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Foundation Coal Holdings, Inc. Q1 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

Thank you. (Operator instructions) We will take our first question from Jim Rollyson, Raymond James.

Jim Rollyson – Raymond James

Good morning, everyone.

Jim Roberts

Good morning, Jim.

Jim Rollyson – Raymond James

Jim, it looks like you, just looking at what you gave us for Eastern prices, all weighted [ph] average this quarter and if you kind of do some math versus where that was last quarter, it looks like you kind of averaged high-60s, low-70s for incremental tons in the East during the quarter. Can you maybe talk about what you are seeing for just generally speaking, prices in the East today for that, maybe you have been kind of layering in stuff for '08, '09, '10, or '11, and I presume with what we are hearing from other people that prices are up. I'm just trying to get a sense of what you are seeing.

Jim Roberts

Jim, as we mentioned in the transcript that we are seeing prices on a wide range – I don't want to get too specific, but if you go from North App to Central App where the bottom number now is probably around \$80 and the high end is probably around \$100. As we indicated, we have been fairly successful in locking prices in for a couple of years. Our contracts are varying from fixed pricing to reopeners in the current year. So there hasn't really been any backing off of the market during these shorter month period which is certainly a very positive sign. We are poised right now to roll over more and more of our unpriced tons into '09 and '10. So, again, that's a wide range, but on the low end, low, low-80s, high end for Central App maybe close to 100 for some higher quality stuff.

Jim Rollyson – Raymond James

That's very helpful. And Jim, on the PRB side, it's interesting that Arch and Peabody in the last couple of days have talked about booking some volume there, kind of in the upper teens and notably above the spot price quotes that we all read everybody. For the lower BTU PRB coal, there is quite a spread between that and the 8,800 at least in the spot quotes. Can you talk about maybe what you are

seeing there in terms of, is that spread realistic or are you still more like the normal spread and are you getting a premium over and above what we read for spot like Arch and Peabody seem to be?

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