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## CONSOL Energy Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

Thank you, sir. (Operator instructions) And the first question will come from the line of Jim Rollyson with Raymond James. And your line is open.

#### Jim Rollyson – Raymond James

Good morning, gentlemen.

#### Brett Harvey

Hi, Jim.

#### Jim Rollyson – Raymond James

Brett, do you – first of call, great quarter. Couple of years back, you guys spun out or sold off a piece and took publicly the gas business. And I think the methodology then was trying to enhance the valuation recognized by the market for the business because it wasn't getting it kind of under the CONSOL umbrella at that time. And it seems kind of you've gone through the last 12 months or so, the moves you've made, it seemed to indicate that maybe you are obviously trying to bring back in or repaying that value under the CONSOL umbrella. Just – could you maybe walk through the logic of what's changed over the last year or two since the initial move kind of getting it out there to maybe looking towards bringing it back in, and how you see that or how you think the market interprets the value of these two businesses from a combined basis versus a standalone basis?

#### Brett Harvey

That's a good question. And let's go back to when we did do it. When we spun it out, we did it with the intention of recognizing the value of that company. And it quickly went from what we thought our share price was about \$1 billion and now it's got a total market cap of over \$4 billion. So that was a success. Now the question is, the real issue is, we are an energy company and we sell Btus. And they are combined with coal and they are combined with gas, but we needed to establish that value. About a year ago, the Board, on my recommendation, decided not to ever go underneath the 80% and to continue to grow the gas company within the umbrella of CONSOL Energy. So what the Board announced a year ago, we made a move to offer to make a deal with the outside shareholders. That didn't work. We were at disparate values and we decided we would just go ahead and run the company with partners, so to speak. Well, we've done that and we continue to do that. We have bought some shares back based on value since then, and we've done some consolidation moves

to make this more efficient on the managerial side and the overhead side. And we will continue to grow that – the gas company, a rapid case because we are a Btu energy delivery company. I would say that if you look – and I'll give some color here. If you look at 2007, a very high percentage of our earnings came from the gas company. And if you look at where we are headed for 2009, if you run through the numbers, you will see a surge in the percentage of value coming from the coal side. If you look at the two years, over the 24 months, even over 36 months, you will see that the two combinations really give our shareholders surge in values in two different market cycle; one coal and one gas. But if you look at our share price and our performance on earnings, it's pretty much covered. And it really eliminates risk and it also gives us constant value year-to-year for our shareholders. So that's basically the (inaudible).

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