

Coal Industry Profits

In 1932, the federal government began giving subsidies to the coal industry in order to help the industry recover initial capital investments. Since 1950, the coal industry has received more than \$70 billion in subsidies and tax breaks.¹ While coal companies continue to reap higher profits than before, thanks to increasing coal prices, taxpayers still continue to shell out billions of dollars in federal subsidies to these successful companies.

High Prices, High Profits

- Peabody Energy Corp., the largest coal producer in the world, has increased its income five-fold since 2004.² Company revenues have also nearly doubled to \$6.6 billion in 2008.³
- Other top producers have also reaped increasing revenues. In 2008, CONSOL Energy Inc. earned \$4.7 billion and Arch Coal Inc. earned \$3.0 billion in revenues. Foundation Coal Holdings Inc. has also increased its revenues from \$903 million in 2001 to \$1.69 billion in 2008.⁴ (*see table for profits*)
- In 2009, Alpha Natural Resources will acquire Foundation Coal Holdings, which earned \$13.4 million in 2008, forming the third largest coal company only behind Peabody and Arch Coal.^{5,6}
- Coal prices have been increasing since 2004, and prices of coal bought by electric utilities rose nearly 14% in 2008.⁷ Although coal prices and production have gone down in 2009, an expected increase in coal demand in 2010 have coal companies already preparing to take advantage of this recovery.^{8,9}



Profits for the Top Five Domestic Coal Companies

	2008
Peabody Energy Corporation ¹³	\$952.9 Million
CONSOL Energy Inc. ¹⁴	\$442.5 Million
Arch Coal Inc. ¹⁵	\$354.3 Million
Alpha Natural Resources ¹⁶	\$165.5 Million
Rio Tinto Energy America ¹⁷	\$147.0 Million

Top Executives Make Top \$

- Top executives at these coal companies are also sharing in the industry's successes. CONSOL Energy's CEO J. Brett Harvey took home \$8.2 million in 2008.¹⁰
- Peabody's Chairman and CEO, Gregory Boyce, owns more than \$5 million in stock. Boyce received nearly \$12 million in 2008, over \$3 million more than the previous year.¹¹
- Steven Leer, CEO of Arch Coal, took home more than \$6.6 million in 2008, including around \$1.8 million in option awards.¹²

Despite these large profits, the federal government continues to provide billions in subsidies to the coal industry.

¹ Taxpayers for Common Sense: “Coal: A Long History of Subsidies”

² Peabody Energy Info (Hoover’s) at http://www.hoovers.com/peabody-energy/--ID_56753--/free-co-factsheet.xhtml

³ Peabody Investor Financial Data at <http://www.peabodyenergy.com/Investors/IRHome.asp>

⁴ CONSOL Energy Financial Data at <http://phx.corporate-ir.net/phoenix.zhtml?c=66439&p=irol-fundIncomeA>

Arch Coal Inc. 2008 Annual Report at <http://finance.yahoo.com/q/is?s=ACI&annual>

Foundation Coal 2008 Annual Report at <http://ir.foundationcoal.com/annuals.cfm>

⁵ Foundation Coal Holdings, Inc. Data from company’s 2008 10-K statement at <http://ir.foundationcoal.com/annuals.cfm> on page 47.

⁶ Washington Post: “Two Regional Coal Companies To Merge in \$2 Billion Deal” by Steven Mufson (05/13/09)

⁷ Energy Information Administration : “U.S. Coal Supply and Demand - 2008 Review”

⁸ Gillette News Record: “Eye on Coal” by Alexandra Sukhomlinova (5/30/09)

⁹ St. Louis Post-Dispatch “Arch Coal cuts outlook as profit tumbles” by Jeffrey Tomich

¹⁰ CONSOL Energy’s Proxy Statement (SCHEDULE 14A) at

<http://www.sec.gov/Archives/edgar/data/1070412/000119312509060346/ddef14a.htm>

¹¹ Peabody’s Proxy statement (SCHEDULE 14A) at [http://yahoo.brand.edgar-](http://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=6502202-147660-)

[online.com/displayfilinginfo.aspx?FilingID=6502202-147660-256649&type=sect&TabIndex=2&companyid=53564&ppu=%252fddefault.aspx%253fcik%253d1064728](http://yahoo.brand.edgar-online.com/displayfilinginfo.aspx?FilingID=6502202-147660-256649&type=sect&TabIndex=2&companyid=53564&ppu=%252fddefault.aspx%253fcik%253d1064728)

¹² Arch Coal’s Proxy Statement (SCHEDULE 14A) at

<http://www.sec.gov/Archives/edgar/data/1037676/000095013709001769/c48699ddef14a.htm>

¹³ Peabody Energy Net Income Data from Financial Data: “Income Statement” at

<http://www.peabodyenergy.com/Investors/BTUQuarterlydata-Website.xls>

¹⁴ Arch Coal Net Income Data from Yahoo Finance – “Arch Coal Inc. (ACI) Income Statement” at

<http://finance.yahoo.com/q/is?s=ACI&annual>

¹⁵ CONSOL Energy Net Income Data from “Corporate Overview” at

<http://phx.corporate-ir.net/phoenix.zhtml?c=66439&p=irol-fundIncomeA>

¹⁶ Rio Tinto Energy America’s Data from company’s 2008 Sustainable Development Report at

http://www.riotinto.com/documents/RTEA_2008SDReport.pdf

¹⁷ Alpha Natural Resources Data from company’s 2008 10-K statement at

<http://alnrcient.shareholder.com/annuals.cfm>