

DTC's State of the Market

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Coal Trading Conference
Coal Trading Association/American Coal Council
New York City
December 7, 2010

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Steve Doyle established DTC in 2002 to provide the financial and energy sectors with fundamental research on coal & emissions. Steve co-authored the highly regarded **Coal Trading Handbook**. He is supported by a team of research analysts led by Dianna Ridgway and Ted O'Brien. Steve has been active in the global and U.S. coal markets since 1983. He has held senior positions with **Ruhrkohle, Integrity, Peabody, Vitol, Sithe** and **Allegheny Energy**. Mr. Doyle is a past president of the **New York Coal Trade Assoc.** He graduated from the University of Colorado and has an MBA from Thunderbird School of Global Management. DTC is headquartered in Grand Junction, CO and has a branch office in NYC.



DTC's clients receive:

- ✓ **Daily:** DTC's highly regarded daily market recap & commentary (global & US coverage)
- ✓ **Weekly:** A detailed interview with Steve Doyle on relevant market catalysts
- ✓ **Monthly:** A comprehensive monthly summary and analysis of the major market drivers
- ✓ **Intra-monthly:** Timely reports on global steel production, US export/import data, US generation & inventory data, etc.
- ✓ **Quarterly:** Company-specific earnings summaries (US coverage only); changes in institutional ownership of coal equities; MSHA quarterly production data
- ✓ **Semi-Annually:** DTC's unique energy correlation matrix
- ✓ **Much, much more:** DTC tracks company-specific changes to new coal-fired generation (and announced retirements). DTC monitors natgas vs coal dispatch economics; DTC monitors US export steam coal break-even economics

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Discussion Topics

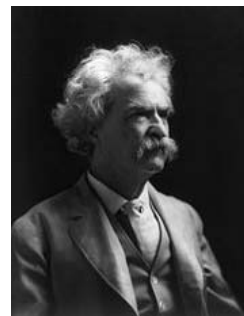
- **What would Mark Twain say?**
- **Bullish or Bearish?**
- **DTC's Supply/Demand Forecast**
 - Why we keep changing our forecast
- **Consolidation Continues**
 - Market Cap and Production Mix of Publicly-traded coal companies
 - Consolidation over the past four years
- **DTC's Top Ten Market Catalysts**
 - Prognosis for 2011: a global surge and domestic doldrums?



Disclosure: Steve Doyle has long positions in the following coal companies: ANR, ARLP, BTU, CLD, CNX, JRCC, NRP, SouthGobi and WLT

What would Mark Twain say?

- **"I apologize for this long letter; I didn't have time to write a short one."**
- **"Facts are stubborn, but statistics are more pliable."**
- **"The more you explain it, the more I don't understand it."**
- **"It ain't what you don't know that gets you into trouble. It's what you know for sure that just ain't so."**
- **"People who do not read newspapers are uninformed. People who read newspapers are misinformed."**
- **"Don't tell fish stories where the people know you; but particularly, don't tell them where they know the fish."**





DTC's Market View:

Short-term View:

- Bullish Coking Coal**
- Bullish Global Steam Coal**
- Bearish US Steam Coal**

Long-term View:

- Bullish Coking Coal**
- Bullish Global Steam Coal**
- Bullish US Steam Coal**



DTC's Supply/Demand Forecast 2010 - 2012

DTC's Supply and Demand Forecast (2010 - 2012)								
December 2010								
million tons (Sources: EIA historical data; DTC in-house forecasts)								
Supply	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 DTC Est.	2011 DTC Est.	2012 DTC Est.	
Capp (EKY, SWV, VA)	233.70	224.03	231.92	192.08	176.00	168.00	165.00	
Colo/Utah (CO, UT)	62.34	60.69	56.40	49.98	48.00	48.00	49.00	
Ill. Basin (N. IL, WKY)	95.12	96.13	99.54	103.82	106.00	111.00	115.00	
Napp (PA, OH, MD, WV)	134.81	130.72	133.62	125.36	127.00	129.00	134.00	
Prsp (WY, MT)	488.57	496.36	512.43	470.16	476.00	486.00	500.00	
Other Regions	148.21	138.12	137.39	131.36	130.50	132.00	132.00	
Total US Production	1,162.75	1,146.65	1,171.30	1,072.76	1,063.50	1,073.00	1,095.00	
Waste Coal	14.40	14.10	13.70	13.30	15.00	15.00	15.00	
Imports	36.25	36.35	34.21	22.64	19.00	19.00	19.00	
Total Supply	1,213.40	1,197.10	1,219.21	1,108.70	1,097.50	1,107.00	1,129.00	
Demand	2006 Actual	2007 Actual	2008 Actual	2009 Actual	2010 DTC Est.	2011 DTC Est.	2012 DTC Est.	
Utilities	1,026.64	1,045.14	1,040.58	936.54	990.00	1,010.00	1,120.00	
Coking Coal/Domestic	22.96	22.72	22.07	15.33	20.00	22.00	23.00	
Industrial	59.47	56.62	54.39	45.35	48.00	48.00	50.00	
Residential & Commercial	3.23	3.53	3.51	3.21	3.00	3.00	3.00	
Exports/Coking Coal (incl. Canada)	27.50	32.59	43.00	37.54	59.00	57.00	57.00	
Exports/Steam (ex. Canada)	6.80	12.12	19.64	13.58	16.00	16.00	16.00	
Exports/Steam (Canada)	15.30	14.59	19.12	8.18	8.00	7.00	6.00	
Total Exports	49.60	59.30	81.76	59.30	83.00	80.00	79.00	
Total Demand	1,161.90	1,187.31	1,202.31	1,059.73	1,144.00	1,163.00	1,175.00	
Implied Surplus/Deficit**	51.50	9.79	16.90	48.97	(46.50)	(56.00)	(46.00)	
Net Imports (Net Exports)	(13.53)	(22.95)	(47.55)	(36.66)	(64.00)	(61.00)	(60.00)	
Utility Inventories (on Jan. 1) (mm tons)	101.24	140.96	151.22	163.05	189.97	171.50	152.50	
Utility Inventories (Jan 1) (quadrillion btu)	2.05	2.84	3.03	3.24	3.82	3.49	3.10	
Avg build of inventory, as determined by prior year avg site consumption or DTC est.	10,107	10,063	10,020	9,944	10,062	10,170	10,170	

2010 Total Supply:
1.098 billion tons
2011: + 9.5 mm

2010 Total Demand:
1.144 billion tons
2011: +19 mm

2010 Implied Deficit:
46.5 million tons
2011: (9.5 mm)

Jan 1, 2011 Inventories:
171.5 million tons
Jan 1, 2012: (19 mm)

** Note: Inventories: In a perfect world, our implied surplus or deficit would be seen in changes in the preceding year's Jan 1 utility inventories. In the real world, the annual surplus or deficit can be attributed to changes in producer stockpiles; industrial stockpiles; riverdock stockpiles, higher stockpiles at export terminals, etc.



DTC's Supply/Demand Forecasts: 2009 - Present

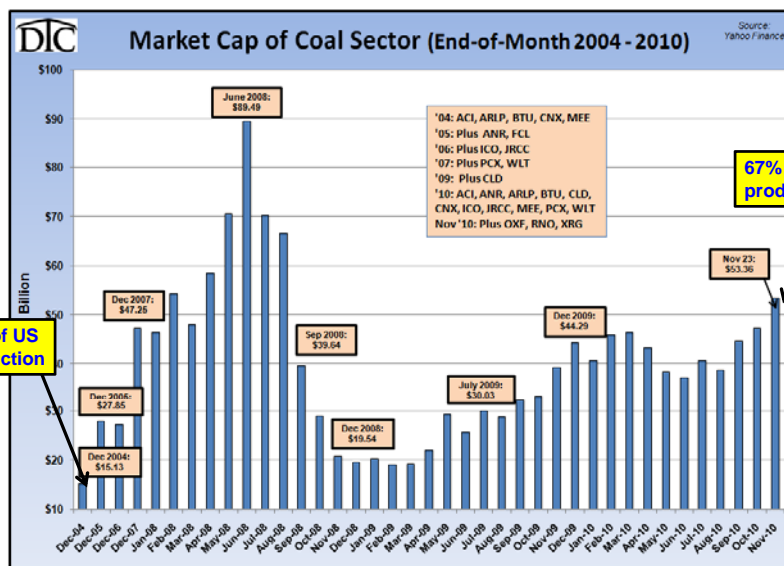
Date	2009 Implied Surplus/(Deficit)	2010 Implied Surplus/(Deficit)	2011 Implied Surplus/(Deficit)	Jan 1, 2011 Inventory
Jan-09	16.30	2.30	n/a	n/a
Apr-09	20.00	2.00	n/a	n/a
Jul-09	36.00	14.00	n/a	n/a
Oct-09	58.00	5.00	n/a	n/a
Dec-09	50.00	(11.00)	(35.00)	180
Jan-10	46.50	(28.00)	(46.00)	175
Feb-10	34.00	(41.50)	(55.00)	159
Mar-10	45.74	(44.50)	(53.00)	159
Apr-10	n/a	(45.00)	(67.00)	159
May-10	n/a	(52.00)	(73.00)	159
Jun-10	n/a	(57.00)	(79.00)	159
Jul-10	n/a	(59.00)	(81.00)	165
Aug-10	n/a	(49.00)	(66.00)	164
Sept-10	n/a	(51.00)	(66.00)	163
Oct-10	n/a	(52.50)	(61.00)	164
Nov-10	n/a	(42.50)	(51.00)	167

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Consolidation of US Coalcos



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North American M&A and IPO Activity 2007 - 2010

- **Alpha:** Mingo Logan (2007)
- **Alpha:** Buffalo (2007)
- **Bluestone:** Sequoia (2007)
- **Cliffs:** Pinnoak (2007)
- **CNX:** Amvest (2007)
- **INR:** Energy Resources (2007)
- **Lightfoot Capital:** Harless/L&K (2007)
- **Massey:** Peachtree (2007)
- **Merrill Lynch:** SMJ, Oakhill (2007)
- **National Coal:** Mann (2007)
- **Peabody:** Spun-off Patriot (2007)
- **Rhino:** Sands Hill (2007)
- **Rhino:** Mill Creek (2007)
- **Bluestone:** Infinity, Premium, A&G (2008)
- **Arcelor:** Concept, MidVol (2008)
- **Cliffs:** Alpha (2008 – failed)
- **First Energy:** Bull Mt (2008)
- **International Coal:** Powell Mt (2008)
- **Massey:** Mountaineer No. 2 (2008)
- **Patriot:** Magnum (2008)
- **Severstal:** PBS (2008)
- **Teck:** Fording (2008)
- **Walter:** United Land (2008)
- **Walter:** Taft (2008)
- **Xinergy:** Straight Line/KY (2008)
- **Alpha:** Foundation (2009)
- **Arch:** Jacobs Ranch (2009)
- **Cline:** Monterey (2009)
- **Cloud Peak:** IPO (2009)
- **James River:** Various 'Bolt-ons' (2007–2009)
- **Massey:** App Fuels Assets (2009)
- **Mechel:** Bluestone/WV (2009)
- **Metinvest:** United Coal (2009)
- **Southern Coal:** Bluestone/non-WV (2009)
- **Western Coal:** Cambrian (2009)
- **Xinergy:** reverse merger (2009)
- **Arch:** Otter Creek Reserves (2010)
- **Cliffs:** INR (2010)
- **Essar:** Trinity (2010)
- **JSW:** Williams (2010)
- **Massey:** Cumberland (2010)
- **Oxford:** IPO (2010)
- **Rhino:** IPO (2010)
- **Southern Coal:** National Coal (2010)
- **Walter:** Chevron/AL, Blue Creek Reserves (2010)
- **Walter:** Western Coal (2010)
- **Xinergy:** Raven Crest, cc reserves (2010)
- **Failures (2007-2010):** Miller Brothers, Energy Coal Resources, Black Diamond, F&N Construction, National Coal's Alabama mine,



DTC's Top Ten Market Catalysts

1. 2010 & 2011 Global Steam & Coking Coal Settlements
2. Chinese Net Coal Imports
3. OTC Price Curves: Global & Domestic (2010 – 2014)
4. Monthly Coal Export & Import Data (US)
5. Steel: Domestic & Global Production, Inventories & Trade
6. US Utility Demand (& Inventories)
7. US & Global Coal Production
8. Regional Natgas vs Coal Economics
9. Natgas Prices (UK vs US)
10. EPA, MSHA & the Courts



Catalyst No. 1: Global Coal Settlements

Global Coking Coal Benchmark Prices (Premium Coking Coal \$/MT FOB T Vessel Queensland)		
Fiscal Year	Price	Market Estimates
2001	\$44/MT	n/a
2002	\$48/MT	n/a
2003	\$46/MT	n/a
2004	\$57/MT	n/a
2005	\$125/MT	n/a
2006	\$115/MT	n/a
2007	\$98/MT	n/a
2008	\$305/MT	n/a
2009	\$129/MT	n/a
Q1 2010 (Apr – Jun)	\$200/MT	n/a
Q2 2010 (Jul – Sep)	\$225/MT	n/a
Q3 2010 (Oct – Dec)	\$209/MT	n/a
Q4 2010 (Jan – Mar)	\$225/MT (DTC est.)	n/a
2011	\$245/MT (DTC est.)	\$200 - \$275/MT

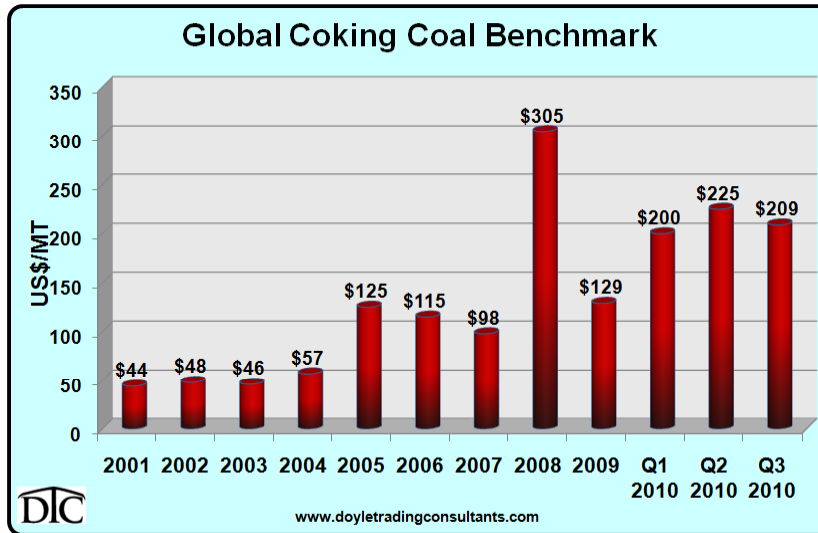
Global Steam Coal Benchmark Prices (Generic Steam Coal \$/MT FOB T Vessel Newcastle)		
Fiscal Year	Price	Market Estimates
2000	\$28.75/MT	n/a
2001	\$34.50/MT	n/a
2002	\$31.50/MT	n/a
2003	\$27.50/MT	n/a
2004	\$45.00/MT	n/a
2005	\$52.00/MT	n/a
2006	\$52.00/MT	n/a
2007	\$55.50/MT	n/a
2008	\$125.00/MT	n/a
2009	\$72.00/MT	n/a
2010	\$98.00/MT	n/a
2011	\$105.00/MT, with bullish risk (DTC est.)	\$90 - \$110/MT



**Potential for monthly settlements.
Great opportunity for coking coal swaps!**



Global Coking Coal Historical Settlements



Catalyst No. 2: Chinese Net Coal Imports

Chinese Coal Imports and Exports (mm MT)						
Year	Coal Type	Exports	Imports	Net Exports (Imports)	Export Mix	Import Mix
2006	Anthracite	5.17	22.60	(17.43)	8.18%	59.16%
	Steam Coal	53.60	10.50	43.10	84.81%	27.49%
	Coking Coal	4.36	4.66	(0.30)	6.90%	12.20%
	Other	0.07	0.44	(0.37)	0.11%	1.15%
	Total	63.20	38.20	25.00	100.00%	100.00%
2007	Anthracite	5.25	28.41	(23.16)	9.89%	55.71%
	Steam Coal	45.29	13.30	31.99	85.21%	26.08%
	Coking Coal	2.54	6.22	(3.68)	4.78%	12.19%
	Other	0.06	3.07	(3.01)	0.12%	6.02%
	Total	53.16	51.00	2.15	100.00%	100.00%
2008	Anthracite	6.07	19.39	(13.32)	13.37%	47.48%
	Steam Coal	35.76	10.29	25.47	78.70%	25.20%
	Coking Coal	3.48	6.86	(3.40)	7.61%	15.79%
	Other	0.15	4.30	(4.15)	0.32%	10.53%
	Total	45.43	40.83	4.60	100.00%	100.00%
2009	Anthracite	3.24	34.39	(31.15)	14.45%	27.16%
	Steam Coal	18.48	38.57	(20.09)	82.50%	30.45%
	Coking Coal	0.64	34.49	(33.85)	2.84%	27.24%
	Other	0.05	19.19	(19.14)	0.21%	15.15%
	Total	22.40	126.64	(104.24)	100.00%	100.00%
Oct 10	Anthracite	0.23	1.94	(1.71)	18.05%	15.74%
	Steam Coal	0.88	3.56	(2.68)	72.75%	28.90%
	Coking Coal	0.09	3.98	(3.88)	7.69%	32.25%
	Other	0.01	2.85	(2.84)	0.51%	23.10%
	Total	1.21	12.32	(11.11)	100.00%	100.00%
2010 January - October	Anthracite	3.49	21.51	(18.02)	21.43%	15.93%
	Steam Coal	11.77	43.29	(31.52)	72.23%	32.06%
	Coking Coal	0.97	37.51	(36.54)	5.96%	27.78%
	Other	0.06	32.72	(32.65)	0.39%	24.23%
	Total	16.30	135.02	(118.72)	100.00%	100.00%

Source: The Tax Report

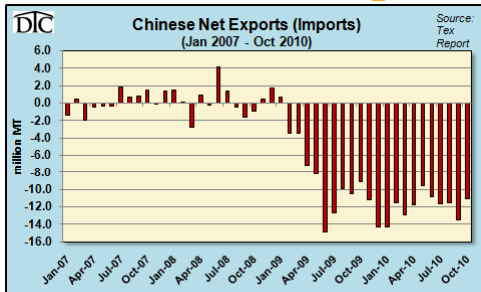
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- 2006:**
25.0 mm MT Net Exports
- 2007:**
2.2 mm MT Net Exports
- 2008:**
4.6 mm MT Net Exports
- 2009:**
104 mm MT Net Imports
- 2010:**
140 mm MT Net Imports
DTC Est.
- 2011:**
??? MT Net Imports

Chinese Import/Export Picture



China Coal Comments:

- ✓ Expansion of rail infrastructure is not keeping pace with production
- ✓ Mining costs are soaring
- ✓ Coal quality is falling
- ✓ Geology is more challenging
- ✓ Consolidation will take longer than forecasted
- ✓ Social and environmental problems are finally being addressed

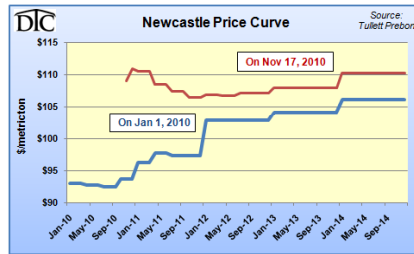
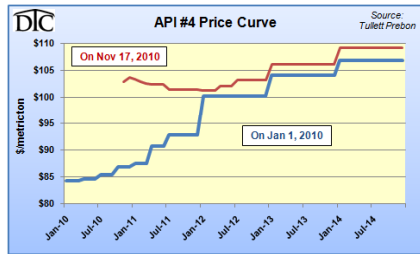
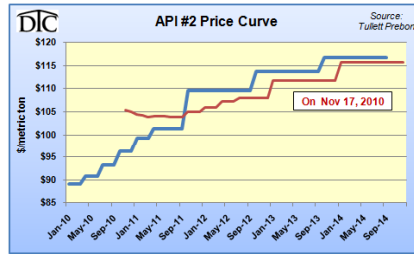
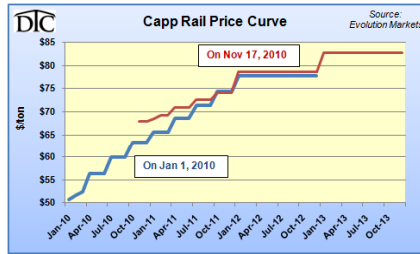


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Catalyst No. 3: Global & Domestic Price Curves



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Catalyst No. 4: Monthly Coal Export/Import Data



U.S. Net Coal Exports (mm net tons)								
	Sep 10	Aug 10	Sep 09	Sep 07	2010 YTD	2009 YTD	2007 YTD	2009 total
U.S. Net Coal Exports	5.56	5.30	3.77	1.46	46.34	24.43	14.40	36.65
U.S. Coal Exports								
	Sep 10	Sequential Change	YOY Change	YO'07 Change	2010 YTD	YOY Change	YO'07 Change	2009 total
Total Exports	7.14	-2.04%	27.01%	45.01%	60.88	46.26%	44.45%	59.29
Total Coking Coal	4.11	-10.24%	10.66%	49.54%	43.13	68.54%	79.07%	37.54
Total Steam Coal	3.03	25.29%	58.82%	39.30%	17.75	10.71%	-1.71%	21.76
Steam Coal (ex. Can)	1.91	61.35%	47.55%	47.23%	11.62	18.71%	55.52%	13.58
Steam Coal (Can.)	1.12	-9.32%	82.64%	27.56%	6.14	-1.80%	-42.06%	8.18
U.S. Coal Imports								
	Sep 10	Sequential Change	YOY Change	YO'07 Change	2010 YTD	YOY Change	YO'07 Change	2009 total
Total Imports	1.59	-6.68%	-14.33%	-54.21%	14.55	-15.41%	-47.58%	22.64
Total Coking Coal	0.20	53.90%	56.56%	-37.40%	1.19	75.50%	-18.92%	1.09
Total Steam Coal	1.39	-11.56%	-19.44%	-55.87%	13.36	-19.13%	-49.18%	21.55
Steam Coal (Colo.)	1.21	-8.48%	-14.56%	-50.69%	10.71	-21.37%	-47.90%	16.45
Steam Coal (Indo.)	0.05	-27.70%	-73.73%	-86.83%	1.86	6.92%	-38.08%	2.08
Steam Coal (Ven.)	0.10	146.20%	145.77%	-55.07%	0.38	-56.36%	-83.01%	1.30

Source: U.S. International Trade Commission

2005:
19.5 mm Net Exports

2006:
13.4 mm Net Exports

2007:
23.0 mm Net Exports

2008:
47.6 mm Net Exports

2009:
36.7 mm Net Exports

2010:
64.0 mm Net Exports (DTC est)

2011:
61.0 mm Net Exports (DTC est)

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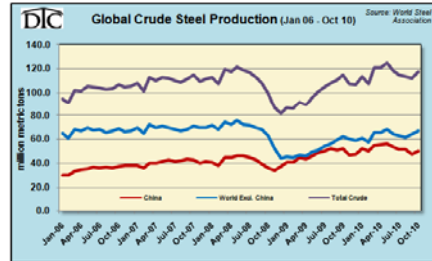
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Catalyst No. 5: Domestic & Global Steel Markets

Global Crude Steel Production							
Region/Country	Oct 10 (000 MT)	Seq Change	YOY Change	YO'07 Change	YTD (000 MT)	YOY Change	YO'07 Change
European Union	15,444	7.7%	4.4%	13.5%	145,460	29.1%	-17.4%
Germany	3,834	15.8%	11.0%	8.7%	36,806	41.0%	9.7%
Italy	2,480	6.6%	11.9%	-14.8%	21,550	31.1%	-18.4%
France	1,374	9.3%	0.3%	-3.7%	12,999	24.7%	-21.1%
United Kingdom	827	5.5%	-20.1%	-25.5%	8,326	4.7%	-30.6%
Spain	1,393	0.3%	-12.2%	-21.4%	13,904	17.6%	-13.2%
Other Europe	3,087	5.5%	14.4%	21.5%	27,075	14.2%	7.1%
Turkey	2,702	7.8%	18.6%	22.2%	23,627	12.6%	9.9%
Total CIS	9,319	0.7%	4.5%	-11.4%	89,635	12.4%	-13.3%
Russia	5,726	-0.6%	2.1%	-7.5%	55,561	13.3%	-8.0%
Ukraine	2,945	5.2%	10.7%	-18.8%	27,589	13.3%	-22.5%
North America	9,366	0.2%	11.5%	-18.7%	93,704	41.8%	-14.9%
United States	6,565	-0.6%	9.6%	22.6%	67,451	44.7%	-17.3%
Mexico	1,450	3.7%	0.7%	-0.3%	13,950	22.7%	-3.5%
Canada	1,250	0.0%	44.1%	-6.2%	11,305	54.8%	-13.2%
South America	3,994	7.0%	2.9%	-4.9%	36,739	20.7%	-7.7%
Brazil	2,920	8.3%	4.7%	1.0%	27,813	30.9%	-0.3%
Asia	72,493	5.0%	-0.3%	12.6%	735,712	13.8%	19.9%
China	50,304	4.9%	3.8%	16.3%	524,300	11.1%	27.9%
Japan	9,608	3.0%	8.0%	-8.4%	91,443	31.1%	-8.3%
South Korea	5,206	11.8%	11.4%	20.3%	47,293	19.3%	11.2%
India	5,760	3.4%	8.8%	24.2%	55,764	7.8%	27.3%
Taiwan	1,725	3.3%	-4.0%	-4.5%	16,412	30.3%	-4.5%
Total excl. China	67,258	4.4%	7.7%	-5.9%	640,021	23.7%	7.7%
Total	117,562	4.6%	2.4%	2.5%	1,164,821	17.6%	5.5%

Source: World Steel Association



US Steel Utilization Rebounded

US Steel Production (capability utilization)			
Week of 20-Nov	Previous Week	Previous Month	YOY
70.3%	68.7%	67.0%	61.4%

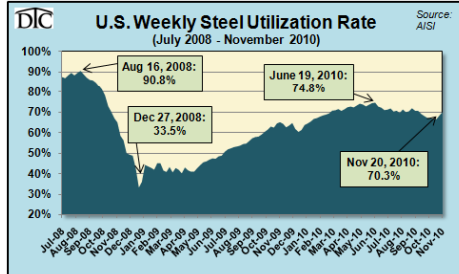
Source: AISI

US Steel Imports (mm metric tons)				
Oct 2010	Sequential Change	YOY Change	2010 YTD	YOY Change
1.62	-13.7%	10.1%	18.30	50.24%

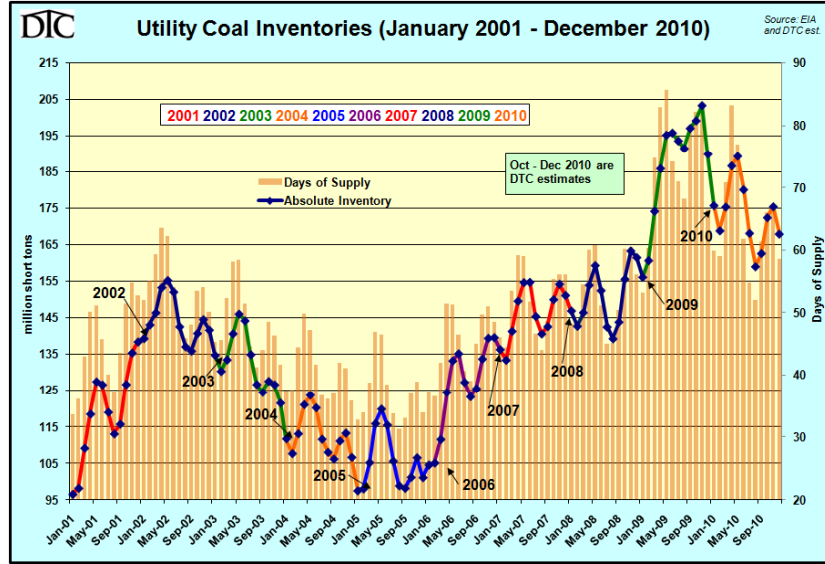
Source: US Census Bureau

US Steel Inventories (mm tons)					
Oct 2010	Sequential Change	YOY Change	Months Supply	Sequential Change	YOY Change
7.42	-1.5%	25.1%	2.4	3.1%	8.1%

Source: MSCI



Catalyst No. 6: US Utility Demand (& Inventories)

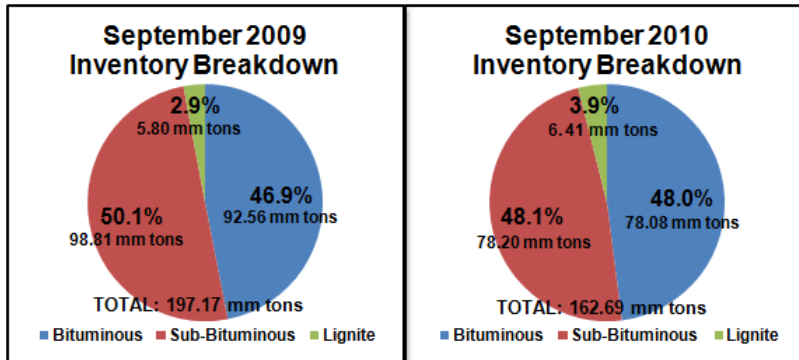


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Coal Inventories



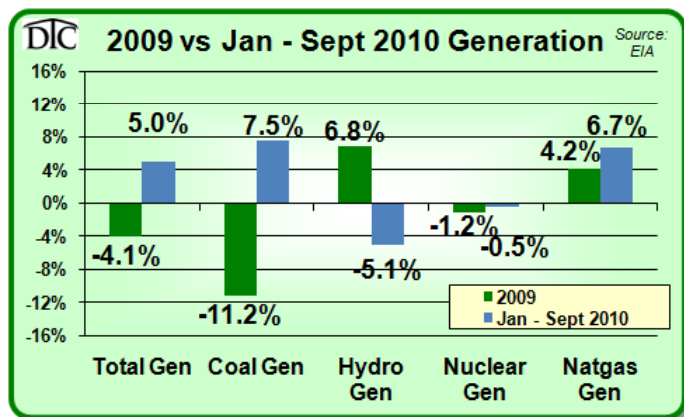
Average Heating Content 2009: 10,062 Btu/lb.
Average Heating Content 2010: 10,170 Btu/lb.

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Changes in the Generation Stack



New Coal Demand from New Coal-fired Generation

New coal plants and the required tons (MM) on a full-year basis				
Start-up Year	PRB (mm tons)	East (mm tons)	Mine-Mouth (mm tons)	Grand Total (mm tons)
2009	10.2	4.4	5.4	20.0
2010	11.0	4.4	5.2	20.6
2011	4.1	4.8	6.8	15.7
2012	6.4	7.2	5.7	19.3
Grand Total	31.7	20.8	23.1	75.6

Source: High Energy Services (Tom Shewski; 503 699 1973)

- **Note 1:** PRB demand determined at 8,800 Btu/lb
- **Note 2:** Eastern demand determined at 12,500 Btu/lb
- **Note 3:** Mine-Mouth demand determined at 10,000 Btu/lb (some mine-mouth plants in high-heat content regions to pull up the weighted average)
- **Note 4:** 10,000 Btu/KWh heat rate
- **Note 5:** 85% capacity factor
- **Note 6:** There is a risk that some 2012 plants may not get built

Announced Coal Unit Retirements (2010 – 2020)

Plant Name	Company	Location (County & State)	Nameplate Capacity (MW)	Comments	Plant Name	Company	Location (County & State)	Nameplate Capacity (MW)	Comments
Arapaho Unit 3	Xcel Energy	Denver, CO	44	Closure/2012	Jack McDonough	Georgia Power Co	Cobb, GA	299.2	Closure/2010
Arapaho Unit 4	Xcel Energy	Denver, CO	111	Natgas/2012	Jack McDonough	Georgia Power Co	Cobb, GA	258	Closure/2011
Bay Front	Northern States Power Co	Ashland, WI	28.0	Biomass/2013	John Sevier	Tennessee Valley Authority	Hawkins, TN	400	Closure/2014-2015
Boardman	Portland General Electric Co	Morrow, OR	601.0	Closure/2020	L V Sutton	Progress Energy Carolinas Inc	New Hanover, NC	671.6	Closure/2014
Buck	Duke Energy	Rowan, NC	120	Closure/2011	Lansing	Interstate Power & Light Co.	Allamakee, IA	37.5	Closure/2010
Cameo	Xcel Energy	Grand Junction, CO	73.0	Closure/2010	Lee	Progress Energy Carolinas Inc	Wayne, NC	402.4	Closure/2013
Cape Fear	Progress Energy Carolinas Inc	Chatham, NC	328.5	Closure/2013	Meredosia	Ameren Energy Generating Co	Morgan, IL	115.0	Closure/2010
Cherokee	Xcel Energy	Adams, CO	420.4	Closure/2017	Mitchell	Georgia Power Co	Dougherty, GA	163.2	Biomass/2012
Cliffside	Duke Energy Carolinas, LLC	Cleveland, NC	210.0	Closure/2011	Mt. Poso Cogen	Mt Poso Cogen Co	Kern, CA	52	Closure/2012
Conesville	Columbus Southern Power Co	Coshocton, OH	165	Closure/2012	Philip Sporn	Ohio Power Co	Mason, WV	450	Closure/2010
Cornell University Central Heat	Cornell University	Tompkins, NY	7.5	Closure/2011	Philip Sporn	Appalachian Power/Ohio Power	Mason, WV	580	Closure/2018
Cromby Generating Station	Exelon Power	Chester, PA	144	Closure/2011	R E Burger	FirstEnergy Generation Corp	Belmont, OH	312.4	Closure/2010
Dan River	Duke Energy	Rockingham, NC	290	Closure/2013	R Gallagher	Duke Energy Indiana Inc	Floyd, IN	300.0	Closure/2012
Deep Water	Calpine Corp/Conectiv	Pennsville, NJ	44.0	Natgas/2010	Richard Gorsuch	American Mun Power-Ohio Inc	Washington, OH	200	Closure/2012
E J Stoneman Station	Mid-America Power LLC	Grant, WI	53.0	Biomass/2012-2013	Scholz	Gulf Power Co	Jackson, FL	98.0	Closure/2011
Eddystone Generating Station	Exelon Power	Delaware, PA	353.6	Closure/2011	Shawnee	Tennessee Valley Authority	McCracken, KY	175	Closure or Biomass/ 2011
Eddystone Generating Station	Exelon Power	Delaware, PA	311	Closure/2013	State Line	Dominion	Lake, IN	515	Closure/2014-2017
Edge Moor	Calpine Corp/Conectiv	Wilmington, DE	251.8	Natgas/2010	Sutherland	Interstate Power & Light Co	Marshall, IA	37.5	Closure/2015
Edwardsport	Duke Energy	Knox, IN	109.2	Closure/2010	Valmont	Xcel Energy	Boulder, CO	186	Closure/2017
Four Corners	Arizona Public Service	San Juan, NM	560	*pending regulatory approval	Widows Creek	Tennessee Valley Authority	Jackson, AL	281.2	Closure/2011
Hunlock Power Station	UGI Development Co.	Luzerne, PA	49.9	Natgas/2010	Widows Creek	Tennessee Valley Authority	Jackson, AL	562.4	Closure/2014-2015
Indian River Generating Station	Indian River Operations Inc	Sussex, DE	165	Closure/2013	W H Weatherspoon	Progress Energy Carolinas Inc	Robeson, NC	165.5	Closure/2013-2017
Indian River Generating Station	Indian River Operations Inc	Sussex, DE	81.6	Closure/2011	W N Clark	Black Hills Power	Freemont, CO	42	Closure/2017
					Will County	Midwest Generation EME LLC	Will, IN	372	Closure/2010
TOTAL								11,155.4 MW	

Catalyst No. 7: Global & US Coal Production

US Coal Companies

1. Alliance Resource
2. Alpha
3. ArcelorMittal
4. Arch
5. Cliffs Resources
6. Cline Resources
7. Consol Energy
8. International Coal Group
9. James River
10. Massey
11. Patriot
12. Signal Peak
13. Teco
14. Walter

Non-US Coal Companies

1. Adaro Coal
2. Anglo
3. Bayan
4. BHP
5. Bumi
6. Drummond
7. Grande Cache
8. Pike River
9. Rapsadskaya
10. Rio Tinto
11. SouthGobi
12. Teck
13. Wesfarmers
14. Xstrata



2010: The Year of Missed Production Forecasts

U.S. Events/Announcements	Global Events/Announcements
Jan: CLF's Oak Grove experiences technical problems	Feb: Xstrata declares force majeure in Australia due to rain
Feb: Blizzard conditions significantly impact Capp and Napp	Apr: Bayan Resources (Indonesia) declares force majeure due to rain
Feb: PCX's Federal No. 2 interrupted due to air quality issue	May: Raspadskaya explosion
Mar: MEE idles Progress Twilight dragline	Jun: Teck's Greenhills prep plant explosion
Apr: ARLP's Dotiki experiences roof fall	Jul: Bayan Resources declares force majeure due to rain
Apr: ACI's Dugout Canyon idled due to smoldering coal seam	Jul: Continued rainfall disrupts production throughout Indonesia
Apr: MEE's Upper Big Branch explosion	Sept: Drummond delays Colombian shipments due to rain
Apr: Signal Peak struggles with longwall	Sept: Prodeco delays Colombian shipments due to rain
May: ARLP's Pattiki temporarily closed due to belt failure; limps along for remainder of 2010	Sept: Xstrata declares force majeure in Australia due to rain
May: PCX's Harris No. 1 closed due to ventilation issues	Oct: Anglo declares force majeure due to rain
Jun: PCX's Harris No. 1 experiences roof fall	Oct: Rio Tinto announces lower production due to rain
Jun - Sept: MEE's Revolution delayed due to ventilation plan	Oct: BHP warns of lower production due to rain
Jun: PCX's Harris No. 1 permanently closed	Oct: Adaro reports lower production due to rain
Jun/Jul: ACI's Dugout Canyon shut and evacuated due to high carbon monoxide levels	Oct: Grande Cache lowers sales volume guidance
Jul: WLT lowers 2010 met sales due to production issues	Oct: Teck lowers sales volume guidance
Jul: MEE lowers 2010 shipment guidance	Oct/Nov: Hay Point Terminal interrupted due to weather
Jul: PCX lowers 2010 sales guidance	Nov: Wesfarmers reports lower production due to rain
Aug: CLF's Pinnacle longwall hits rock intrusion	Nov: Pike River explosion
Aug: ArcelorMittal's low vol mines experience production issues	
Sept: PCX reports methane problems at Federal, lowers production guidance	
Sept: MEE lowers 2010 shipment guidance	
Sept: WLT lowers 2010 coking coal sales guidance	
Sept: CLF lowers 2010 production estimate	
Oct: MEE lowers 2010 shipment guidance	
Oct: CNX idles Emery mine in UT	
Oct: CNX lowers 2010 thermal coal and high vol sales guidance	



Catalyst No. 8: Regional Natgas vs Coal Economics

DTC's Coal vs. Natgas Model© (November 23, 2010)						
10 Heat Rate Coal Plant (without SCR or Scrubber) vs. 7 Heat Rate Natgas Plant						
Model Comparison Period: Q1 2011 (All-in Costs per MWh)						
Inputs: Current Coal, Emissions, Natgas Prices						
NERC Region	PJM East	PJM West	NYISO West	Ill (Midwest)	ERCOT	SERC
Coal Source	Napp 13000 3.0# rail	Napp 13000 3.0# rail	Napp 13000 3.0# rail	Ill. Basin 11800 2# Barge	PRB 8800	Capp CSX 12500 1%
Coal Gen Costs (\$/MWh)	\$35.84	\$33.60	\$36.26	\$31.21	\$24.79	\$38.45
Natgas Gen Costs (\$/MWh)	\$36.73	\$35.97	\$36.73	\$35.95	\$34.20	\$34.22
Spread (\$/MWh)	\$0.89	\$2.37	\$0.48	\$4.74	\$9.41	(\$4.24)
Natgas Breakeven incl. transport (\$/MMBtu)	\$4.88	\$4.56	\$4.94	\$4.22	\$3.30	\$5.25
Note 1: Negative spread signifies natgas gen costs are <u>theoretically</u> cheaper than coal gen costs.						
Note 2: For information on DTC's methodology and some very important caveats on interpreting the model's output, please contact Ted O'Brien (646.840.1300; tobrien@doyletradingconsultants.com) for our detailed 'white paper' on this subject.						



Catalyst No. 9: Natgas Prices (UK vs US)

January 7, 2010

Natgas Spreads: UK minus US	
Time Period	Spread \$/mmbtu (UK-US)
Feb-10	(\$0.07)
Mar-10	(\$0.05)
Apr-10	(\$0.34)
May-10	(\$0.53)
Jun-10	(\$0.72)
Jul-10	(\$0.72)
Aug-10	(\$0.62)
Sep-10	(\$0.65)
Oct-10	(\$0.01)
Nov-10	\$1.01
Dec-10	\$1.39
Jan-11	\$1.62
Feb-11	\$1.55
Mar-11	\$1.47
Apr-11	\$1.35
May-11	\$1.03
Jun-11	\$0.76

Source: Envantage

Note: Positive spread indicates weak LNG imports into the US and possibly weak power prices in the UK (negative for US coal exports).

November 18, 2010

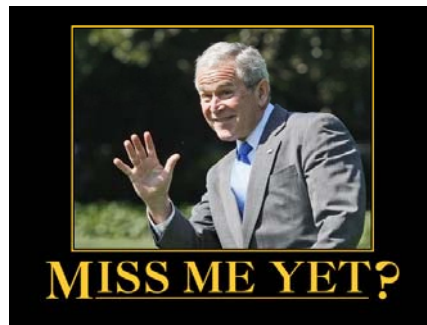
Natgas Spreads: UK minus US	
Time Period	Spread \$/mmbtu (UK-US)
Dec-10	\$3.71
Jan-11	\$3.79
Feb-11	\$3.81
Mar-11	\$3.67
Apr-11	\$3.56
May-11	\$3.62
Jun-11	\$3.34
Jul-11	\$3.29
Aug-11	\$3.50
Sep-11	\$3.47
Oct-11	\$3.72
Nov-11	\$4.19
Dec-11	\$4.25
Jan-12	\$4.31
Feb-12	\$4.35
Mar-12	\$4.22
Apr-12	\$3.83

Source: Envantage

Note: Positive spread indicates weak LNG imports into the US and possibly weak power prices in the UK (negative for US coal exports).

Catalyst No. 10: EPA, MSHA, Courts

- Valley Fill Permits
- Selenium Issue
- New Coalgen Permitting
- SO₂, NO_x, Mercury
- Coal Ash
- Greenhouse Gas





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