



**Bank of America Merrill Lynch  
Global Industries Conference  
December 2009**



# Cautionary Language

This presentation contains statements, estimates and projections which are forward-looking statements (as defined in Section 21E of the Securities Exchange Act of 1934). These statements, which are described in detail in our annual report form 10-K filed with the Securities and Exchange Commission, involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The forward-looking statements include estimates of unproved reserves, projections and estimates concerning the timing and rates of return of future projects, and our future production, revenues, income and capital spending. The forward-looking statements in this presentation speak only as of the date of this presentation; we disclaim any obligation to update these statements unless required by the securities laws, and we caution you not to rely on them unduly.

The United States Securities and Exchange Commission (SEC) permits oil and gas companies, in their filings with the SEC, to disclose only proved reserves that a company has demonstrated by actual production or conclusive formation tests to be economically and legally producible under existing economic and operating conditions. We use certain terms in this presentation, such as "unproved reserves and/or unproved resources" that the SEC's guidelines strictly prohibit us from including in filings with the SEC. We also caution you that the SEC views such "unproved reserves and/or unproved resources" estimates as inherently unreliable and these estimates may be misleading to investors unless the investor is an expert in the gas industry.

In this presentation, the term "unproved reserves and/or unproved resources" refers to gas that CNX Gas believes is economically recoverable, as of available data on February 17, 2009.



The unproved reserve data contained in this presentation is based on a summary review of the title to coalbed methane and other gas rights we hold, as well as a summary review of the title to the coal from which many of our rights derive. As is customary in the gas industry, prior to the commencement of gas drilling operations on our properties, we conduct a thorough title examination and perform curative work with respect to significant defects. We are typically responsible for curing any title defects at our expense. This curative work may include the acquisition of additional property rights in order to perfect our ownership for development and production of the gas estate.



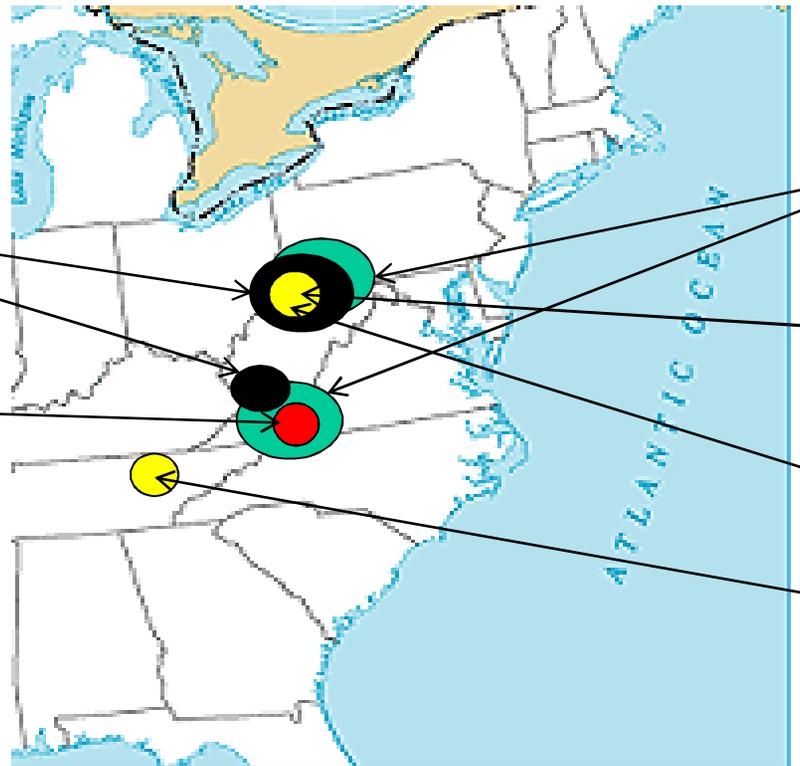
# CONSOL Energy: An Energy Juggernaut

## COAL

- Thermal Coal
- Metallurgical Coal

## GAS

- Coalbed Methane
- Conventional Gas
- Marcellus Shale
- Chattanooga Shale



**CONSOL Energy has chosen to diversify by producing energy from multiple formations within Appalachia.**



## 2008 Energy Production (Trillion Btus)

	2008
Peabody Energy (U.S. only)	1,837.0
CONSOL Energy- Thermal Coal and Met Coal	1,674.0
CONSOL Energy-Gas	76.6
<b>CONSOL Energy -Total</b>	<b>1,750.6</b>
CONOCO-Phillips (U.S. only)	1,696.2
Chesapeake Energy	843.0
Massey Energy	523.1
Range Resources	140.9
EQT (formerly Equitable Resources)	84.0

Note: As calculated by CONSOL Energy, based on publicly-available information. CONSOL Energy total includes 100% of CNX Gas.

**CONSOL Energy is one of the country's larger energy producers.**



# 100%-Owned Baltimore Terminal





# Baltimore Terminal

- n Capacity is 12 million tons per year
- n Shipments in 2009 will exceed 6 million tons
- n Looking ahead, our capacity in the short term is sold out, due to our just-announced Asian Marketing Initiative



# Asian Marketing Initiative

- n Xcoal will market CONSOL Energy met and thermal coal destined for Asia, through offices in:
  - Beijing
  - Tokyo
  - Seoul
  - Singapore

**This partnership establishes a meaningful presence for CONSOL Energy in the world's fastest growing region.**



# Asian Marketing Initiative

## Metallurgical Coal Big Coastal Steel Projects In China



- Caofeidian Project is anticipated to have a total pig iron capacity of 25 Mtpa.
- Bayuquan commissioned two blast furnaces in 2008/09 with a combined capacity of 6.5 Mtpa
- Baosteel and Wisco projects are proceeding through the approval process and Baosteel confirmed plans for Zhanjiang project in December, 2008
- Each project is planning crude steel capacity of 10 Mtpa during first stage and 20-30 Mtpa when fully completed
- Larger blast furnaces need a higher quality coke. This requires a higher hard coking coal blending ratio

Source: CISA

**China's steel industry is aggressively modernizing and relocating to facilitate access to seaborne raw materials**



# Met Coal, Thermal Coal, and Gas





## Met Coal Overview

- n Buchanan Mine in southwestern Virginia
  - A low-cost longwall mine
  - +100 mm tons of high quality, low-vol reserves
- n 2009 sales estimated at 2.4 mm tons; prices just under \$100
  - 1.1 mm tons to be shipped in 4Q
- n 2010 sales estimated at 5.0 mm tons
  - 1.4 mm tons priced at \$114.47 per ton, FOB mine
  - Remaining 3.6 mm tons is unpriced

**Buchanan Mine's low-vol met coal is some of the finest met coal in the country.**



## Thermal Coal Overview

- n CONSOL Energy is the largest producer in America's premier thermal coal basin: Northern Appalachia
- n Northern Appalachia has:
  - The highest Btus per pound of any thermal coal
  - Location value, straddling eastern markets
  - Excellent geology, allowing for the use of longwalls
  - A highly developed river transportation system
- n CONSOL also has a presence in Central Appalachia

**The Pittsburgh Coal Seam in Northern Appalachia may be the most valuable mineral deposit in North America.**



## CNX Gas Overview

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- n 83.3% owned by CONSOL Energy
- n Largest Appalachian Basin gas producer in terms of revenue, net income, and return on capital employed
- n CNX Gas is the highest margin producer in the industry
- n In 2009:
  - Production guidance raised to 92 Bcf, or 20% higher than the 76.6 Bcf produced in 2008
  - Nearly one-half of expected 2010 production hedged at \$7.94 per Mcf

**CNX Gas is building a successful Marcellus Shale program onto a world-class coalbed methane business.**



# Financial Review





## 2009 Third Quarter Results

- n Net Income of \$87 million
- n GAAP EPS of \$0.48
- n Net Cash from Operations of \$162 million
- n Coal Production: 0.6 mm met tons, 12.9 mm thermal tons
- n Margins per ton: \$36.82 per met ton, \$10.24 per thermal ton

**CONSOL Energy has out-earned the competition,  
year-to-date.**



## Short Term Financial Flexibility (at September 30, 2009) (\$MM)

	<u>Amount / Capacity</u>	<u>Amount Drawn</u>	<u>Letters of Credit</u>	<u>Amount Available</u>
Cash and Cash Equivalents - CONSOL	31	-	-	31
Cash and Cash Equivalents - CNX Gas	1	-	-	1
AR Securitization - CONSOL	165	165	-	-
Revolving Credit Facility - CONSOL	1,000	337	268	395
Revolving Credit Facility - CNX Gas	200	73	15	112
Total	<u>\$1,397</u>	<u>\$575</u>	<u>\$283</u>	<u>\$539</u>

**CONSOL Energy's Net Cash from Operations has exceeded  
Capital Expenditures so far in 2009.**



## Long Term Financial Flexibility (at September 30, 2009)

- n **Manageable Long-Term Debt:**
  - \$ 490 million of long-term debt, of which
  - \$ 39 million is due in 2010

**CONSOL Energy has been careful to create shareholder value without over-levering its balance sheet.**



# Coal Operations





## Met Coal Outlook

- n U.S. and international met market is currently strengthening
  - Blast furnaces have re-started
  - Steel capacity utilization is increasing
    - US mills at 63-65%
    - Asian mills at +80%

**Buchanan has the potential to help CONSOL boost profits in the fourth quarter of 2009 and 2010.**



## Thermal Coal Outlook

- n Utility stockpiles are still high: 75 days in the Northeast and 100 days in the Southeast
- n Return to normal levels unlikely to occur before Q3 2010
- n An additional 50 mm tons of production needs to be withdrawn

**CONSOL Energy is looking at 2010 as a bridge year, with flat thermal markets.**



## Met and Thermal Coal Commitments for 2009-2011 (MM Tons)

	2009	2010	2011
<b>COAL-COMMITTED TONS W/O PRICING</b>	-	7.2	19.5
<b>COAL-TONS WITH FIRM PRICING</b>			
Tons Committed and Priced (MM tons,10/16/09)	58.2	51.1*	20.8
Avg. Realized Price/Ton Committed & Priced	\$58.74	\$53.51	\$51.53
<b>COAL-TONS PRICED WITH COLLARS</b>			
Tons	-	0.4	6.0
Average Ceiling	-	\$58.25	\$62.08
Average Floor	-	\$43.25	\$52.80

Note: \*2010 Tons Committed and Priced include 1.4 mm tons of met coal at a price of \$114.47

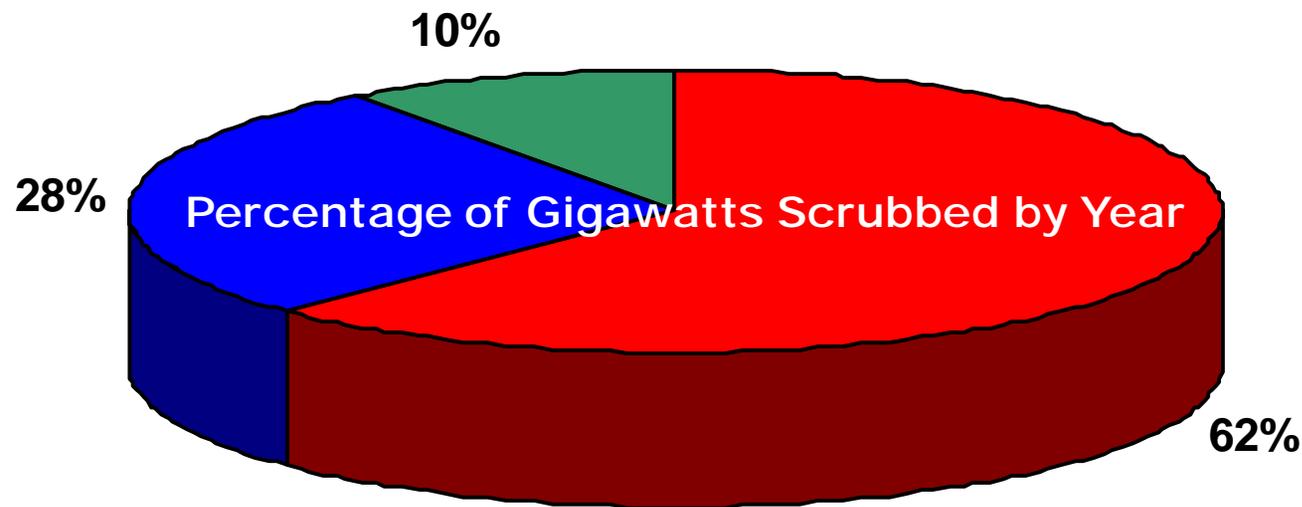
Tons priced with ceilings and floors are not included in tons with firm pricing; they are additive. Although there is no assurance that customers with contracts will perform under these contracts, CONSOL Energy expects to capture the value of contracts through negotiated or legal means.

**CONSOL Energy already has 58.7 million tons of met and thermal committed for shipment in 2010, with another 3.6 million tons of met uncommitted.**



## Scrubber Builds Are Being Completed

Since 2006, CONSOL has signed 6 multi-year, multi-million ton agreements with domestic customers that in aggregate ~ 250 million tons of high-Btu coal



■ Thru 12/31/08 ■ 2009-2010 ■ 2011+



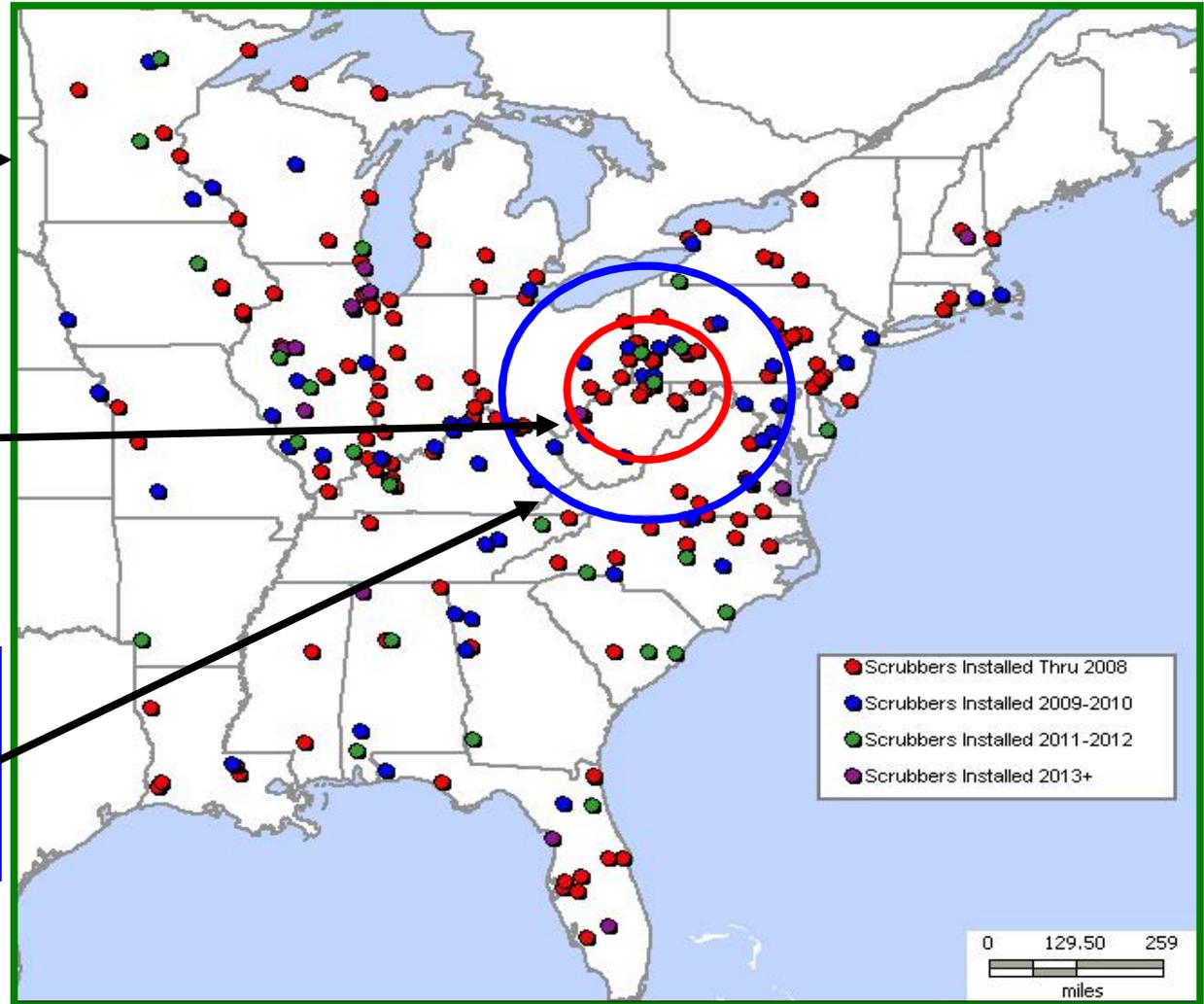
# Close Proximity to Scrubbed Customers

By 2012, ~ 142 gigawatts scrubbed east of Mississippi River

60 generating units within 50 miles of CONSOL's NAPP coal reserves

## CONSOL's Assets in Appalachia

- Producing Complexes: 16
- Reserves: 3.5 billion tons





# CNX Gas Corporation

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## Leading Appalachian Producer

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### **Among Appalachian producers, CNX Gas is:**

- § #1 in Sales Revenue
- § #1 in Profitability and Returns
- § #1 in Production Growth
- § #2 in Production Volume
- § #2 in Market Capitalization

### **Industry-wide, CNX Gas is:**

- § #1 in Safety
- § #1 in Unit Margins
- § #1 in Carbon Credit Generation



## 2009 Third Quarter Results

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**NYSE**

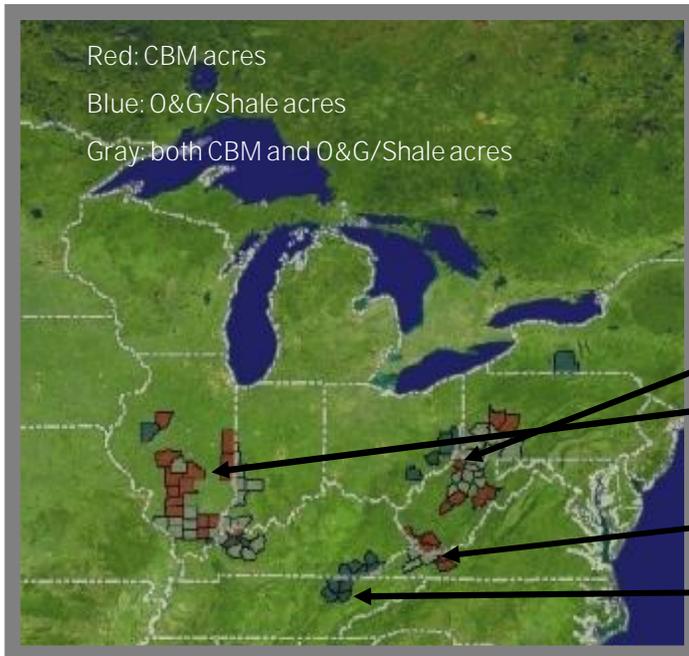
- § Net Income of \$35.5 million
- § GAAP EPS of \$0.23
- § Gas Production of 24.8 Bcf
- § Margin per Mcf: \$2.81
- § Zero Lost-Time Incidents for Employees

**Another quarter of record production enabled us to increase 2009 production guidance to 92 Bcf.  
For 2010, initial production guidance was set at 100 Bcf.**



# Asset Overview

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## 4.3 Million Gross Acres

- Coalbed Methane and Marcellus Shale
- Coalbed Methane and New Albany Shale
- Coalbed Methane and Huron Shale
- Chattanooga Shale

### Reserve Base/Resource Potential

- 1.4 Tcf of proved reserves, of which 55% are developed
- 1.3 Tcf of unproved reserves
- 11.0 + Tcf of Marcellus net resource potential
- 13.7+ Tcf of Total Estimated Reserves and Resources



# Gas Operations Summary

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## **Coal Bed Methane:**

- § Most experience related to active coal mining
- § Most CBM horizontal drilling experience

## **Marcellus Shale:**

- § Successfully adopted state-of-the-art exploration techniques
- § Successfully benefited from the horizontal drilling experience on the CBM side
- § Many synergies with Mountaineer CBM Operations
- § Applied cutting-edge science to understanding shale



# Marcellus Shale Results

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<u>Well Name</u>	<u>Turn in date</u>	<u>Peak date</u>	<u>Peak Daily Production (MMcf)</u>	<u>Oct. 13 Daily Production (MMcf)</u>	<u>Cumulative Production (MMcf) Through Oct. 13</u>
1. CNX#3	10/5/2008	12/16/2008	6.6	1.6	826
2. CNX#2	1/28/2009	2/13/09	2.5	1.0	344
3. CNX#2A	2/13/2009	3/4/2009	2.0	1.0	326
4. GH10CV	4/6/2009	4/9/2009	5.5	0.9	402
5. GH10ACV	4/18/09	4/24/2009	5.2	1.0	420
6. GH11CV	5/30/09	6/3/09	3.7	1.1	223
7. GH11ACV	5/30/09	6/3/09	3.2	1.4	259
8. GH10BCV	6/27/09	7/15/09	4.1	2.5	299
9. CNX#2	8/09/09	8/14/09	3.0	1.5	121
10. GH34CV	9/02/09	9/15/09	2.5	2.1	75
11. GH15CV	9/18/09	10/16/09	<u>2.8</u>	2.3	43
Average			3.7		

**We now expect reserves of 3.5 Bcf per well.**



## Advances in the Marcellus

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### **Reserves per well increasing:**

§ From 3.0 Bcf in Dec. 2008 to 3.5 Bcf today

### **Costs dropping:**

§ From \$5.2 million in Dec. 2008 to less than \$3.5 million today

### **Well spacing dropping:**

§ From 160 acres in Dec. 2008 to 40 acres today

### **Acreage footprint increasing:**

§ From 186,000 acres in Dec. 2008 to 230,000 acres today

**Improving economics, tighter spacing, and a larger footprint could result in tremendous value creation.**



## Hedge Position

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**CNX Gas has one of the best hedge books in the industry:**

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
Total Yearly Production (Bcf)	92	100	NA	NA
Volumes Hedged (Bcf)	51.6	45.6	22.6	15.1
Average Hedge Price (\$/Mcf)	\$8.76	\$7.94	\$6.84	\$6.84

**CNX Gas has one of the industry's highest hedge positions in 2010.**



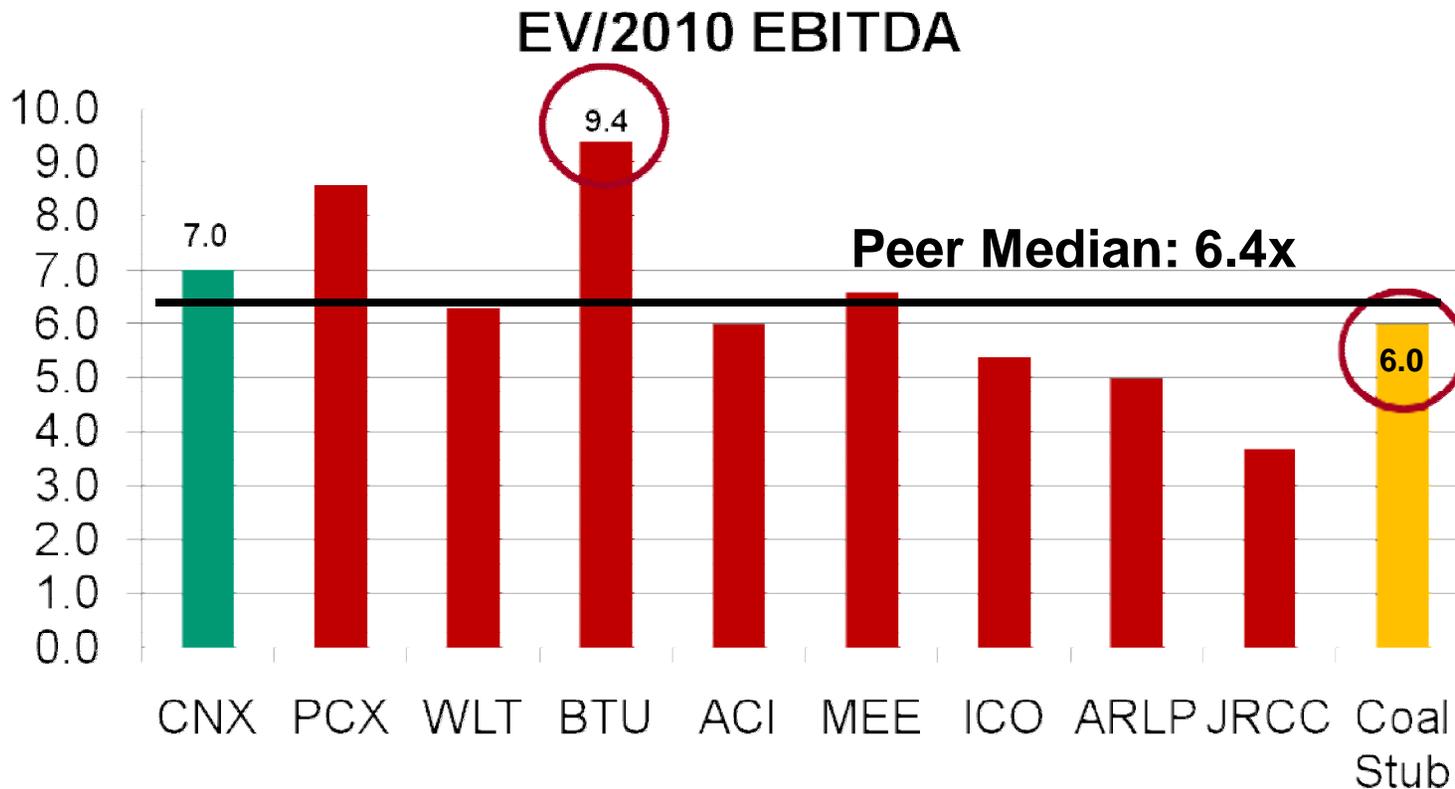
## CONSOL Energy's Value Discount

- n **CONSOL Energy has out-earned the competition, yet trades at a 36% discount (market cap of \$11.5 billion vs. \$7.9 billion):**
  - CONSOL had GAAP net income YTD of \$397 million
  - Peabody had GAAP net income YTD of \$356 million
- n **On the Met Coal Side, Walter Energy produced 6.3 MM tons of met in 2008; CONSOL's Buchanan Mine could produce 5 MM tons in 2010**
  - Walter Energy has a market cap of \$3.7 billion
- n **On the Gas Side, CONSOL's ownership stake in CNX Gas is valued at \$3.4 billion.**

**No matter how you slice it, CONSOL Energy is trading at a huge discount to its peers.**



## Current EV/2010 EBITDA Comparison



As of 12/1/09

**Another way of viewing the CONSOL Energy Discount, assuming CNX Gas is fairly priced in the market.**



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