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## Foundation Coal Holdings Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### **Operator**

Thank you. (Operator Instructions). Our first question comes from Jim Rollyson from Raymond James. Please proceed with your question.

#### **James Rollyson - Raymond James & Associates, Inc**

Good morning everyone.

#### **James Roberts**

Hi, Jim. How are you?

#### **James Rollyson - Raymond James & Associates, Inc**

Hey Jim, if you take a look at obviously in light of Laurel Creek being idled and not withstanding the fact that first quarter is probably going to spike back-up in terms of costs with the longwall moves and the gas issue. Just looking broadly at 2009 how do you think about your cash cost relative to 2008, may be outside royalty issues?

#### **James Roberts**

Well, because the increase in production is primarily coming from the Powder River Basin. Overall the average cost will be... we think between flat and round about 12% up on a per ton basis. So we're not looking at the type of increases in costs that we incurred in 2008... in 2007 and 2008. So, the mines that we run as we stated that that most of our coal is produced from five of our largest mines. These mines are low cost mines in all of the regions. So we are looking at costs moderating significantly in 2009.

#### **James Rollyson - Raymond James & Associates, Inc**

That's great. And in light of the CapEx kind of timing differences maybe on the new developments; any update on your... I think you guys were looking at another LBA for the North Extension at Belle Ayr. Where does that stand in your mind today?

#### **James Roberts**

Jim, that's... right now that will be out probably in the first or second quarter of 2010. So we don't anticipate any additional LBA expenditures, other than Eagle Butte in 2009.

**James Rollyson - Raymond James & Associates, Inc**

Great. And last one, Frank just thoughts on tax rate for what you guys are looking at for 2009?

**Frank Wood**

Yes, Jim it's one of the hardest things, I think as we've discussed before for us to accurately estimate, but I would guess that is going to be between 15 to 25% of book income.

**James Rollyson - Raymond James & Associates, Inc**

Okay.

**Frank Wood**

If you take out some discreet items that are in our 2008 income tax expense, it actually on a run rate was closer to 15 than what those numbers would indicate. So I think 15 to 25 is probably in the ball park.

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