appalachian basin. The Gathering segment is currently focused on the continued expansion of the Clermont and Trout Run Gathering Systems, networks of gathering pipelines and compression facilities tailored to accommodate Seneca s Marcellus production.

The Pipeline & Storage segment, having just completed the Northern Access 2015 expansion project serving Seneca, is currently working through the federal and state regulatory processes to construct the Northern Access 2016 project. Northern Access 2016, a $455 million expansion of the NFG Supply Corp. and Empire Pipeline systems, will provide Seneca with 490,000 dekatherms (Dth) per day of incremental firm transportation capacity, including 140,000 Dth per day to the Tennessee Gas Pipeline 200 Line, serving New York state and New England markets, and 350,000 Dth per day of incremental firm transportation capacity on Empire s pipeline system, which serves New York state, Canadian, Northeast and Midwest U.S. markets. Assuming the receipt of timely regulatory approvals, we expect the project to become operational in November 2017.

Ongoing Major Interstate Pipeline Expansion and Modernization Projects: In addition to serving our own Exploration & Production segment, our Pipeline & Storage segment is uniquely positioned to expand our regional pipeline systems and provide valuable outlets for third-party producers and shippers in the Appalachian region. Since 2010, we have invested $387 million in the expansion of our Pipeline & Storage systems for third parties, adding 1,442,000 Dth per day in new firm transport capacity.

In the first quarter of fiscal 2016, we placed the Westside Expansion & Modernization and Tuscarora Lateral projects in-service. At a total capital cost of $147 million, which included $39 million of system modernization, these projects collectively added transportation capacity of 159,500 Dth per day for nonaffiliated customers and 34,500 Dth per day for our Utility segment, and afford customers of our Empire Pipeline system additional options to access storage services on our National Fuel Gas Supply Corporation system.

Given the geographic location of our Pipeline & Storage assets, we will continue to focus on expanding our system to accommodate growth in Appalachian natural gas production. Among a number of other projects, we plan to expand our Empire Pipeline system to provide up to 300,000 Dth per day of new firm transport capacity for Marcellus and Utica producers in north-central Pennsylvania. At a projected cost of $185 million, we currently project an in-service date in fiscal 2019.

Utility Segment Investment in Safe and Reliable Service: In fiscal 2016, the Utility segment invested a Company record $61.8 million in the safety and reliability of its system, replacing 157 miles of older pipelines in New York and Pennsylvania. As part of the rate case on file in New York, the Utility segment has proposed to further accelerate its annual replacement efforts in the state from the current target of 95 miles to a new target of 110 miles. These efforts reflect the Utility segment s commitment to continued investment in pipeline replacement and system modernization to enhance and ensure safe, reliable service.

Table of Contents

Proposal 1 Nominees for Election as Directors
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES FOR THE BOARD OF DIRECTORS.

Nominees for three-year term:

Rebecca Ranich age 59

Principal Occupation: Former Director of Deloitte Consulting, LLP

Expertise: Leadership, Industry, Sustainability, Technology

Jeffrey W. Shaw age 58

Principal Occupation: Former Chief Executive Officer of Southwest Gas Corporation

Expertise: Leadership, Industry, Financial

Thomas E. Skains age 60

Principal Occupation: Former Chairman, Chief Executive Officer and President of Piedmont Natural Gas Company, Inc.

Expertise: Leadership, Industry, Regulatory

Ronald J. Tanski age 64

Principal Occupation: President and Chief Executive Officer of National Fuel Gas Company

Expertise: Leadership, Industry, Regional

For complete information on this proposal, please refer to page 4 and following.

Proposal 2 Advisory Approval of Named Executive Officer Compensation
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY S NAMED EXECUTIVE OFFICER COMPENSATION.

This proposal allows stockholders to take part in a non-binding, advisory vote to approve the compensation of the Company s named executive officers. The summary below and the discussion in the Compensation Discussion and Analysis (as well as the Say-on-Pay Proposal) provide information about the Company s compensation programs. Unless otherwise indicated, we intend capitalized and abbreviated terms to have the same meaning in this section as in the Compensation Discussion and Analysis.

CEO Compensation in Alignment with Peers

As described in the 2016 Financial and Operating Highlights above, low commodity prices weighed on fiscal 2016 financial results but the Company had another successful year operationally. CEO compensation is targeted at approximately the 50th percentile of the Hay Energy Industry market data. The Compensation Committee of the Board of Directors understands the importance of using benchmark data that reflects information from companies with comparable business segments over similar time periods. Reflected in the chart below is Hay Group s comparison of fiscal 2015 total direct compensation for the Company s CEO (Mr. Tanski) against that of CEOs in our Hay peer group. (Hay Group, a unit of Korn/Ferry International, is one of the Company s compensation consultants.) The Company s CEO total direct compensation, shown in the table below, is in line with that of our peers.

Table of Contents

Fiscal 2015 is the most recent complete fiscal year for which proxy statement data is available. Fiscal 2016 compensation may not yet be accurately compared to peers because 2016 compensation data for most of those peers is not yet available.

CEO & President

Compared to CEO proxy data for fiscal year 2015

Company	Title	FYE Revenue (millions)	Market Cap as of 9/30/15 (millions)	Total Direct Compensation Actual	Total Direct Compensation Target
AGL Resources, Inc.	Chairman & CEO	$3,941	$7,329	$7,654,953	$6,771,369
Atmos Energy Corp.	President & CEO	$4,142	$5,898	$4,132,592	$3,769,362
Cabot Oil & Gas Corp.	Chairman, CEO & President	$1,357	$9,046	$8,710,693	$8,598,193
Energen Corp.	Chairman, President & CEO	$763	$3,929	$7,799,718	$7,356,304
EQT Corp.	Chairman & CEO	$2,340	$9,871	$10,712,635	$9,462,635
MDU Resources Group, Inc.	President & CEO	$4,192	$3,355	$2,518,737	$2,896,992
New Jersey Resources Corp.	Chairman, CEO & President	$2,734	$2,595	$4,706,350	$4,376,475
Questar Corp.	President, CEO & Chairman	$1,135	$3,411	$3,412,753	$3,383,837
Range Resources Corp.	Chairman, President & CEO	$1,597	$5,440	$9,691,463	$9,346,007
SM Energy Co.	President & CEO	$1,514	$2,177	$4,569,745	$4,594,476
Southwest Gas Corp.	President & CEO	$2,464	$2,744	$1,601,965	$1,633,843
UGI Corp.	President & CEO	$6,691	$6,016	$6,129,475	$5,874,390
Ultra Petroleum Corp.	Chairman, CEO & President	$839	$979	$3,020,000	$2,620,000
WGL Holdings, Inc.	Chairman & CEO	$2,660	$2,868	$3,680,891	$3,435,291
Whiting Petroleum Corp.	Chairman, President & CEO	$2,109	$3,117	$8,995,000	$9,495,000
Summary Statistics					
75th Percentile		$3,337	$5,957	$8,255,206	$7,977,249
Average		$2,565	$4,585	$5,822,465	$5,574,278
Median		$2,340	$3,411	$4,706,350	$4,594,476
25th Percentile		$1,436	$2,806	$3,546,822	$3,409,564
National Fuel Gas Co.	CEO & President	$1,761	$4,227	$4,706,878	$4,358,901
Percentile Rank		*38%*	*59%*	*50%*	*43%*

NOTES:

- *Total Direct Compensation = base salary + bonus + long-term incentives (target value for cash and grant date value for equity)*
- *AGL Resources completed its merger with Southern Company in July 2016.*
- *Questar became a wholly-owned subsidiary of Dominion Resources in September 2016.*
- *Ultra Petroleum filed for bankruptcy in April 2016.*

As a result of stockholder feedback, the Company has fully transitioned its long-term incentive program from one awarded partially in cash to one awarded fully in equity, either two-thirds or 100 percent of which is performance based relative to the Hay peer group.

Due to a performance shortfall with respect to the applicable return on capital performance condition, one of the performance share awards granted in fiscal 2014 will not vest. This represents $741,411 of the CEO s 2014 compensation reflected in the Fiscal 2016 Summary Compensation Table under the Stock Awards column. The Company s officers will forfeit these performance share awards. **Other outstanding performance-based equity awards are similarly subject to forfeiture, depending upon whether applicable performance conditions are achieved.**

2016 Say-on-Pay Vote and Stockholder Engagement

The 2016 Say-on-Pay advisory vote yielded a result of approximately 96% of votes cast in support of the compensation of the Company s named executive officers. The Board considered this outcome an indicator of stockholder support for the overall philosophy and structure of the Company s executive compensation policies and decisions. As in prior years, members of Company management continue to

Table of Contents

hold meetings with some of the Company s largest stockholders to obtain feedback on the Company s compensation program, among other topics. The Board and management believe that this engagement facilitates important dialogue from which we gather various important viewpoints.

As a result of the stockholder feedback received in 2012, in fiscal 2013, as an interim step prior to an in-depth review of its long-term incentive approach, the Compensation Committee converted a cash-based long-term incentive program to an equity-based program utilizing performance-based restricted stock units. For fiscal 2014, the Compensation Committee adopted a new approach to long-term incentive compensation. Under the new approach, approximately two-thirds of a named executive officer s long-term incentive award consisted of performance shares, split between two distinct performance conditions: one performance condition tied to three-year total shareholder return and the other tied to three-year total return on capital, both relative to the performance of companies in the Hay peer group (as described below). The Committee selected the two relative performance metrics to focus executive officers attention on increasing long-term stockholder value while maintaining long-term profitability. The remaining approximately one-third of the long-term incentive award consisted of time-vested restricted stock units used as a retention tool. The Compensation Committee s action represented an evolution from its practice prior to fiscal 2013 of utilizing a cash component for approximately one-half of long-term incentive awards. The Compensation Committee utilized its new approach in fiscal year 2014 and continued it in 2015. For fiscal 2016, the Company revised the mix of long-term incentive awards for certain named executive officers. In particular, for certain officers, including the CEO, the Compensation Committee granted the long-term incentive award entirely in the form of performance shares, split between the two relative performance metrics used since fiscal 2014. For the others, the Compensation Committee retained the mix of awards at two-thirds performance shares and one-third time-vested restricted stock units.

Objectives of the Compensation Committee

When setting compensation for the Company s executives, the Compensation Committee s primary goal is to provide balanced incentives for creating value for stockholders in both the near-term and long-term. In order for this to occur, the Compensation Committee awards a combination of cash and equity components that are designed to:

- Ø Focus management efforts on both near-term and long-term drivers of stockholder value;
- Ø Tie executive compensation to long-term total shareholder return and long-term total return on capital by linking a significant portion of an executive officer s potential compensation to the future price of the Company s common stock and the future returns on capital achieved by the Company, both relative to peers; and
- Ø Attract, motivate, reward and retain management talent in the highly competitive energy industry in order to achieve the objectives that contribute to the overall success of the Company.

Elements of Compensation

The main elements of the 2016 (and current) executive compensation program are as follows:

- Ø *Base Salary (Cash)* Provides a predictable base compensation for day-to-day job performance;
- Ø *Short-Term Performance Incentives (Cash)* Utilizes metrics specific to each executive in order to motivate them to deliver near-term corporate results, generally over a period that is no longer than two years; and
- Ø *Long-Term Performance Incentives (Equity)* Focuses the attention of executives on delivering long-term stockholder value and on maintaining a significant personal investment in the Company through stock ownership.

ix

Table of Contents

Changes to the Compensation Program Since Fiscal 2013

After meeting with many of our largest stockholders during the past few years and obtaining valuable feedback, the compensation program was amended in fiscal 2013 and further refined in fiscal 2014. The Compensation Committee also modified the program slightly in fiscal 2016 with respect to certain executive officers. These changes to the executive compensation program were as follows:

- Ø ***Shifting Long-Term Performance Incentive to Equity*** Prior to fiscal 2013, the Company granted a combination of equity-based awards (restricted stock and stock appreciation rights) and performance-based cash awards tied to a total return on capital goal. In fiscal 2013, as an interim step prior to an in-depth review of its long-term incentive approach, the Compensation Committee replaced the cash portion of the program with performance-based restricted stock units, utilizing the same relative total return on capital metric and a three-year performance period. **The performance condition was not achieved at a level high enough to trigger payment of these restricted stock units.** During fiscal 2014, the Company further revised the mix of long-term incentive awards to be approximately two-thirds performance shares (split between two distinct relative performance metrics measured over three years against a peer group) and one-third time-vested restricted stock units (vesting ratably over a three-year period). **The applicable return on capital performance condition associated with one of the performance share awards granted in fiscal 2014 will not be achieved at a level high enough to trigger payment of that award. Performance shares granted since fiscal 2014 will similarly be forfeited if applicable performance conditions are not met.** In fiscal 2015 the Company retained the mix of long-term incentive awards that it established in fiscal 2014 (two-thirds performance shares and one-third time-vested restricted stock units). For fiscal 2016, the Compensation Committee granted certain named executive officers, including the CEO, a long-term incentive award entirely in the form of performance shares, split between the two distinct relative performance metrics. For the other named executive officers, the Compensation Committee retained the mix of awards at two-thirds performance shares and one-third time-vested restricted stock units.
- Ø ***Adoption of Relative Performance Conditions*** As noted above, since fiscal 2014 the Compensation Committee has devoted either two-thirds or 100 percent of the long-term incentive award to performance shares. The Committee established two distinct performance metrics: three-year total shareholder return relative to the Hay peer group and three-year total return on capital relative to the Hay peer group.
- Ø ***The CEO is Required to Own Six Times Base Salary in Company Stock*** Our CEO s stock ownership is approximately 19 times his base salary as of November 30, 2016.

Other Key Compensation Features

- Ø The Company does not provide tax gross-ups ;
- Ø Named executive officers and other officers are required to meet stock ownership guidelines that range from one to six times base salary;
- Ø Equity incentive plans prohibit the repricing of equity awards without stockholder approval;
- Ø The Committee engaged two independent compensation consultants to assist in setting compensation;
- Ø All change-in-control agreements are double triggered; and
- Ø The Board has adopted a clawback provision.

The Board recommends a vote **FOR** the advisory approval of named executive officer compensation because it believes that the Company s compensation policies and procedures, as developed following

Table of Contents

engagement with its stockholders, encourage a culture of pay for performance and are strongly aligned with the interests of the Company s stockholders.

For complete information on this proposal, please refer to page 62 and following.

Proposal 3 Advisory Vote on the Frequency of Future Say on Pay Votes
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR EVERY THREE YEARS.

This proposal allows stockholders to take part in a non-binding, advisory vote on the frequency of future advisory votes to approve named executive officer compensation. Stockholders may choose whether such a say on pay vote should be on the agenda for the Annual Meeting of Stockholders every three years, every two years, or every year, or they may abstain from voting. In keeping with our philosophy of long-term value creation, and given our demonstrated steps to incorporate stockholder feedback into our executive compensation program, we recommend that stockholders should choose to be presented with the say on pay vote every three years.

For complete information on this proposal, please refer to page 70.

Proposal 4 Reapproval of the 2012 Annual At Risk Compensation Incentive Plan
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE REAPPROVAL OF THE 2012 ANNUAL AT RISK COMPENSATION INCENTIVE PLAN.

We are seeking your reapproval of the National Fuel Gas Company 2012 Annual At Risk Compensation Incentive Plan so that the Company may continue to be able to receive the tax benefit of paying performance-based compensation under the plan.

For complete information on this proposal, please refer to page 71 and following.

Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm
THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR RATIFICATION OF THIS APPOINTMENT.

As a matter of good governance, it is important that stockholders vote to ratify the selection of the Company s independent auditor. The Company has selected PricewaterhouseCoopers LLP as the Company s independent auditor for fiscal 2017.

For complete information on this proposal, please refer to page 76.

Table of Contents

NATIONAL FUEL GAS COMPANY

6363 MAIN STREET

WILLIAMSVILLE, NEW YORK 14221

January 20, 2017

Dear Stockholders of National Fuel Gas Company:

We are pleased to invite you to join us at the Annual Meeting of Stockholders of National Fuel Gas Company. The meeting will be held at 9:30 a.m. local time on March 9, 2017 at The Houstonian Hotel, 111 North Post Oak Lane, Houston, Texas 77024. The matters on the agenda for the meeting are outlined in the enclosed Notice of Annual Meeting and Proxy Statement.

So that you may elect Company directors and secure the representation of your interests at the Annual Meeting, we urge you to vote your shares. **The preferred methods of voting are by telephone, by Quick Response Code or (QR Code) or by Internet as described on the proxy card.** These methods are both convenient for you and reduce the expense of soliciting proxies for the Company. If you prefer not to vote by telephone or the Internet, please complete, sign and date your proxy card and mail it in the envelope provided. The Proxies are committed by law to vote your shares as you instruct on the proxy card, by telephone, by QR Code or by Internet.

The Company s annual proxy statement contains important stockholder and/or company proposals for which votes are needed in order to be passed and your vote is always important. Stockholder voting is the primary means by which stockholders can influence a company s operations and its corporate governance. In fact, stockholders who do vote can influence the outcome of the election in greater proportion than their percentage share ownership.

Your vote is important. Please make your voice heard by voting your shares on these important matters.

If you plan to be present at the Annual Meeting, you may so indicate when you vote by telephone, by QR Code or by Internet, or you can check the WILL ATTEND MEETING box on the proxy card. Even if you plan to be present, we encourage you to promptly vote your shares by telephone, by QR Code or by Internet, or to complete, sign, date and return your proxy card in advance of the meeting. If you later wish to vote in person at the Annual Meeting, you can revoke your proxy by giving written notice to the Secretary of the Annual Meeting and/or the Trustee (as described on the second page of the proxy statement), and/or by casting your ballot at the Annual Meeting.

Coffee will be served at 9:00 a.m. and I look forward to meeting with you at that time.

Please review the proxy statement and take advantage of your right to vote.

Sincerely yours,

Ronald J. Tanski

President and Chief Executive Officer

Table of Contents

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

to be held on March 9, 2017

To the Stockholders of National Fuel Gas Company:

Notice is hereby given that the Annual Meeting of Stockholders of National Fuel Gas Company (the Company) will be held at 9:30 a.m. local time on March 9, 2017 at The Houstonian Hotel, 111 North Post Oak Lane, Houston, Texas 77024. The doors to the meeting will open at 9:00 a.m. local time. At the meeting, action will be taken with respect to:

(1) The election of four directors to hold office for three-year terms as provided in the attached proxy statement and until their respective successors have been elected and qualified;

(2) Advisory approval of named executive officer compensation;

(3) An advisory vote on the frequency of future say on pay votes;

(4) Reapproval of the 2012 Annual At Risk Compensation Incentive Plan;

(5) Ratification of the appointment of PricewaterhouseCoopers LLP as the Company s independent registered public accounting firm for fiscal 2017;

and such other business as may properly come before the meeting or any adjournment or postponement thereof.

Stockholders of record at the close of business on January 9, 2017, will be entitled to vote at the meeting.

BY ORDER OF THE BOARD OF DIRECTORS

PAULA M. CIPRICH

Senior Vice President,

General Counsel and Secretary

January 20, 2017

Important Notice Regarding The Availability Of Proxy Materials For The Stockholder

Meeting To Be Held On March 9, 2017

The proxy statement and summary annual report to security holders and financial statements are available on the Internet at

http://investor.nationalfuelgas.com/proxy

YOUR VOTE IS IMPORTANT

Please vote by telephone, by QR Code or by Internet.

Whether or not you plan to attend the meeting, and whatever the number of shares you own, please vote your shares by telephone, by QR Code or by Internet as described in the proxy/voting instruction card and reduce National Fuel Gas Company s expense in soliciting proxies. Alternatively, you may complete, sign, date and promptly return the enclosed proxy/voting instruction card in the accompanying envelope, which requires no postage if mailed in the United States.

Table of Contents

NATIONAL FUEL GAS COMPANY

6363 MAIN STREET

WILLIAMSVILLE, NEW YORK 14221

PROXY STATEMENT

GENERAL INFORMATION

Introduction

This proxy statement is furnished to the holders of National Fuel Gas Company (the Company) common stock (the Common Stock) in connection with the solicitation of proxies on behalf of the Board of Directors of the Company (the Board of Directors or the Board) for use at the Annual Meeting of Stockholders (the Annual Meeting) to be held on March 9, 2017, or any adjournment or postponement thereof. This proxy statement and the accompanying proxy/voting instruction card are first being mailed to stockholders on or about January 20, 2017.

Solicitation of Proxies

All costs of soliciting proxies will be borne by the Company. MacKenzie Partners, Inc., 105 Madison Avenue, New York, NY 10016, has been retained to assist in the solicitation of proxies by mail, telephone, and electronic communication and will be compensated in the estimated amount of $18,500 plus reasonable out-of-pocket expenses. A number of regular employees of the Company and its subsidiaries, and one or more retirees of the Company and its subsidiaries, may solicit proxies in person, by telephone or by other methods. Costs, if any, associated with solicitation by retirees are expected to be de minimis.

Record Date, Outstanding Voting Securities and Voting Rights

Only stockholders of record at the close of business on January 9, 2017, will be eligible to vote at the Annual Meeting or any adjournment or postponement thereof. As of that date, 85,298,059 shares of Common Stock were issued and outstanding. The holders of 42,649,030 shares will constitute a quorum at the meeting.

Each share of Common Stock entitles the holder thereof to one vote with respect to each matter that is subject to a vote at the Annual Meeting. Shares may not be voted unless the owner is present or represented by proxy. In order to grant a proxy, a stockholder can use the telephone, QR Code or Internet voting procedures or return a signed proxy card. All shares that are represented by effective proxies received by the Company in time to be voted shall be voted by the authorized Proxy at the Annual Meeting or any adjournment or postponement thereof.

If you hold your shares through a broker, bank or other nominee (in street name), you will receive instructions from them on how to vote your shares. If you do not give the broker specific instructions on how you would like your shares to be voted, your broker may only vote your shares on routine matters, such as Proposal 5 Ratification of Appointment of Independent Registered Public Accounting Firm. However, your broker is prohibited from voting uninstructed shares on non-routine matters such as Proposal 1 Election of Directors; Proposal 2 Advisory Approval of Named Executive Officer Compensation; Proposal 3 Advisory Vote on the Frequency of Future Say on Pay Votes; and Proposal 4 Reapproval of the 2012 Annual At Risk Compensation Incentive Plan. **The absence of voting instruction results in what is called a broker non-vote on those proposals and will not be counted. Your vote is important. PLEASE MAKE YOUR VOICE HEARD BY VOTING YOUR SHARES ON THESE IMPORTANT MATTERS.**

Where stockholders direct how their votes shall be cast, shares will be voted in accordance with such directions. Proxies submitted with abstentions and broker non-votes will be included in determining whether or not a quorum is present. Abstentions and broker non-votes will not be counted in tabulating the number of votes cast on proposals submitted to stockholders and therefore will not have the effect of a vote cast for or against any proposal.

1

Table of Contents

The proxy also confers discretionary authority to vote on all matters that may properly come before the Annual Meeting, or any adjournment or postponement thereof, respecting: (i) matters of which the Company did not have timely notice but that may be presented at the meeting; (ii) approval of the minutes of the prior annual meeting of stockholders; (iii) the election of any person as a director if a nominee is unable to serve or for good cause will not serve; (iv) any stockholder proposal omitted from this proxy statement pursuant to Rule 14a-8 or 14a-9 of the Securities and Exchange Commission s (the SEC) proxy rules; and (v) all matters incident to the conduct of the meeting.

With respect to Proposal 1, the affirmative vote of a plurality of the votes cast by the holders of shares of Common Stock entitled to vote is required to elect each of the nominees for director. Approval of each other proposal requires a majority of the votes cast by the holders of shares of Common Stock entitled to vote on the proposal.

Attending the Meeting

You are entitled to attend the Annual Meeting if you are a stockholder as of the close of business on January 9, 2017, the record date. In order to be admitted to the Annual Meeting, each stockholder may be asked to present valid picture identification, such as driver s license or passport, and proof of stock ownership as of the record date, such as the enclosed proxy card or a brokerage statement reflecting stock ownership. Cameras, recording devices and other electronic devices will not be permitted at the meeting.

Revoking a Proxy

Any stockholder giving a proxy may revoke it at any time prior to the voting thereof by mailing a revocation or a subsequent proxy to Paula M. Ciprich, Senior Vice President, General Counsel and Secretary of the Company, at the National Fuel Gas Company address noted below, by voting a subsequent proxy by phone, QR Code or by Internet, or by filing written revocation at the meeting with Ms. Ciprich, Secretary of the meeting, or by casting a ballot at the meeting. If you are an employee stockholder or retired employee stockholder, you may revoke voting instructions given to the Trustee by following the instructions under Employee and Retiree Stockholders in this proxy statement.

Employee and Retiree Stockholders

If you are a participant in the Company s Employee Stock Ownership Plan or any of the Company s Tax-Deferred Savings Plans (the Plans), the proxy card will also serve as a voting instruction form to instruct Vanguard Fiduciary Trust Company (the Trustee) for the Plans, as to how to vote your shares. All shares of Common Stock for which the Trustee has not received timely directions shall be voted by the Trustee in the same proportion as the shares of Common Stock for which the Trustee received timely directions, except in the case where to do so would be inconsistent with the provisions of Title I of the Employee Retirement Income Security Act (ERISA). If the voting instruction form is returned signed but without directions marked for one or more items, regarding the unmarked items you are instructing the Trustee and the Proxies to vote **FOR all of the Director nominees named in this proxy statement, FOR Proposal 2, FOR EVERY THREE YEARS in Proposal 3, and FOR Proposals 4** and **5**. Participants in the Plan(s) may also provide those voting instructions by telephone, QR Code or the Internet. Those instructions may be revoked by re-voting or by written notice to the Trustee on or before March 7, 2017 in care of the following address:

To: Vanguard Fiduciary Trust Co.

c/o National Fuel Gas Company

Attn: Legal Department

6363 Main Street

Williamsville, NY 14221

Table of Contents

Multiple Copies of Proxy Statement

The Company has adopted a procedure approved by the SEC called householding. Under this procedure, stockholders of record who have the same address and last name may receive only one copy of the proxy statement and the Company s annual report. However, if any stockholder wishes to revoke consent for householding and receive a separate summary annual report, financial statements or proxy statement for the upcoming Annual Meeting or in the future, he or she may telephone, toll-free, 1-800-542-1061. The stockholder will need their 12-digit Investor ID number and should simply follow the prompts. Stockholders may also write Broadridge Householding Department, 51 Mercedes Way, Edgewood, NY 11717. Stockholders sharing an address who wish to receive a single set of reports may do so by contacting their banks or brokers if they are the beneficial holders, or by contacting Broadridge at the address provided above if they are the record holders. This procedure will reduce our printing costs and postage fees, and reduce the quantity of paper arriving at your address.

Stockholders who participate in householding will continue to receive separate proxy cards. Householding will not affect your dividend check mailings.

For additional information on householding, please see IMPORTANT NOTICE REGARDING DELIVERY OF STOCKHOLDER DOCUMENTS in this proxy statement.

Other Matters

The Board of Directors does not know of any other matter that will be presented for consideration at the Annual Meeting. If any other matter does properly come before the Annual Meeting, the Proxies will vote in their discretion on such matter.

Annual Report

Mailed herewith is a copy of the Company s Summary Annual Report for the fiscal year ended September 30, 2016 (fiscal 2016). Also enclosed is a copy of the Company s Annual Report on Form 10-K for fiscal 2016. The Company will furnish any exhibit to the Form 10-K upon request to the Secretary at the Company s principal office, and upon payment of $5 per exhibit.

Table of Contents

PROPOSAL 1. ELECTION OF DIRECTORS

Four directors are to be elected at the Annual Meeting. The nominees for the four directorships are: Rebecca Ranich, Jeffrey W. Shaw, Thomas E. Skains and Ronald J. Tanski. The nomination process is discussed under Nominating/Corporate Governance below.

The Company s Restated Certificate of Incorporation provides that the Board of Directors shall be divided into three classes, and that these three classes shall be as nearly equal in number as possible. (A class of directors is the group of directors whose terms expire at the same annual meeting of stockholders.) Directors of a particular class shall hold office until the annual meeting of the year in which the term of the class expires, provided that directors elected by the Board of Directors to fill vacancies or newly-created directorships shall hold office until the next annual meeting following their election. In addition, all directors shall hold office until their respective successors are elected and qualify, subject to prior death, resignation, retirement, disqualification or removal from office. In accordance with the requirement that each class of directors be as nearly equal in number as possible, Ms. Ranich and Messrs. Shaw, Skains and Tanski have been nominated for terms of three years and until their respective successors shall be elected and shall qualify.

The Board of Directors elected Ms. Ranich and Mr. Skains as directors in June 2016 and December 2016, respectively. Ronald W. Jibson, who served as Chairman of the Nominating/Corporate Governance Committee, recommended Ms. Ranich as a candidate for director. David F. Smith, who serves as Chairman of the Board, recommended Mr. Skains as a candidate for director.

It is intended that the Proxies will vote for the election of Ms. Ranich and Messrs. Shaw, Skains and Tanski as directors, unless they are otherwise directed by the stockholders. Although the Board of Directors has no reason to believe that any of the nominees will be unavailable for election or service, stockholders proxies confer discretionary authority upon the Proxies to vote for the election of another nominee for director in the event any nominee is unable to serve, or for good cause will not serve. Ms. Ranich and Messrs. Shaw, Skains and Tanski have consented to being named in this proxy statement and to serve if elected.

The affirmative vote of a plurality of the votes cast by the holders of shares of Common Stock entitled to vote is required to elect each of the nominees for director.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE *FOR*

THE ELECTION OF EACH OF THE NOMINEES NAMED BELOW.

Nominees for Election as Directors for Three-Year Terms to Expire in 2020

Rebecca Ranich	**Age**[1]: 59	**Director since**: June 2016

Ms. Ranich is a former director at Deloitte Consulting, LLP, where she led the firm s Energy and Sustainability Investment Advisory Services for public sector clients, providing counsel on more than $1 billion of investments. Her practice focused on strategic energy investments designed to mitigate and manage risks related to energy supply, demand and climate change issues. Preceding her position at Deloitte, Ms. Ranich worked at PSG International, where she was a member of the management team leading negotiations to implement the Trans-Caspian Gas Pipeline, a multi-billion dollar, 1,700-kilometer pipeline project transporting natural gas from Turkmenistan to Turkey. She was previously a Vice President at Michael Baker Corporation, an international engineering, energy and environmental services firm. While at Baker, she held executive responsibility for delivering energy and environmental engineering services in Europe, Russia and the Caspian region, overseeing projects with a construction value in excess of $40 billion. She managed offices in London, Naples, Wiesbaden and Moscow. Ms. Ranich served as a member of

[1] All ages are as of the Annual Meeting date.

the Board of Directors of Questar Corporation from 2013 until September 2016, when Questar was acquired by Dominion Resources, Inc. At Questar she was Chair of the Board s Governance and Nominating Committee. She is a member of the Supervisory Board at Uniper, SE, a German power generation and energy supply chain corporation, and serves as vice chair of the Board of the Gas Technology Institute and chair of the Investment Committee. Ms. Ranich is an advisory board member of Yet Analytics, an xAPI data analytics platform. In addition to being an investor in and advisor to emerging technology companies, Ms. Ranich is a member of the Baltimore Angels an early stage investment group, the National Petroleum Council and the Technology Commercialization Panel for the Johns Hopkins University Applied Physics Laboratory.

Qualifications

Ms. Ranich s strong background and wealth of experience in energy development and risk management position her to make significant Board contributions. With her work on sustainable environmental practices and strong global industry experience, her addition complements the diverse backgrounds on the Board. Ms. Ranich also brings to the Board her successful track record of establishing, building and leading businesses.

National Fuel Gas Company Board Committees

Nominating/Corporate Governance

Current Public Company Directorships

Uniper, SE

Former Public Company Directorships

Questar Corporation

Education

Northwestern University, B.A. in Soviet area studies

University of Detroit Mercy, MBA

Jeffrey W. Shaw	**Age:** 58	**Director since:** 2014

Mr. Shaw retired as Chief Executive Officer of Southwest Gas Corporation (Southwest) on March 1, 2015. He was named Chief Executive Officer and a director of Southwest in 2004 and also served as President of Southwest at various times from 2003 to 2014. Previously Mr. Shaw, a CPA, held various positions at Southwest, including Director of Internal Audit, Controller and Chief Accounting Officer, Vice President/Controller and Chief Accounting Officer, Vice President and Treasurer, Senior Vice President/Finance and Treasurer, Senior Vice President/Gas Resources and Pricing. He worked for Arthur Anderson & Co. in its Dallas and Las Vegas offices in the audit division prior to joining Southwest Gas in May of 1988. He is a member of the American Institute of Certified Public Accountants, the Nevada Society of CPAs and the Leadership Las Vegas Alumni Association. Mr. Shaw serves on the Advisory Board of the University of Utah David Eccles School of Business and chairs the Broadcast Leadership Council at Brigham Young University. He is a past Director of Southwest Gas Corporation and the American Gas Association, past Chairman and Director of the Western Energy Institute and past President and Trustee of the Las Vegas Area Council of the Boy Scouts of America.

Qualifications

Mr. Shaw s extensive executive management experience at an energy company with regulated businesses similar to those of the Company provides the Board with valuable perspective. In particular, Mr. Shaw s accounting and finance background, and the significant roles he has held in these areas over his career, qualify him as an Audit Committee Financial Expert under the Securities and Exchange Commission s rules and enable him to play a key role in performing the Board s audit oversight function.

National Fuel Gas Company Board Committees

Audit

Nominating/Corporate Governance

5

Former Public Company Directorships

Southwest Gas Corporation

Education

University of Utah, B.S. in accounting

Certified Public Accountant

Thomas E. Skains **Age:** 60 **Director since:** December 2016

Mr. Skains is the former Chairman of the Board, Chief Executive Officer and President of Piedmont Natural Gas Company, Inc., serving from 2002 as President and from 2003 as Chairman and CEO, until his retirement in October 2016. Previously, Mr. Skains held various positions at Piedmont, including Chief Operating Officer and Senior Vice President Marketing and Supply Services. Mr. Skains held positions of increasing responsibility with Transcontinental Gas Pipe Line Corporation, which he joined in 1981 as an attorney and served as corporate and senior attorney before being named Vice President in 1986 and Senior Vice President Transportation and Customer Services in 1989. In October 2016, Mr. Skains became a director at Duke Energy Corporation, where he serves on its Regulatory Policy and Operations Committee and its Nuclear Oversight Committee. Mr. Skains has served as a director of BB&T Corporation since 2009, where he chairs its Executive Committee and serves on its Risk Committee, and where he previously chaired its Nominating and Corporate Governance Committee and its Risk Committee. Mr. Skains has also served as a director at BB&T Corporation s subsidiary, Branch Banking and Trust Company, since 2013, where he chairs its Executive Committee and serves on and previously chaired its Risk Committee. Mr. Skains previously served on the Charlotte Chamber of Commerce Board of Directors and was Chairman in 2015. He also served on the boards of several industry and community organizations, including Gas Technology Institute, the American Gas Association (as Chairman in 2009), the Southern Gas Association (as Chairman in 2006) and the American Gas Foundation (a not-for-profit energy research group).

Qualifications

Mr. Skains has strong leadership and strategic management skills and provides the Board with a valuable perspective on the complexities, challenges and opportunities facing the natural gas industry. Mr. Skains brings to the Board extensive knowledge of the natural gas industry and is able to use his legal training and experience as a corporate energy attorney to provide insight on legal and regulatory compliance matters and contribute to corporate governance matters.

National Fuel Gas Company Board Committees

Compensation

Current Public Company Directorships

Duke Energy Corporation

BB&T Corporation

Former Public Company Directorships

Piedmont Natural Gas Company, Inc.

Education

Sam Houston State University, B.B.A.

University of Houston Law School, J.D.

Ronald J. Tanski	**Age:** 64	**Director since:** 2014

Mr. Tanski has been President and Chief Executive Officer of the Company since March 2013. Mr. Tanski served as President and Chief Operating Officer of the Company from July 2010 to

Table of Contents

March 2013 and as Treasurer and Principal Financial Officer from April 2004 to July 2010. Mr. Tanski was President of National Fuel Gas Supply Corporation (1) from July 2008 to July 2010 and President of National Fuel Gas Distribution Corporation (1) from February 2006 to July 2008. He was previously Treasurer of those subsidiaries and of Empire Pipeline, Inc. and National Fuel Resources, Inc. (1), as well as Senior Vice President of National Fuel Gas Distribution Corporation (1). Mr. Tanski also served in management roles at Seneca Resources Corporation (1) and other Company subsidiaries, including Empire Exploration, Inc. (merged into Seneca) and Horizon Energy Development, Inc. (sold in 2010). He is a member of the Board of Directors of the Interstate Natural Gas Association of America (INGAA) and was INGAA Chairman in 2015. Mr. Tanski is a Director of the American Gas Association and a member of the Council on Accountancy at Canisius College. He also serves as Secretary on the Board of Managers of the Buffalo Museum of Science and as a member of the Executive Committee, and he is a Director of Invest Buffalo Niagara.

(1) Wholly-owned subsidiary of the Company.

Qualifications

Mr. Tanski has been employed by the Company since 1979. Through his broad range of experience during his numerous leadership positions in both the regulated and non-regulated businesses, he gained hands-on, practical knowledge about virtually every aspect of the Company s operations. Mr. Tanski s role as CEO and substantial management experience with the Company s subsidiaries, his detailed understanding of the Company s integrated operations, and in particular, his financial background with the Company assist the Board with management of the Company s operations. Mr. Tanski also has deep ties to Western New York, the location of the Company s corporate headquarters and a number of its significant business units.

National Fuel Gas Company Board Committees

Executive

Financing

Education

State University of New York at Buffalo, B.A. in biology

State University of New York at Buffalo, MBA

State University of New York at Buffalo School of Law, J.D.

Directors Whose Terms Expire in 2019

David C. Carroll	**Age:** 60	**Director Since:** 2012

Mr. Carroll is the President and CEO of Gas Technology Institute (GTI), a position he has held since 2006. From 2001 through 2006, he served as the Vice President of Business Development for GTI. From 1996 to 2001, he worked for Praxair, Inc., serving as Director of Business Development from 1999 to 2001. Prior to that, Mr. Carroll held positions of increasing responsibility with Liquid Carbonic Industries, a subsidiary of Chicago Bridge & Iron, from 1994 to 1996, and Air Products and Chemicals, Inc. from 1980 to 1994. All of these companies are industrial gas producers and manufacturers. He is a Trustee of the American Gas Foundation, a member of the Governing Board of Stanford University s Natural Gas Initiative, and a member of the Society of Gas Lighting. He was also Chairman of the steering committee for the 17th International Conference and Exhibition on Liquefied Natural Gas in Houston (2013). In June 2015, Mr. Carroll became President of the International Gas Union as the United States prepares to host the 2018 World Gas Conference in Washington, D.C.

Table of Contents

Qualifications

Mr. Carroll is a highly respected, nationally and internationally recognized leader in the research and development of natural gas technologies and market solutions. His multi-faceted knowledge of the natural gas industry brings economic, technological and leadership experience to the Board. Through his professional career, Mr. Carroll has developed expertise on unconventional gas production, transmission and distribution pipeline integrity and end use technologies as well as insight into market and industry developments and conditions. This unique combination of skills contributes to the Board s oversight of our integrated natural gas operations. Mr. Carroll is heavily involved in both the domestic and international natural gas business communities, providing the Board with a broad perspective on emerging technical, regulatory and economic issues.

National Fuel Gas Company Board Committees

Executive

Nominating/Corporate Governance

Former Company Directorships

Versa Power Systems, Inc. (wholly-owned subsidiary of FuelCell Energy, Inc.), 2006-2012

Education

University of Pittsburgh, B.S. in chemical engineering

Lehigh University, MBA

Stanford University s Graduate School of Business, Stanford Executive Program

Joseph N. Jaggers	**Age:** 63	**Director since:** 2015

Mr. Jaggers is President, Chief Executive Officer and Chairman of Jagged Peak Energy LLC (Jagged Peak Energy), a private company based in Denver, Colorado, focused on the development of its acreage position in the Delaware sub-basin of the Permian Basin. He is also President, Chief Executive Officer and Chairman of Jagged Peak Energy Inc., a corporation that has been formed to become a holding company for Jagged Peak Energy in connection with an anticipated initial public offering. Before forming Jagged Peak Energy in 2013, Mr. Jaggers served as President and Chief Executive Officer and as director of Ute Energy, LLC, from 2010 until its sale in 2012. From 2006 to 2010, he served as President and Chief Operating Officer of Bill Barrett Corporation. From 2001 to 2006, he was Vice President, Exploration & Production, for Williams Companies. Previously, he served as President and Chief Operating Officer of Barrett Resources, from 2000 until its sale to Williams in August 2001. From 1981 through 2000, he worked for BP Amoco in various domestic and international assignments of increasing responsibility culminating in executive oversight for the Northern North Sea, one of BP s largest producing assets at the time. Mr. Jaggers is a past President of the Colorado Oil and Gas Association, past Executive Director of the Independent Producers Association of the Mountain State and an inductee into the Rocky Mountain Oil and Gas Hall of Fame.

Qualifications

With more than 30 years of experience in the oil and gas industry, including a long record of achieving production and reserve growth, Mr. Jaggers has familiarity with various market cycles and contributes to the Board s oversight of our exploration and production business. Additionally, his substantial executive experience with large, public exploration and production companies combined with his extensive operational experience provides the Board with insight in assessing various risks that may affect oil and gas operations at the Company. As a sitting CEO and Chairman of an exploration and production company, Mr. Jaggers adds significant operational depth to the Board as well as an understanding of effective resource development. These attributes will assist the Board in its oversight of development of the Company s various oil and gas assets.

8

Table of Contents

National Fuel Gas Company Board Committees

Audit

Compensation

Former Public Company Directorships

Bill Barrett Corporation, 2006-2010

Mission Resources Corporation, 2003-2005

Education

United States Military Academy at West Point, B.S.

David F. Smith	**Age:** 63	**Director Since:** 2007

Mr. Smith has been Chairman of the Board of the Company since March 2010 (from March 2013 through March 2014 he served as Executive Chairman of the Board). He also served as Chief Executive Officer of the Company from February 2008 until March 2013; as President of the Company from February 2006 through June 2010; as Chief Operating Officer of the Company from February 2006 to February 2008; and as Vice President of the Company from April 2005 to February 2006. Mr. Smith was Chairman of National Fuel Gas Distribution Corporation (1), National Fuel Gas Supply Corporation (1), Empire Pipeline, Inc. (1) and Seneca Resources Corporation (1) from April of 2008 until March of 2013. He was also previously President from April 2005 to July 2008 and Senior Vice President from June 2000 to April 2005 of National Fuel Gas Supply Corporation (1), and President from July 1999 to April 2005 and Senior Vice President from January 1993 to July 1999 of National Fuel Gas Distribution Corporation (1). Mr. Smith was also President of Empire State Pipeline (1) from April 2005 through July 2008, and President or Chairman of various non-regulated subsidiaries of the Company. He is a Board member of Gas Technology Institute (Executive Committee and Audit Committee), Emeritus Board member of the State University of New York at Buffalo Law School Dean s Advisory Council, a former director of the American Gas Association and former Chairman of the Board of Directors of the Business Council of New York State.

(1) Wholly-owned subsidiary of the Company.

Qualifications

Mr. Smith brings to the Board significant industry and Company expertise and leadership experience. His 36 year tenure with the Company and time in key leadership positions within all of the Company s business segments has resulted in significant knowledge of the Company s history and strategies during its substantial growth from a regional utility to a much larger diversified energy company. He also brings a long and active participation in industry groups that identify and address important issues facing the Company and has well-established relationships of trust with other industry leaders. In addition, Mr. Smith has deep ties to businesses and civic organizations in Western New York (the location of the Company s corporate headquarters and most of its business units). His experience as an active participant during decades of regulatory evolution at the state and federal levels provides valuable perspective and insight into the political and regulatory trends impacting a significant portion of the Company s business.

National Fuel Gas Company Board Committees

Executive, Chair

Financing

Education

State University of New York at Fredonia, B.A in political science

State University of New York at Buffalo School of Law, J.D.

Table of Contents

Directors Whose Terms Expire in 2018

Philip C. Ackerman	**Age:** 73	**Director since:** 1994

Mr. Ackerman was Chief Executive Officer of the Company from October 2001 to February 2008, Chairman of the Board of the Company from January 2002 to March 2010 and President of the Company from July 1999 to February 2006. Mr. Ackerman also served as the Company s Principal Financial Officer from 1981 to 2001. He was also President of National Fuel Gas Distribution Corporation (1) from October 1995 to July 1999 and Executive Vice President from June 1989 to October 1995, Executive Vice President of National Fuel Gas Supply Corporation (1) from October 1994 to March 2002, President of Seneca Resources Corporation (1) from June 1989 to October 1996, President of Horizon Energy Development, Inc. (1) from September 1995 to March 2008 and President of certain other non-regulated subsidiaries of the Company from prior to 1992 to March 2008. He is a past Director of the Business Council of New York State, prior Chairman of the Erie County Industrial Development Agency and current member of the Board of Managers of the Buffalo Society of Natural Sciences. Mr. Ackerman is formerly a Director of Associated Electric and Gas Insurance Services Limited, a mutual insurance company that provides insurance coverage and related risk management services to the utility and energy industries.

(1) Wholly-owned subsidiary of the Company.

Qualifications

Mr. Ackerman s more than 40 years involvement with the Company, including his experience as President (or Executive Vice President) of all of the Company s major subsidiaries and as the Principal Financial Officer of the Company, provides the Board with an in-depth strategic perspective on the Company, as well as an understanding of the Company s financials. During his tenure with the Company Mr. Ackerman increased its presence in all phases of the energy business; National Fuel grew from a regional utility company with $300 million in assets to a fully integrated energy company with over $5.1 billion in assets. Mr. Ackerman s experience as a Director of Associated Electric and Gas Insurance Services Limited provides the Board with a useful perspective on risks and management of risk in the natural gas industry. Mr. Ackerman is a significant and long-standing retail stockholder, which provides the Board the perspective of the Company s retail stockholders, who represent a significant portion of the Company s stockholder ownership.

National Fuel Gas Company Board Committees

Executive

Financing, Chair

Education

State University of New York at Buffalo, B.S. in accounting

Harvard University Law School, J.D.

Stephen E. Ewing	**Age:** 72	**Director Since:** 2007

Mr. Ewing served as Vice Chairman of DTE Energy Company (DTE), a Detroit-based diversified energy company involved in the development and management of energy-related businesses and services nationwide, from November 2005 to December 2006. Two of DTE s subsidiaries are DTE Electric Company (formerly known as Detroit Edison), one of the nation s largest electric utilities, and DTE Gas Company (formerly known as Michigan Consolidated Gas Company, or MichCon), one of the nation s largest natural gas local distribution companies. Mr. Ewing also had responsibility for DTE s exploration and production subsidiary, DTE Gas Resources, with operations in the Antrim and Barnett Shale. He was also, at various times, Group President of the Gas Division at DTE, President and Chief Operating Officer of MCN Energy Group, Inc. (the then

Table of Contents

parent of MichCon and a company which had utility, pipeline and storage, and exploration and production businesses) and President and Chief Executive Officer of MichCon, until it was acquired by DTE. He was also Chairman of the Board of Directors of the American Gas Association for 2006, a member of the National Petroleum Council, and Chairman of the Midwest Gas Association and the Natural Gas Vehicle Coalition. He is a past Trustee and past Chairman of the Board of The Skillman Foundation, a not-for-profit foundation focused on providing education for low-income children, immediate past Chairman of the Auto Club of Michigan and immediate past Chairman of the Board of the Auto Club Group (AAA).

Qualifications

With his extensive background in executive management at energy companies with regulated businesses, Mr. Ewing provides valuable perspective on the Company s operations. Through his senior leadership positions at MichCon, MCN Energy and, ultimately, DTE, he has expertise in managing pipeline and utility northern U.S. natural gas operations. This experience, coupled with his oversight of DTE s exploration and production subsidiary s operations in the Antrim and Barnett Shale, provides the Board with significant insight into the Company s integrated operations. In addition, his current position as a director of another northern energy company, CMS Energy, provides a current perspective on natural gas regulation. Mr. Ewing is the Company s Lead Independent Director.

National Fuel Gas Company Board Committees

Audit

Compensation, Chair

Financing

Current Public Company Directorships

CMS Energy Corporation

Education

DePauw University, B.A.

Michigan State University, MBA

Harvard Advanced Management Program

Craig G. Matthews	**Age:** 74	**Director Since:** 2005

Mr. Matthews served, from February 2004 to December 2004, as President, Chief Executive Officer and Director of NUI Corporation, a diversified energy company acquired by AGL Resources Inc. on November 30, 2004. From March 2001 to March 2002, he was Vice Chairman and Chief Operating Officer of KeySpan Corporation (KeySpan , previously Brooklyn Union Gas Co.) a natural gas utility company. Mr. Matthews held numerous additional positions over a 36 year career at KeySpan, including Executive Vice President, Chief Financial Officer and President. Mr. Matthews is a member and former Chairman of the Board of Trustees, Polytechnic Institute of New York University. He is a member and founding Chairman of the New Jersey Salvation Army Advisory Board and a member of the National Salvation Army Advisory Board. He is also a Trustee of Odyssey Networks, a faith-based organization.

Qualifications

Mr. Matthews brings to the Board significant expertise in the energy industry, including executive, managerial and financial experience, having spent over 37 years with KeySpan and NUI Corporation. His background is broad, having had responsibility for marketing, information systems, engineering, finance and strategic planning. His experience in applying accounting principles and developing financial strategy at energy companies make him a valuable asset and

11

Table of Contents

highly qualified for his service as Chairman of the Company s Audit Committee. As further described below, Mr. Matthews qualifies as an Audit Committee Financial Expert under the Securities and Exchange Commission Rules.

National Fuel Gas Company Board Committees

Audit, Chair

Compensation

Executive

Financing

Former Public Company Directorships

NUI Corporation

KeySpan Corporation

Houston Exploration Company (formerly a subsidiary of KeySpan Corporation)

Hess Corporation (formerly Amerada Hess Corporation), 2002-2013

Staten Island Bancorp, Inc.

Other Former Company Directorships

Republic Financial Corporation, 2007-2015

Education

Rutgers University, B.S. in civil engineering

Brooklyn Polytechnic University, M.S. in industrial management

NYU/POLY, Doctor of Engineering (Honorary)

Annual Meeting Attendance

Last year, all directors then serving attended the 2016 Annual Meeting, and all directors are expected to do so this year. A meeting of the Board of Directors will take place on the same day and at the same place as the Annual Meeting and directors are expected to attend all meetings. If a director is unable to attend a Board meeting in person, participation by telephone is permitted and in that event the director may not be physically present at the Annual Meeting of Stockholders.

Director Independence

The Board of Directors has determined that directors Ackerman, Carroll, Ewing, Jaggers, Matthews, Ranich, Shaw and Skains are independent, that Mr. Smith is not independent due to his past employment relationship with the Company, which concluded March 31, 2014, and that Mr. Tanski is not independent due to his current employment relationship with the Company. The Board s determinations of director independence were made in accordance with the listing standards of the New York Stock Exchange (the NYSE) and SEC regulations. In making its independence determinations, the Board considered that Mr. Carroll is President and Chief Executive Officer of GTI, an organization that receives payments from the Company for dues and fees to support research and development, and that such payments in each of GTI s last three fiscal years were less than (i) $1,000,000 or (ii) 2% of GTI s consolidated gross revenues for the applicable fiscal year. Former director Ronald W. Jibson, whose Board service ended June 9, 2016, had been determined by the Board to be independent.

Board Leadership Structure

In March 2016, the Board of Directors re-elected Mr. Smith as Chairman of the Board and re-elected Mr. Tanski as President and Chief Executive Officer. The Board believes that Mr. Smith s role as Chairman and Mr. Tanski s position as Chief Executive Officer, since March 2013, is an effective leadership model given Mr. Smith s past experience in the role of CEO and his experience as Chairman of the Board and Mr. Tanski s experience as CEO. The Board believes this is the optimal leadership structure at this time and reviews and considers this structure at least annually. As in the past, it is the Board s opinion that the stockholders interests are best served by allowing the Board to retain flexibility to determine the optimal organizational structure for the Company at a given time, including whether the Chairman role should be filled by the CEO who serves on the Board. At times in the past the roles have been separate and at other times they have been combined. The members of the Board possess considerable experience and unique knowledge of the challenges and opportunities the Company faces, have significant industry experience and are in the best position to evaluate its needs and how best to organize the capabilities of the directors and management to meet those needs.

Non-management directors meet at regularly scheduled executive sessions without management. In addition, the independent directors met once during fiscal 2016, in accordance with NYSE listing requirements. The session was chaired by Stephen E. Ewing, as Lead Independent Director. The Board of Directors provides a process for stockholders and other interested parties to send communications to the Board or to certain directors. Communications to the Lead Independent Director, to the non-management directors as a group, or to the entire Board should be addressed as follows: Lead Independent Director, c/o 6363 Main Street, Williamsville, NY 14221. For the present, all stockholder and interested parties communications addressed in such manner will go directly to the indicated directors. If the volume of communication becomes such that the Board determines to adopt a process for determining which communications will be relayed to Board members, that process will appear on the Company s website at www.nationalfuelgas.com.

Diversity

Under the Company s Corporate Governance Guidelines, the Board of Directors is required, when selecting candidates for re-election and candidates for Board membership, to consider factors that include a diversity of experience related to the business segments in which the Company operates, as well as a diversity of perspectives to be brought to the Board by the individual members. In recent years, National Fuel s Nominating/Corporate Governance Committee, which makes recommendations to the full Board on nominees for director positions, has pursued qualified potential candidates to stand for election to the Board, with a particular focus on candidates who would increase gender diversity. In June 2016, Ms. Rebecca Ranich joined the Board. The Board also believes it noteworthy that there is no lack of progress for women at National Fuel s top corporate levels, as three of the Company s eight executive officers are women. These officers hold the following important policy-making positions: Controller and Principal Accounting Officer; Senior Vice President and General Counsel (our chief legal officer) who also serves as the Company s Corporate Secretary and Compliance Officer; and the Vice President of Business Development, who oversees many of the company s non-exploration and production development plans.

Meetings of the Board of Directors and Standing Committees

In fiscal 2016, there were eight meetings of the Board of Directors. In addition, directors attended meetings of standing or pro tempore committees. The Audit Committee held nine meetings, the Compensation Committee held five meetings, and the Nominating/Corporate Governance Committee held four meetings. During fiscal 2016, all directors attended at least 75% of the aggregate of meetings of the Board and of the committees of the Board on which they served.

Table of Contents

The table below shows the number of meetings conducted in fiscal 2016 and the directors who serve or did serve during fiscal 2016 on these committees. As previously announced, Mr. Ronald W. Jibson resigned from the Board on June 9, 2016, due to a then-pending change in his professional responsibilities in connection with the merger of Questar Corporation with a subsidiary of Dominion Resources, Inc.

	BOARD COMMITTEES			
DIRECTOR	**Audit**	**Compensation**	**Executive**	**Nominating/ Corporate Governance**
Philip C. Ackerman			X	
David C. Carroll			X	X
Stephen E. Ewing	X	X (Chair)		
Joseph N. Jaggers	X	X		X
Ronald W. Jibson		X		X*
Craig G. Matthews	X (Chair)	X	X	
Rebecca Ranich				X
Jeffrey W. Shaw	X			X (Chair)*
David F. Smith			X (Chair)	
Ronald J. Tanski			X	
Number of Meetings in Fiscal 2016	9	5	0	4

* Mr. Jibson stepped down as Chair on June 9, 2016 and was succeeded by Mr. Shaw.

Audit

The Audit Committee is a separately designated standing audit committee established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended (the Exchange Act). The Audit Committee held nine meetings during fiscal 2016 in order to review the scope and results of the annual audit, to receive reports of the Company s independent registered public accounting firm and chief internal auditor, to monitor compliance with the Company s Reporting Procedures for Accounting and Auditing Matters (included in this proxy statement as Appendix A), to review the Company s enterprise risk management program and to prepare a report of the Committee s findings and recommendations to the Board of Directors. The members of the Committee are independent as independence for audit committee members is defined in NYSE listing standards and in SEC regulations. No Audit Committee member simultaneously serves on the audit committees of more than three public companies. The Board limits the number of audit committees on which an Audit Committee member can serve to three, unless the Board has determined that such simultaneous service would not impair the ability of such members to serve effectively. The Company s Board of Directors has determined that the Company has two audit committee financial experts (as defined by SEC regulations) serving on its Audit Committee, namely Messrs. Matthews and Shaw, who are independent directors.

In connection with its review of the Company s internal audit function, the Audit Committee in 2016 had a Quality Assessment performed by the Institute of Internal Auditors (the IIA) that concluded that the Company s Audit Services Department conducts its audits in accordance with the IIA s *International Standards for the Professional Practice of Internal Auditing* (the Standards). The Standards state that an external Quality Assessment should be conducted at least once every five years.

Further information relating to the Audit Committee appears in this proxy statement under the headings Audit Fees and Audit Committee Report. A current copy of the Audit Committee charter is available to security holders on the Company s website at www.nationalfuelgas.com.

Compensation

As described in the Compensation Discussion and Analysis in this proxy statement, the Compensation Committee held five meetings during fiscal 2016, in order to review and determine the compensation of Company executive officers and to review reports and/or grant awards under the Company s 2010 Equity Compensation Plan, the 2012 Annual At Risk Compensation Incentive Program (AARCIP or the At Risk Plan), and the Executive Annual Cash Incentive Program (EACIP). The members of the Committee are independent as independence is defined in NYSE listing standards. The members of the Committee are also non-employee directors as defined in SEC regulations and outside directors as defined in Federal tax regulations. A current copy of the charter of the Compensation Committee is available to security holders on the Company s website at www.nationalfuelgas.com.

The Compensation Committee is responsible for various aspects of executive compensation, including approval of the base salaries and incentive compensation of the Company s executive officers. The Compensation Committee is authorized to evaluate director compensation and make recommendations to the full Board regarding director compensation. The Compensation Committee may form subcommittees and delegate to those subcommittees such authority as the Committee deems appropriate, other than authority required to be exercised by the Committee as a whole. The Compensation Committee also administers the Company s 2010 Equity Compensation Plan, the 1997 Award and Option Plan, and the At Risk Plan, and approves performance conditions and target incentives for executive officers who are participants in the EACIP. As described more fully in the Compensation Discussion and Analysis, the Compensation Committee retained Hay Group (a unit of Korn/Ferry International) and Meridian Compensation Partners, LLC, both independent compensation consulting firms, to assist in determining executive compensation. In addition, as set forth in the Compensation Committee s charter, the Chief Executive Officer may and does make, and the Committee may and does consider, recommendations regarding the Company s compensation and employee benefit plans and practices. The Committee then approves executive compensation as it deems appropriate. The Compensation Committee has assessed the independence of the compensation consultants under NYSE listing standards and has determined their work presents no conflicts of interest under SEC regulations.

Executive

The Executive Committee did not meet during fiscal 2016. The Committee has, and may exercise, the authority of the full Board, except as may be prohibited by New Jersey corporate law (N.J.S.A.§ 14A:6-9).

Nominating/Corporate Governance

All the members of the Nominating/Corporate Governance Committee are independent, as independence is defined in NYSE listing standards. The Committee makes recommendations to the full Board on nominees for the position of director. The Committee also has duties regarding corporate governance matters as required by law, regulation or NYSE rules. The Committee held four meetings during fiscal 2016. Stockholders may recommend individuals to the Committee to consider as potential nominees. Procedures by which stockholders may make such recommendations are set forth in Exhibit B to the Company s Corporate Governance Guidelines, described in the following paragraph. In addition, the Company s By-Laws provide a process for stockholders meeting certain requirements to have nominees included in the Company s proxy materials.

In general, the Nominating/Corporate Governance Committee s charter provides for the Committee to develop and recommend to the Board criteria for selecting new director nominees and evaluating unsolicited nominations, which criteria are included in this proxy statement as part of the Company s Corporate Governance Guidelines. A current copy of the charter of the Committee is available to stockholders on the Company s website at www.nationalfuelgas.com and in print to stockholders who request a copy from the Company s Secretary at its principal office. A current copy of the Corporate Governance Guidelines is included in this proxy statement as Appendix B, and is available to stockholders on the Company s website at www.nationalfuelgas.com. Appendix B also addresses the qualifications and skills the Committee believes are necessary in a director, and the Committee s consideration of stockholder recommendations for director. Pursuant to the Corporate Governance

Table of Contents

Guidelines, stockholder recommendations identifying a proposed nominee and setting out his or her qualifications should be delivered to the Company s Secretary at its principal office no later than September 22, 2017 in order to be eligible for consideration in connection with the 2018 Annual Meeting of Stockholders.

Under the process for selecting new Board candidates, the Chairman and the Chief Executive Officer and the Committee discuss the need to add a new Board member or to fill a vacancy on the Board. The Committee will initiate a search, working with staff support and seeking input from Board members and senior management, hiring a search firm if necessary, and considering candidates recommended by stockholders in accordance with Exhibit B to the Corporate Governance Guidelines.

Method of Evaluating Board and Committee Effectiveness

Annually, the Board and each of the Audit Committee, Compensation Committee and Nominating/Corporate Governance Committee take part in a self-evaluation process to determine their effectiveness and opportunities for improvement. Questionnaires are provided to each director soliciting comments with respect to dynamics of the full Board and each of the above committees, on which the director serves, as well as director performance and adequacy of Board materials. The confidential responses are summarized for Board and committee review. Board members are requested to report dissatisfaction with individual performance to the Chairman of the Board and the Chairman of the Nominating/Corporate Governance Committee. At a Board and Nominating/Corporate Governance Committee meeting, time is allocated to discuss the summary and review any comments or inadequacies.

Charitable Contributions by Company

Within the preceding three years, the Company did not make any charitable contributions to any charitable organization in which a director served as an executive officer which exceeded the greater of $1 million or 2% of the charitable organization s consolidated gross revenues in a single fiscal year.

Compensation Committee Interlocks and Insider Participation

There are no Compensation Committee interlocks or insider participation which SEC regulations or NYSE listing standards require to be disclosed in this proxy statement.

Risk Oversight

The Company has an enterprise risk management program developed by senior management and the Board and overseen by the CEO. Under this program, major enterprise-wide risks have been identified, along with the mitigative measures to address and manage such risks. At each quarterly meeting of the Audit Committee, to which all Directors are invited and typically attend, the major risks and associated mitigative measures are reviewed. At each Board meeting, a specific presentation is made regarding one or two specific areas of risk. Additional review or reporting on enterprise risks is conducted as needed or as requested by the Board.

Related Person Transactions

The Company had no related person transactions in fiscal 2016. The Company s Code of Business Conduct and Ethics (the Code of Conduct) (which is in writing and available to stockholders as described at the end of this proxy statement) identifies the avoidance of any actual or perceived conflicts between personal interests and Company interests as an essential part of the responsibility of the Company s directors, officers and employees. The Code of Conduct provides that a conflict of interest may arise when a director, officer or employee receives improper personal benefits as a result of his or her position in the Company, or when personal situations tend to influence or compromise a director s, officer s or employee s ability to render impartial business decisions in the best interest of the Company. Potential conflicts of interest under the Code of Conduct would include but not be limited to related

Table of Contents

person transactions. The Audit Committee administers the Code of Conduct as it relates to the Company s directors and executive officers.

The Company s policies and procedures for the review, approval or ratification of related person transactions are set forth in writing in the charter of the Audit Committee. The charter provides that the Audit Committee will review and, if appropriate, approve or ratify any transaction between the Company and a related person which is required to be disclosed under SEC rules. In the course of its review of a transaction, the Audit Committee will consider the nature of the related person s interest in the transaction, the material terms of the transaction, the significance of the transaction to the related person and to the Company, whether the transaction would affect the independence of a director, and any other matters the Audit Committee deems appropriate. The Audit Committee will approve or ratify only those transactions that it considers to be in, or not inconsistent with, the best interests of the Company and its stockholders, as the Audit Committee determines in good faith. Any member of the Audit Committee who is a related person with respect to a transaction under review may not participate in the deliberations or vote respecting approval or ratification of the transaction.

Directors Compensation

The 2009 Non-Employee Director Equity Compensation Plan was approved at the 2009 Annual Meeting of Stockholders, amended and restated December 8, 2015, and reapproved at the 2016 Annual Meeting of Stockholders (Director Equity Compensation Plan). This plan provides for the issuance of shares on a quarterly basis to non-employee directors in such amounts as the Board may determine from time to time. In addition, non-employee directors receive a portion of their compensation in cash, as determined by the Board from time to time. Directors who are not Company employees or retired employees do not participate in any of the Company s employee benefit or compensation plans. Directors who are current employees receive no compensation for serving as directors.

In fiscal 2016, non-employee directors, with the exception of the Chairman of the Board, were paid an annual retainer of $54,800 plus 2,400 shares of Common Stock. The directors received this annual retainer in quarterly payments of $13,700 and 600 shares of stock. Payments were pro-rated for any quarter in which a director began service or was scheduled in advance to retire. Common Stock issued to non-employee directors under the Director Equity Compensation Plan is nontransferable until the later of two years from issuance or six months after the recipient s cessation of service as a director of the Company, except that transferability restrictions lapse upon the death of the recipient.

The Company does not pay non-employee directors a per-meeting fee for meetings of the Board, except that each non-employee director receives a fee of $1,800 for attendance at any meeting of the Board in excess of six meetings per year. Fees paid to non-employee directors for each committee meeting are $1,800. The Lead Independent Director (Mr. Ewing) was paid an additional annual retainer of $15,000, and the Chairmen of the Audit, Compensation and Nominating/Corporate Governance Committees (Messrs. Matthews, Ewing and Shaw, respectively) were each paid an additional annual retainer of $15,000.

For part of fiscal 2016, in place of the above-described director compensation, Mr. Smith, as Chairman of the Board of Directors, received director compensation under a Director Services Agreement (as amended, the Agreement). In particular, from October 1, 2015 through the date of expiration of the Agreement, March 10, 2016, Mr. Smith received compensation under the Agreement at a rate of $400,000 per year. Since expiration of the Agreement, Mr. Smith has received the same compensation made available to other non-employee directors of the Company, provided that Mr. Smith receives an additional retainer of $20,000 on the first business day of each quarter that he serves as Chairman.

The Company requires that each director, in order to receive compensation for service as a director, must beneficially own at least 2,000 shares of Common Stock at the end of the first year of service as a director, at least 4,000 shares at the end of the second year of service and at least 6,000 shares at the end of the third year of service. All directors are in compliance with this requirement.

Table of Contents

The following table sets forth the compensation paid to each non-employee director for service during fiscal 2016:

DIRECTOR COMPENSATION TABLE FISCAL 2016

Name	Fees Earned or Paid in Cash ($)(1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)(3)	Total ($)
Philip C. Ackerman	58,400	119,832	None	None	N/A	10	178,242
David C. Carroll	65,600	119,832	None	None	N/A	10	185,442
Stephen E. Ewing	113,600	119,832	None	None	N/A	10	233,442
Joseph N. Jaggers	76,400	119,832	None	None	N/A	10	196,242
Ronald W. Jibson(4)	53,700	85,692	None	None	N/A	8	139,400
Craig G. Matthews	98,600	119,832	None	None	N/A	10	218,442
Rebecca Ranich	16,554	36,672	None	None	N/A	3	53,229
Jeffrey W. Shaw	96,800	119,832	None	None	N/A	10	216,642
David F. Smith	252,074	70,981	None	None	N/A	10	323,065

(1) Except for Mr. Smith, represents the portion of the annual retainer paid in cash, plus meeting fees, plus an additional annual retainer for service as a committee Chairman, and as Lead Independent Director, as applicable. For Mr. Smith, represents the fee paid under his Director Services Agreement prior to its expiration, plus, after such expiration, the portion of the annual retainer paid in cash, plus an additional annual retainer for service as Chairman of the Board.

(2) Represents the aggregate fair value on the date of issuance of the Common Stock issued under the Director Equity Compensation Plan, as required by the Financial Accounting Standards Board s (FASB s) authoritative guidance for stock compensation. The average of the high and low stock price on each date of issuance was used to compute the fair value. The average prices (and resultant values of the Stock Awards) were as follows: $50.235 for October 1, 2015 (stock in total valued at $30,141); $42.595 for January 4, 2016 (stock in total valued at $25,557); $49.615 for March 16, 2016 (stock in total valued at $6,847 for pro-rated grant to Mr. Smith); $49.99 for April 1, 2016 (stock in total valued at $29,994); $55.045 for June 29, 2016 (stock in total valued at $2,532 for pro-rated grant to Ms. Ranich); and $56.90 for July 1, 2016 (stock in total valued at $34,140). In accordance with the terms of the Director Equity Compensation Plan, Mr. Smith and Ms. Ranich received a pro-rated portion of the payment for the quarter ended March 31, 2016 and June 30, 2016, respectively. As of September 30, 2016, the aggregate shares paid for all years of director service under director compensation plans to directors Ackerman, Carroll, Ewing, Jaggers, Jibson, Matthews, Ranich, Shaw and Smith are 13,289, 9,469, 17,346, 3,132, 5,316, 19,741, 646, 5,916 and 1,338, respectively.

(3) Represents premiums paid on a blanket travel insurance policy, which covers each director up to a maximum benefit of $500,000. This insurance provides coverage in case of death or injury while on a trip for Company business.

(4) Mr. Jibson resigned from the Board on June 9, 2016.

AUDIT FEES

In addition to retaining PricewaterhouseCoopers LLP to report on the annual consolidated financial statements of the Company for fiscal 2016, the Company retained PricewaterhouseCoopers LLP to provide various non-audit services in fiscal 2016. The aggregate fees billed for professional services by PricewaterhouseCoopers LLP for each of the last two fiscal years were as follows:

	2015	2016
Audit Fees(1)	$ 2,279,200	$ 2,130,500

Audit-Related Fees(2)	$ 0	$ 0
Tax Fees		
Tax advice and planning(3)	$ 19,300	$ 21,000
Tax compliance(4)	$ 81,800	$ 54,158
All Other Fees(5)	$ 55,989	$ 3,589
TOTAL	$ 2,436,289	$ 2,209,247

(1) Audit Fees include audits of consolidated financial statements and internal control over financial reporting, reviews of financial statements included in quarterly Forms 10-Q, comfort letters and consents, and audits of certain of the Company s wholly-owned subsidiaries to meet statutory or regulatory requirements.

Table of Contents

(2) Audit-Related Fees include audits of certain of the Company s wholly-owned subsidiaries not required by statute or regulation, and consultations concerning technical financial accounting and reporting standards.

(3) Tax advice and planning includes consultations on various federal, state and foreign tax matters.

(4) Tax compliance includes tax return preparation and tax audit assistance.

(5) All Other Fees relate to permissible fees other than those described above and include consulting fees and the software-licensing fee for an accounting and financial reporting research tool.

The Audit Committee s charter (available on the Company s website at www.nationalfuelgas.com and in print to stockholders who request a copy from the Company s Secretary at its principal office) references its pre-approval policies and procedures. The Committee has pre-approved the use of PricewaterhouseCoopers LLP for specific types of services, including various audit and audit-related services and certain tax services, among others. The chair of the Committee and, in his absence, another specified member of the Committee are authorized to pre-approve any audit or non-audit service on behalf of the Committee. Each pre-approval is to be reported to the full committee at the first regularly scheduled committee meeting following such pre-approval.

For fiscal 2016, none of the services provided by PricewaterhouseCoopers LLP were approved by the Audit Committee in reliance upon the de minimis exception contained in Section 202 of Sarbanes-Oxley and codified in Section 10A(i)(1)(B) of the Exchange Act and in 17 CFR 210.2-01(c)(7)(i)(C).

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee is composed solely of four directors who meet the independence and financial literacy requirements of the NYSE and the SEC. The Audit Committee Chairman, Craig G. Matthews, and member Jeffrey W. Shaw each qualify as an audit committee financial expert as defined by the SEC. The responsibilities of the Audit Committee are set forth in the Audit Committee Charter, last amended June 9, 2016, a copy of which is available on the Company s website at **http://investor.nationalfuelgas.com/for-investors/corporate-governance/committee-charters/default.aspx#mem**.

The Audit Committee reviews the integrity of the Company s financial statements and oversees the scope of work of the Audit Services Department. That scope includes reviewing the accuracy, reliability and integrity of financial and operational information and the means used to identify, measure, classify and report such information. The Audit Committee also directly appoints, retains, compensates, evaluates, terminates and oversees the work of the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, and such firm must report directly to the Audit Committee. In addition to those responsibilities, with respect to the independent auditor, the Audit Committee:

- reviews and evaluates the annual engagement letter, including the independent auditor s proposed fees;
- reviews, evaluates and monitors the annual audit plan and its progression, including the timing and scope of audit activities;
- annually reviews and evaluates the qualifications, performance and independence of the independent auditor, including the lead partner, and ensures that the lead partner and any other audit partners are rotated at appropriate intervals in compliance with applicable laws, rules and regulations;
- reviews and evaluates the independent auditor report describing internal quality-control procedures and any material issues raised by the most recent internal quality-control review of the independent auditors or outside inquiry or investigation; and
- reviews the independent auditor report describing all relationships between the independent auditor and the Company, including a list of the fees billed for each category, in order to assess the independent auditor s independence.

Management is responsible for the Company s consolidated financial statements and for establishing, maintaining, and assessing internal control over financial reporting. PricewaterhouseCoopers LLP, the Company s independent auditor, is responsible for expressing opinions on the conformity of the Company s audited financial statements with generally accepted accounting principles and on the Company s internal control over financial reporting.

In fulfilling its responsibilities, the Audit Committee has reviewed and discussed the Company s audited financial statements for fiscal 2016 with management. The Audit Committee has also reviewed with management its evaluation of the structure and effectiveness of the Company s internal control over financial reporting. The Audit Committee has discussed with PricewaterhouseCoopers LLP the matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees,* as adopted by the Public Company Accounting Oversight Board (PCAOB). The Audit Committee has received the written disclosures and the letter from PricewaterhouseCoopers LLP required by Rule 3526, *Communication with Audit Committees Concerning Independence*, of the PCAOB and has discussed with PricewaterhouseCoopers LLP that firm s independence. The Audit Committee also has considered whether PricewaterhouseCoopers LLP s level of fees and provision of non-audit services to the Company and its affiliates are compatible with PricewaterhouseCoopers LLP s independence and has concluded that PricewaterhouseCoopers LLP is independent from the Company and its management.

Table of Contents

Based on the review, discussions and considerations referred to in the preceding paragraph, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Company s Annual Report on Form 10-K for fiscal 2016 for filing with the SEC.

AUDIT COMMITTEE

Craig G. Matthews, Chairman

Stephen E. Ewing

Joseph N. Jaggers

Jeffrey W. Shaw

21

Table of Contents

SECURITY OWNERSHIP OF CERTAIN

BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth for each current director, each nominee for director, each of the executive officers named in the Fiscal 2016 Summary Compensation Table, and for all directors and executive officers as a group, information concerning beneficial ownership of Common Stock. The Common Stock is the only class of Company equity securities outstanding. Unless otherwise stated, to the best of the Company s knowledge, each person has sole voting and investment power with respect to the shares listed, including shares which the individual has the right to acquire through exercise of stock appreciation rights (SARs) but has not done so. Security holdings are as of November 30, 2016.

Name of Beneficial Owner	Exercisable SARs(1)	Shares Held in ESOP(2)	Shares Held in 401(k) Plan(3)	Restricted Stock(4)	Shares Otherwise Beneficially Owned(5)	Percent of Class(6)
Philip C. Ackerman	0	0	0	0	937,186(7)	1.10%
David P. Bauer	4,294	0	6,827	0	13,922	*
Matthew D. Cabell	0	0	0	0	18,929	*
Carl M. Carlotti	2,859	128	13,931	0	50,576	*
David C. Carroll	0	0	0	0	10,744	*
Stephen E. Ewing	0	0	0	0	21,146	*
Joseph N. Jaggers	0	0	0	0	4,232	*
Craig G. Matthews	0	0	0	0	30,295	*
John P. McGinnis	3,858	0	6,404	20,000	41,874	*
John R. Pustulka	13,534	3,755	19,221	0	53,077	*
Rebecca Ranich	0	0	0	0	1,346	*
Jeffrey W. Shaw	0	0	0	0	6,616	*
Thomas E. Skains	0	0	0	0	100	*
David F. Smith	93,254	1,866	17,822	0	236,243(8)	*
Ronald J. Tanski	48,021	2,942	23,244	0	303,714(9)	*
Directors and Executive Officers as a Group (17 Total)	190,434	8,915	125,774	20,000	1,852,028	2.57%

* Represents beneficial ownership of less than 1% of issued and outstanding Common Stock.

(1) This column lists shares with respect to which each of the named individuals, and all directors and executive officers as a group (17 individuals), have the right to acquire beneficial ownership within 60 days of November 30, 2016, through the exercise of SARs granted under the 1997 Award and Option Plan and the 2010 Equity Compensation Plan. The shares included in this column for exercisable SARs equal the number of shares the officer would have received by exercising those SARs on November 30, 2016, when the fair market value was $56.99 per share. Until exercised, SARs have no voting power. The fair market value is the average of the high and low stock price on a specified date.

(2) This column lists shares held in the National Fuel Gas Company Employee Stock Ownership Plan (ESOP). The beneficial owners of these shares have sole voting power with respect to shares held in the ESOP, but do not have investment power respecting most of those shares until they are distributed.

(3) This column lists shares held in the Company Tax-Deferred Savings Plan for Non-Union Employees (TDSP), a 401(k) plan. The beneficial owners of these shares have sole voting and investment power with respect to shares held in the TDSP.

Table of Contents

(4) This column lists shares of restricted stock, certain restrictions on which had not lapsed as of November 30, 2016. Owners of restricted stock have power to vote the shares, but have no investment power with respect to the shares until the restrictions lapse.

(5) This column includes shares held of record and any shares beneficially owned through a bank, broker or other nominee.

(6) This column lists the sum of the individual s (or individuals) SARs and shares shown on this table, expressed as a percentage of the Company s outstanding shares and that individual s (or individuals) exercisable SARs.

(7) Includes 1,000 shares held by Mr. Ackerman s wife in a trust originally established for the benefit of her mother; 8,991 shares held by Mr. Ackerman s wife as trustee for her sister; 68,250 shares also held in trust, as to which shares Mr. Ackerman disclaims beneficial ownership; 580,580 shares held in five Grantor Retained Annuity Trusts (shares of 37,616, 49,714, 93,250, 200,000 and 200,000, respectively), as to which shares Mr. Ackerman disclaims beneficial ownership; and 220 shares with respect to which Mr. Ackerman shares voting and investment power with his wife.

(8) Includes 51,902 shares owned by Mr. Smith s wife, as to which Mr. Smith shares voting and investment power.

(9) Includes 614 shares owned jointly with Mr. Tanski s wife, as to which Mr. Tanski shares voting and investment power.

As of January 9, 2017, the Company knows of no one who beneficially owns in excess of 5% of the Common Stock, which is the only class of Company stock outstanding, except as set forth in the table below.

Name and Address of Beneficial Owner	Shares Held as Trustee for Company Employee Benefit Plans(1)	Shares Otherwise Beneficially Held	Percent of Class(2)
The Vanguard Group 100 Vanguard Boulevard Malvern, PA 19355	3,335,667	6,046,654(3)	11.00%
Mario J. Gabelli Gabelli & Company, Inc. One Corporate Center Rye, NY 10580	N/A	6,618,285(4)	7.76%
BlackRock, Inc 40 East 52nd Street New York, NY 10022	N/A	5,978,862(5)	7.01%
State Street Corporation One Lincoln Street Boston, MA 02111	N/A	5,766,747(6)	6.76%

(1) This column lists the shares held by Vanguard Fiduciary Trust Company, a wholly-owned subsidiary of The Vanguard Group, in its capacity as trustee for certain employee benefit plans. Vanguard Fiduciary Trust Company held 3,335,667 shares on behalf of the plans as of January 9, 2017, all of which have been allocated to plan participants. The plan trustee votes the shares allocated to participant accounts as directed by those participants. Shares held by the trustee on behalf of the plans as to which participants have made no timely voting directions are voted by the trustee in the same proportion as the shares of Common Stock for which the trustee received timely directions, except in the case where to do so would be inconsistent with provisions of Title I of ERISA. Vanguard Fiduciary Trust Company disclaims beneficial ownership of all shares held in trust by the trustee that have been allocated to the individual accounts of participants in the plans for which directions have been received, pursuant to Rule 13d-4 under the Exchange Act.

Table of Contents

(2) This column lists the sum of the shares shown on this table, expressed as a percentage of the Company s outstanding shares at January 9, 2017.

(3) The number of shares is derived from Amendment No. 3 to Schedule 13G filed on February 10, 2016 by The Vanguard Group. The filing states that The Vanguard Group has sole voting power with respect to 59,642 shares of Common Stock, shared voting power with respect to 3,800 shares of Common Stock, sole dispositive power with respect to 5,987,512 shares of Common Stock, and shared dispositive power with respect to 59,142 shares of Common Stock.

(4) The number of shares is derived from Amendment No. 10 to Schedule 13D filed on November 28, 2016 by Gabelli Funds, LLC, GAMCO Asset Management Inc., Gabelli & Company Investment Advisers, Inc., MJG Associates, Inc., Gabelli Foundation, Inc., MJG-IV Limited Partnership, GGCP, Inc., GAMCO Investors, Inc., Associated Capital Group, Inc., and Mario J. Gabelli.

(5) The number of shares is derived from Amendment No. 3 to Schedule 13G filed on January 27, 2016 by BlackRock, Inc. The filing states that BlackRock has sole voting power with respect to 5,685,509 shares of Common Stock, shared voting power with respect to zero shares of Common Stock, sole dispositive power with respect to 5,978,862 shares of Common Stock, and shared dispositive power with respect to zero shares of Common Stock.

(6) The number of shares is derived from Schedule 13G filed on February 16, 2016 by State Street Corporation. The filing states that State Street has sole voting power with respect to zero shares of Common Stock, shared voting power with respect to 5,766,747 shares of Common Stock, sole dispositive power with respect to zero shares of Common Stock, and shared dispositive power with respect to 5,766,747 shares of Common Stock.

EQUITY COMPENSATION PLAN INFORMATION

As of September 30, 2016

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	2,745,607(1)	$ 48.09(2)	2,819,709(3)
Equity compensation plans not approved by security holders	0	0	0
Total	2,745,607	$ 48.09	2,819,709

(1) The securities listed in column (a) include 876,468 shares of Common Stock which would be issued under performance-based awards outstanding at September 30, 2016 if the maximum level of performance is achieved under those awards. If actual performance falls below the maximum level of performance for these awards, fewer shares would be issued. In fact, although performance share awards granted in fiscal 2014 with a performance goal related to relative total return on capital were outstanding at September 30, 2016, none of the 86,968 shares related to those awards will be issued, as the performance

condition associated with those awards will not be achieved at a level high enough to trigger payment of the awards.

(2) The weighted-average exercise price in column (b) takes into account outstanding stock options and stock appreciation rights. It does not take into account outstanding RSUs or performance shares.

(3) Of the securities listed in column (c), 105,704 were available at September 30, 2016 for issuance pursuant to the Company s 2009 Non-Employee Director Equity Compensation Plan and 2,714,005 were available for future issuance under the 2010 Equity Compensation Plan.

EXECUTIVE COMPENSATION

Compensation Committee Report

The Compensation Committee of the Board of Directors (the Committee) has reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based upon this review and discussion, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and in the Company s Annual Report on Form 10-K for the fiscal year ended September 30, 2016.

COMPENSATION COMMITTEE

S. E. Ewing, Chairman

J. N. Jaggers

C. G. Matthews

T. E. Skains

Compensation Discussion and Analysis

EXECUTIVE SUMMARY

The Company s compensation policies and procedures encourage a culture of pay for performance and are strongly aligned with the long-term interests of the Company s stockholders. In fiscal 2013 and fiscal 2014, the Compensation Committee reviewed and revised certain aspects of the compensation program to incorporate feedback from stockholders. The Compensation Committee continued to employ the Company s revised compensation program in fiscal 2015 and, with slight modification, in fiscal 2016.

The Compensation Discussion and Analysis (CD&A) provides a detailed review of the Company s executive compensation program, including the goals of the program. The Committee retained two compensation consultants, Hay Group (Hay, a unit of Korn/Ferry International) and Meridian Compensation Partners, LLC (Meridian), to assist it in setting and monitoring the program. Overall, the Company s long-term performance and total direct compensation are in line with that of its peers.

2016 Say-on-Pay Vote and Stockholder Engagement

The 2016 Say-on-Pay advisory vote yielded a result of approximately 96% of votes cast in support of the compensation of the Company s named executive officers. The Board considered this outcome an indicator of stockholder support for the overall philosophy and structure of the Company s executive compensation policies and decisions. As in prior years, members of Company management continue to hold meetings with some of the Company s largest stockholders to obtain feedback on the Company s compensation program, among other topics. The Board and management believe that this engagement facilitates important dialogue from which we gather various viewpoints.

Changes to the Compensation Program Since Fiscal 2013

After meeting with many of our largest stockholders during the past few years and obtaining valuable feedback, the Company amended the compensation program to incorporate the following:

- ***Shifting Long-Term Performance Incentive to Equity*** Prior to fiscal 2013, the Company granted a combination of equity-based awards (restricted stock and stock appreciation rights) and performance-based cash awards tied to a total return on capital goal. In fiscal 2013, as an interim step prior to an in-depth review of its long-term incentive (LTI) approach, the Compensation Committee replaced the cash portion of the program with performance-based RSUs, utilizing the same relative total return on capital metric. **The performance condition associated with the RSUs granted in fiscal 2013 was not achieved at a level high enough to trigger payment of that award.**

Table of Contents

During fiscal 2014, the Company further revised the mix of LTI awards to be approximately two-thirds performance shares (split between two distinct relative performance metrics measured over three years against a peer group) and, as a retention tool, one-third time-vested RSUs (vesting ratably over a three-year period). **The applicable return on capital performance condition associated with one of the performance share awards granted in fiscal 2014 will not be achieved at a level high enough to trigger payment of that award. This award represents $741,411 of the CEO s 2014 compensation reflected in the Fiscal 2016 Summary Compensation Table under the Stock Awards column. Performance shares granted since fiscal 2014 will similarly be forfeited if applicable performance conditions are not met.**

In fiscal 2015 the Company retained the mix of LTI awards that it established in fiscal 2014 (two-thirds performance shares and one-third time-vested RSUs). For fiscal 2016, the Company revised the mix of LTI awards for certain named executive officers. In particular, for Messrs. Tanski, Pustulka, Carlotti and Cabell, the Compensation Committee granted the LTI award entirely in the form of performance shares, split between two distinct relative performance metrics measured over three years against a peer group. The Compensation Committee made this modification so as to further focus attention on the achievement of performance targets. For Messrs. Bauer and McGinnis, the Compensation Committee retained the mix of awards at two-thirds performance shares and one-third time-vested RSUs as an additional retention tool.

Adoption of Relative Performance Conditions As noted above, for fiscal 2014 and fiscal 2015, the Compensation Committee devoted two-thirds of the LTI award to performance shares. For fiscal 2016, depending on the particular executive, the Committee devoted either the entire LTI award or two-thirds of the LTI award to performance shares. The Committee established two distinct performance metrics: three-year total shareholder return (TSR) and three-year total return on capital (ROC), each relative to the Hay peer group.

The CEO is Required to Own Six Times Base Salary in Company Stock Our CEO s stock ownership is approximately 19 times his base salary as of November 30, 2016.

The Board and management consider it important to maintain a program of ongoing stockholder engagement, communication, and transparency, and as a result, the Company plans to continue engagement in the future.

Total Shareholder Return

The Company s one-year TSR was 11.7% for fiscal 2016. Average one-year TSR among the Company and its Hay peer group was 14.4%. The Company s one-year, three-year and five-year TSR for the periods ended upon the completion of fiscal 2016 were at the 15th, 54th and 31st percentile, respectively, of the Hay peer group.

CEO Compensation in Alignment with Peers

The Compensation Committee understands the importance of using benchmark data that reflects information from companies with comparable business segments over similar time periods. Reflected in the chart below is Hay s comparison of fiscal 2015 total direct compensation for the Company s CEO, Mr. Tanski, against that of CEOs in our Hay peer group. The total direct compensation of the Company s CEO for fiscal 2015, shown in the table below, is at the median of our peers.

Fiscal 2015 is the most recent complete fiscal year for which proxy statement data is available. It is not possible to compare 2016 compensation against the peer group because almost three quarters of the group maintains a fiscal year based on the calendar year, and will therefore not report 2016 compensation until months after this proxy statement is filed.

Table of Contents

CEO & President

Compared to CEO proxy data for fiscal year 2015

Company	Title	FYE Revenue (millions)	Market Cap as of 9/30/15 (millions)	Total Direct Compensation Actual	Total Direct Compensation Target
AGL Resources, Inc.	Chairman & CEO	$3,941	$7,329	$7,654,953	$6,771,369
Atmos Energy Corp.	President & CEO	$4,142	$5,898	$4,132,592	$3,769,362
Cabot Oil & Gas Corp.	Chairman, CEO & President	$1,357	$9,046	$8,710,693	$8,598,193
Energen Corp.	Chairman, President & CEO	$763	$3,929	$7,799,718	$7,356,304
EQT Corp.	Chairman & CEO	$2,340	$9,871	$10,712,635	$9,462,635
MDU Resources Group, Inc.	President & CEO	$4,192	$3,355	$2,518,737	$2,896,992
New Jersey Resources Corp.	Chairman, CEO & President	$2,734	$2,595	$4,706,350	$4,376,475
Questar Corp.	President, CEO & Chairman	$1,135	$3,411	$3,412,753	$3,383,837
Range Resources Corp.	Chairman, President & CEO	$1,597	$5,440	$9,691,463	$9,346,007
SM Energy Co.	President & CEO	$1,514	$2,177	$4,569,745	$4,594,476
Southwest Gas Corp.	President & CEO	$2,464	$2,744	$1,601,965	$1,633,843
UGI Corp.	President & CEO	$6,691	$6,016	$6,129,475	$5,874,390
Ultra Petroleum Corp.	Chairman, CEO & President	$839	$979	$3,020,000	$2,620,000
WGL Holdings, Inc.	Chairman & CEO	$2,660	$2,868	$3,680,891	$3,435,291
Whiting Petroleum Corp.	Chairman, President & CEO	$2,109	$3,117	$8,995,000	$9,495,000
Summary Statistics					
75th Percentile		$3,337	$5,957	$8,255,206	$7,977,249
Average		$2,565	$4,585	$5,822,465	$5,574,278
Median		$2,340	$3,411	$4,706,350	$4,594,476
25th Percentile		$1,436	$2,806	$3,546,822	$3,409,564
National Fuel Gas Co.	CEO & President	$1,761	$4,227	$4,706,878	$4,358,901
Percentile Rank		*38%*	*59%*	*50%*	*43%*

NOTES:

- *Total Direct Compensation = base salary + bonus + long-term incentives (target value for cash and grant date value for equity)*
- *AGL Resources completed its merger with Southern Company in July 2016.*
- *Questar became a wholly-owned subsidiary of Dominion Resources in September 2016.*
- *Ultra Petroleum filed for bankruptcy in April 2016.*

27

Table of Contents

OBJECTIVES OF THE EXECUTIVE COMPENSATION PROGRAM

The Company s executive compensation program is designed to attract, motivate, reward and retain executive talent in order to achieve the objectives that contribute to the overall success of the Company. The Company provides a total compensation program established by the Compensation Committee based on its business judgment after consultation with its compensation consultants. Total compensation for executive officers is comprised of the following components, each of which is addressed in greater detail below:

Compensation Component	Objectives	Key Features in 2016
Base Salary	Provide a fixed level of pay in recognition of day-to-day job performance.	Targeted range of the 50th to 75th percentile of peer median provided by independent compensation consultants.
	Attract, retain and motivate leadership with compensation reflecting specific responsibilities, experience and effectiveness.	Adjustments are made based on Compensation Committee members business judgment.
		Overall corporate performance is a factor for subjective consideration.
Annual Cash Incentive Compensation	Motivate performance toward, and reward achievement on, near-term financial, operating and individual goals.	Target awards are set as a percentage of base salary.
Long-Term Equity Incentive Compensation	Focus attention on managing the Company from a long-term investor s perspective to create long-term stockholder value.	Long-term compensation denominated in equity.
	Encourage executives and other managers to have a significant, personal investment in the Company through stock ownership.	For Messrs. Tanski, Pustulka, Carlotti and Cabell, entire LTI award granted as performance shares.
	Reward executives for longer-term performance of the Company relative to an industry peer group.	For Messrs. Bauer and McGinnis, two-thirds of LTI award granted as performance shares, one-third as time-based RSUs.
		Performance shares split between two distinct performance conditions three-year TSR and three-year ROC.
		Performance conditions are objective and measured relative to a recognized peer group.
		Retirement benefits consisting of:

Executive Health, Welfare, and Retirement Benefits	Provide executives with reasonable and competitive benefits commensurate with those in the regulated and unregulated energy industry.	1. a qualified defined contribution plan (401(k)); 2. a qualified non-contributory defined contribution plan

28

Table of Contents

Compensation Component	Objectives	Key Features in 2016
	Help the Company attract and retain high-caliber employees in high-level management positions.	(Retirement Savings Account or RSA) or qualified defined benefit plan (depending on year of hire); and
	Restore retirement benefits lost under qualified retirement plans as a result of Internal Revenue Code limits.	3. a non-qualified executive retirement plan and/or non-qualified tophat plan.
Change in Control Arrangements	Help assure that executives direct their attention to their duties, acting in the best interests of stockholders, notwithstanding potential for loss of employment in connection with a Change in Control.	Double-trigger provision to avoid providing benefits to officers who continue to enjoy employment with the Company after a Change in Control event. No tax gross-up on payment. Lump sum severance payment is reduced on a pro-rata basis if termination occurs between age 62 and 65.

Risk Assessment

The Board conducted a risk assessment of the Company s compensation programs during fiscal 2016. Based on the assessment, the Board concluded that the Company s compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Role of the Compensation Committee

The Committee comprised three directors during fiscal 2016. The Board added a fourth director, Mr. Skains, to the Committee in December 2016. All members of the Committee have been determined by the Board to be independent. The Committee administers the Company s compensation program for executive officers, setting base salaries and available incentive compensation ranges. The Committee exercises the authority delegated to it by the stockholders or the Board under the Company s cash and equity incentive compensation plans, which include:

Cash Compensation Plans

Short-Term

2012 Annual At Risk Compensation Incentive Plan (the At Risk Plan)

Executive Annual Cash Incentive Program (the EACIP)

Equity Compensation Plans

Long-Term

2010 Equity Compensation Plan

In addition, the Committee makes recommendations to the Board with respect to the development of incentive compensation plans and equity-based plans and changes in compensation for non-employee directors.

As described below, the Committee retained the services of independent compensation consultants to assist the Committee in administering the Company s compensation program. Further, as described earlier in this proxy statement, the members of the Committee have vast experience in the energy industry and/or as leaders of major corporations. In these roles, as well as through their experiences with the Company, the Committee has garnered extensive knowledge regarding the establishment of a competitive and properly focused compensation program for the Company s executive officers. In making the decisions discussed below, the Committee uses its subjective business judgment developed through its years of experience.

Role of the Chief Executive Officer

In making its subjective determinations with respect to named executive officers other than Mr. Tanski, the Committee discusses the information it receives from its compensation consultants with Mr. Tanski and seeks his recommendation as to the appropriate base salaries and target short-term and long-term incentive awards for each of these officers, based on Hay and Meridian recommendations and his assessment of their performance, contributions and abilities. Mr. Tanski also provides input to the Committee s compensation consultants with regard to the responsibilities of the Company s officers, to facilitate the consultants recommendations and comparisons of such officers and their positions to other positions in the marketplace. Mr. Tanski made no recommendations with regard to his own compensation.

Independent Compensation Consultants

The Compensation Committee utilizes recommendations of compensation consultants in exercising its business judgment as to compensation matters, including the selection of peer companies for compensation comparison purposes. The Committee retained the services of two independent compensation consultants, Hay and Meridian, to assist in setting and monitoring executive compensation: Meridian to benchmark compensation at the Company s exploration and production business and Hay to benchmark compensation at its other businesses.

Determining Our Peers

Because of the Company s diverse asset mix, selecting an appropriate peer group of companies requires a customized approach that calls for more critical thought than simple selection of a standard industry group, which may include utility companies without a presence in the broader natural gas industry. The Company s assets span the entire natural gas supply chain and include exploration and production (E&P), pipeline and storage, midstream, and natural gas utility operations. For compensation and performance comparisons, the Committee utilizes two separate peer groups. The Hay peer group is the primary peer group against which the Compensation Committee generally benchmarks named executive officer compensation and is intended to include a group of companies that, as a whole, represent our asset mix. Meridian assists in the formulation of a peer group that is targeted to evaluate our E&P business and the compensation of executives that oversee it. Both peer groups may change over time due to corporate transactions or as the Committee believes is warranted based on its business judgment. The Committee believes that the peer groups selected with the guidance of Hay and Meridian include a mix of companies that reflect businesses in which the Company participates, or with which it competes, as reflected in the tables below.

For the purpose of establishing 2016 compensation, the Compensation Committee reviewed the Hay peer group listed below. In addition, the Committee utilized the Hay peer group for purposes of setting relative performance conditions on LTI awards of performance shares.

Hay Group

Hay assists the Compensation Committee in evaluating and setting compensation for Company officers and officers employed by affiliate companies other than Seneca. Generally, Hay provides job evaluation to a wide range of companies through detailed position analysis based on proprietary information from multiple parent organizations and business units. Hay provides similar analysis for supervisory positions in the Company s regulated subsidiaries. Hay s job evaluation and benchmarking methodology allows for customizable job descriptions and organizational rankings that are specific to the Company but relative to industry benchmarks.

In fiscal 2016, for Company officers, and officers employed by affiliate companies other than Seneca, Hay provided an analysis of compensation practices with respect to the following forms of compensation compared to similar positions in the general industry and, where appropriate, in the energy industry based on Hay s proprietary databases:

1) Base Salary

2) Total Cash Compensation (base salary plus short-term cash incentive)

3) Total Direct Compensation (base salary plus short-term cash incentive plus long-term equity incentive)

Hay also made recommendations on incentive compensation target amounts to the Committee for:

1) Short-Term Cash Incentive

2) Long-Term Equity Incentive

Additionally, Hay provided a proxy analysis of base salary, incentive targets, total cash compensation, long-term incentive and total direct compensation for the offices of President and CEO of the Company, Treasurer and Principal Financial Officer of the Company, President of National Fuel Gas Distribution Corporation, and President of National Fuel Gas Supply Corporation, based on 2015 proxy data for the Company and the 15 energy companies in the peer group listed below. These 15 companies were selected for the peer group because each participates in one or more businesses that are similar to those of the Company:

	Hay Group Peer Companies	Exploration & Production	Natural Gas Utility	Pipeline & Storage
1	**AGL Resources Inc.**		X	X
2	**Atmos Energy Corporation**		X	X
3	**Cabot Oil & Gas Corporation**	X		
4	**Energen Corporation**	X	X	
5	**EQT Corporation**	X	X	X
6	**MDU Resources Group, Inc.**	X	X	X
7	**New Jersey Resources Corporation**		X	X
8	**Questar Corporation**	X	X	X
9	**Range Resources Corporation**	X		
10	**SM Energy Company**	X		
11	**Southwest Gas Corporation**		X	
12	**UGI Corporation**		X	
13	**Ultra Petroleum Corporation**	X		
14	**WGL Holdings, Inc.**		X	

15	**Whiting Petroleum Corporation**	X		
	TOTAL	**9**	**10**	**6**

The Compensation Committee reviews the members of the peer group from time to time, and makes adjustments, as it believes are warranted. The Compensation Committee revised the peer group used for purposes of establishing compensation for 2016. In particular, the Compensation Committee removed Northwest Natural Gas Company because of its relatively small size, and added WGL Holdings, Inc., a more comparably-sized company with regulated natural gas utility operations.

Table of Contents

Meridian Compensation Partners, LLC

Meridian assists the Committee in evaluating and setting compensation for employees at Seneca, including Seneca s President. Meridian also benchmarked Mr. Tanski s compensation and Mr. Bauer s compensation against the E&P peer group. The Committee requested these analyses for its use in supplementing the Hay-provided comparisons due to the importance of the Company s E&P segment and Mr. Tanski s and Mr. Bauer s management of that segment. The Committee selected Meridian due to its expertise in E&P industry compensation matters.

In fiscal 2016, Meridian provided an analysis for officers of Seneca and select officers of the Company of compensation practices with respect to the following forms of compensation compared to similar positions in the E&P industry:

1. Base Salary

2. Target Short-Term Incentive

3. Target Cash Compensation (base salary plus short-term incentive)

4. Long-Term Incentive

5. Total Target Compensation (base salary plus short-term and long-term incentive)

The Meridian analysis was based on data from Meridian s Proprietary Oil and Gas Compensation Database, supplemented by published survey data and available proxy data, from 19 E&P companies chosen by the Committee based on certain criteria, such as revenues, assets, and the nature of each company s operations in the E&P segment of the energy industry, that made them relatively comparable to the operations at Seneca. The companies in the 19-member peer group range in size from approximately $3.6 billion to $204 million in revenues (with a median of $828 million) and from approximately $13.6 billion to $1.9 billion in asset size (with a median of $3.1 billion). The peer group is:

	Meridian Compensation Partners Peer E&P Companies		
1	**Bill Barrett Corporation**	11	**PDC Energy**
2	**Carrizo Oil & Gas, Inc.**	12	**Penn Virginia Corporation**
3	**Comstock Resources Inc.**	13	**Range Resources Corporation**
4	**Eclipse Resources Corporation**	14	**Rosetta Resources Inc.**
5	**Energen Corporation**	15	**Sanchez Energy Corporation**
6	**EQT Corporation**	16	**SM Energy Company**
7	**Halcon Resources Corporation**	17	**Southwestern Energy Company**
8	**Jones Energy, Inc.**	18	**Ultra Petroleum Corporation**
9	**Oasis Petroleum**	19	**W&T Offshore Inc.**
10	**Parsley Energy, Inc.**		

The Committee reviews the members of this E&P peer group from time to time and makes adjustments, as it believes are warranted. For purposes of establishing compensation for 2016, the Compensation Committee reviewed the peer group and determined to remove Endeavor International, Energy XXI LTD, Laredo Petroleum Holdings, Resolute Energy Corporation and Swift Energy Company. The Committee added Eclipse Resources Corporation, Jones Energy, Inc., Parsley Energy, Inc. and Sanchez Energy Corporation. These revisions are a result of participation in Meridian s annual compensation survey, which provides Meridian with non-public compensation data.

32

Table of Contents

FISCAL 2016 TOTAL COMPENSATION

Base Salary

Base salaries provide a predictable base compensation for day-to-day job performance. The Committee reviews executive officer base salaries at calendar year-end and adjusts them, if it deems appropriate in its subjective business judgment, following review of its compensation consultants competitive analysis and upon consideration of the recommendations of the CEO. In addition, base salary may be adjusted during the calendar year when changes in responsibility occur. Base salary is not adjusted based on specific objective financial results, although overall corporate performance is reviewed by the Committee in its decision making process. The Committee does not use formulas; rather, it exercises its business judgment.

In establishing the base salary amount, for named executive officers other than those at Seneca, the Committee generally references the 50th percentile of the Hay Energy survey data. In its subjective business judgment, the Committee may pay between the 50th and 75th percentiles of the Hay data or a greater amount if it is necessary to attract, retain and motivate the individuals responsible for the success of the business enterprise. The Committee also considers overall corporate performance and an individual s specific responsibilities, experience (including time in position) and effectiveness and makes adjustments based on the Committee members business judgment and the CEO s recommendations. Given the size and importance to the Company of the E&P segment and the highly competitive nature of the Marcellus Shale, the Committee generally sets the base salary of Seneca s president somewhat above the 75th percentile of the Meridian survey data (though the Committee kept Mr. Cabell s base salary for calendar 2015 and calendar 2016 at the calendar 2014 level, as described below). The Committee generally references the Meridian survey data to target the total direct compensation of Seneca s president at approximately the 50th percentile of that data.

In setting Mr. Tanski s base salary for calendar year 2016, the Compensation Committee considered the Hay report indicating Mr. Tanski s then-current base salary was slightly below the 50th percentile of Hay s Energy Industry market data. For January 1, 2016, the Compensation Committee increased Mr. Tanski s base salary to $980,000, slightly above the 50th percentile mark.

In determining Mr. Bauer s base salary for calendar year 2016, the Committee referenced the Hay report and increased Mr. Bauer s salary to a level that approximated the Energy Industry 50th percentile for principal financial officers. Then, effective February 1, 2016, the Committee increased Mr. Bauer s base salary to an amount that was above the Energy Industry 50th percentile for principal financial officers but slightly below the Energy Industry 50th percentile for positions comparable to Mr. Bauer s newly added position, President of Supply Corporation. These Committee actions followed discussion with Mr. Tanski of Mr. Bauer s specific responsibilities, experience and effectiveness, and discussion of Mr. Bauer s increased responsibilities as President of Supply Corporation.

For calendar year 2016, upon consultation with Mr. Tanski, the Committee increased Mr. Pustulka s base salary, when he was President of Supply Corporation, to an amount that approximated the Energy Industry 50th percentile. Then, effective February 1, 2016, when Mr. Pustulka was promoted to Chief Operating Officer of the Company, the Committee increased his base salary by 9%. These decisions were in recognition of Mr. Pustulka s performance in the management of Supply Corporation and assumption of increased responsibilities as Chief Operating Officer of the Company.

The Board of Directors designated Mr. McGinnis an executive officer effective April 1, 2016, and he assumed the office of President of Seneca on May 1, 2016, upon Mr. Cabell s retirement. The Committee set Mr. McGinnis base salary as President of Seneca at a level generally comparable to the base salaries of the Presidents of Distribution Corporation and Supply Corporation. The Committee did not make any change to Mr. McGinnis annual or long-term incentive compensation in connection with his promotion.

For calendar year 2016, following discussion with Mr. Tanski, the Committee increased Mr. Carlotti s base salary to an amount that was between the Energy Industry 50th and 75th percentiles for positions comparable to Mr. Carlotti s position as Senior Vice President of Distribution Corporation. In addition, effective February 1, 2016, the Committee increased Mr. Carlotti s base salary to an amount that was slightly below the Energy Industry 50th percentile for positions comparable to his new position as President of Distribution Corporation. The increases were based on the Committee s and Mr. Tanski s assessment of Mr. Carlotti s attention to customer service, safety and oversight of budget and cost control at the utility segment and his assumption of additional responsibilities as President of Distribution Corporation.

For calendar year 2015 and again for calendar year 2016, based on its determination to increase the equity component of Mr. Cabell s compensation relative to the base salary component, the Committee made no change to Mr. Cabell s base salary.

The fiscal 2016 base salaries paid to the named executive officers are shown in the Fiscal 2016 Summary Compensation Table under the Salary column within this proxy statement.

Annual Cash Incentive

The Company pays an annual cash incentive to its executives to motivate their performance over a short term (which is generally considered to be no longer than two years). Early in the fiscal year, the Committee establishes a target amount for the annual cash incentive, stated as a percentage of base salary. Executives other than Mr. Tanski can earn up to 200% of target, based on performance on written goals. Mr. Tanski can earn up to 200% of base salary, based on performance on written goals. For executives under the EACIP, including Mr. McGinnis in 2016, the CEO has broad discretion to reduce the amount otherwise payable as annual cash incentive based on such factors as the CEO may determine.

Target Award Levels

In setting target award levels for the annual cash incentive for 2016, the Committee exercised its business judgment and, upon consideration of the recommendations of Hay and Meridian and, other than with respect to his own target incentive, those made by Mr. Tanski, set target awards as follows:

Named Executive Officer	Target (As a Percentage of Base Salary)
Mr. Tanski	105%
Mr. Bauer	50%
Mr. Pustulka	70%
Mr. McGinnis	50%
Mr. Carlotti	70%
Mr. Cabell	70%

Performance Goals

Based upon discussions with Mr. Tanski and upon review of forecasted financial data, the Committee approved for each named executive officer who participated in the At Risk Plan (Messrs. Tanski, Bauer, Pustulka, Carlotti and Cabell) or the EACIP (Mr. McGinnis) a set of particular performance goals for the 2016 fiscal year. Certain goals overlapped among named executive officers; for example, each named executive officer had a goal tied to consolidated EBITDA and to safety. Incentive payments are based upon performance against the stated goals. For those officers who participated in the At Risk Plan, 100% of the target incentive was made dependent on objective performance criteria. For Mr. McGinnis, who participated in the EACIP, 75% of the target incentive was made dependent on objective performance criteria, and 25% was made dependent on the CEO s subjective assessment of Mr. McGinnis performance. All performance criteria applicable to a particular executive are communicated to that executive in writing at the time the criteria are established.

Table of Contents

The types of goals approved for fiscal 2016 and the purpose of the goals are set forth in the following table:

Goals	Purpose
Earnings-related goals (EBITDA)	To focus executives attention on the Company s overall profitability, as well as the profitability of certain segments, as appropriate. Performance is averaged with the prior year s performance to mitigate against short-term action to impact one year s earnings.
Revenue-related goals, including Production Volume, Reserve Replacement, Home Energy Assistance Program (HEAP), and Projects	To focus executives attention on areas that drive revenue. These goals are utilized in tandem with goals targeting expense in order to avoid decisions that increase revenue without consideration of profitability.
Capital Expenditures/Costs goals	To focus executives attention on controlling expense. These goals provide a check and balance on revenue generating goals.
Safety and Environmental goals	To focus executives attention on employee, customer and public safety and environmental compliance.
Investor Relations goal	To convey the Company s message on strategic value to the investment community, an important executive function.
Sarbanes-Oxley Internal Compliance, Internal Controls goals	To maintain strong internal controls, an essential element of a publicly-traded company.

To determine the annual cash incentive award based on stated performance objectives, the weight assigned to each goal is multiplied by the percentage of the goal achieved to calculate a weighted percentage for each goal. Once the weighted percentage for each goal is determined, the percentages are totaled. That total weighted percentage is multiplied by the target award to arrive at the total incentive payment amount. The target award is a percentage of the named executive officer s base salary for the fiscal year, and the maximum possible award is two times the target amount, except for Mr. Tanski, whose maximum possible award is approximately 1.9 times the target amount.

The fiscal 2016 annual cash incentives of the named executive officers are shown in the Fiscal 2016 Summary Compensation Table in the Non-Equity Incentive Plan Compensation column, except that for Mr. McGinnis, the portion of his annual cash incentive not based on objective performance criteria is shown in the Bonus column. For each named executive officer, the amount earned, other than with respect to the discretionary portion of Mr. McGinnis annual cash incentive, was based on the executive s performance against the pre-established performance criteria. With respect to the subjective performance criterion applicable to Mr. McGinnis, Mr. Tanski noted in particular Mr. McGinnis performance in overseeing the operations of Seneca, first as Chief Operating Officer and then, effective May 1, 2016, as President. The incentive payments made to the named executive officers were approved by the Committee.

Table of Contents

The following chart identifies the goals assigned to each of the named executive officers for the 2016 fiscal year, the percentage of each goal achieved, the weight assigned to each goal, and the weighted percentage achieved for each goal. Also noted is each named executive officer s target percentage of base salary, maximum percentage of base salary, total weighted percentage, target, and actual incentive payout. Following the chart, numbered sequentially to match the appearance of the performance objective in the chart, is a summary of what the objective was at the threshold level, target level and maximum level of performance, and a summary of actual performance. With regard to EBITDA goals, performance is averaged with the prior year s performance as a mechanism to mitigate against short-term action to impact one year s earnings.

Annual Cash Incentive

Executive	**Ronald J. Tanski**			**David P. Bauer**			**John R. Pustulka**			**John P. McGinnis**			**Carl M. Carlotti**			**Matthew D. Cabell**		
Target % of Base Salary	105%			50%			70%			50%			70%			70%		
Maximum % of Base Salary	200%			100%			140%			100%			140%			140%		
Fiscal 2015 Goals	**% Achvd**	**Wght**	**Wghtd % Achvd**	**% Achvd**	**Wght**	**Wghtd % Achvd**	**% Achvd**	**Wght**	**Wghtd % Achvd**	**% Achvd**	**Wght**	**Wghtd % Achvd**	**% Achvd**	**Wght**	**Wghtd % Achvd**	**% Achvd**	**Wght**	**Wghtd % Achvd**
1. Consolidated EBITDA*	142	0.25	35.50	142	0.25	35.50	142	0.25	35.50	142	0.15	21.30	142	0.25	35.50	142	0.15	21.30
2. Regulated EBITDA*	179	0.25	44.75	179	0.25	44.75	179	0.25	44.75				179	0.25	44.75			
3. Seneca EBITDA*										100	0.10	10.00				100	0.10	10.00
4. Production Volume	190	0.20	38.00							190	0.10	19.00				190	0.15	28.50
5. Capital Expenditures -Mainline Installation	200	0.05	10.00				200	0.10	20.00				200	0.05	10.00			
6. Capital Expenditures -Service Installation	200	0.05	10.00				200	0.10	20.00				200	0.05	10.00			
7. Safety	199	0.10	19.90	199	0.10	19.90	199	0.10	19.90				199	0.10	19.90			
8. Projects	200	0.05	10.00				200	0.10	20.00									
9. Seneca F&D Cost	0	0.05	0	0	0.15	0				0	0.10	0				0	0.15	0
10. Seneca Reserve Replacement										0	0.10	0				0	0.15	0
11. Seneca LOE										200	0.05	10.00				200	0.05	10.00
12. Seneca G&A										200	0.10	20.00				200	0.15	30.00
13. Environmental/Safety										200	0.05	10.00				200	0.10	20.00
14. Investor Relations - 1 on 1 Visits				200	0.10	20.00												
15. SOX Internal Control Compliance				100	0.05	5.00												
16. Internal Controls				200	0.10	20.00												
17. Distribution Operational Safety													200	0.10	20.00			
18. HEAP - NY													148	0.05	7.40			
19. HEAP - PA													0	0.05	0			
20. Barcelona Cost													200	0.10	20.00			
21. Supply and Empire Transportation, Storage and Gathering Revenue							200	0.10	20.00									
22. CEO Discretion										120	0.25	30.00						
Total Weighted % Achieved	168.15%			145.15%			180.15%			120.30%			167.55%			119.80%		
Target	**$1,021,125**			**$229,768**			**$413,875**			**$228,959**			**$313,420**			**$437,500**		
Annual Cash Incentive	**$1,717,022**			**$333,508**			**$745,596**			**$275,438**			**$525,135**			**$305,740****		

* Reflects an average of 2016 performance and 2015 performance

** Pursuant to the terms of the At Risk Plan, Mr. Cabell received a pro-rated portion of the annual cash incentive he otherwise would have received had he remained employed through the end of the fiscal year.

36

Table of Contents

	Performance Measure	Threshold	Target	Maximum	Actual Performance
1.	Consolidated EBITDA In determining final performance level, the results of this goal are averaged with the prior year results on the consolidated EBITDA goal.	$665 Million	$714 Million	$767 Million	2016 EBITDA=$781 Million; performance level of 200%; 2-year average of performance levels=(200%+83%)/2=142%
2.	Regulated EBITDA In determining final performance level, the results of this goal are averaged with the prior year results on the regulated companies EBITDA goal.	$320 Million	$336 Million	$357 Million	2016 Regulated EBITDA=$348 Million; performance level of 157%; 2-year average of performance levels=(157%+200%)/2=179%
3.	Seneca EBITDA In determining final performance level, the results of this goal are averaged with the prior year results on the Seneca EBITDA goal.	$290 Million	$310 Million	$335 Million	2016 EBITDA=$356 Million; performance level of 200%; 2-year average of performance levels=(200%+0%)/2=100%
4.	Production Volume (in billion cubic feet equivalent (Bcfe))	140 Bcfe	152 Bcfe	163 Bcfe	161.9 Bcfe
5.	Capital Expenditures Mainline Installation. Measured by mainline installation unit costs of Distribution Corporation.	$11.25 per inch foot	$11.00 per inch foot	$10.40 per inch foot	$10.25 per inch foot
6.	Capital Expenditures Services Installation. Measured by service installation unit costs of Distribution Corporation.	$1,900 per service installed	$1,850 per service installed	$1,700 per service installed	$1,630.83 per service installed
7.	Safety Measured by number of OSHA recordable injuries in the utility and pipeline divisions and participation in safety meetings.	At or better than 3-year average in any division	At or better than 3-year average in any 2 divisions	At the combined average of 3.50 and 3 safety meetings	Combined average = 3.52 and participation in safety meetings
8.	Projects Measured by completion of activities necessary for the continued development of certain projects.	Complete 1 of 3	Complete 2 of 3	Complete 3 of 3	Completed 3 of 3
9.	Seneca Finding and Development Cost (dollars per thousand cubic feet equivalent (Mcfe))	$1.15/Mcfe	$0.90/Mcfe	$0.70/Mcfe	Did not meet threshold
10.	Seneca Reserve Replacement	Replace 210% of fiscal 2016 production	Replace 260% of fiscal 2016 production	Replace 335% of fiscal 2016 production	Did not meet threshold
11.	Seneca Lease operating expense per Mcfe	$1.17/Mcfe	$1.11/Mcfe	$1.06/Mcfe	$0.96/Mcfe
12.	Seneca General and Administrative expense excluding certain expenses related to joint development transactions.	$70 Million	$67 Million	$63 Million	$63 Million
13.	Environmental/Safety Measured by PA Dept. of Environmental Protection inspections with violations per inspections.	<3.5%	2.5%	1.5%	1.5%
14.	Investor Relations 1 on 1 Visits. Measured by 1 on 1 visits with analysts/money managers.	50	60	80	89
15.	SOX Internal Control Compliance Measured by number of material weaknesses and significant deficiencies.	No unremediated material weaknesses and no unremediated significant deficiencies aggregating to a material weakness	No material weaknesses identified in fiscal 2016 and no significant deficiencies aggregating to a material weakness	No material weaknesses identified in fiscal 2016 and no significant deficiencies identified in fiscal 2016	No material weaknesses identified in fiscal 2016 and no significant deficiencies aggregating to a material weakness
16.	Internal Controls Measured by corporate-wide unremediated control deficiencies.	Do not aggregate to a significant deficiency	Less than 10	Less than 8	Less than 8
17.	Distribution Operational Safety Measured by the Utility segment s operational safety performance standards in New York and outstanding leak reduction.	Complete 2 of 3 Public Service Commission (PSC) Safety Performance Standards	Complete all 3 PSC Safety Performance Standards OR Any 2 PSC Performance Standards and Outstanding Leaks Reduction	Complete all 3 PSC Performance Standards and Outstanding Leaks Reduction	Completed all 3 PSC Performance Standards and Outstanding Leaks Reduction
18.	HEAP NY. Measured by number of basic grants collected.	80,000	83,000	87,500	85,158
19.	HEAP PA. Measured by number of basic grants collected.	18,000	18,500	20,000	16,831

20.	**Barcelona Cost Measured by implementation cost compared to total authorized spending amount of 56.6 million.**	**< $7 million over authorized amount**	**$4 million over authorized amount**	**$3 million over authorized amount**	**<$3 million over authorized amount**
21.	**Supply and Empire Transportation, Storage and Gathering Revenue**	**Same as Target**	**$301,244,643**	**$306,244,643**	**> $306,244,643**
22.	**CEO Discretion Individual performance as subjectively determined by the CEO.**	**1%**	**100%**	**200%**	**120%**

37

Long-Term Incentive Compensation

The Compensation Committee uses its business judgment to establish target LTI awards based on its compensation consultants and CEO s recommendations. Such awards are intended to focus attention on managing the Company from a long-term investor s perspective. In addition, the Committee wishes to encourage officers and other managers to have a significant, personal investment in the Company through stock ownership. The Committee typically makes equity awards on an annual basis, but has not established a policy to make grants at a specific meeting, to allow flexibility to review and evaluate appropriate equity grant practices.

In years prior to fiscal 2013, the Committee had allocated approximately one-half of the LTI opportunity to a cash-based performance incentive program and one-half to equity based awards. For fiscal 2013, the Committee determined to allocate all of the LTI opportunity to equity based awards with approximately one-half of the opportunity awards of SARs that vest in equal increments over three years and approximately one-half awards of performance-based RSUs that vest at the end of three fiscal years, only to the extent the performance condition is met. For the fiscal 2013 award, the performance condition was three-year total ROC relative to an industry peer group reported in an AUS Inc. monthly report. **This performance condition was not achieved at a level high enough to trigger payment of the performance-based RSUs. For the Company s CEO, this represented $3,026,063 of fiscal 2013 compensation reflected in the Fiscal 2015 Summary Compensation Table included in last year s proxy statement.**

For fiscal 2014, following review with its compensation consultants and receipt of stockholder feedback, the Committee used its business judgment to adopt a new LTI approach. Under the new program, approximately two-thirds of the equity awards were composed of performance shares, split between two distinct performance conditions: relative three-year TSR and relative ROC over a three-year period (both measured relative to the Hay peer group). The remaining one-third was composed of time-vested RSUs, a retention tool for key employees. The Committee selected the two relative performance metrics to focus executive officers attention on increasing long-term stockholder value while maintaining long-term profitability. The performance condition tied to TSR for performance shares awarded in fiscal 2014 was achieved at a level triggering payment of 100% of that award. **The performance condition tied to ROC for performance shares awarded in fiscal 2014 will not be achieved at a level high enough to trigger payment of that award. For the Company s CEO, the ROC performance shares that will not vest represent $741,411 of fiscal 2014 compensation reflected in the Fiscal 2016 Summary Compensation Table included in this proxy statement.**

For fiscal 2015, the Compensation Committee retained the approach it adopted in 2014, granting two-thirds of the LTI award in the form of performance shares, split between TSR and ROC performance conditions, and one-third in the form of time-vested RSUs.

Equity Incentive Awards in Fiscal 2016

In fiscal 2016, the Compensation Committee modified the mix of equity incentive awards for certain named executive officers. In particular, for Messrs. Tanski, Pustulka, Carlotti and Cabell, the Committee granted the full LTI award in the form of performance shares. The Committee made this change to further focus attention on the achievement of performance targets. The performance shares are split between two distinct relative performance conditions that must be achieved within the performance cycle that runs from October 1, 2015 through September 30, 2018. For Messrs. Bauer and McGinnis, the Committee continued its practice since fiscal 2014 of granting two-thirds of the LTI award in the form of performance shares and one-third in the form of time-vested RSUs as an additional retention tool.

The Committee established the performance condition for one set of performance shares as the Company s three-year TSR over the performance cycle as compared to the same metric for companies in the Hay peer group, as calculated based on the data reported for each company in the Bloomberg online database. Starting and ending stock prices over the performance cycle are calculated as the average

Table of Contents

closing stock price for the prior calendar month with dividends reinvested in each company s securities at each ex-dividend date. The Committee linked the awards to relative levels of performance, which results in the vesting and payment of a percentage of the target number of performance shares depending on the Company s percentile rank in the Hay peer group, as follows:

Relative TSR Goal Company s Percentile Ranking	Percentage of Target Opportunity Paid
30th or below	0%
40th	50%
50th	100%
70th	150%
90th or above	200%

If the Company s three-year TSR is negative (less than 0.0), the percentage of target opportunity paid is capped at 100%, regardless of the Company s percentile ranking. For performance between two established performance levels, the percentage of target opportunity paid is determined by straight line mathematical interpolation.

The Committee established the performance condition for the second set of performance shares as the Company s three-year ROC over the performance cycle as compared to the same metric for companies in the Hay peer group. ROC for the Company or any member of the peer group shall mean the average of the returns on capital for each twelve month period corresponding to each of the Company s fiscal years during the performance cycle, calculated based on the data reported for that company in the Bloomberg database. The Committee linked the awards to relative levels of performance, which results in the vesting and payment of a percentage of the target number of performance shares depending on the Company s percentile rank in the Hay peer group, as follows:

Relative ROC Goal Company s Percentile Ranking	Percentage of Target Opportunity Paid
<45th	0%
45th	50%
60th	100%
75th	150%
100th	200%

If the Company s three-year ROC is negative (less than 0.0), the percentage of target opportunity paid is capped at 100%, regardless of the Company s percentile ranking. For performance between two established performance levels, the percentage of target opportunity paid is determined by mathematical interpolation.

No dividend equivalents are provided in respect of any performance shares.

The time-based RSUs granted to Messrs. Bauer and McGinnis in fiscal 2016 vest in three equal annual installments beginning December 17, 2016. No dividend equivalents will be provided in respect of any RSUs. The fiscal 2016 performance shares and RSUs granted to the named executive officers are set out in the Grants of Plan-Based Awards in Fiscal 2016 Table within this proxy statement.

EMPLOYEE BENEFITS

Retirement Benefits

The Company maintains a qualified defined contribution retirement plan which includes a traditional 401(k) benefit as well as a Retirement Savings Account (RSA) benefit for eligible employees (in other words, those hired at various points in 2003 and thereafter, depending on employee type), a qualified defined benefit retirement plan (for those hired prior to various points in 2003), a non-qualified executive retirement plan (available only to selected officers promoted prior to 2002) and a non-qualified tophat plan. These plans help the Company attract and retain high caliber employees in high-level management positions, and, in the case of the non-qualified plans, restore retirement benefits lost to employees under

Table of Contents

the qualified retirement plans as a result of the effect of the Internal Revenue Code limits and the qualified plans limits on compensation considered and benefits provided under such qualified plans. The employee benefits for executive officers employed prior to 2003 differ from those made available to those employed during or after that year. The Company made changes to its programs that reflected a shift in competitive practices away from certain types of retirement benefits, but generally grandfathered existing employees (including executive officers) who were then in service in the benefits programs that are commensurate with those in the regulated energy industry.

Messrs. Tanski, Pustulka and Carlotti are eligible to participate in the qualified defined contribution retirement plan (traditional 401(k)), the qualified defined benefit retirement plan, and both of the non-qualified plans. Mr. McGinnis is eligible to participate in the qualified defined contribution retirement plan (including the RSA benefit) and the non-qualified tophat plan. Mr. Bauer is eligible to participate in the qualified defined contribution retirement plan, the qualified defined benefit retirement plan and the non-qualified tophat plan. Mr. Cabell participated in the qualified defined contribution retirement plan (including the RSA benefit) and the non-qualified tophat plan. These benefits are described in more detail in the section entitled Fiscal 2016 Pension Benefits within this proxy statement.

Executive Life Insurance

In 2004, the Committee authorized an insurance program known as the ExecutiveLife Insurance Plan. Under this plan, upon specific direction of the Company s CEO, when an executive officer reaches age 50, the Company would pay the premium of a life insurance policy or policies, to be owned by the executive officer, in an amount up to $15,000 per year. The payment is taxable income to the executive officer and ceases when the executive officer s employment ceases. The Committee authorized this plan as a replacement for its prior practice of providing split dollar life insurance agreements to designated executive officers. The Committee replaced the split dollar arrangement with the current plan because it was prohibited by the Sarbanes-Oxley Act from making premium payments on certain split dollar policies due to their nature as loans. Messrs. Tanski, Pustulka, Carlotti and McGinnis are covered by the ExecutiveLife Insurance Plan, and Mr. Cabell was covered until his retirement. Mr. Bauer is not a participant in this Plan.

Executive Perquisites

The Company offers a limited number of perquisites to our executive officers. The basis for offering these perquisites is to enhance the Company s ability to attract and retain highly qualified persons and also to assist the officer in conducting business on behalf of the Company. For certain items, the perquisite is incidental to other business-related use. For example, the Company shares an arena suite with a local law firm for the local professional hockey team. The Company also has additional season tickets for seats for both the local professional hockey and football teams. The Company made these investments as a result of specific drives by the Buffalo, New York business community to support the retention of these professional athletic teams in the Buffalo area. These suites are primarily used for Company business. On the occasions when the suites are not used for Company business, the executive officers as well as other employees are permitted personal use.

The Company offers executive officers tax preparation advice, in part to assure the Company that its officers are properly reporting compensation. The Company makes contributions for the named executive officers medical plans. The Company also pays the costs of spouses accompanying named executive officers to certain of the Board of Directors meetings and functions, as well as blanket travel insurance for the named executive officer and spouse.

CHANGE IN CONTROL ARRANGEMENTS

The Company s named executive officers serve at the pleasure of the Board of Directors and are not employed pursuant to employment agreements. Each of the named executive officers is a party to an

Table of Contents

Employment Continuation and Noncompetition Agreement with the Company, which would become effective upon a Change in Control of the Company.

The Company and the Committee believe that these agreements are required for the attraction and retention of the executive talent needed to achieve corporate objectives and to assure that executive officers direct their attention to their duties, acting in the best interests of the stockholders, notwithstanding the potential for loss of employment in connection with a Change in Control.

The agreement contains a double-trigger provision that provides payment only if employment terminates within three years following a Change in Control, as defined in the agreement, either by the Company other than for cause or by the executive officer for good reason. The Committee believes this structure strikes a balance between the incentive and the executive attraction and retention efforts described above, without providing Change in Control benefits to executive officers who continue to enjoy employment with the Company in the event of a Change in Control transaction.

The payment is generally calculated by multiplying 1.99 by the sum of the executive officer s current base salary plus the average of the annual short-term incentive compensation payment for the previous two fiscal years. The 1.99 multiplier is reduced on a pro-rata basis if termination occurs between age 62 and 65. If payment is triggered, certain health benefits are continued for the earlier of 18 months following termination or the date other similar coverage becomes available.

The agreement contains a restrictive covenant whereby the executive officer may, upon termination following a Change in Control, choose to refrain from being employed by or otherwise serving as an agent, consultant, partner or major stockholder of a business engaged in activity that is competitive with that of the Company or its subsidiaries. If the executive officer so chooses to be bound by this restrictive covenant, an additional payment is made in the amount of one times the sum of current base salary plus the average of the annual short-term incentive compensation payment for the previous two fiscal years.

There is no gross-up for taxes on either payment. The Committee and the Company believe this is an appropriate payment in exchange for the executive officer s agreement to the non-compete covenant.

If a named executive officer experiences a qualifying termination of employment within a specific time following a Change in Control of the Company, many of the components of total compensation described above become immediately vested or paid out in a lump sum. More detail about these items and calculations as of September 30, 2016, are set forth in the section entitled Potential Payments Upon Termination or Change in Control within this proxy statement.

MR. CABELL S RETIREMENT

Mr. Cabell retired on May 1, 2016. He received benefits that he had earned to that date under the non-qualified tophat plan, plus a pro-rata portion of the payment he would have earned under the At Risk Plan had he remained employed through the end of the fiscal year. He also will receive, after the end of the applicable three-year performance cycles, a pro-rata portion of the performance shares awarded to him on December 17, 2015, subject to the achievement of performance conditions. For more information regarding the compensation and benefits that Mr. Cabell received in connection with his retirement, see the section entitled Potential Payments Upon Termination or Change in Control within this proxy statement.

STOCK OWNERSHIP GUIDELINES

In fiscal 2002, in an effort to emphasize the importance of stock ownership and after consultation with the Compensation Committee, the Company established Common Stock ownership guidelines for officers, ranging from one times base salary for junior officers to four times base salary at the CEO level. In fiscal 2013, the guidelines were revised to increase the ownership requirements for the CEO to six times base salary and for other senior officers to three times base salary. Officers are expected to meet the guidelines within a designated period of time following promotion. The CEO holds approximately 19

Table of Contents

times his base salary as of November 30, 2016. All other named executive officers meet their ownership requirements or expect to do so within the designated period of time. Other employees receiving equity awards are encouraged to retain their Common Stock for long-term investment. The Board and management believe that employees who are stockholders perform their jobs in a manner that considers the long-term interests of the stockholders. Company Directors are also subject to ownership requirements, as noted previously in this proxy statement.

TAX AND ACCOUNTING CONSIDERATIONS

In designing the Company s compensation program, consideration is given to the accounting treatment of the awards made to our executive officers and pertinent tax law provisions. Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), generally prohibits the Company from deducting compensation paid in excess of $1 million per year to certain covered officers unless such compensation qualifies as qualified performance-based compensation within the meaning of Section 162(m). The Committee has generally intended for the short-term cash incentive compensation payable under the At Risk Plan and the long-term equity awards to qualify for this performance-based exception. However, the Committee may elect to award compensation that is not fully deductible, if the Committee determines that such award is consistent with its philosophy and is in the best interests of the Company and its stockholders. Furthermore, even if we intend to grant compensation that qualifies as qualified performance-based compensation for purposes of Section 162(m) of the Code, we cannot guarantee that such compensation will so qualify or ultimately will be deductible by the Company. The Company has also designed its compensation program with the intent that any awards granted thereunder will either be exempt from, or comply with the applicable requirements under, Section 409A of the Internal Revenue Code.

Table of Conten