

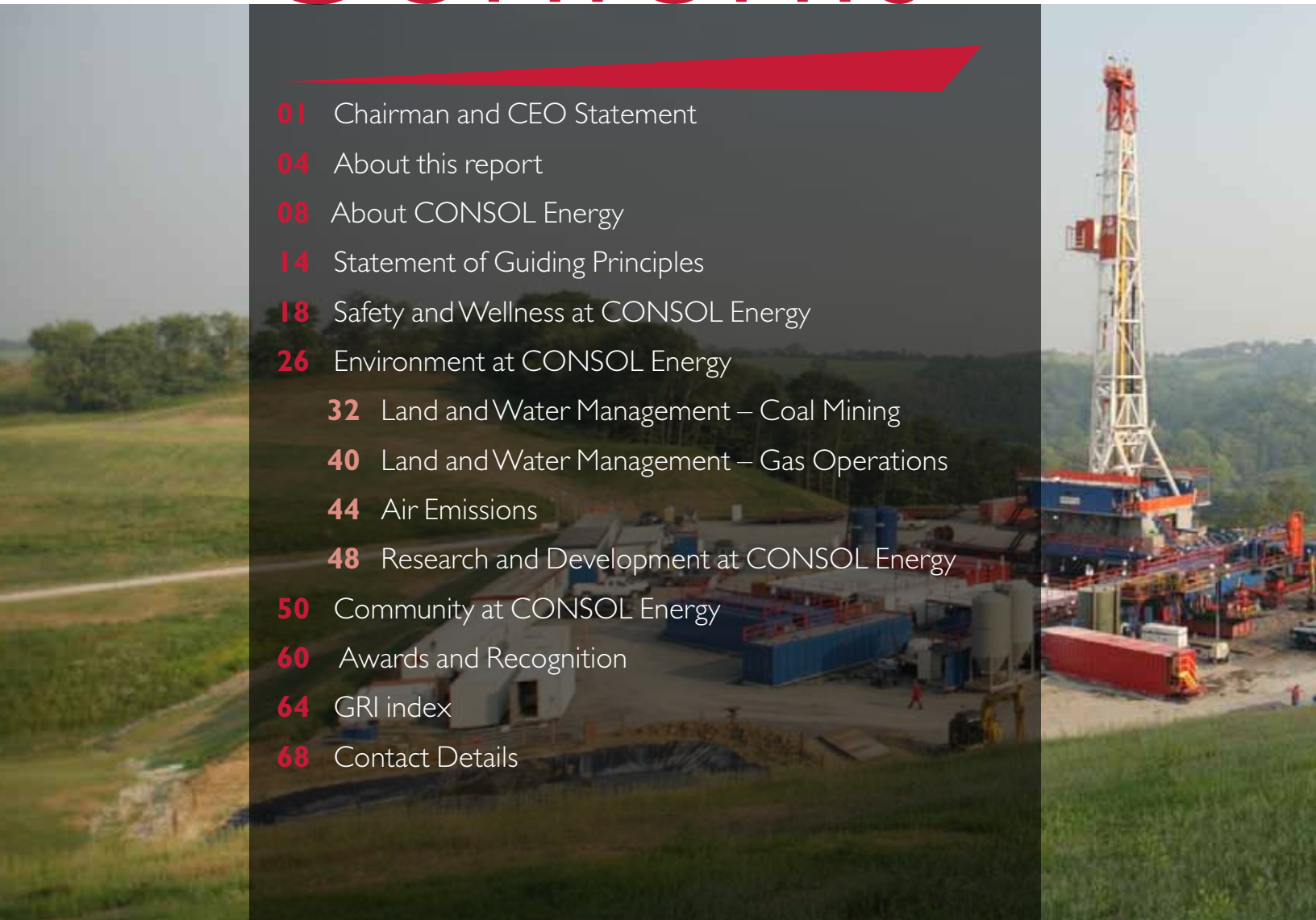


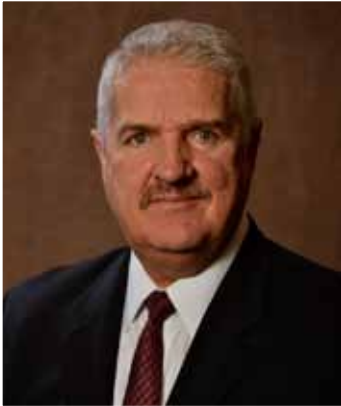
2011

CORPORATE RESPONSIBILITY REPORT

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For nearly 150 years, CONSOL Energy has been the fuel behind the American economic engine.

CONSOL Energy Inc. produces coal and natural gas—two abundant and affordable resources that make America a desirable place to live and conduct business. These resources light and heat our homes, hospitals, office buildings and schools – and, with today’s advanced technology, power our electric and compressed natural gas vehicles.

Over many decades, CONSOL Energy has grown from a coal business to now include a Natural Gas Division, a River Division, and one of the largest coal export terminals on the east coast of the United States. This expansion has been driven by sound business decisions made with the best interests of our shareholders, employees, the communities where we live and operate, and the environment in mind. Today, CONSOL Energy is an industry leader that possesses the experience and expertise to implement an innovative vision that will deliver clean, affordable, and reliable energy for future generations.

CONSOL Energy’s first corporate responsibility report has been created to clearly communicate who we are, what we believe, and how we conduct our business. You will see that CONSOL Energy is no stranger to the concept of responsible business practices. Responsibility is a fundamental principle that has driven CONSOL Energy’s actions since its inception nearly 150 years ago. Further, this report demonstrates just how strongly the company’s ethics and core values – Safety, Compliance, and Continuous Improvement – influence the business decisions CONSOL Energy makes every day. They are the very fabric of CONSOL Energy and we have proven time and again that best in class performance in our core values directly translates to strong operational and financial results.

The company’s performance in 2011 is a strong indicator of that correlation. It was a year characterized by our ability to seize opportunities and, in some cases, to create opportunities that considerably strengthened the company’s financial position during a time of economic uncertainty.

Most importantly, we saw significant performance improvement in our top core value of Safety. Although we are proud of the progress we achieved on our road to “Absolute ZERO” accidents within our company, we are not content with where we are and know that more work needs to be done.

In our Coal Division, we were able to combine reliable operations with innovative marketing to generate record net income. CONSOL Energy actively participated in the growth of world coal markets and as a result, our coal is currently sold on four continents.

In our Natural Gas Division, the company formed strategic partnerships with Noble Energy, Inc. to jointly develop 628,000 acres in the Marcellus Shale, and with Hess Corporation to explore for and develop oil, liquids, and gas on 200,000 acres of Utica Shale in Ohio.

On the environmental front, in 2011, we established a baseline for a number of key performance indicators (KPIs), such as air emissions and water use, formalized our Environmental Management System (EMS) and took important measures to expand our environmental policy to meet and exceed increased industry regulations. We also saw significant progress in our research and development program focused on carbon sequestration and water recycling.

Looking forward, our short term strategic priorities are to continue to build on the “Absolute ZERO” program and to fully integrate the ZERO Accident culture into CONSOL Energy and its contractors. In the areas of environmental and compliance, our priorities are to establish clear targets for our KPIs based upon our 2011 performance. We are purposefully investing time and effort to make sure we set ambitious targets suitable for our business and in line with our core values. I look forward to discussing our progress against these targets in our 2012 Corporate Responsibility report as it is our intent to issue this report on an annual basis.

Personally, I hope this report serves as an invitation to a continuing dialogue with our partners, shareholders, employees and the communities in which we operate. CONSOL Energy proudly and responsibly delivers fuel products that benefit all levels of society. We will continue to strive for the advancement of our core values and for greater mutual awareness of and appreciation for the necessity of fossil fuels.

J. Brett Harvey, CONSOL Energy Chairman & CEO



ABOUT THIS REPORT



This is CONSOL Energy's first corporate responsibility report and it covers calendar year 2011. We intend to publish this report annually. Our objective is to help all our stakeholders—customers, employees, shareholders, communities, non-governmental organizations, regulators and others—better understand our corporate responsibility objectives, goals and achievements. Where appropriate, we have included historical performance information and, going forward, we will compare our performance year-to-year.

A team of CONSOL Energy representatives has prepared this report, and it has been reviewed and approved by senior management. Our advisor, KPMG LLP, has provided assistance in facilitating the preparation of this report, but has provided no assurance thereon. KPMG's role was to assist CONSOL Energy with conducting the materiality analysis, determining the report content, and collecting and coordinating the report content.

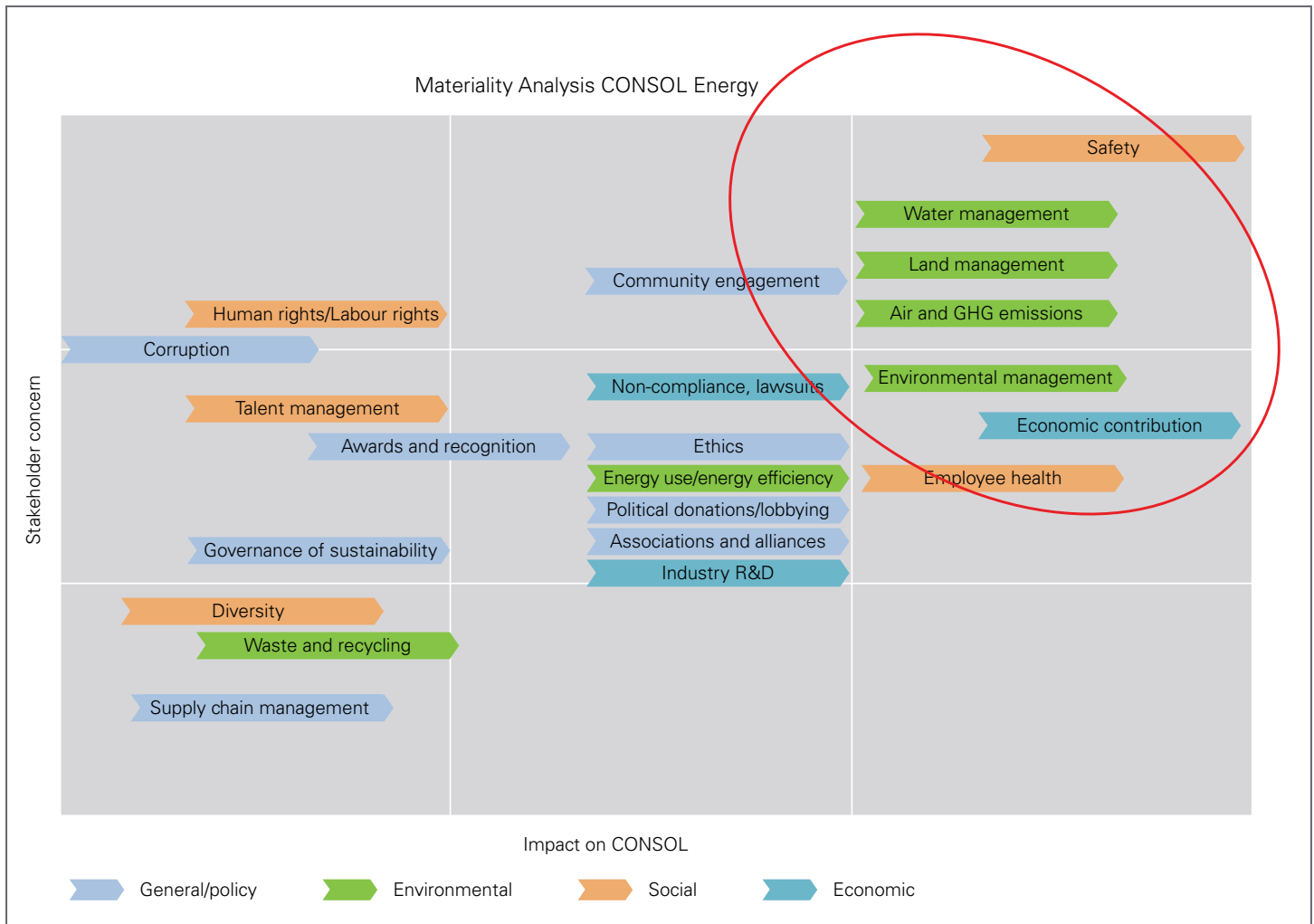
Process for Defining Report Content

We used the Global Reporting Initiative (GRI) G3.1 reporting principles in the development of this report. The GRI is a globally accepted reporting framework that enables companies to report transparently to increase stakeholder trust.

The GRI includes a formal materiality analysis. The goal of CONSOL Energy's materiality analysis is to ensure that issues relevant to the company and to stakeholders are being addressed. Information and data assessed in this analysis were drawn from the following sources: input from stakeholder engagement (through daily interactions with various internal functions); peer reports; external peer communications; and sector publications. Findings were combined and prioritized to determine the material issues for CONSOL Energy's corporate responsibility goals and reporting. The basis for the prioritization was an assessment,

by internal CONSOL Energy stakeholders, of the relative impact of the issues on the company and its stakeholders. For more information on stakeholder engagement, please see the Community section of this report.

The results of our materiality analysis are illustrated below, where the most material issues for CONSOL Energy are located in the top right corner of the graph. Subsequent pages of this report provide information on our corporate responsibility performance for these material topics.



Organizational and Operational Boundaries of the Reported Information

CONSOL Energy is a large natural resource extraction company that produces coal and natural gas, primarily in the eastern United States, for the domestic electric utility industry, industrial consumers and American steel companies. CONSOL Energy also exports coal to Europe, Asia and South America for electricity and steel production. Although the company also has coal reserves in Canada, all of its producing operations are located in the U.S. CONSOL Energy's operations include a range of business and support groups that include:

- **Coal Division:** Coal production from underground and surface mines
- **Natural Gas Division:** Natural gas extraction from shale, shallow oil and gas, and coal bed methane wells
- **Land Division:** Management of surface, coal, gas and oil holdings in support of operations and conservation projects, public usage and land donations
- **Marine Terminal:** Shipping terminal in Baltimore that receives coal by rail from company and third party mines and loads ocean vessels for export
- **River Transportation:** Fleet of towboats, harbor tugs and barges as well as a rail-to-barge terminal on the Upper Ohio River system
- **Fairmont Supply:** National distributor of mining, gas, industrial, maintenance, repair, and operating supplies
- **Research and Development:** Private research entity focused on energy efficiency and utilization, environmental research, and emission reduction in support of CONSOL Energy and its customers

CONSOL Energy has also entered into a number of joint ventures related to its coal and gas activities. Recent gas joint ventures include:

- A joint venture of CONSOL Energy and Hess Corporation to explore and develop the Utica Shale in Ohio; CONSOL Energy's share is 50%
- A joint venture of CONSOL Energy and Noble Energy to develop the Marcellus Shale in south-west Pennsylvania and West Virginia; CONSOL Energy's share is 50%
- CONSOL Energy and Noble Energy formed CONE Gathering LLC (CONE), a joint venture established to develop and operate gas gathering system needs in the Marcellus Shale

Coal mining joint ventures include:

- A joint venture of CONSOL Energy and Rosebud Mining Company to develop and operate underground mining properties in central Pennsylvania
- A joint venture of CONSOL Energy and Oxford Mining Company to develop and operate surface mining properties in Ohio
- A joint venture of CONSOL Energy and Chevron Mining Company to permit and develop the Youngs Creek surface mine near Sheridan, Wyoming

This report covers the seven divisions and operating groups mentioned above (unless otherwise stated). For this first report, the performance of our joint venture operations is not included. It is our intent to collect and report on performance relative to our joint venture activities in our 2012 report.

As this is CONSOL Energy's first report, we acknowledge that there are some limitations to the extent of data collected and reported. For example, while we address air emissions,

including a greenhouse gas (GHG) inventory, data for our non-GHG emissions are reported only for our Pennsylvania operations in 2011. CONSOL Energy intends to collect and report in our 2012 report on a complete inventory of our operations for each state in which we operate.



ABOUT CONSOL ENERGY

CONSOL Energy by the Numbers

- **1864**
began coal mining operations
- **1**
The largest U.S. producer of coal from underground mines
- **4.5 Billion**
tons of proven and recoverable coal reserves
- **3.5 Trillion**
controlled cubic feet of net proved reserves of gas
- **62.6 Million**
tons of coal produced in 2011
- **1,522**
average number of employees hired annually since 2007
- **5,567,839**
hours worked by CONSOL Energy's Gas Division without a lost-time accident
- **17**
safety awards presented to CONSOL Energy operations in 2011

CONSOL Energy, a publicly owned Pittsburgh-based producer of coal and natural gas, is one of the leading diversified energy companies in the United States of America. CONSOL Energy's corporate headquarters are located in Cecil Township, Pennsylvania; the recently constructed building is a Leadership in Energy and Environmental Design (LEED) certified building and CONSOL Energy is one of the anchor tenants of Southpointe, a business park comprised primarily of energy companies that have been attracted to the region as a result of the Marcellus Shale discovery in 2008.

CONSOL Energy's premium Appalachian coals are sold worldwide to electricity generators and steel makers, and our Natural Gas Division has grown from a pure-play coalbed methane producer to a full-fledged exploration and production operation. We are a leading producer in the Marcellus Shale and we conduct an active exploration program in the Utica Shale.

Since our founding in 1860 and our first active mining operations in 1864, CONSOL Energy has powered the nation with affordable, abundant, reliable domestic energy. Today,

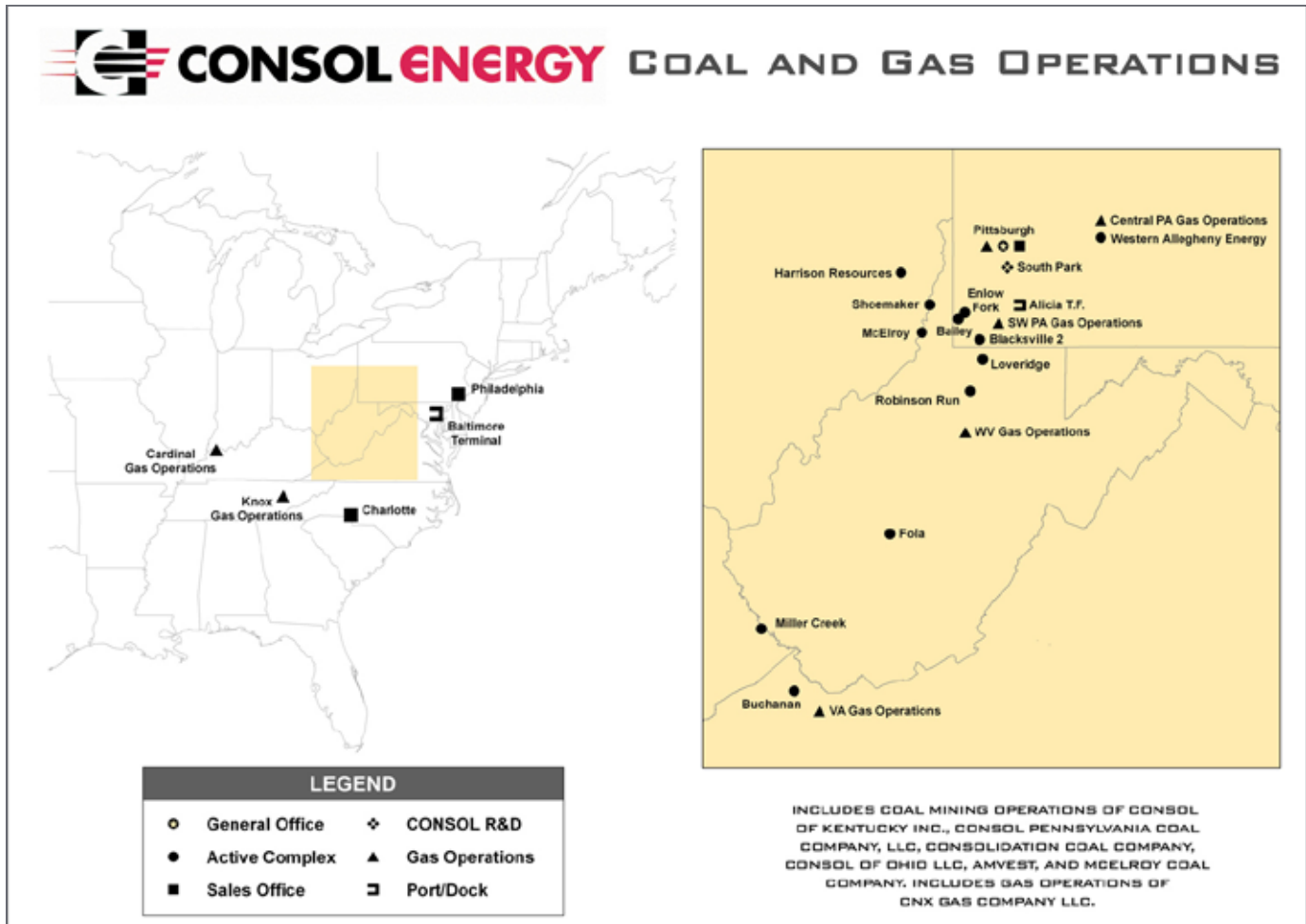
CONSOL Energy's more than 9,000 employees help generate the fuels – coal and natural gas – that comprise two thirds of the nation's power supply. Our energy supports the American way of life by helping deliver electricity 24/7, creating family-sustaining jobs and keeping our nation competitive in the global marketplace. Our strong record of environmental stewardship and our commitment to community have helped enable us to become the dynamic and accomplished energy company we are today.

CONSOL Energy maintains the largest private research and development facility in the U.S. industry that is devoted exclusively to coal and energy utilization and production. In addition to supporting the production of CONSOL Energy's coal and gas operations, it also focuses on energy development, improving energy efficiency and reducing pollution. This facility was borne out of our core values – **Safety, Compliance and Continuous Improvement** – and enables us to identify opportunities and implement solutions that drive safety, production, and utilization of our strategic resources in smarter, more efficient ways.

CONSOL Energy's coal mines are highly technical operating environments that require specialized training. The days of pick axes and shovels have been replaced with technologically advanced processes such as longwall¹ mining, enhanced safety protocols, digital technologies and sophisticated communications technologies such as those employed at CONSOL Energy's centralized Communications Center at corporate headquarters. These advances have helped make the mining process safer and more productive, more than doubling resource recovery.

CONSOL Energy's natural gas operations include coal bed methane extraction, conventional and shale gas exploration and production, all of which require expertise and technology that continues to evolve and advance. From safety to environmental protocols, techniques and equipment, advances in these areas are continuous, improving recovery, enhancing safety, and providing more environmentally protective methods.

¹ In longwall underground coal mining, a long wall of coal is mined in a single pass. Ninety-one percent of our coal came from mines equipped with longwall mining systems, which have their own hydraulic roof supports for overlying rock that advance with the machine as mining progresses. Rock that is no longer supported by the coal that has been removed is allowed to fall behind the operation in a controlled manner.



Corporate Governance at CONSOL Energy

Our Commitment to Corporate Governance

CONSOL Energy’s Board of Directors and management team firmly believe that sound principles of corporate governance are essential in making good decisions on behalf of our shareholders, employees, and other stakeholders. We believe that corporate governance goes hand in hand with strong financial performance.

Our Board of Directors regularly reviews our governance policies to ensure that we are in compliance with applicable laws and regulations, as well as best practices. We maintain a corporate governance page on our website at www.consolenergy.com. Linked to our corporate governance page are our Corporate

Governance Guidelines, Code of Ethics and Business Conduct - Board, Code of Ethics and Business Conduct - Employees, and charters for each of our board committees.

Board of Directors

CONSOL Energy is governed by a Board of Directors of eleven members, a majority of whom are independent under New York Stock Exchange rules. J. Brett Harvey serves as our Chief Executive Officer and Chairman of the Board, which enables us to centralize board leadership and provide effective communication to the other members of the Board. We believe that Mr. Harvey’s role as Chief Executive Officer and Chairman of the Board furthers decisive leadership, ensures clear accountability and enhances the corporation’s ability to communicate its message and strategy

to the corporation's shareholders, employees, customers and suppliers.

In connection with the Board's decision to combine the role of Chief Executive Officer and Chairman into one position, the Board determined that it was appropriate and necessary to appoint a Lead Independent Director, who must be an independent director who has served with the Corporation for at least one year. The Lead Independent Director has several duties, including presiding at all meetings of the Board at which the Chairman is not present, and at executive sessions of the independent directors. We believe that the number of independent directors that make up our Board, along with the independent oversight of the Board by our Lead Independent Director, benefits the Corporation, as well as the shareholders.

Board Committees

Our Board has five standing committees: Audit, Compensation, Nominating and Corporate Governance, Finance, and Health, Safety and Environmental. Although we are proud of all of our committees, we are particularly proud of our Health, Safety and Environmental Committee, which we voluntarily formed in 2009. This Committee, which consists of five directors, provides oversight of CONSOL Energy's policies and management systems with respect to health, safety and environmental matters. Our Health, Safety and Environmental Committee is generally responsible for overseeing management's monitoring and enforcement of the corporation's policies to protect the health and safety of employees, contractors, customers, the public and the environment. The committee is also responsible for reviewing with management the quality of the corporation's procedures for identifying, assessing, monitoring and managing the principal risks in our business that are associated with health, safety, and the protection

of the environment, and for reporting the committee's findings to the board.

Selection of Board Members

In assessing the Board's membership needs, the Nominating and Corporate Governance Committee generally seeks to maintain a board comprised of individuals who are competent in the following areas:

- General industry knowledge;
- Accounting and finance;
- Ability to make sound business decisions;
- Management;
- Leadership;
- Knowledge of international markets;
- Business strategy;
- Crisis management;
- Corporate governance; and
- Risk management

Directors must have experience in positions with a high degree of responsibility and leadership experience in the companies or institutions with which they are or have been affiliated. Directors are selected based upon contributions that they can make to CONSOL Energy.

CONSOL Energy does not maintain a separate policy regarding the diversity of its board members. However, consistent with its charter, the Nominating and Corporate Governance Committee, and ultimately the board, seeks directors with diverse personal and professional backgrounds, experience and perspectives that, when combined, provide a diverse portfolio of experience and knowledge that will well serve CONSOL Energy's governance and strategic needs.

*Our 2011 Board of Directors:***J. Brett Harvey**

Chairman of the Board and Chief Executive Officer.

John Whitmire

Vice Chairman of the Board and member of the Finance and Health, Safety and Environmental Committees.

Philip W. Baxter

Lead Independent Director and member of the Audit and Compensation Committees.

James E. Altmeyer, Sr.

Chairman of the Health, Safety and Environmental Committee and member of the Finance Committee.

William E. Davis

Chairman of the Nominating and Corporate Governance Committee and member of the Health, Safety and Environmental Committee.

Raj K. Gupta

Chairman of the Audit Committee and member of the Health, Safety and Environmental Committee.

Patricia A. Hammick

Member of the Finance and Nominating and Corporate Governance Committees.

David C. Hardesty, Jr.

Member of the Finance and Health, Safety and Environmental Committees.

John T. Mills

Member of the Audit and Compensation Committees.

William P. Powell

Chairman of the Compensation Committee and member of the Nominating and Corporate Governance Committee.

Joseph T. Williams

Chairman of the Finance Committee and member of the Compensation Committee.

Corporate Governance Principles

CONSOL Energy's Board of Directors operates in accordance with these principles:

- CONSOL Energy holds an annual election of directors, and each director must receive a majority of votes cast. Directors who fail to receive sufficient votes must submit a letter of resignation to the board
- At least a majority of the board must be independent
- The Audit, Compensation, and Nominating and Corporate Governance Committees are comprised entirely of independent directors

- The board and each of its committees have the authority to hire independent advisors
- Each member of the Audit Committee has been deemed an audit committee financial expert for purposes of the Securities and Exchange Commission rules
- Our directors meet regularly in executive session without the presence of management
- Our directors and officers are subject to stock ownership guidelines

Communication with the Board of Directors

Shareholders and other interested persons who wish to communicate with the Board may do so by writing to the Board at CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg, PA 15317, or by sending an e-mail to directors@consolenergy.com. Information concerning communications with the Board is also included on CONSOL Energy's website at www.consolenergy.com.

CONSOL Energy's
Executive Officers

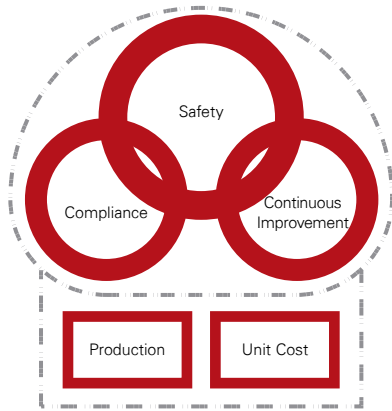


Front Row – Nicholas J. Deluliis – President, J. Brett Harvey – Chief Executive Officer and Chairman, William J. Lyons – Executive Vice President and Chief Financial Officer. Back Row - Robert F. Pusateri – Executive Vice President – Energy Sales and Transportation Services, P. Jerome Richey – Executive Vice President – Corporate Affairs and Chief Legal Officer and Corporate Secretary, Robert P. King – Executive Vice President – Business Advancement and Support Services.

Guiding PRINCIPLES

Core Values

CONSOL Energy operates based on three core values and two strategic priorities collectively known as the Big Five within the company. Our core values are the foundation of the company's identity and are the basis for how we manage and conduct our business activities.



The evolution of CONSOL Energy's core values began in 2006 with a third-party survey of employees. A senior management team convened in March 2007 to review the results, and the message was sobering: the company

needed a revolutionary change in its safety culture. This launched the decoupling of safety functions from compliance functions. Safety must trump everything, and our Absolute ZERO program became our standard. Four initiatives were launched that revolutionized the safety performance and culture at CONSOL Energy. These initiatives entailed a world-class training program, incentives, and rewards to recognize safe conduct, the decoupling of safety from compliance, and a team was formed to eliminate unsafe acts. This process is a living process of continuous improvement which is described in more detail in the safety section of this report.

CONSOL Energy is not content with just being in compliance. Our desire to be world class drives us to identify policies and strategies to further our performance beyond compliance standards. CONSOL Energy is increasing its focus on environmental compliance to further improve our operations, and we are increasing our employee awareness through

enhanced training, and communication, proactively identifying best-in-class processes and methods in our operations, and improving our transparency with stakeholders through reporting of our annual performance. Best-in-class performance that demonstrates our Core Values will directly translate to strong operations and financial results.

Employee Engagement with Our Core Values

Employee empowerment is critical for our safety, compliance, and continuous improvement efforts. Our Absolute ZERO culture relies heavily on empowering all employees and contractors with respect to safety, regardless of their rank or type of contract. This means that all CONSOL Energy employees and contractors are empowered and expected to stop the normal course of operations if he or she believes safety or compliance is being compromised. Safety trumps everything.

Safety

Engagement of employees at all levels is not an easy task. We address this challenge by training our employees, providing rewards for excellent safety performance and by keeping employees informed through regular communications about safety performance and initiatives. We take safety training seriously. Therefore, every CONSOL Energy employee participates in mandatory annual safety training. Depending on an employee's work location, their training includes required agency mandated annual training, job specific training and an additional day of Absolute ZERO training.

On-the-job training is provided by our safety mentors, supervisors, trainers, and safety professionals. We employ dedicated safety professionals who observe our underground workforce on a regular basis and provide feedback and education on all unsafe actions. Additional training and awareness takes place through peer review teams made up of individuals

These employees are among more than 250 safety, health, and environmental professionals who provide support and strategic guidance to our operations based upon our Core Values each and every day.



from the workforce. Every two months, these teams observe every person working at our mines and their report goes to the safety mentors for discussion at site steering team meetings. The safety mentor program is most intensive in our mining operations where safety risks are highest; however, CONSOL Energy has safety mentors across the organization.

CONSOL Energy's Safety Rewards program encourages a safe attitude in the workplace by providing both office and operational employees across our businesses with monetary rewards for periods worked collectively at their location without safety exceptions. The monetary value increases with the amount of time worked without exceptions.

Communication is also fundamental to safety across the company. We have various ways of communicating to and with our employees. At facilities across our organization, CONSOL Energy TV broadcasts the latest safety information and reminds employees of our primary core value. Our mining operations publish quarterly newsletters informing the employees on safety performance and safety measures. Weekly safety briefings are held at all our mines, gas operations, river operations, and at various corporate departments to inform employees and contractors of the latest safety updates. Brief, daily "tailgate" safety and compliance meetings are held at the beginning of each shift for coal and gas operations.

Our emphasis on safety does not apply to our employees alone. We continuously focus on improving the safety performance of our contractors. Contractors are held to the same safety standards as our employees, and our

contracts are written to include safety program requirements and performance. Contractors are empowered and are expected to stop operations in case of unsafe situations, just as our employees are. In addition, contractors who work on CONSOL Energy sites are required to have a written safety program. CONSOL Energy has engaged a third party, ISNetworld®, to help manage our contractor safety.

Compliance

Compliance is our second core value and applies to not only safety and environmental compliance but compliance with all laws, regulations, permits, company policies, processes, procedures and agreements. It is relevant across the entire spectrum of our enterprise and all CONSOL Energy employees are expected and empowered to stop the normal course of operations if he or she believes compliance is being compromised. For areas of compliance in other aspects of the business, employees are expected to perform their duties in a compliant manner and bring potential areas of non-compliance to the attention of their supervisors. We have an auditing group that performs routine audits across our operations to ensure compliance with both regulations and business practices.

Doing business ethically while complying with all laws and company policies is the standard here at CONSOL Energy. We provide annual training and conduct an annual review with CONSOL Energy's Code of Employee Business Conduct and Ethics by surveying management personnel and other employees who have significant influence, approval authorization, or access to significant confidential or proprietary

In 2011, our training programs reached 100% of our employees.

information. In addition to employees, our ethics code applies to consultants, independent contractors and agents of the company. We emphasize that it is CONSOL Energy's policy to provide equal opportunity for all qualified persons in a workplace in which harassment is not tolerated.

CONSOL Energy has an Ethics and Compliance Hotline that is available 24 hours a day, 365 days a year which is a vehicle that allows illegal or unethical behavior or activity to be reported anonymously. In addition, employees are encouraged to report concerns through their line organization. CONSOL Energy will not allow retaliation for reports made in good faith.

Continuous Improvement

Continuous improvement is another core value that is relevant across the entire spectrum of our enterprise. We are continuously looking for ways to improve the manner in which we do business in both our operations and support functions. As part of that effort, CONSOL Energy establishes both company and individual goals on an annual basis that incorporate the concept of continuous improvement. Continuous improvement also applies to improving the skills and knowledge of our employees.

The development of CONSOL Energy employees at all levels is a top priority to ensure continuous improvement while maintaining a focus on our core values. Employees have an opportunity to attend a variety of courses ranging from compliance, technical, to managerial. In 2011, our training programs reached over 38,000 employees.

At CONSOL Energy, there is a deep-seated acceptance of key employee performance expectations within our culture for which employees must demonstrate:

- Technical and tactical proficiency
- Moral and ethical judgment
- Ability to direct and develop others
- Ability to function as an effective team member
- Respect for all persons with whom one interacts
- Ability to communicate professionally

CONSOL Energy also has a formal Performance Planning and Management System, a tool that allows us to recognize employee contributions and to reward performance. Managers and employees work

together to: 1) target business objectives and expected results; 2) monitor performance progress and actual results; and 3) review, recognize, and reward performance. The underlying philosophy of this program allows employees to identify and define performance objectives and results, understand how they relate to our core values and business objectives, and increase shareholder value through company and individual performance.

In coordination with our Performance Planning and Management System, CONSOL Energy rewards employees for safely performing their job, complying with the law and the spirit of the law and continuously improving their job performance. Results relating to production and cost also link into employee reward calculations.

Safety and Wellness AT CONSOL ENERGY

Quick facts

- CONSOL Energy employs 140 safety professionals
- CONSOL Energy has 11 emergency response mine rescue stations and 22 mine rescue teams
- 100% of employees received safety training in 2011
- 16% improvement in incident rate compared to 2010
- CONSOL Energy is investing heavily in safety, with more than \$138 million in capital allocated to safety in 2011

At CONSOL Energy, safety is at the core of everything we do because it concerns our most important asset: our people. In 2007, CONSOL Energy's executive management team took a bold step to get to ZERO accidents. We were through simply talking about improving the culture of safety at CONSOL Energy, and we committed to developing a comprehensive plan that would take our company from where we were towards where we want to be – ZERO accidents in the workplace. This program, called Absolute ZERO, is based on the premise that ZERO accidents are normal and that an accident – any accident – is abnormal and inconsistent with our values. Safety has no rank; every employee must be empowered to stop unsafe behavior and must have the responsibility to "See Something, Say Something, Do Something." This program has expanded

Our Absolute ZERO Safety Policy

Our safety policy statement is "Safety is a condition of employment". This condition is applicable to every CONSOL Energy employee regardless of assignment. The core principles of Absolute ZERO include employee empowerment, risk assessment and management, investment in new/improved technologies, and employee wellness.

"Safety trumps everything we do including production and profit."

– J. Brett Harvey, CEO and Chairman of the Board



to include contractor safety. As a result of this change in culture, we have experienced a steady decrease in incident rates across the company since the program's inception.

We employ 140 safety professionals. We have trained 100% of our employees on safety in 2011, and we have a mentoring program in place. Much has been learned and much has been done to improve our culture of safety in and around the workplace, and we are not yet where we need to be. It is a matter of deep regret that two fatalities occurred in 2011, of which one was a contractor. This is why our commitments for the future are:

- To continue to build on the Absolute ZERO program and continue to fully integrate the ZERO Accident culture into CONSOL Energy and its contractors
- To continue to improve our health and safety program by becoming more proactive and by incorporating science, technology, and best-in-class processes into our operations
- To include detailed risk assessment across our operations
- And to structure our Occupational Health and Safety Management System to be consistent with OSHAS 18001:2007 by the end of 2012

Our ultimate goal is to be the safest energy company in the world, and to be the leader for driving change in both the coal and gas industries

Safety Task Risk Management

Task risk assessment is an important component of our Absolute ZERO program. CONSOL Energy's Behaviorally Engineered Scientifically Tested (BEST) team has developed a proactive risk analysis and hazard recognition process. In line with a core principle of Absolute ZERO called "Take two before you do," the risk analysis process encourages employees to always consider the consequences of a certain action before initiating it.

Accident cause elimination (ACE) investigations examine the root cause failures that led to an incident. Tasks are coded into categories based on risk. This requires pre-analysis and decision-making prior to undertaking riskier tasks, so that all aspects of the task have been examined and every attempt has been made to eliminate potentials for risk.

Our safety program is further supported by internal safety and compliance audits conducted by our safety professionals. Operational audits are completed by supervisors and safety professionals at their work locations. These audits consist of employee observations as they relate to safe work procedures and compliance in regard to regulation standards. Corporate audits consist of compliance to company policy and regulatory mining agencies, contractor safety, and compliance performance. These audits are conducted weekly to annually. Both operational and corporate audit outcomes are reviewed with operations management and corrected accordingly.

CONSOL TV Streamlines Internal Communication

As a leading diversified energy company, CONSOL Energy recognizes the challenge of communicating with more than 9,000 employees who work in a wide range of environments. On November 30, 2009, the company launched CONSOL Energy TV, an internal, high-definition communication system that broadcasts original content company wide.

The system was developed in response to a need for an effective way to communicate with our workforce to reinforce our core values of safety, compliance and continuous improvement. Today, CONSOL Energy TV operates 500 televisions throughout the company dedicated to employee communication. From the entranceway of our corporate headquarters to the lamp rooms at our mines, from conference rooms in seven states to tug boats on local rivers, CONSOL Energy unites its employees by providing ready access to the latest company news and safety-related messages around the clock.



Emergency Safety Responders

In line with regulatory requirements, each mining site has a mine rescue team of employees who are selected based on skills and mining experience. These rescue teams train year-round in search, rescue, recovery, and fire-fighting techniques in case of coal mine emergencies. Team members participate voluntarily, and many team members are certified emergency medical technicians (EMTs). Additionally, many of our coal and gas locations also have employees who serve as first responders and EMTs.

Safety Technology

Because of the nature of our operations, most risks relate directly to the work carried out on site. This is why an important part of our efforts is concentrated on investments that increase operational safety. In 2011, the total investment in safety reached \$138 million, including investments in these areas:

- In 2011, we continued to invest in rib bolting, installing bolts to support the ribs (walls) of the mines at our longwall mines. The bolts secure the roof and sides of the mine and help reduce the potential of mine ribs collapsing.
- At our gas sites, we place significant emphasis on controlling risks related to fires and explosions. Automated early warning gas detection systems were installed on all horizontal rigs in 2011.

- CONSOL Energy was among the first to test proximity detection technology, which prompts heavy machinery to stop operating as soon as a worker comes too close to the equipment, avoiding potential incidents.
- CONSOL Energy, in a joint effort, is developing a new integrated miner's safety helmet that will integrate radio communications, a respiratory device, face and eye protection, and hearing protection as well as lighting.
- Working with Lockheed Martin, CONSOL Energy is testing a system designed to provide wireless, two-way, through-the-earth (TTE) voice communication in case of an emergency, helping meet our industry's post-accident emergency wireless communications requirement.
- CONSOL Energy has invested in a new technology to monitor rock dusting at underground locations. A coal dust explosibility meter (CDEM) allows real-time readings of the incombustible content of rock dust samples, making it easier for CONSOL Energy to respond quickly to identified issues and to increase its response time to MSHA sampling requirements.



Case study:

Overland Belts

To reduce risk to our employees who work underground, CONSOL Energy seals and closes older, mined-out areas of our mines so that our employees do not travel through or have to maintain these areas to reach the active working areas of the mine. This requires the re-routing of coal conveyors, which CONSOL Energy accomplishes by installing new, overland mine production slopes and conveyor belts to safely transport our coal. Overland belt projects enhance safety, improve productivity, increase production, and reduce costs.

Construction of new slopes and overland belts at the Bailey Mine in Pennsylvania and Shoemaker Mine in West Virginia were completed in 2010, and these slopes and belts are now fully operational. Our Robinson Run Mine in West Virginia also is equipped with an overland belt. Construction of a fourth slope and overland belt at Enlow Fork Mine in Pennsylvania began in 2010 and is expected to be completed by the end of December 2013.



Employee Well-Being

CONSOL Energy offers a range of health programs to help employees maintain their optimum level of health. Our mission is to engage all employees in a safe and healthy lifestyle, underscoring our belief that a healthy employee is also a safe employee. To achieve these goals, CONSOL Energy has implemented a well-being program, annual health fairs, and an industrial trainer program.

In 2011, the annual health fairs, along with our well-being program, engaged more than 9,000 employees at numerous company locations. The well-being program allows for lab work and a health risk questionnaire to be completed by all full-time employees and their spouses. As a result, employees have increased knowledge of the importance of routine preventative care. A number of employees have learned of serious medical conditions that may have gone unnoticed without these services.

CONSOL Energy also uses industrial trainers to help identify preventative measures to avoid musculoskeletal injuries and to help engage employees in healthy weight loss techniques. In addition, CONSOL Energy has a clinical group with multi-faceted knowledge who can discuss many issues related to health and wellness with employees and spouses.



“CONSOL Energy treats employees with respect... is fair and empowers individuals to make decisions.”

– Employee comment on May 2011 Survey: Top 100 Workplaces in the Pittsburgh metropolitan area

Our Performance in 2011

In 2011, CONSOL Energy continued to improve in health and safety, and we statistically achieved the best safety performance in company history. Our safety performance has improved for seven consecutive years, and we have made great progress in changing the values and the culture of the company and our employees relative to health and safety.

Our overall recordable incidence rate² improved by 16.3% to 1.49, and the Coal Division safety performance was more than 2.5 times better than the 2011 preliminary underground bituminous coal industry average as reported by MSHA. This marked the first year in our history that the incidence rate for the coal division was under 2.0.

CONSOL Energy’s Natural Gas Division experienced another exceptional safety year with no reportable employee accidents and has operated since 1994 and surpassed five million exposure hours without a lost time employee accident. During 2011, 98.2% of the Company’s employees worked the entire year without

a reportable accident and 57% of all work locations worked at ZERO for the entire year.

We also developed emergency preparedness plans for all business units, and we completed emergency response exercises at all mines, gas operations, Fairmont Supply locations, and transportation locations. We began implementation of a more comprehensive risk assessment process with the addition of risk assessment specialists primarily concentrating on contractor safety. Risk assessment continues as a major initiative in 2012.

Unfortunately, this year’s achievements were tempered by the fact that two fatalities occurred at our mining sites in 2011. A CONSOL Energy employee was fatally injured on the surface area of Shoemaker Mine in West Virginia in October due to a track haulage incident. In addition, a contractor working on the surface of our Reserve Coal Properties was fatally injured in February 2011 in an accident involving heavy equipment.

A summary of our safety performance since the implementation of our Absolute ZERO program is below.

Indicator	2008	2009	2010	2011	% improvement 2010 – 2011
Total Recordable Injury Frequency Rate – (RIFR) (employees)	2.10	1.92	1.78	1.49	16.3 %
Total Recordable Injury Frequency Rate – (LIR) (contractors)	N/A	N/A	1.96	1.40	28.6%
Lost Work Day incident rate (employees)	1.48	1.52	1.31	1.04	20.6%
Work related fatalities (employees)	4	1	1	1	–
Work-related fatalities (contractors)	1	0	1	1	–

² Incidence rate formula = (number of incidents X 200,000)/actual exposure hours

Safety Regulatory Compliance

In 2011, CONSOL Energy's Natural Gas Division received zero citations from the U.S. Occupational Safety and Health Administration (OSHA) under the U.S. Department of Labor. In 2011, we received 4,960 violations from the Mine Safety and Health Administration (MSHA) under the U.S. Department of Labor related to compliance at our mining locations, down from 5,550 in 2010, for a reduction of 11%. In 2011, CONSOL Energy was cited at a rate of less than one citation per inspection day. Although this number may seem high to those outside the mining industry, CONSOL Energy is an industry leader in safety compliance. Our underground mines consist of over 130 miles of belt conveyor systems and more than 105 square miles of active mining area.

Coal Division	2010	2011	% Improvement
Total MSHA Violations	5,550	4,960	11%
S&S (Significant & Substantial)	1,988	1,608	19%
Orders	58	38	34%



During 2011, 98.2% of the Company's employees worked the entire year without a reportable accident and 57% of all work locations worked at ZERO for the entire year.

Looking Forward

We have a lot to be proud of with our safety performance in 2011. However, we are not “At ZERO” yet. To further improve our performance, we will focus even more on empowering employees at all levels to take ownership of safety. In early 2012, we incorporated our “I Am Empowered” campaign into the Absolute ZERO program as we continue to build and enhance safety efforts. As part of this campaign, all CONSOL Energy employees and contractors are asked to sign our Safety Pledge on an annual basis.

Beyond the larger programmatic, technology, and awareness investments discussed above CONSOL Energy is actively working to protect workers in our mines. Additional safety innovations planned for 2012 include the further development of an integrated miner’s safety helmet, the perfection of proximity detection equipment, continued use of the coal dust explosibility meters, and the continued testing and evaluation of through-the-earth communications.

In addition, during 2012, continuous gas monitoring will be installed on all of our Natural Gas Division’s vertical rigs to prevent gas combustion and reduce the risk of accidents.

CONSOL ENERGY AMERICA'S ENERGY STARTS HERE. **SAFETY PLEDGE 2012**

“I Am Empowered”

Empowerment gives me the authority to stop, do what is right, educate others, and correct situations.

I pledge to demonstrate my personal commitment to safety through my behavior, my actions and my endorsement of empowerment.

The reward for this commitment is found in the positive impact that this action has on my life, the lives of my coworkers, and my family.

Employee

Supervisor

Supervisor's Supr.

Environment

AT CONSOL ENERGY

As a natural resource company and the owner of approximately 400,000 acres of land in the United States and Canada, we recognize the importance of environmental management. We practice the responsible use of our land and other natural resources, and this is reflected in an environmental policy that addresses our goal to operate in an environmentally sound, reliable, and efficient manner. We recognize that our environmental responsibilities go beyond those required under statutory obligations, so we design and operate our businesses to meet the expectations of our employees, communities, regulators, and shareholders. Key focus areas for the future include: enhancing awareness of environmental compliance through increased employee training; including an environmental compliance performance metric in our incentive compensation; requiring that our contractors have an environmental management system in place; and further developing our proactive identification of emerging regulatory issues that may impact the company.

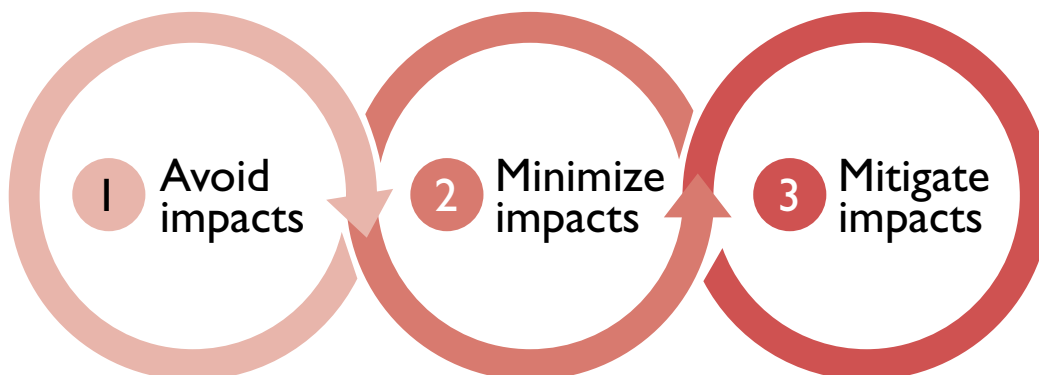
Environmental Management

In 2011, CONSOL Energy codified its environmental policy by producing an Environmental Policies and Procedures Manual for all of our locations. This comprehensive manual identifies all applicable laws and regulations, outlines procedures for operating in compliance, and defines areas of responsibilities and authorities. As a principle of our environmental policy, all our environmental management efforts have this order of priority:

2011 Quick facts

- 12,725 producing gas wells
- 4,218 miles of pipeline
- \$187.6 million spent on environmental and compliance programs and initiatives
- 645 active coal and 440 active gas working permits

Focus areas in our environmental management efforts are water and land management and air emissions. These topics are addressed in more detail in the next sections.



CONSOL Energy's Environmental Management Team

CONSOL Energy operates a centralized environmental management system, with a core staff of more than 120 environmental management professionals. The environmental management team consists of chemists, biologists, hydrologists, engineers, a dedicated corporate responsibility coordinator, compliance auditors, and other technical staff who work with our operations and help CONSOL Energy stay on top of environmental management issues as our industry and technologies change.

CONSOL Energy's Environmental Management System (EMS)

CONSOL Energy's approach to environmental management has been in place for a number of years. CONSOL Energy's Environmental Management System (EMS) is a systematic approach to environmental management that focuses on compliance and continual improvement through effective planning, review, and corrective action. Environmental compliance is incorporated into day-to-day business activities and decision-making processes. In 2011, CONSOL Energy embarked on a project to formalize and standardize its EMS based on the ISO 14001 standard.

CONSOL Energy reports its environmental performance to respective regulatory agencies in accordance with federal and state requirements. These data are available in the public arena, and CONSOL Energy has a well-developed electronic environmental data management system in place to track

and report environmental data. Our data management system plays an integral role in CONSOL Energy's monitoring, management, and reporting of a complex and dynamic array of environmental measurements across multiple facilities and states.

Environmental Policy

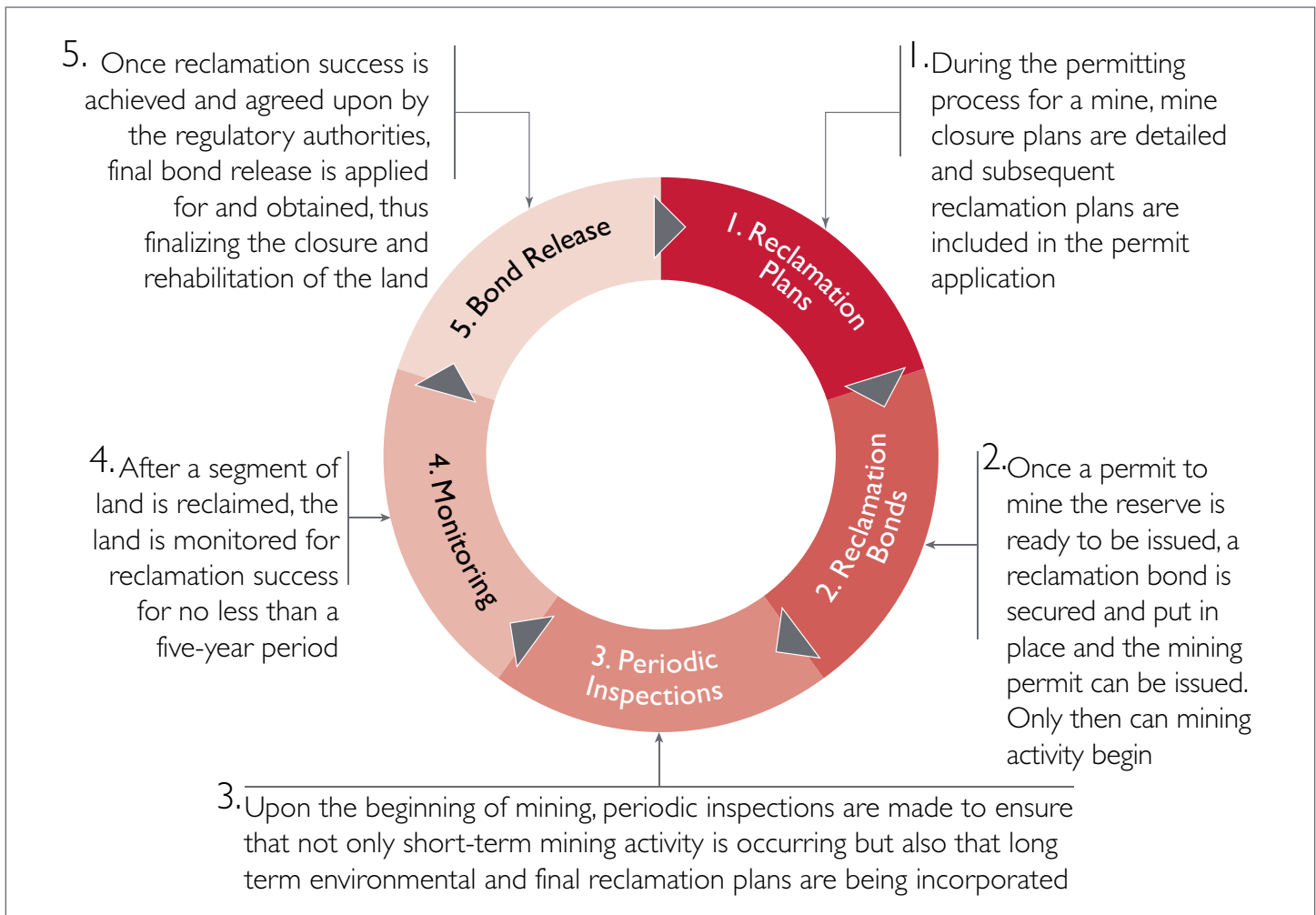
The safety and health of our employees and contractors, and full compliance with the laws and regulations that govern our businesses, are CONSOL Energy's top two core values. Therefore, we strive to conduct our operations to avoid adverse impacts on human health and to operate in an environmentally sound, reliable and efficient manner.

Furthermore, we recognize that both our safety and environmental responsibilities go beyond those required under statutory obligations, and thus design and operate our businesses to meet the expectations of our employees, communities, regulators, and shareholders.

Initiatives to mitigate environmental impacts of products and services

CONSOL Energy is bound by rules and regulations regarding land and water management, and this makes sound environmental management a prerequisite for doing business. Fundamental to obtaining a permit for any project is the conducting of an Environmental Impact Assessment (EIA). Federal EIA applications also must include a formal socio-economic impact evaluation.

Through CONSOL Energy's planning and foresight, our post-mining lands have been turned back to use for agriculture, forests, and wildlife habitats, as well as recreational, commercial, and other productive post-mining land uses. In addition to a regulatory requirement to address environmental management, CONSOL Energy also has a financial incentive to address environmental management through the issuance of reclamation bonds and water treatment bonds. The bond process is shown here:



Managing Biodiversity

For CONSOL Energy, managing biodiversity relates to habitat protection, restoration, and compensation. Our approach to biodiversity protection is to go above and beyond in managing endangered or threatened (E/T) species near our operations. Where CONSOL Energy operates in proximity to protected areas or close to protected species, our approach includes early identification of any E/T species known to occur in our project locations. The needs of those species are then incorporated into project planning, and appropriate mitigation plans are developed and submitted to regulatory agencies for approval.

A good example of this planning is demonstrated in the approach CONSOL Energy takes with respect to the Indiana bat, a federally endangered species. CONSOL Energy conducted a bat survey and incorporated the bats' seasonal movements into project planning for the new overland conveyor belts at our Bailey and Enlow Fork Mines in Southwestern Pennsylvania. In addition, CONSOL Energy constructed new bat hibernacula under the guidance of an outside expert.



An Indiana bat found during summer sampling for the Bailey overland conveyor belt in 2010.

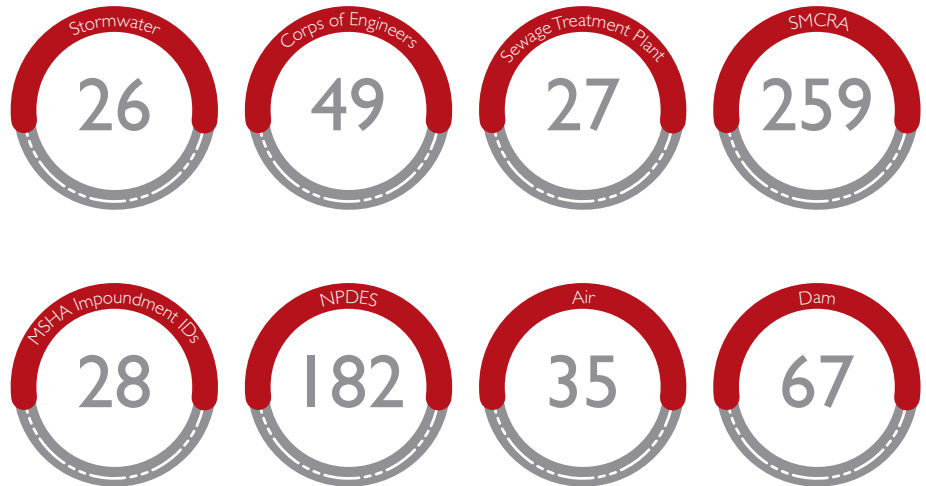




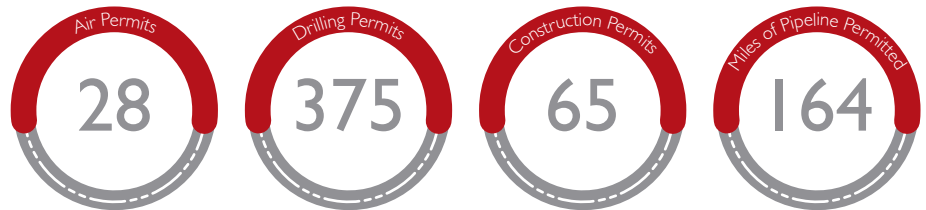
Our performance

CONSOL Energy’s permits are our license to operate. This chart demonstrates the extent of permits required to conduct our operations in 2011 alone. During that year, CONSOL Energy spent \$187.6 million on environmental compliance, with \$64.2 million of that total capital expenditures related to permitting and the construction of water treatment facilities.

Number of Coal Division Permits



Number of Gas Division Permits



CONSOL Energy has identified the following metrics to report on performance:

Indicator	2010	2011
Number of violations – Coal Division	81 Notices of Violation	112 Notices of Violation
Number of violations – Gas Division	46 Notices of Violation	90 Notices of Violation
Value of Reclamation Bonds, Water Treatment Bonds and Letters of Credit – Coal	\$466.9 million	\$487 million
Value of Bonds – Gas	\$6.4 million	\$12.4 million

We continuously strive to improve. However, data show an increase in violations year on year. This is due, in part, to a significant increase in activity associated with drilling and developing the Marcellus Shale. Our 645 coal and 440 gas active permits for these operations contain a significant number of compliance requirements. Nonetheless, consistent with our commitment to be in full compliance, CONSOL Energy believes performance will improve in the future. 2012 plans call for an increase in compliance training and environmental awareness and to add a performance metric for compensation that includes environmental compliance.

CONSOL Energy entered into six consent decrees in 2010 and 2011 that totaled approximately \$8.5 million. The largest was the Northern West Virginia Chlorides consent decree, a negotiated consent decree with the U.S. Environmental Protection Agency and the West Virginia Department of Environmental Protection concerning chloride effluent limit exceedances for National Pollutant Discharge Elimination System permits for several of our underground coal mines in northern West Virginia. In addition to agreeing to construct an advanced water treatment facility, more than 30 miles of pipelines to transport water from several mines to a treatment facility, and a landfill for solids generated in treating the water, the CONSOL Energy companies paid a civil penalty of \$5.5 million.

Also, CONSOL Energy has been identified by the U.S. EPA as a potentially responsible party (PRP) at several facilities under the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). CONSOL Energy currently is involved in two Superfund projects, with the remediation of PCB-impacted media being the focus of remedial action at each location. As is the case with the two current projects, CONSOL Energy's Superfund liability generally was created by third-party disposal activities

conducted decades ago, and, for the most part, prior to promulgation of current environmental regulation. CONSOL Energy takes an active role in the management of these projects and works in full cooperation with the EPA. CONSOL Energy's environmental program, including waste management, has been developed to minimize the potential for current and future environmental-related liabilities.

Looking Forward

CONSOL Energy is striving to continually improve our performance in terms of environmental management. We face a number of challenges that will require our attention in coming years. These include: increasing environmental regulations in the gas and mining sectors; the challenge of managing compliance in this area; and regulations that impact end-users of our products (coal and gas). To address these challenges, in 2012, our focus includes:

- Increasing employee environmental awareness through additional training and communication throughout 2012
- Implementation of our Environmental Management System Policies and Procedures Manual developed in 2011
- Requiring our contractors to have an environmental management system in place by the end of 2012
- Implementing a company-wide spill tracking metric to manage and report on all spills in addition to those that meet regulatory reportable quantities
- Developing and implementing in 2012 a surface dust suppression best practice for all haul roads and coal stockpiles
- Empowering all personnel through a combined Safety and Compliance Pledge by 2013
- Other investments that focus on enhancing and streamlining environmental compliance

Land and Water Management – Coal Mining Land Management

As a large land owner and lessee, land management is a priority in our corporate responsibility efforts. We understand our activities have impacts on the land we use. This raises a number of environmental challenges and impacts on local biodiversity. We strive to avoid negative impacts to land by carefully planning projects, engaging ecosystem experts, implementing pollution control measures, monitoring the effects of mining and rehabilitating mined areas. Where possible, we have altered mine plans to avoid impacting large population areas, public structures and infrastructure. We aim to minimize impacts on biodiversity by entering selected properties in public access programs with state fish and game agencies. By enrolling these properties, we strive to improve the biodiversity on our lands and to control overpopulation of animals that can impact or be detrimental to the biodiversity.

Impacts of Our Mining Activities

Coal mining requires land to be temporarily disturbed to gain access to resources. In our land management efforts, our goal is to avoid or minimize impacts to land before and during our operations by applying effective conservation techniques and to restore areas in which we have completed our activities to provide lasting benefits.

The U.S. Surface Mining Control and Reclamation Act (SMCRA) establishes mining, environmental protection and land restoration standards for all aspects of surface mining, as well as surface effects associated with deep

mining. Coal mine operations must obtain SMCRA permits and permit renewals from the Federal Office of Surface Mining or the associated state authority responsible for regulating coal mining operations.

The impacts of our mining activities depend on the method of mining used. This is based on the specific geologies of the areas in which we operate. Where the mining is underground, the surface area can simultaneously be used for other purposes – such as forests, cattle grazing and growing crops - with little or no disruption to existing land use. That said, these mines, particularly longwall mines, also can have impacts above the ground. These impacts are addressed in a manner compliant with current laws and regulations of the states in which CONSOL Energy operates.

The most significant surface impact from longwall mining is mine subsidence, whereby the ground level lowers as a result of coal having been mined beneath it. CONSOL Energy uses a range of engineering techniques to design the layout and dimensions of its underground mines to ensure impacts on the surface above an underground mine can be anticipated and controlled. We assess the situation in terms of wildlife, streams, and people living near the mines and we develop a plan that will address these impacts prior to starting our operations.



Land Reclamation

Our operations make only temporary use of land, and rehabilitation of this land takes place once operations cease. We endeavor to leave valuable land behind. By “valuable land”, we mean land in a better or equal state than before mining began. In line with permit requirements, a detailed site reclamation plan is designed and approved for each coal mine covering the period from the start of construction until well after mining has finished. (See the section on environmental management for more information on the process of reclamation bonds.)

A small percentage of our coal is extracted through surface mining. Land reclamation activities are undertaken contemporaneously during the entire lifecycle of these mines. As mining operations cease in one area of a surface mine, we start to reclaim the disturbed area. Reclaimed properties have been utilized post mining for many purposes, including commercial, residential, agriculture, forestry, wildlife habitat and recreation.

CONSOL Energy has participated in land management and mitigation projects with organizations such as Pheasants Forever and

the National Wild Turkey Federation (NWTf) which have enabled CONSOL Energy to provide beneficial use of our lands once energy development has been completed. For example, CONSOL Energy has completed wetland enhancement projects on several properties after longwall mining has ended. As a member of the NWTf’s Energy for Wildlife program, CONSOL Energy employs forestry and land management techniques that create beneficial habitats for wildlife species such as deer, turkeys, grouse, and songbirds.

We have also formed cooperative partnerships with local and national conservation and wildlife organizations such as the Ruffed Grouse Society, the Western Pennsylvania Conservancy, Stream Restoration Inc., Rocky Mountain Elk Foundation, and state wildlife agencies. Working with these groups enables us to make more informed, scientifically based decisions for the management of our lands. CONSOL Energy has donated nearly 150,000 acres of land to conservation efforts in the past 25 years.

Our Performance

	2011
Total acres of land under management	408,633
Total surface acres permitted	57,149
Total underground acres permitted	224,500
Amount of land enrolled in public access programs (acreage)	43,482
Total acreage released from bond	2,234



Biodiversity concerns also impact how we design and operate our longwall mines as we work to minimize impacts to aquatic ecosystems in streams above our mines in Pennsylvania. According to the Pennsylvania Department of Environmental Protection (PA DEP) numbers, CONSOL Energy leads the industry – both in dollars spent and in areas affected – in work to maintain stream flow and to repair stream channels affected by subsidence above these mines. Working within the policies and regulations of that department, CONSOL Energy constantly monitors the health of these streams, checking flow conditions and channel habitats to recognize when remedial activities need to begin in order to minimize any effects on aquatic life in the stream. Whether this consists of pumping water into streams for short periods of time to keep streams flowing during dry periods of the year or repairing stream bottoms via channel grouting, CONSOL Energy is proud of its efforts in this important environmental protection part of its business.

During the past 25 years, CONSOL Energy has enrolled more than 40,000 acres in cooperative access programs with state agencies, allowing public recreational opportunities (e.g. hunting, fishing, hiking) on lands owned by CONSOL Energy.

Looking Forward

Our Land Department is undergoing a comprehensive study to ensure all land owned or managed by CONSOL Energy is included in our measurements. In 2012, we are implementing processes to more accurately inventory all land we control and also working toward a management system that includes performance indicators and targets.

Water Management

Water is an essential natural resource for our production processes, needed for coal and gas operations, product preparation, dust management, drilling, human consumption and numerous other uses. We utilize a holistic water management approach to manage water-related risks, to minimize our impacts and to operate efficiently. In support of our mining operations, CONSOL Energy operates 99 waste water treatment plants covering a wide spectrum of treatment technologies from conventional sewage and acid mine drainage treatment to state-of-the-art zero liquid discharge (ZLD). These facilities are designed to protect water quality and the environment.

CONSOL Energy's approach to water management is focused on three key areas of water resource management: minimize impacts to local water resources; maximize recycling of process waters; and champion the repurposing of treated mine water, e.g. gray water, as a first-run feedstock for industrial consumption.

In an effort to limit the impact our operations have on water resources associated with our operations, CONSOL Energy strives to

minimize the volume of public water used in support of its coal and gas operations. Where feasible, groundwater wells are developed to support our operations. We monitor the water we use through U.S. Geological Survey (USGS) approved monitoring methods. CONSOL Energy has privately-owned surface supply systems as well as stream/river withdrawal approvals from the states in which we operate. CONSOL Energy is currently working with Veolia water management to model and gain more insight into its water footprint through Veolia's Water Impact Index, a comprehensive water footprint indicator that integrates all the aspects of the water cycle, including water quality and availability in the local environment.

One major component of our water conservation efforts is the recycling of process water in both our coal and gas operations. Coal preparation facilities routinely re-circulate process water to reduce the demand for make-up water, e.g. freshwater, while our

gas operations have committed to recycling 100% of our Marcellus Shale flow-back water. Operationally-derived process water that in the past would have been targeted for disposal or treatment and discharge is now utilized as a source of make-up water for ongoing operations. An example of this is the use of coal bed methane water by our gas division. Coal bed methane (CBM) water is water derived from the coal seam as naturally trapped methane gas is extracted. This water is suitable for use in gas operations as source water for exploration and development activities. Gas operations use of this water displaces an equal volume of water that otherwise would have to be supplied from either surface water or public water sources.

CONSOL Energy was the first in the U.S. coal mining industry to deploy a state of the art reverse osmosis zero liquid discharge (RO/ZLD) facility. This facility in southwest Virginia was commissioned during the second quarter of 2011 and is now in full operation. CONSOL Energy



is also currently constructing a second RO/ZLD facility in Northern West Virginia to treat water from three of its active mines. The facility will be operational in May 2013 and is discussed in further detail in a case study highlighted later in this section.

As part of an effort to improve the water quality of streams and rivers along with a focus on protecting aquatic habitats, CONSOL Energy voluntarily operates many of its legacy water treatment facilities through a managed discharge approach, not discharging treated mine water during low flow periods of the year when natural recharge from rainfall is limited and streams may be stressed by consumptive and industrial demands.

Impacts of Our Mining Activities

Our underground coal mines use water for cooling the cutting surfaces of mining machinery, for inhibiting friction-induced ignition and for dust suppression. We use water from different sources, such as groundwater and surface water, and water of different qualities e.g. reuse of gray water. At many of our coal mining facilities infiltrating water pumped from under ground is blended into our coal cleaning and preparation circuit, reducing the need for freshwater make up.

Acid mine drainage (AMD) occurs at a number of our coal mining operations. AMD is metal-rich acidic water formed from the chemical reaction between water and rocks containing sulfur-bearing minerals. Characteristic mine water risks are high levels of chlorides and sulfates in water produced in some of our mines. Selenium also can be a concern at specific operations. These chemicals and other constituents in the water must be assessed for impacts on aquatic life and human health. To mitigate pollution risks associated with water quality, we manage water pollution risk by carefully separating the water runoff from undisturbed areas from the water that contains the chemicals mentioned earlier.

“CONSOL Energy is demonstrating a responsible and sustainable approach to managing mine water.”

— Steve Hopper, Executive Vice President,
Veolia Water Americas Industrial Business
Group

CONSOL Energy operates 99 waste water treatment plants covering a wide spectrum of treatment technologies.





Case study

ZERO Liquid Waste Discharge System

In July 2011, CONSOL Energy and Veolia Water Solutions & Technologies announced an agreement to design and build a state-of-the-art ZERO Liquid Waste Discharge system to treat mine water. This agreement was initiated in response to water management challenges. The system will be located near Mannington, W.Va., and will treat mine water from CONSOL Energy's Blacksville #2, Loveridge, and Robinson Run Mine. Total design capacity of the facility is 3,500 gallons per minute.

The facility integrates chemical precipitation, reverse osmosis and thermal technologies developed by Veolia to maximize the recovery of clean water for return to the environment. This combination of technologies results in zero liquid waste as well as solids residuals that are safe for landfill. More importantly, the system will improve effluent quality so that it is expected to not only meet the regulatory requirements, but also to lead to overall improvement of the local water resource in the Monongahela River basin in Northern West Virginia, contributing to protecting the environment while supporting economic and quality of life needs.

To measure the success of this treatment system, use will be made of Veolia's Water Impact Index, a comprehensive water footprint indicator that integrates all the aspects of the water cycle, including water quality and availability in the local environment. The index also takes into account indirect water impacts associated with chemicals as well as electricity consumed by the treatment facility.

Final design of the facility was completed at the end of 2011, with construction starting in October 2012 and full operation set for May 2013. The project is expected to create approximately 200 local construction jobs over the next 2 1/2 years and about 20 permanent employees required to operate the facility.



Managing Our Impacts

As with all our environmental management efforts, CONSOL Energy focuses on avoiding, minimizing, and mitigating our impacts. In addition to the water treatment plants for our mining sites, we conduct stream and wetlands surveys, surveys for aquatic macro invertebrates and fish, and water quality studies before beginning our operations as well as during them. In addition, we have put in place very stringent protocols for water sampling in the field. In cooperation with our biologists and chemists, we train our field staff to make sure field practices are in line with our water management procedures.

Our Performance

CONSOL Energy uses these metrics and information to track water management performance for mining:

Indicator	Performance 2011 (thousands of gallons)	
Total water withdrawal by source	Total water withdrawal:	25,332,955
	Municipal water	56,806
	Groundwater	475,628
	Surface water	24,800,521
Percentage and total volume of water recycled and reused in mining activities	Total recycled and reused:	6,605,504
	Percentage of total withdrawal:	26%

Looking Forward

A primary focus for 2012 and beyond is the repurposing of treated mine water as a water source for industrial operations. Marcellus Shale development has focused attention on gas operations' demand for and use of water. CONSOL Energy has been championing, and is continuing to champion, the use of treated mine water as source water for Marcellus Shale development.

Some of the challenges we face in managing our water use are tracking and complying with rapidly emerging federal, state, and local regulatory requirements. In addition, we must find ways to economically reduce total dissolved solids in our wastewater and to manage selenium occurrence in our central West Virginia mining operations.

We address these challenges by further developing our water management policies, focusing on the realization of a holistic water management approach that addresses water from a company perspective rather than a site perspective. We are pilot testing several technologies and processes to better position CONSOL Energy to meet new environmental requirements as the regulatory environment evolves.

Land and Water Management – Gas Operations

The impact of gas extraction activities on land use is generally smaller than those associated with coal mining. The footprint of a multiple shale well pad might be 4 to 6 acres in size during well development and completion, but once the wells are producing, partial site reclamation significantly reduces the footprint to only what is necessary to access and maintain the wellheads and associated produced water tanks. While these well sites can be located in close proximity to residential and commercial areas (300 to 500 feet), requirements prescribed in state law, and, in some cases, county and local ordinances, are meant to ensure that drilling and completion of the operation are managed to minimize adverse impacts to citizens and the environment.

Shale gas operations are subject to rigorous permitting requirements and strict operational standards designed to protect the environment. Recently enacted laws and regulations dictate a wide range of activities: from site development, erosion, and sediment control to water usage and disposal and cementing and casing wells, and also from air emissions and noise control to protecting threatened and endangered species and water supplies. In addition, potential impacts to roadways and other infrastructure items have to be addressed before drilling starts.

Managing Our Impacts – Land Management

We strive to minimize our surface footprint by making efficient use of the land while ensuring full compliance with all safety and environmental standards. At CONSOL Energy, we develop gas using two drilling techniques. The first technique, vertical drilling, can be used for both conventional shallow gas development as well as coal bed methane extraction from coal seams and deeper shale gas development. The second technique, horizontal drilling, is used for coal bed methane extraction from coal seams and the deeper shale gas wells. Shale gas wells, whether vertical or horizontal, must employ hydraulic fracturing to release the gas from the shale formations. The use of horizontal wells has enabled operators to produce gas from large areas (600 to 1000 acres) with multiple wells all placed on a single pad, reducing the surface footprint of the wells and reaping operational, environmental, and economic advantages.

CONSOL Energy was one of the first companies to consider and implement several new measures to enhance safety and environmental protection, including full well pad liners to address spill containment and cleanup. CONSOL Energy's internal environmental auditing program constantly evaluates our field operations to ensure proactive measures are incorporated into our daily activities and that personnel are on site to take charge in the event an accident occurs.

We constantly endeavor to exceed safety and compliance requirements while pursuing production efficiencies with respect to the design and drilling of our shale gas sites. This approach is aimed at safely and efficiently bringing product to market while being sensitive and responsive to public expectations in the communities in which we work and live. This holistic approach in our gas operations is central to our overall philosophy.

Managing Our Impacts – Water Management

In 2011, a directive from the Secretary of the Pennsylvania Department of Environmental Protection mandated that shale gas well drilling wastewater could no longer be taken to treatment facilities that discharged into rivers of the Commonwealth. Since then, CONSOL Energy has successfully implemented

a full reuse and recycle program for water associated with drilling operations.

CONSOL Energy was the first to move to conduct 100% flow-back water recycling and also the first company to move to complete closed-loop design across the Marcellus Shale area. In addition, as discussed in the previous section of this report, since then CONSOL Energy has been and is continuing to champion the use of treated mine water as source water for Marcellus Shale development.

We disclose the chemicals we use in fracturing our wells on our CONSOL Energy website at <http://www.consolenergy.com/Powering/MarcellusShale.aspx>, on state government sponsored websites, as well as on www.FRACFOCUS.org, a national website sponsored by the U.S. Department of Energy.



Our Gas Operations

In 1983, CONSOL Energy began extracting methane from its mines to improve mine safety, degassing a mine through fracture of the coal seams. In 1992, when CONSOL Energy began capturing methane for sale, CONSOL Energy's entry into the gas business was made official. CONSOL Energy pioneered technologies for the safe fracturing of coal seams from vertical wells in order to maximize the extraction of methane gas. Building upon successful coal bed methane (CBM) and conventional well operations, CONSOL Energy began development of its legacy Marcellus acreage. With the acquisition of the Appalachian exploration and production business from Dominion Resources in 2010, CONSOL Energy expanded its Marcellus footprint.

Our process begins with the deliberate, conscientious approach to designing and drilling our gas well sites. Our state-of-the-art site design, equipment, drill plans, and industry-leading best practices assure that our safety and environmental plans and procedures far exceed regulatory requirements. Site layout and design incorporate the upfront delineation of any wetland and endangered or threatened species so that we avoid or minimize impacts. Our sites are designed with a gradient in order to capture storm water runoff or fluids in case of an emergency incident. CONSOL Energy was the first operator in Pennsylvania to fully line our well pads with a geosynthetic liner in order to prevent accidental ground contamination from surface activities. All of the drilling and completion equipment, such as the drill rig, compressors, generators and pumps critical to the process, sit atop liners and are surrounded by containment beams to mitigate the possibility of leaks and spills offsite. Site designs include a sediment catch basin, diversion ditches, and sediment barriers so that, in case of an emergency, we can direct the flow of runoff or major spills.

The completion process begins, basically, with a sand and water mixture, with less than 1% by volume of light chemicals added as propagants, that is injected into the shale at high rates and high pressure. The sand serves as a means to keep the shale formation propped open after it has been fractured, allowing natural gas to be extracted. From there, the water and gas mixture flows back to the surface through sealed well casings. Wastewater from our fracturing process is collected, stored, and recycled for other CONSOL Energy drilling and completion operations. Upon completion of a given area of drilling, the sites are reclaimed and any remaining recycled water is disposed of in safe, permitted underground brine injection wells.

In 2011, CONSOL Energy fully implemented closed-loop processes that allow for the capture and disposal of drill cuttings into containers, eliminating the use of pits on site. To fully protect groundwater and coal seams, we employ a minimum of four casing strings on each well, casing the groundwater zone, the gas zone, and the production zone, all cemented back to the surface to prevent the leakage of any process fluids.

Our Performance

CONSOL Energy has one of the lowest rates of non-compliance with PA DEP requirements for the large operators in Pennsylvania and our legacy shallow gas wells sites are being evaluated and upgraded to enhanced standards.

CONSOL Energy uses the following metrics and information to monitor performance in our gas operations:

Indicator	Performance 2011 (thousands of gallons)	
Total water withdrawal by source in Gas Operations	Total:	180,250
	Municipal water	66,838
	Groundwater	0
Percentage and total volume of water recycled and reused	Surface water	113,412
	Total recycled:	56,266
	Percentage:	31%

To place our water use into context, we compare our fracing activities with other common uses of water. The 5 million gallons of water needed to drill and complete a typical deep shale gas well is equivalent to the amount of water consumed by:

- New York City in approximately four minutes
- A 1,000 megawatt coal-fired power plant in 12 hours
- A golf course in 25 days

Looking Forward

CONSOL Energy's Natural Gas Division will continue to progress on a track of continuous improvement. We are aware that much of the world is looking at Pennsylvania shale gas operations as the standard and CONSOL Energy intends to lead the industry. Our top values Safety, Compliance, and Continuous Improvement will drive the development of our gas resources.



Our goals for 2012 include:

- Consistently and closely engaging with communities to address concerns regarding areas such as development of the Marcellus Shale and processes such as hydraulic fracturing
- Further developing our water management policies, focusing on the realization of a holistic water management plan that approaches water from a company, rather than a site perspective
- Identifying uses for mine water and recycled well water

Air Emissions

Through our operations, we emit air pollutants including criteria pollutants³ such as nitrogen oxides (NO_x), sulfur dioxides (SO₂), particulate matter (PM) from combustion and other processes, and greenhouse gases (GHG) from activities such as the venting of methane from underground mines and gas combustion to power thermal dryers.

Rapidly evolving U.S. Clean Air Act (CAA) regulatory developments, both in our value chain (through our fuel users) and in our coal and gas operations, make air emissions and abatement of these emissions an important issue for our company.

We aim to increase energy production efficiencies, develop and research key technologies, and partner with our fuel users to improve efficiency

in their operations, thereby decreasing both our direct and life-cycle emissions profile.

Sources of GHG Emissions

The largest source of greenhouse gases in our operations is methane from our mining and gas operations. As methane provides a potential safety hazard in mining operations, ventilation of methane from mines is essential for the operation of coal mines, but this leads to emissions. Methane is also emitted through our routine gas operations. Another source of GHG is the combustion of fuels for the operation of equipment. Other sources of greenhouse gases in our direct company footprint are carbon dioxide (CO₂) emissions from combustion of fuels in the transport of our products (vessels, trucks, and trains) and emissions from our offices (electricity and company vehicles). For our carbon footprint in 2011, see the section “Our Performance” below.

Other Air Emissions

CONSOL Energy also emits “non-greenhouse” gases from the combustion of energy required to extract both coal and gas as part of operations, including NO_x, SO₂, particulate matter and carbon monoxide (CO). Our customers also emit these gases in the use of our produced fuels to generate energy for power generation and other industrial needs. These emissions receive external attention because of existing and future regulation and the possible health effects of exposure to these emissions. CONSOL Energy is required to submit annual emissions inventories to local, state and

³Criteria pollutants are particle pollution (often referred to as particulate matter), ground-level ozone, carbon monoxide, sulfur oxides, nitrogen oxides, and lead.

federal agencies for certain facilities regulated under the CAA Title V Operating Permit Program and for other state air permitting and reporting regulations, depending on jurisdiction. In addition, certain facilities are subject to construction permitting review for certain changes that affect air emissions in quantity or composition. The changing and increasing air regulations at the local, state, and federal level are monitored closely by CONSOL Energy and CONSOL Energy has invested in the equipment needed to maintain compliance with new and existing air regulations.

Mitigation of Air Emissions

CONSOL Energy takes an active role in the mitigation of our air emissions. We are investing in research and development projects to reduce

the GHG intensity of both our operations and our customers' operations. We have a privately owned research and development facility that focuses a significant part of its capacity on the reduction of our air emissions, detailed in the next section.

Through focusing on operational efficiencies at our mine and gas sites, CONSOL Energy is identifying areas in which we can save money and reduce emissions. As an example, CONSOL Energy recently replaced some of its coal-fired thermal dryers with natural gas-fired thermal dryers. Further mitigation initiatives can be found in the discussion of CONSOL Energy's research and development (R&D) efforts.

Our Performance in 2011

2011 is the first year in which we actively measured our performance in terms of air emissions. Below is an overview of our emissions:

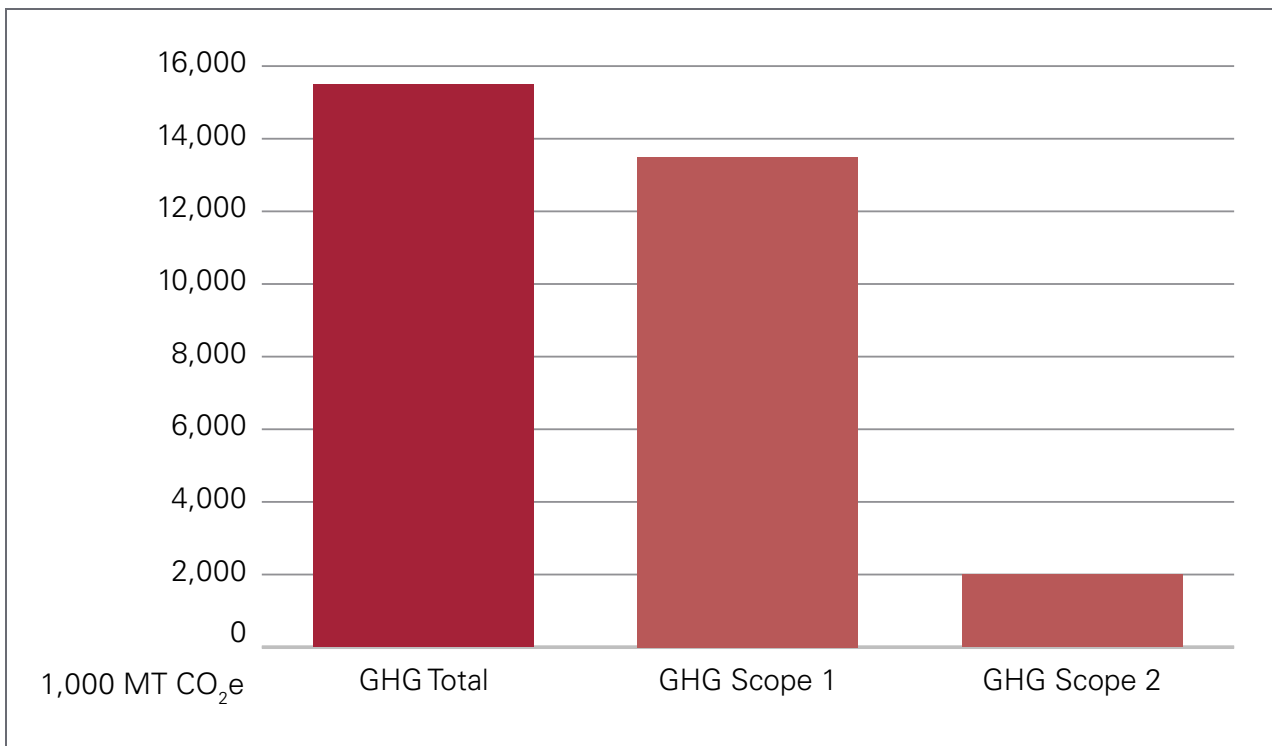
Indicator	2011 performance (thousands of metric tons CO ₂ e)
Total direct GHG emissions (Scope 1)	13,405
Total indirect GHG emissions (Scope 2)	2,056
Total GHG emissions	15,461
Total direct GHG emissions per \$100,000 revenue	219 metric tons

Other regulated air pollutants from Title V air permits and air emission inventories reported to the state of Pennsylvania⁴ (short tons)

Indicator	2011 performance (short tons)
NO _x	1332.49
CO	1011.73
VOC	946.63
PM ₁₀	481.27
PM _{2.5}	183.64
SO _x	938.39

Outside the scope of our current 2011 carbon footprint are other indirect, or Scope 3, emissions that include CO₂ emissions from customers using our coal in electricity generation and steel production and CO₂ emissions from the combustion of fuel by third-party transport of our products.

Figure 1 – our Carbon footprint per scope



⁴For 2011, non-GHG emissions only cover our operations in Pennsylvania, which were required to submit an inventory of these emissions per Pennsylvania regulations. This table was updated post publication to include PA Marcellus data.

Looking Forward

As 2011 is the first year of reporting on our corporate carbon footprint, we do not have historic data to compare our performance against or upon which to base reduction targets. We will work toward the further development and maintenance of an inventory of GHG emissions that is aligned with the World Resources Institute/World Business Council for Sustainable Development Greenhouse Gas Protocol. The dominant percentage of our GHG emissions are governed by EPA regulation under 40 CFR Part 98 and these methodologies form the basis of our calculations for many facilities.

Going forward, CONSOL Energy will consider suitable reduction goals after an evaluation of our 2011 emissions is complete. These would include consideration of an increased level of Ventilation Air Methane (VAM) capture and combustion projects across our mining operations, use of gas-fired thermal dryers at our coal preparation plants, and implementing a flaring policy for our gas operations that will further reduce sources of vented methane.

In addition, CONSOL Energy commits to undertaking a full air emissions inventory of all of our operations, consistent with what has been compiled and reported on for our Pennsylvania operations for 2011. We will report our full emissions inventory in our 2012 and future reports.



Research and Development at CONSOL Energy

CONSOL Energy Research and Development (R&D), founded in 1947, supports CONSOL Energy's coal and gas operations and those of our customers, providing analytical services to all CONSOL Energy operations as well as to our customers. Analytical services include analysis of coal, biomass, natural gas, water, and lubricating oil.

Our research focuses on technology development with the goal of enabling CONSOL Energy and our customers to operate more efficiently and with a smaller environmental footprint. R&D's research projects encompass five general areas: coal-fueled power plant emissions reduction; greenhouse gas emissions reduction; ambient air quality; waste coal utilization; and coal conversion.

CONSOL Energy understands that technology is a key component to improving operational efficiencies and reducing air emissions. R&D's mission includes energy development, energy efficiency enhancements, fossil fuel emissions reduction, development of emerging energy-related technologies, and integration of existing technologies for the production and consumption of coal and natural gas. Each area has a significant bearing on air emissions mitigation and abatement. With increasing air regulations impacting combustion of coal and gas, CONSOL Energy is conducting research in these areas:

- Coal-fueled power plant pollutant emissions reduction

- Greenhouse gas emissions reduction
- Waste coal utilization
- Air quality
- Advanced technology

A large part of the impact of our coal and natural gas does not occur at CONSOL Energy's operations, but at our customers' operations – mainly energy producing companies who use our products. We work with energy companies to develop cost effective solutions to environmental and regulatory challenges. Specific R&D projects include:

- CONSOL Energy is working with GHG abatement and energy-efficiency projects developer Verdeo, a Sindicatum Sustainable Resources company, to install the largest coal mine ventilation air methane (VAM) abatement project in the U.S. The installation is located at our McElroy Mine in West Virginia. In 2011, we also partnered with sustainable natural resources investment company Green Holdings on a project to install VAM abatement technology at our Enlow Fork Mine in southwestern Pennsylvania. The combined coal mine methane abatement projects are designed to reduce CONSOL Energy's VAM emissions by the equivalent of 524,000 metric tons of carbon dioxide equivalent per year. It is expected that both projects will be operational in 2012.
- CONSOL Energy, in conjunction with the Commonwealth of Pennsylvania, is installing a 200 kW Capstone microturbine that will be fueled with what is otherwise a waste gas stream from CONSOL Energy's Fallowfield

natural gas processing plant. The project will have the capacity to generate 116,800 kWh (net) per year, enough to supply about 102 homes with electricity and reduce methane emissions by 391 short tons/year, or 6,486 metric tonnes of carbon dioxide equivalent.

- CONSOL Energy partnered with the Virginia Center for Coal and Energy Research at Virginia Tech University in 2011 to characterize viable CO₂ storage options in coal seams. With funding from the U.S. Department of Energy (DOE), and in association with other research partners, the project seeks to demonstrate that unmineable coal seams can be modified to inject and store CO₂ long-term, while stimulating additional methane production.
- CONSOL Energy and energy company AES Greenridge partnered to demonstrate a multi-pollutant control system to reduce emissions from smaller coal-fired power plants. With funding from DOE, a multi-pollutant control system was installed at the AES Greenridge power plant in Dresden, New York to demonstrate that cost-effective reductions in emissions of NO_x, SO₂, mercury, acid gases (SO₃, HCl, HF) and particulate matter from coal-fired electric generating units with capacities of 50 MW_e to 300 MW_e could be achieved. The project met its goal. Since the successful demonstration at AES Greenridge, circulating fluidized bed dry scrubbers have been deployed on several additional coal-fired units in the U.S.

Research on health effects of fine particulate matter (PM_{2.5})

CONSOL Energy R&D is participating in the Pittsburgh Aerosol Research and Inhalation Epidemiology Study (PARIES). The study will provide the first-ever large-scale characterization of the health effects of PM_{2.5} and its chemical components in the Pittsburgh region by leveraging existing air monitoring and health effects data collected in the region since 1999. PARIES, led by the University of Pittsburgh's School of Medicine, also includes researchers from the University of Pittsburgh Graduate School of Public Health and CONSOL Energy. The Electric Power Research Institute is funding the project.

PARIES seeks to better define the specific chemical components of PM_{2.5} that may be responsible for the observed association between PM_{2.5} inhalation exposure and adverse human health effects. The study is considering mortality and morbidity associated with respiratory and cardiovascular illness in Allegheny, Washington, and Westmoreland counties in Pennsylvania, whose combined population is about 1.8 million. Advanced statistical techniques will analyze a wealth of air quality and health effects data collected in these counties during 1999-2008 in order to better understand which chemical components of PM_{2.5} (or co-pollutants) are most strongly associated with human health outcomes, including mortality, hospital admissions, and emergency department visits. To guide future science and policymaking, results will be published in impactful peer-reviewed journals.

Community

AT CONSOL ENERGY

Quick facts

- Philanthropic budget 2011: nearly \$7 million
- Named to Forbes List Of 100 Most Trustworthy Companies
- Awarded the 2011 Pittsburgh Business Ethics Award by the Society of Financial Services Professionals, Pittsburgh Chapter
- 126 land agents that interact with our local communities on a regular basis

During the nearly 150 years of our existence, CONSOL Energy has not only produced valuable resources, but has also been a part of the fabric of our communities. As the largest diversified fuel producer in the eastern United States, we believe it is important to not only power our communities, but to empower them as well.

We recognize the importance of being a good corporate citizen in the communities where we operate and our employees and their families live. As a coal mining and natural gas exploration and production company, we are aware that our activities can be of particular interest to the communities in which we operate and to a wider group of stakeholders. For this reason, we take a proactive approach to community engagement and education. We view the communities in which we operate as our partners; our success or failure depends on them.

Our community engagement efforts are supplemented by our philanthropic giving program. Each year, our company donates millions of dollars, as well as time and resources, to help improve and grow the communities in which we operate. Our giving program focuses on public safety, education, youth organizations, community organizations, arts and culture programs, and conservation activities.

Engaging with Communities

Our approach to community engagement is one of building relationships, which means we have to be not only good communicators, but good listeners as well. We aim to develop and maintain relationships with people impacted by our operations in order to gain a better understanding of their concerns and comments and to make sure they are addressed. Our efforts expanded in 2011 to facilitate a focus on Community Relations in support of our goals of relationship-building and community engagement.



An important part of our approach to community engagement is to be present and approachable when questions or concerns arise. The community relations department receives stakeholder comments by e-mail, phone, mail, and in-person. In addition, a vital part of the communication process is having boots on the ground in our operational areas. These are employees who function as a first line of communication with our grassroots stakeholders; they interact with our constituents on a day-to-day basis and are empowered to address and resolve issues on the spot. These employees represent different areas of our operations, and can answer questions related to land issues, road impacts, and overall energy development.

Another way of interacting with our stakeholders is through social media. We maintain a Facebook page where we share important information and where visitors can post questions and comments related to a broad range of topics, including community, environment, research and development, human resources, and conservation.

Stakeholders with whom we actively engage include:

- Local citizens
- Non-governmental organizations, such as the Ruffed Grouse Association and the National Wild Turkey Federation
- Environmental organizations such as Western Pennsylvania Conservancy and Pennsylvania Environmental Council
- State, local, and federal regulatory agencies
- Elected officials at all levels

Public-Private Partnerships

In August of 2011, CONSOL Energy announced a partnership with Marshall County, WV and AT&T which, in 2012, will help expand cell phone coverage in the Cameron area of Marshall County and will provide first responders with access to improved radio communications.

Under the agreement, CONSOL Energy is donating property for the construction of a cell tower, and the Marshall County Commission will use grant funds from the West Virginia Wireless Tower Access Assistance Fund to construct the cell tower. AT&T has agreed to use the tower to provide cell phone service to parts of Marshall County that previously have not been covered by a wireless network.

In addition to expanding consumer service, the new cell tower will allow the county to provide access to the state-wide Interoperability Radio Network by the Marshall County Office of Emergency Management, E-911, Sheriff's Office, municipal law enforcement, the local detachment of the State Police, VFDs and EMS units.

CONSOL Energy continues to evaluate opportunities for public-private collaboration.

CONSOL Energy complies with the public participation requirements of all the local, state and federal laws and regulations under which we operate. The requirements include publication of legal advertisements in local newspapers where needed, as well as addressing any public comments sent to the agencies in response to these legal ads. In addition, we participate in public meetings or conferences if those are requested by the public.

CONSOL Energy often holds open houses for the public in its operations areas. These events provide an opportunity for the public to interact with company employees knowledgeable about our operations, ask questions and view relevant project maps and information.

We also organize outreach activities to raise awareness of a particular issue or popular topic. For example, we initiated a three-part Marcellus Shale education series beginning in October 2011 in southwestern Pennsylvania. In partnership with the Marcellus Shale Education and Training Center, a collaboration of Pennsylvania College of Technology and Penn State Extension, these seminars provide in-depth instruction on all of the links in the lifecycle of Marcellus Shale development. This one-day comprehensive course covers a variety of topics including market drivers, drilling techniques, and community impacts. The goals of these seminars are to: identify drivers of natural gas economics; provide understanding of community issues; teach components of pre-

drilling, drilling, and production; inform the public of environmental stewardship and conservation techniques; and emphasize the facts of Marcellus Shale development. The final two installments in this series will take place in West Virginia and in Ohio, where we will focus on the Marcellus and Utica Shales respectively.

Feedback from the first meeting was overwhelmingly positive. Through explanation comes understanding, and by providing information related to all aspects of natural gas drilling and production, we help attendees appreciate the process from a holistic perspective so that they take home a base of knowledge they can rely on as development matures in their communities.

Community Giving

CONSOL Energy focuses its charitable efforts on programs designed to enhance the quality of life for its employees and for the communities in which we operate. In 2011, our philanthropic giving program was supported by a budget of nearly \$7 million. Our community relations department provides these funds to a network of community organizations including schools, volunteer fire departments, police departments, and other not-for-profit entities.

We take the role of being a community partner seriously. In addition to providing financial support through grants and sponsorships, we believe in building long-lasting partnerships through personal engagement.



“CONSOL Energy creates significant, quantifiable economic value both in the local communities in which we operate as well as across the Appalachian region. For the past 150 years, we have proudly contributed to the energy and economic security of our nation.”

— William J. Lyons,
Chief Financial Editor

Examples of organizations we supported in 2011 are:

- Boy Scouts of America – CONSOL Energy has been a long-time partner and proud supporter of BSA. Through a recent grant to The Summit, a high-adventure base in West Virginia, and our support of the National Scout Jamboree, the Scouting Energy Classic, and other events, we demonstrate our firm commitment to this organization and the values it imparts on our leaders of tomorrow. It is important that these future leaders understand the vital role of coal and natural gas in our nation’s economy and the manner in which energy and the environment can, and do, coexist.
- Colleges and Universities – CONSOL Energy recognizes the importance of supporting educational institutions that provide us with our next generation of leaders. Each year, we grant approximately \$700,000 through our financial aid to education budget to support recruiting initiatives and curriculum programs that aid in developing skill sets essential for future employees.
- Each year, CONSOL Energy supports the Greene County Corner Cupboard Food Bank through an annual food drive in Waynesburg, PA. The event includes a live radio broadcast, entertainment, and appearances by representatives of the renowned Pittsburgh Penguins NHL ice hockey team. In 2011, CONSOL Energy made an overall \$50,000 donation to the Corner Cupboard Food Bank, which provides food assistance and hunger relief to more than 3,000 Greene County residents each month.
- CONSOL Energy also invests in communities through a United Way corporate partnership. Through a year-long campaign involving optional payroll deductions or direct donations, employees may elect to help support local United Way eligible organizations that assist individuals in achieving goals related to education, income, financial stability and good health. During the 2010 campaign, a combination of CONSOL Energy employee pledges and a corporate matching grant raised more than \$114,000, making our workplace campaign the most successful in Washington County, Pennsylvania. We were honored to receive the United Way Chairman’s Award for 2011. CONSOL Energy also was recognized with an Above and Beyond Award for exceptional improvement in the employee campaign for our 116% improvement over the previous year.

- Our volunteer projects include participation in Habitat for Humanity causes. In 2011, representatives from CONSOL Energy's Southwestern Pennsylvania operations participated in a Greene County Habitat for Humanity Corporate Work Day in Greensboro. The home, constructed for a family of five is scheduled for completion in Spring 2012.
- Another example of our volunteer efforts is our support of the Twin Valley Middle School Robotics team in Virginia. Here, our engineers volunteered their time to mentor the team and to work with students to develop a robot to compete in the FIRST Robotics Challenge.

Sports and Cultural Sponsorships

As a strong supporter of local sports and culture, we sponsored the following sports and cultural organizations in 2011:



In 2008, CONSOL Energy purchased the naming rights to CONSOL Energy Center, the new home of the National Hockey League's Pittsburgh Penguins, and a state-of-the-art LEED Gold Certified facility.

In 2007, we entered into a 10-year partnership with the Washington Wild Things (a local Frontier League baseball program) to ensure CONSOL Energy Park remains an affordable family entertainment destination in Washington County, PA.



CONSOL Energy partners with Waynesburg University to bring a wide variety of entertainment to the Greene County area through the university's Celebrating the Arts Series.

CONSOL Energy partners with Waynesburg University to bring a wide variety of entertainment to the Greene County area through the university's Celebrating the Arts Series.



Made possible in part through a grant made by CONSOL Energy to the Pittsburgh Ballet Theater, a satellite location of the theater in Morgantown, WV, is being established, expanding the ballet theater's reach to a broader regional population.

CONSOL Energy, through Fairmont Supply, purchased \$1.4 million in products from Cambria Association for the Blind (CAB) in 2011. Through this ongoing supplier relationship, the goods purchased from CAB supports the employment of more than 300 disabled or otherwise handicapped individuals.

“CONSOL Energy and the Fairmont Supply Company have contributed greatly to supporting our mission of providing rehabilitation and jobs to persons with severe disabilities.”

— Allen Smith, General
Manager CAB Ebensburg
Division

Economic Contribution

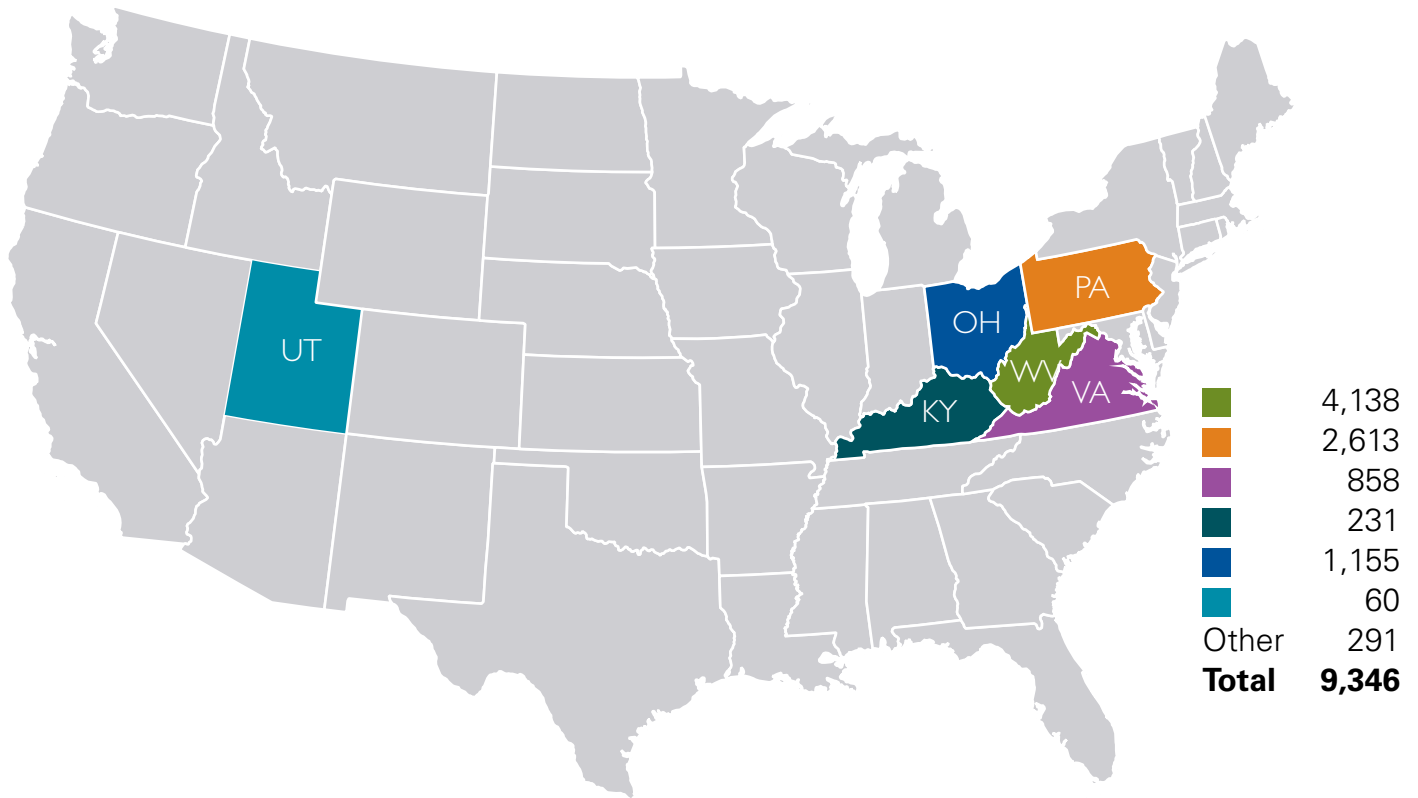
The economic contribution of coal and gas production operations includes both direct and indirect impacts on our communities and in the region in which we operate as well as on industries in the supply chain nationally. CONSOL Energy facilities – whether coal mines, gas wells, river docks, warehouses or office buildings – are a vital part of the economic health of the communities and regions in which we operate. In 2011, CONSOL Energy issued purchased orders totaling more than \$3.3 billion for goods and services alone, not including payroll, production and property taxes of more than \$2 billion annually.

Included in indirect impacts are the provisions of transportation facilities to the mine, the purchase of a wide range of accounting, financial, and scientific services, and the replacement of machinery and equipment.

On another level, there are also induced economic impacts that result from the spending of wages and salaries by workers employed both in the mine and, indirectly, in supplier industries. In addition to the more than 9,000 CONSOL Energy employees, we employ more than 4,000 contractors in support of our business.

CONSOL Energy also makes an economic contribution through broad-ranging industry innovation. In the 1980s, we developed techniques to extract coal bed methane from coal seams, enhancing the safety and productivity of mining operations. We also operate, the largest private research and development facility in the U.S. focused on finding cleaner, more efficient ways of producing energy. With major projects and research investments underway, including coal gasification and carbon sequestration, CONSOL Energy is using its technical expertise to help solve our nation's energy issues in a cost effective and clean manner, helping move America toward energy independence.

Number of Employees By State



Economic Impact in the States Where We Operate – Salaries, Benefits and Taxes Paid

Employees	Payroll (millions \$)	Benefits (millions \$)	Taxes Paid ⁵ (millions \$)	Total (millions \$)
West Virginia	486	103	414	1,003
Pennsylvania	373	79	166	618
Virginia	102	22	80	204
Kentucky	29	6	8	43
Ohio	131	28	28	187
Utah	8	2	2	12
Other	28	6	11	45
Total	1,157	246	709	2,112

CONSOL Energy's Financial Performance

CONSOL Energy Inc. (NYSE:CNX) reported these results for 2008, 2009, 2010, and 2011.

Financial indicator	2008	2009	2010	2011
Revenue and other income (000 omitted)	4,652,445	4,621,875	5,236,021	6,117,242
Net Income Attributable to CONSOL Energy Inc. Shareholders (000 omitted)	442,470	539,717	346,781	632,497
Earnings Per Share (diluted)	2.40	2.95	1.60	2.76
Operating Cash Flow (000 omitted)	989,864	1,060,451	1,131,312	1,527,606
EBITDA ⁶ (000 omitted)	1,075,195	1,223,937	1,221,121	1,777,682
EBIT (000 omitted)	685,574	786,520	653,458	1,159,285
Capital Expenditures excl. Acq. (000 omitted)	1,061,669	920,080	1,154,024	1,382,371
Coal Production (000 omitted)	65,077	59,389	62,352	62,574
Gas Production (Bcf)	76.6	94.4	127.9	153.5

⁵ Includes, as appropriate, payroll taxes, state and local taxes, sales and use taxes, license and franchise taxes, severance taxes, state and federal reclamation taxes, black lung taxes, gross receipts taxes and other excise taxes.

⁶ EBIT is defined as earnings before deducting net interest expense (interest expense less interest income) and income taxes. EBITDA is defined as earnings before deducting net interest expense (interest expense less interest income), income taxes and depreciation, depletion and amortization.

Looking Forward

We are challenged by the fact that the general public is not always aware of the innovations and improvements we have made over the years to improve safety and reduce our environmental and social impacts on the communities where we operate. One way of addressing this challenge is to educate the public by further communication campaigns.

We know that we need to work hard to continually communicate with stakeholders and the community to demonstrate our commitment to healthy, vibrant communities. We will further our community outreach through public meetings and broaden our communication on key process indicators with our shareholders at our annual meetings.



Awards and RECOGNITION

We are proud of the success of our corporate responsibility program and have received external recognition for our efforts. Here are some of the awards we earned or received in 2011.

- ▶ **Forbes 100 Most Trustworthy Companies, 2010**
– Recognizing the top 100 American businesses that have the most transparent and conservative accounting practices and most prudent management



- ▶ **Pittsburgh Business Ethics Award, 2010** – Honoring U.S. companies that demonstrate a firm commitment to ethical practices in their day-to-day operations, philosophies, and response to crises and challenges



- ▶ **Pittsburgh Post Gazette Top 100 Places to Work, 2011** – Providing an important stamp of approval from a company's employees, this vote of confidence is a powerful indicator that the organization has strong values supporting its behavior



Safety

Joseph A. Holmes Safety Awards Awarded in 2011, for 2010 safety record

Fola Surface Mine and its Peach Orchard Preparation Plant,
Bickmore, W. Va.

Peg Fork Surface Mine, Naugatuck, WV

Shoemaker Mine, Marshall County, WV

Blacksville #2 mine, Wana, WV.

Little Eagle Coal Company, Bickmore, WV

Central Repair Shop, Monongah, W. Va.

Mountaineer Guardian Awards – October 2010 through September 2011

Fola Surface Mine, WV

Robinson Run Mine, WV

MT-4I Mine

Peg Fork Surface Mine, WV

Southern WV Resources Surface Mine No. 1, WV

Peach Orchard Preparation Plant, WV

CONSOL Energy Coal Operations Chief Operating Officer Jimmy Brock was recognized as a coal safety leader in West Virginia.

2011

Bart B. Lay Jr. Milestones of Safety Award

2011

Fola Surface Mine #1, WV.

Eustace E. Frederick Milestones of Safety Award

2011

Robinson Run No. 95 Mine, WV

Certificates of Honor for Heroism

Awarded to

Jeremy D. Rowan and Casey A. Short • Robinson Run No. 95 Mine, Wetzel County, WV

In recognition of the extreme care and preventive actions taken when discovering a fire on underground diesel equipment.

2011

Mine Rescue Awards

CONSOL Energy Teams

10 First Place Trophies

17 Second Place Trophies

6 Third Place Trophies

2011

Environmental
Reclamation

Reclamation Award

Virginia Division of Mined Land Reclamation and Virginia Mining Association

2010

VP#4 Mine, Dismal, VA

Reclamation Award

West Virginia Coal Association

2010

Squire Jim No 1 Deep Mine, McDowell County, WV

Oil & Gas Reclamation Award

West Virginia Division of Environmental Protection Office

2010

CONSOL Energy West Virginia gas operations

Received by 18 coalbed methane sites in 2009-2010, including 16 sites in McDowell County, WV and two in Marshall County, WV

In addition to external awards, CONSOL Energy has its own internal safety award program to reward operations with excellent safety performance. The flagship "J. Brett Harvey Award", named for CONSOL Energy's chief executive officer and founder of our Absolute ZERO program, is awarded to operations that work 1 million consecutive man-hours without a recordable accident. The award was launched in 2007 when we put in place our Absolute ZERO program for safety.

In 2011, two operations received this award: our Fola mining complex (259 employees) and our gas operations business unit (343 employees). In addition, Wiley Surface Mine won the R.E. Bailey Safety Award in 2011.

GRI Index

Ref	Description	Cross-reference
1.1	Statement from the most senior decision maker of the organization (e.g., CEO).	1
2.1	Name of the organization.	Front page
2.2	Primary brands, products, and/or services.	6
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	6-7
2.4	Location of organization's headquarters.	8
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	6
2.6	Nature of ownership and legal form.	8
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	6
2.8	Scale of the reporting organization: <ul style="list-style-type: none"> ➤ Number of employees; ➤ Number of operations; ➤ Net sales (for private sector organizations) or net revenues (for public sector organizations); ➤ Total capitalization broken down in terms of debt and equity (for private sector organizations); and ➤ Quantity of products or services provided. 	8-9

Ref	Description	Cross-reference
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	N/A
2.10	Awards received in the reporting period.	60–63
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.	4
3.2	Date of most recent previous report (if any).	4
3.3	Reporting cycle (annual, biennial, etc.)	4
3.4	Contact point for questions regarding the report or its contents.	68
3.5	Process for defining report content.	4-5
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).	6-7
3.7	State any specific limitations on the scope or boundary of the report	6-7
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	6-7
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement	N/A
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	N/A
3.12	Table identifying the location of the Standard Disclosures in the report.	64-67

Ref	Description	Cross-reference
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	10–13
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	10
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.	10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	13
4.14	List of stakeholder groups engaged by the organization.	51
4.15	Basis for identification and selection of stakeholders with whom to engage.	50–51
LA1	Total workforce by employment type, employment contract, and region.	57
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.	23 (partial)
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	22
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	58

Ref	Description	Cross-reference
EN8	Total water withdrawal by source.	39, 43
MM1	Amount of land (owned or leased, and managed for production activities or extractive use) disturbed or rehabilitated.	33
EN16	Total direct and indirect greenhouse gas emissions by weight.	45
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	44–45
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	48–49



Contact Details

For any questions regarding our Corporate Responsibility program, this report or its contents, please contact Kacy Cottage , Corporate Responsibility Coordinator: kacycottage@consolenergy.com





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