

Tools of the Trade “Users Perspective”

CTA Coal Trading Conference

December 6, 2011

CHALLENGES FOR U.S. COAL TRADE

- Liquidity and volume are declining for US “OTC” trade
 - Traded volume down roughly 19% year over year
 - Main area of decrease in NYMEX contract
- Segmented markets (multiple basins, wide range of specifications) and significant changes in the energy complex have served as limiting factors for increased participation
- 2 of 3 main traded products (NYMEX, CSX) are shrinking segments of the overall U.S. market

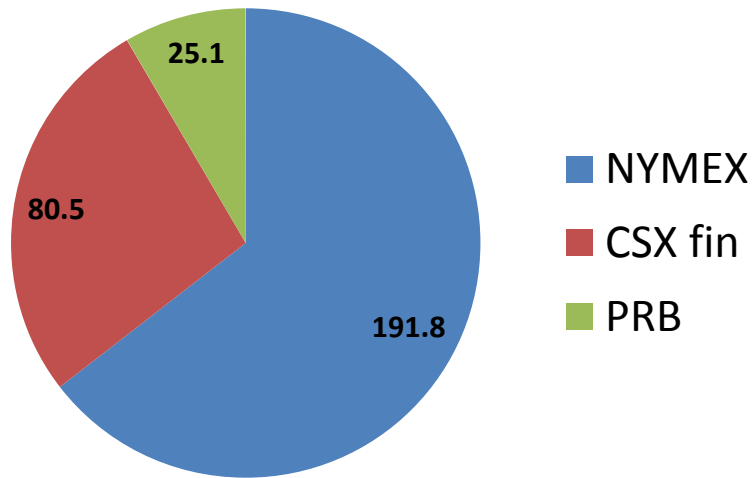
MAINTAINING TRADE PARTICIPATION

- Centralized trading locations (screen trading) and transactional ease will facilitate participation
- With “globalization” of the coal markets, it will be important for the US market to stay in step with the worldwide coal trading community
 - Export increases will attract international participation
 - Increase number of products/specs to align with global needs in addition to domestic
- Volume moving to swaps (51% increase year over year)
- Users/Traders are looking for volume, liquidity, and transactional ease – this is what we need to strive for to increase participation and facilitate the growth & evolution of the US coal trading market

Coal Trading - USA vs. International

2011 USA OTC TRADING VOLUME

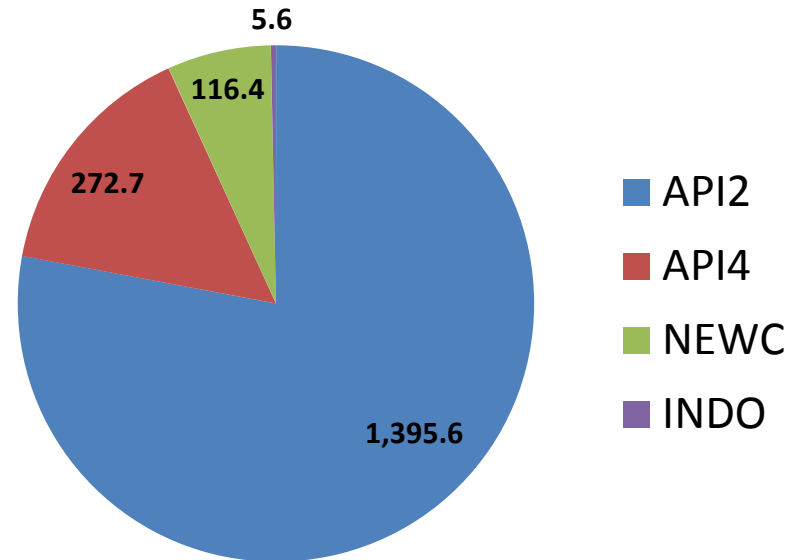
(annualized, millions of short tons, cleared)



297 million tons

2011 INTERNATIONAL TRADING VOLUME

(annualized, millions of metric tons)



1,790 million tons