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2015 Shareholder Resolution
CONSOL ENERGY INC.
Request: Report on Carbon Asset Risk

WHEREAS:

Investors require information on how CONSOL Energy is preparing for the likelihood that demand for coal and natural gas may be reduced due to regulation or other climate-associated drivers, increasing risk for stranding some portion of its reserves.

Recognizing the severe and pervasive risks associated with a warming climate, global governments have agreed that increases in global temperature should be held below 2 degrees Celsius. To achieve this goal, the International Energy Agency (IEA) states that "No more than one-third of proven reserves of fossil fuels can be consumed prior to 2050 …." HSBC notes that the equity valuation of oil producers could drop by 40 to 60 percent under such a low carbon consumption scenario.

U.S. and China leaders recently signed an historic accord to limit greenhouse gas emissions; European leaders have committed to a 40 percent reduction by 2030.

In addition to the potential for global treaties, coal demand is being affected by air quality regulations, federal, state and local carbon regulations, technology innovations, falling renewable energy costs, consumer substitution, and efficiency increases.

Goldman Sachs states "most thermal coal growth projects will struggle to earn a positive return for their owners" and finds that even when carbon prices are low, "the downside risks of future regulation can offset the cost advantage of thermal coal relative to alternative energy sources." China's demand for coal is likely to peak by 2020, according to a recent analysis from Standard & Poor's. Similarly, HSBC indicates that declining coal demand after 2020 could reduce the current discounted cash flow valuation of coal producers by 44%.

The World Bank and European Investment Banks have placed restrictions on the financing of coal projects.

Investors are concerned that actions to significantly reduce greenhouse gas emissions could reduce the value of CONSOL Energy's coal and gas reserves and/or related infrastructure before the end of their expected useful life. Investors require additional information on how CONSOL is preparing for potential scenarios in which demand for coal and gas is significantly reduced due to regulation or other climate-associated drivers. Without additional disclosure, shareholders are unable to determine whether CONSOL is adequately managing these risks or seizing related opportunities.

THEREFORE BE IT RESOLVED:

Shareholders request CONSOL to prepare a report, by September 2015, omitting proprietary information and prepared at reasonable cost, on the Company's strategy to address the risk of stranded assets presented by global climate change and associated demand reductions, including analysis of long and short term financial and operational risks to the company.

SUPPORTING STATEMENT:

We recommend the report:

- Evaluate a range of low-carbon, low-demand scenarios, including a scenario in which two thirds of reserves cannot be monetized;
- Provide an assessment of different capital allocation strategies for such low-demand scenarios including diversifying capital investment or returning capital to shareholders;
- Provide information on carbon price and coal and natural gas price assumptions used in each scenario.