CONSOL Energy Inc
Form DEF 14A
March 26, 2012
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement.

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2)).**

x Definitive Proxy Statement.

¨ Definitive Additional Materials.

¨ Soliciting Material Pursuant to §240.14a-12.

CONSOL Energy Inc.

(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(3) Filing Party:

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Table of Contents

CONSOL Energy Inc.

CNX Center

1000 CONSOL Energy Drive

Canonsburg, Pennsylvania 15317

Telephone (724) 485-4000

Annual Meeting of Shareholders

to be held on May 1, 2012

Dear Shareholder:

You are cordially invited to attend CONSOL Energy Inc. s 2012 Annual Meeting of Shareholders on May 1, 2012 at 10:00 a.m., Eastern Time, at the Hyatt Regency Pittsburgh International Airport, Earhart AB Room, 1111 Airport Boulevard, Pittsburgh, Pennsylvania 15231.

The enclosed Notice of Annual Meeting and Proxy Statement describe the various matters to be acted upon during the meeting. Whether or not you plan to attend the Annual Meeting, you can ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or by internet (as described in the enclosed proxy card or voting instruction card) or by completing and returning the enclosed proxy card or voting instruction card, which requires no postage if mailed in the United States.

If you need assistance, please contact CONSOL s Investor Relations Office at (724) 485-4000. Our Annual Report on Form 10-K for the fiscal year ended December 31, 2011 accompanies this Proxy Statement.

We appreciate your ownership of CONSOL Energy Inc. and hope you will be able to join us at this year s Annual Meeting.

Sincerely,

J. Brett Harvey

Chairman of the Board and Chief Executive Officer

March 26, 2012

Table of Contents

CONSOL Energy Inc.

CNX Center

1000 CONSOL Energy Drive

Canonsburg, PA 15317

Telephone (724) 485-4000

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 1, 2012

Notice is hereby given that the Annual Meeting of Shareholders (the Annual Meeting) of CONSOL Energy Inc. (CONSOL) will be held on May 1, 2012, at 10:00 a.m., Eastern Time, at the Hyatt Regency Pittsburgh International Airport, Earhart AB Room, 1111 Airport Boulevard, Pittsburgh, Pennsylvania 15231, for the following purposes:

1. To elect directors to hold office in accordance with the Amended and Restated Bylaws of CONSOL;

2. To consider and vote upon a proposal to amend and restate the Equity Incentive Plan to, among other matters, increase the number of shares authorized for issuance thereunder;

3. To ratify the anticipated selection of Ernst & Young LLP, an independent registered public accounting firm, as the independent auditor of CONSOL for the fiscal year ending December 31, 2012; and

4. To hold an advisory vote to approve named executive officer compensation.

By resolution of the Board of Directors, we have fixed the close of business on March 16, 2012 as the record date for determining the shareholders of CONSOL entitled to notice of, and to vote at, the Annual Meeting and any adjournment or postponement thereof.

Whether or not you plan to attend the Annual Meeting, you can ensure that your shares are represented at the meeting by promptly voting and submitting your proxy by telephone or by internet (as described in the enclosed proxy card or voting instruction card) or by completing and returning the enclosed proxy card or voting instruction card, which requires no postage if mailed in the United States. Your prompt response will be helpful and your cooperation is appreciated. If you attend the Annual Meeting, you may withdraw your proxy and vote in person, if you so choose.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON MAY 1, 2012: The Proxy Statement, form of proxy, Annual Report on Form 10-K and related materials are available at www.edocumentview.com/CNX or contact the Investor Relations Department at the address and phone number above.

Sincerely,

Stephanie L. Gill

Vice President, Deputy General Counsel and Corporate Secretary

March 26, 2012

TABLE OF CONTENTS

TABLE OF CONTENTS

Table of Contents

PROXY SUMMARY - 2012

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

Annual Meeting of the Shareholders

Time and Date:	Tuesday, May 1, 2012 at 10:00 a.m. Eastern Time
Place:	Hyatt Regency Pittsburgh International Airport, Earhart AB Room, 1111 Airport Boulevard, Pittsburgh, Pennsylvania 15231
Record Date:	March 16, 2012
Voting:	Shareholders of CONSOL Energy Inc. (CONSOL or the Corporation) as of the record date are entitled to vote. Each share of CONSOL common stock is entitled to one vote for each director nominee and one vote for each of the proposals to be voted on.

Meeting Agenda

1. Elect 10 directors;

2. Adopt the Amended and Restated CONSOL Energy Inc. Equity Incentive Plan to, among other matters, increase the number of shares authorized for issuance thereunder;

3. Ratify the anticipated selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and

4. Hold an advisory vote to approve named executive officer (named executive) compensation.

CONSOL s Board of Directors (the Board) recommends that you vote **FOR** the election of each of the director nominees and **FOR** Proposals 2, 3 and 4.

Annual Report

CONSOL s Annual Report to Shareholders is being mailed together with this Proxy Statement on or about March 26, 2012 to shareholders of record, as of March 16, 2012, of CONSOL common stock.

Board Nominees

The following table provides summary information about each director nominee. Each director nominee is elected annually by a majority of votes cast.

Name	Age	Director Since	Occupation	Independent	Committee Memberships AC	CC	HSE	FC	NCG

J. Brett Harvey	61	1998	CONSOL Chairman and Chief Executive Officer						
Philip W. Baxter	63	2009	President Stan Johnson Company; Lead Independent Director of CONSOL	X	X	X			
James E. Altmeyer, Sr.	73	2003	Former President/Chief Executive Officer and Chairman of Altmeyer Funeral Homes, Inc.	X			C	X	
William E. Davis	70	2004	Former Chairman and Chief Executive Officer of Niagara Mohawk Power Corporation	X			X		C
Raj K. Gupta	69	2004	Independent Management Consultant	X	C		X		
Patricia A. Hammick	65	2001	Former Chairman of Dynegy, Inc.	X				X	X
David C. Hardesty, Jr.	66	2005	President Emeritus and Professor of Law at West Virginia University	X			X	X	
John T. Mills	64	2006	Former Chief Financial Officer of Marathon Oil Corporation	X	X	X			
William P. Powell	56	2004	Managing Partner of 535 Partners LLC	X		C			X
Joseph T. Williams	74	2004	Former Chairman and CEO of DevX Energy, Inc.	X		X		C	

AC	Audit Committee
CC	Compensation Committee
HSE	Health, Safety and Environmental Committee
FC	Finance Committee
NCG	Nominating and Corporate Governance Committee
C	Chair

1

Table of Contents

Amendment and Restatement of the Equity Incentive Plan

Since the Equity Incentive Plan was amended and restated in 2009, we have experienced significant growth in our corporate functions and competitive pressure in the energy industry to increase the pool of employee participants under the Equity Incentive Plan. As a result, we have used more shares under the Equity Incentive Plan than originally anticipated to compensate and retain these employees for their efforts in a manner that aligns their interests with the interests of our shareholders. We propose amending and restating our Equity Incentive Plan to increase the number of shares authorized for issuance under the Equity Incentive Plan from 23,800,000 to 31,800,000 and to adopt other housekeeping amendments to our Equity Incentive Plan.

Auditors

As a matter of good corporate governance, we are asking shareholders to ratify the anticipated selection of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012.

Advisory Vote to Approve Named Executive Compensation

Last year at our 2011 Annual Meeting, our shareholders indicated that they would like for the Corporation to provide an annual advisory vote on our named executive compensation (the say-on-pay vote). In response, our Board has determined to provide an annual say-on-pay vote. The following summary of 2011 compensation decisions demonstrates the direct linkage between our named executive pay practices and our short- and long-term corporate financial and stock performance.

2011-12 Highlights

Record Safety Performance in 2011: Our Coal Division improved its reportable incident rate by approximately 18% from 2010 (approximately 2.9 times better than the industry average) and our Gas Division employees had no lost time accidents, having surpassed 5 million exposure hours.

Record Financial Performance in 2011:

- Cash flow from operations was $1.5 billion, an increase of 36% from 2010.
- Net income was $632 million, compared to $347 million in 2010.
- Sales revenue was $5.7 billion, an increase of 14% from 2010.

Three Significant Transactions in 2011: CONSOL completed three significant transactions in 2011 and expects to receive aggregate consideration of $4.1 billion. These transactions included two 50-50 joint ventures -- one with Noble Energy, Inc. and one with Hess Corporation -- and the sale of overriding royalty interests to Antero Resources Appalachian Corp. These transactions are expected to accelerate the value to CONSOL s shareholders of CONSOL s $3.5 billion acquisition of the Appalachian Energy and Production assets of Dominion Resources, Inc. (Dominion) in 2010 (the Dominion Acquisition).

Outperformed Peers on Several Performance Metrics: CONSOL consistently outperformed or was at the median of our executive compensation peer group (Peer Group, as defined on page 36) as to the key metrics of EPS Growth and Operating Cash Flow Growth in the last 1-, 3- and 5-year periods.

Outperformed Coal Peers on Stock Price: CONSOL s stock price outperformed the stock price of each of our coal peers -- Alpha Natural Resources, Inc., Peabody Energy Corporation and Arch Coal, Inc. -- in 2011.

Dividend Increase in 2011: Based on confidence in CONSOL s financial performance, the Board increased the dividend rate by 25% from $0.40 to $0.50 per share per year.

Table of Contents

Risk Mitigation: The incentive compensation payable to our named executives is based on a variety of performance factors, including safety, production, costs, total shareholder return and return on capital, which is designed to incentivize activities that lead to sustained growth and mitigate inappropriate risk.

Shareholder Outreach: Following our 2011 say-on-pay vote, we actively engaged in discussions with our shareholders and considered shareholder sentiments about our core principles and objectives when determining the compensation of our named executives.

Decrease in Chief Executive Officer s Compensation in 2011: The Chief Executive Officer s 2011 reported compensation is approximately 15% less than his reported compensation in 2010.

More than 90% of Chief Executive Officer s Compensation is At-Risk in 2011: All of the Chief Executive Officer s annual incentive and long-term incentive compensation is performance-based and at-risk if performance goals are not attained, and our Chief Executive Officer did not receive any time-based restricted stock units in 2011.

Actual Realizable Pay Substantially Less than Reported Compensation: CONSOL pays for performance. If CONSOL s stock price does not perform, a substantial portion of our executives at-risk pay does not get paid and in that event actual executive pay received is less than the compensation required to be reported by the proxy rules.

Chief Executive Officer s 2012 Pay -- Decreased Salary, Increased At-Risk Pay and Only Performance Share Units Granted (no Restricted Stock Units or Options): For 2012, our Compensation Committee, together with the full Board, decreased our Chief Executive Officer s base salary by $100,000 per year to $1 million and shifted more of his compensation to an at-risk opportunity. Approximately 92% of our Chief Executive Officer s compensation is at-risk for 2012. Our Chief Executive Officer s 2012 long-term incentive opportunity -- all in the form of performance share units -- will be earned as follows: (i) 75% on the achievement of goals, including relative total shareholder return, return on capital and safety; and (ii) 25% on our stock price appreciating in value, on an absolute basis, over a two-year period, and on CONSOL achieving goals, over a two-year period, related to promoting long-term growth, including through strategic transactions.

No Base Salary Increases for Any Other Named Executives in 2012: The Compensation Committee did not increase executive officers base salaries for 2012.

Implemented Stock Retention Guidelines: The Compensation Committee adopted stock retention guidelines that generally require our executive officers to retain 50% beneficial ownership of any equity award granted to them after March 2012 until the later of (i) the stock ownership guidelines being satisfied, and (ii) 24 months and a day from the exercise of stock options and the vesting of restricted stock units and/or performance share units.

Table of Contents

Comparison of Results to Our Peers

The Corporation s financial performance has been consistent and solid. Compared to its Peer Group, not only has CONSOL performed above the 50th percentile in numerous financial metrics over 1-, 3- and 5-year periods (with significant improvement over the last five years), it has been in the top tier in several of them (see below).

CONSOL s Financial Performance Against Our Peer Group for 1, 3 and 5 Years Ending December 31, 2011*

* Chart based upon publicly available information. Additionally, CAGR means Compounded Annual Growth Rates.

Compensation-Related Governance Practices

In line with our pay for performance philosophy, the total compensation (salary, short-term incentive compensation and long-term incentive compensation) received by our named executives will vary based on individual and corporate performance measured against annual and long-term performance goals. We employ a number of best corporate governance practices in our executive compensation program that reflect our pay-for-performance compensation philosophy, including:

Stock ownership guidelines, which require each of our executives to own a significant level of stock until the executive retires or otherwise terminates service.

Over 90% of the Chief Executive Officer s 2011 pay was at risk and 50% to 67% of the other named executives 2011 pay was at-risk, as demonstrated below.

At-Risk Compensation (2011)

A no-hedging policy in our insider trading policy that prohibits our directors, officers, and employees from engaging in hedging transactions involving shares of CONSOL common stock.

Elimination of all tax-gross ups for our named executives (except those provided for in change in control agreements that were entered into prior to April 2009).

A strong risk management program with specific responsibilities assigned to management, the Board and the Board s committees.

Equity grant practices that preclude the timing of grants to take advantage of short-term stock price movements.

Table of Contents

CONSOL Energy Inc.

CNX Center

1000 CONSOL Energy Drive

Canonsburg, PA 15317

INFORMATION ABOUT THE ANNUAL MEETING

March 26, 2012

The enclosed proxy is being solicited by the Board of CONSOL to be voted at the Annual Meeting of Shareholders to be held on May 1, 2012, at 10:00 a.m., Eastern Time, at the Hyatt Regency Pittsburgh International Airport, Earhart AB Room, 1111 Airport Boulevard, Pittsburgh, Pennsylvania 15231.

The specific proposals to be considered, and voted upon, at the Annual Meeting are summarized in the Notice of Annual Meeting of Shareholders. Each proposal is described in more detail in this Proxy Statement.

Voting

The persons named as proxies on the accompanying proxy card have informed CONSOL of their intention, if no contrary instructions are given, to vote the shares represented by such proxies as follows:

- in favor of the election as directors of CONSOL of those persons nominated in this Proxy Statement to hold office in accordance with the Amended and Restated Bylaws of CONSOL;
- in favor of the adoption of the Amended and Restated CONSOL Energy Inc. Equity Incentive Plan to, among other matters, increase the number of shares authorized for issuance thereunder;
- in favor of the ratification of the anticipated selection of Ernst & Young LLP, an independent registered public accounting firm, as the independent auditor of CONSOL for the fiscal year ending December 31, 2012;
- in favor, on an advisory basis, of the compensation paid to our named executives as reported in this Proxy Statement; and
- in accordance with their judgment on any other matters which may properly come before the Annual Meeting.

The Board does not know of any other business to be brought before the Annual Meeting other than as indicated in the Notice of Annual Meeting of Shareholders.

Record Date and Vote Required for Approval

The record date with respect to this solicitation is March 16, 2012. All holders of record of CONSOL common stock as of the close of business on March 16, 2012 (the Record Date) are entitled to vote at the Annual Meeting and any adjournment or postponement thereof. As of March 16, 2012, the Corporation had 227,541,126 shares of common stock outstanding. Each share of common stock is entitled to one vote. Shareholders do not have cumulative voting rights. The holders of a majority of the outstanding shares of common stock of the Corporation entitled to vote generally in the election of directors, represented in person or by proxy, will constitute a quorum at a meeting of shareholders.

Director Elections: Election of directors at meetings of the shareholders at which directors are to be elected shall be by ballot and a majority of the votes cast at the Annual Meeting is required for the election of directors. Under our Bylaws, this means that the number of votes for a director s election exceeds 50% of the number of votes cast with respect to that director s election. Votes cast include direction to withhold authority.

Table of Contents

Equity Incentive Plan: The vote to approve the amended and restated CONSOL Energy Inc. Equity Incentive Plan will be determined by the affirmative vote of a majority of the shares of common stock present in person or represented by proxy at the meeting and entitled to vote on the matter, provided that the total votes cast on the proposal represent over 50% in interest of all securities entitled to vote on the proposal.

Independent Auditor and Executive Compensation: The advisory vote to approve the compensation paid to our named executives as reported in this Proxy Statement and the vote to ratify the anticipated selection of Ernst & Young LLP as the independent auditor of the Corporation for the fiscal year ending December 31, 2012 will each be determined by the affirmative vote of a majority of the shares of our common stock present in person or represented by proxy at the meeting and entitled to vote on the matter.

If you hold shares beneficially in street name and do not provide your broker with voting instructions, your shares may constitute broker non-votes. Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. Brokers that have not received voting instructions from their clients cannot vote on their clients behalf on non-routine proposals, such as the election of directors (Proposal No. 1), the approval of the Amended and Restated Equity Incentive Plan (Proposal No. 2) and the advisory vote to approve the 2011 compensation paid to our named executives as reported in this Proxy Statement (Proposal No. 4), although they may vote their clients shares on routine matters, such as the ratification of the anticipated selection of Ernst & Young LLP, an independent registered public accounting firm, to serve as the independent auditor of the Corporation for the fiscal year ending December 31, 2012 (Proposal No. 3). In tabulating the voting result for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal. Thus, broker non-votes will not affect the outcome of any matter being voted on at the meeting, assuming that a quorum is obtained. Abstentions have the same effect as votes against the matter except, in the case of Proposal 1 (election of directors), where abstentions would not have an effect on the outcome. Proxies received but marked as abstentions and broker non-votes will be counted for quorum purposes.

The voting instruction form also serves as the voting instructions for the trustees who hold shares of record for participants in the CONSOL Energy Inc. Investment Plan for Salaried Employees. If voting instructions representing shares in this plan are not received, those shares will not be voted.

Director Resignation Policy

Our Amended and Restated Bylaws provide that if an incumbent director is not elected at any meeting for the election of directors and no successor has been elected at such meeting, the director must promptly tender his or her resignation to the Board. The Nominating and Corporate Governance Committee of the Board will make a recommendation to the Board as to whether to accept or reject the tendered resignation, or whether other action should be taken. The Board will act on the tendered resignation, taking into account the Nominating and Corporate Governance Committee s recommendation, and publicly disclose its decision and the rationale behind it (by a press release, a filing with the SEC or other broadly disseminated means of communication) within 90 days from the date of the certification of the election results.

Revocation of Proxy

If you are the owner of record as of the close of business on the record date, you can revoke your proxy at any time before its exercise by:

- sending a written notice to CONSOL at CNX Center, 1000 CONSOL Energy Drive, Canonsburg, PA 15317, attention: Secretary, bearing a date later than the date of the proxy that is received prior to the Annual Meeting, and stating that you revoke your proxy;
- submitting your voting instructions again by telephone or over the internet;
- signing another valid proxy card bearing a later date and mailing it so that it is received by the Corporation prior to the Annual Meeting; or
- attending the Annual Meeting and voting in person.

Table of Contents

If you hold your shares through a bank, broker or other nominee, you must follow the instructions found on the voting instruction card, or contact your bank, broker or other nominee in order to revoke your previously delivered proxy.

If a proxy is properly executed and is not revoked by the shareholder, the shares it represents will be voted at the Annual Meeting in accordance with the instructions from the shareholder. If the proxy card is signed and returned without specifying choices, the shares will be voted in accordance with the recommendations of the Board. Attendance at the Annual Meeting without a request to revoke a proxy will not by itself effectively revoke a previously executed and delivered proxy.

Proxy Solicitation

All costs relating to the solicitation of proxies will be borne by CONSOL. Georgeson Inc. has been retained by CONSOL to aid in the solicitation of proxies at an estimated cost of $12,500 plus reimbursement of out-of-pocket expenses. Proxies may also be solicited by officers, directors and employees personally, by mail, or by telephone, facsimile transmission or other electronic means. Upon request, CONSOL will pay brokers and other persons holding shares of common stock in their names or in the names of their nominees for their reasonable expenses in sending soliciting material to, and seeking instructions from, their principals.

Secrecy in Voting

As a matter of policy, proxies, ballots and voting tabulations that identify individual shareholders are held confidential by CONSOL. Such documents are available for examination only by the inspectors of election and certain employees who assist in the tabulation of the vote. The vote of any individual shareholder will not be disclosed except as may be necessary to meet legal requirements.

Attendance at the Meeting

Subject to space availability, all shareholders as of the Record Date, or their duly appointed proxies, may attend the Annual Meeting. Because seating is limited, admission to the meeting will be on a first-come, first-served basis. Registration will begin at 9:00 a.m. Shareholders who attend may be asked to present valid picture identification, such as a driver s license or passport, and may be issued a ticket for admission to the meeting. Cameras, recording devices and other electronic devices will not be permitted at the Annual Meeting. Please also note that if you hold your shares in street name (that is, through a broker or other nominee), a copy of a brokerage statement reflecting your stock ownership as of the Record Date must be provided during check-in at the registration desk at the Annual Meeting. If you require directions to the Annual Meeting, please contact CONSOL s Investor Relations Office at (724) 485-4000.

CONSOL will provide to any shareholder, without charge and upon the written request of the shareholder, a copy (without exhibits, unless otherwise requested) of CONSOL s Annual Report on Form 10-K for the year ended December 31, 2011 as filed with the United States Securities and Exchange Commission (the SEC). Any such request should be directed to CONSOL Energy Inc., Investor Relations Department, 1000 CONSOL Energy Drive, Canonsburg, PA 15317.

BOARD OF DIRECTO RS AND COMPENSATION INFORMATION

BOARD OF DIRECTORS AND ITS COMMITTEES

Board of Directors

The business and affairs of CONSOL are managed under the direction of our Board. We do not have a policy regarding directors attendance at our annual meetings of shareholders; however, directors are encouraged to attend. Ten of the current members of our Board attended the 2011 annual meeting of shareholders.

Board Leadership S tructure

Following the Dominion Acquisition and at the time the Corporation acquired all of the outstanding shares of CNX Gas Corporation s (CNX Gas) common stock, the Board reviewed its leadership structure and determined that it was in the best interests of the Corporation to combine the role of Chief Executive Officer and Chairman into one person as described below. Accordingly, on June 29, 2010, Mr. Harvey assumed the position of Chairman in addition to his role as the Corporation s Chief Executive Officer. In connection with this change, Mr. Baxter was elected Lead Independent Director by the Board.

We believe that by combining the roles of Chief Executive Officer and Chairman in one individual, we are able to centralize Board leadership and provide more effective communication to the other members of the Board regarding corporate developments. We also believe that Mr. Harvey s role as Chairman of the Board and Chief Executive Officer will promote decisive leadership, ensure clear accountability and enhance the Corporation s ability to communicate its message and strategy clearly and consistently to the Corporation s shareholders, employees, customers and suppliers. Mr. Harvey has been Chief Executive Officer and a director of CONSOL since January 1998. He also served as President of the Corporation from January 1998 until his resignation from that position on February 23, 2011. With more than 30 years of natural resources industry experience, Mr. Harvey is especially qualified to understand the risks and leadership challenges facing a diversified energy company like CONSOL. Mr. Harvey also brings substantial corporate governance expertise to the CONSOL Board, which he has acquired through his years of service on multiple public company boards.

In connection with the Board s decision to combine the role of Chairman of the Board and Chief Executive Officer into one person, the Board determined that it was appropriate and necessary to appoint a Lead Independent Director, who must be an independent director that has served for at least one year with the Corporation. The Lead Independent Director has the following duties:

- To act as a liaison between the Chairman and the independent directors;
- To preside at all meetings of the Board at which the Chairman is not present, including executive sessions of the independent directors;
- To review with the Chairman the schedule of meetings, meeting agendas and types of information to be provided for each Board meeting and review with the Chairman whether there are risks on which the Board should focus at such meetings;
- Authority to direct the Chief Executive Officer or Secretary to call a special meeting of the independent directors; and
- To perform such other duties as may from time to time be delegated to the Lead Independent Director by the Board.

With Mr. Baxter s service as a member of the CONSOL Board and chairman of the board of directors of CNX Gas, for the past twelve years collectively, he was ideally suited for the position of Lead Independent Director.

Our Board is composed of a majority of independent directors. In addition, as indicated below, each of our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, described below in *Committees of the Board of Directors,* is composed entirely of independent directors, including the chairperson to each respective committee. 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 our shareholders.

Board s Role in Risk Management

Our management team is responsible for the management and assessment of risk at the Corporation and communicating those risks to our Board. Through regular presentations to the Board and the appropriate committees (as determined by the subject matter of the particular risk), management identifies and discusses risks regarding the Corporation and its business. In 2011, our management team performed a comprehensive risk analysis that included a review of the material risks that could affect the Corporation and communicated the results of the analysis to the full Board.

Table of Contents

Under our Corporate Governance Guidelines, the Board is charged with assessing major risks facing the Corporation and reviewing options for their mitigation with the assistance of the various committees. Even when a risk has been delegated to a particular committee, the Board as a whole continues to monitor such risk through its receipt and review of reports provided by the respective committee chairpersons at each regularly-scheduled Board meeting.

The Audit Committee assists the Board in its general oversight of, among other things, the Corporation s policies, guidelines and related practices regarding risk assessment and risk management, including the risk of fraud. As part of this endeavor, the Audit Committee reviews and assesses the Corporation s major financial, legal, regulatory, environmental and similar risk exposures and the steps that management has taken to monitor and control such exposures. The Audit Committee also reviews and assesses the quality and integrity of the Corporation s public reporting, the Corporation s compliance with legal and regulatory requirements, the performance and independence of the Corporation s independent auditors, the performance of the Corporation s internal audit department, the effectiveness of the Corporation s disclosure controls and procedures, and the adequacy and effectiveness of the Corporation s risk management policies and related practices.

Our Finance Committee is charged with monitoring and evaluating risks affecting the Corporation. Consistent with its charter, our Finance Committee reviews the Corporation s financial plans, strategic plans, debt and investments, as well as the Corporation s compliance with debt covenants.

Our Health, Safety and Environmental Committee addresses various risks associated with health, safety and the environment. This Committee reviews (i) any material compliance issues with health, safety and environmental laws, (ii) any material pending or threatened administrative, regulatory or judicial proceedings regarding health, safety or environmental matters, and (iii) management s response to the foregoing legal matters.

Our Nominating and Corporate Governance Committee addresses risks associated with our management structure by reviewing, among other matters, the qualifications and backgrounds of our directors on an annual basis to ensure that our Board is composed of individuals who are capable of providing appropriate oversight and insight to our executive management team in light of the Corporation s business.

Finally, our Compensation Committee reviews and comments on our succession planning and assesses whether our compensation policies and practices incentivize excessive risk-taking. See *Compensation Policies and Practices As They Relate To CONSOL s Risk Management* on page 55 for a discussion of the Compensation Committee s findings and conclusions with respect to the Corporation s compensation policies and practices.

Committees of the Bo ard of Directors

Our Board has five standing committees: Audit, Compensation, Nominating and Corporate Governance, Finance and Health, Safety and Environmental. Actions taken by our committees are reported to the full Board. In February 2012, the Board determined that all members of each of the Audit, Compensation and Nominating and Corporate Governance Committees are independent under the current listing standards of the New York Stock Exchange (NYSE) and other applicable regulatory requirements. See *Determination of Director Independence* on page 25 for additional information regarding the Board s independence determinations with respect to its members.

Audit Committee

Our Audit Committee, which currently consists of three directors, provides assistance to our Board in fulfilling its legal and fiduciary obligations with respect to matters involving the accounting, financial reporting, internal control and compliance functions of the Corporation and its subsidiaries. Our Audit Committee employs an independent registered public accounting firm to audit the financial statements of CONSOL and its subsidiaries and perform other assigned duties. Further, our Audit Committee provides general oversight with respect to the accounting principles employed in financial reporting and the adequacy of CONSOL s internal controls. In discharging its responsibilities, our Audit Committee may rely on the reports, findings and representations of the Corporation s auditors, legal counsel, and responsible officers. Our Board has determined that all members of the Audit Committee are financially literate within the meaning of SEC rules and under the current listing standards of the NYSE. Our Board has also determined that Messrs. Gupta, Mills and Baxter each qualify as an audit committee financial expert. A copy of the audit committee s report for the 2011 fiscal year is set forth in this Proxy Statement.

Compensation Committee

Our Compensation Committee, which currently consists of four directors, establishes executive compensation policies consistent with the Corporation s objectives and shareholder interests. Our Compensation Committee also reviews the performance of our executive officers and establishes, adjusts and awards compensation, including incentive-based compensation, as more fully discussed below. In addition, our Compensation Committee generally is responsible for:

- establishing and periodically reviewing our compensation philosophy and the adequacy of compensation plans and programs for our directors, executive officers and other employees;
- overseeing our compensation plans, including the establishment of performance goals under the Corporation s incentive compensation arrangements and the review of performance against those goals in determining incentive award payouts;
- reviewing and monitoring our management development and succession plans and activities;
- overseeing our executive employment contracts, special retirement benefits, severance, change in control arrangements and/or similar plans;
- reviewing and recommending to our Board the compensation of our non-employee directors for their service as directors on our Board; and
- overseeing the outside consultant engaged by the Compensation Committee.

Our Compensation Committee s charter generally permits it to delegate its authority, duties and responsibilities or functions to one or more members of the Compensation Committee or to the Corporation s officers, except where otherwise prohibited by law or applicable listing standards. The terms of our Equity Incentive Plan (the Plan) also permit our Compensation Committee to delegate its power and authority under the Plan to our officers. In February 2011, the Compensation Committee authorized our Chief Executive Officer to grant up to 890,000 shares of our common stock (as part of stock option or restricted stock unit awards) to our non-executive employees in compliance with the terms and conditions of such delegation, the Plan and applicable laws and regulations.

Our Compensation Committee periodically reviews the compensation paid to our non-employee directors and the principles upon which their compensation is determined. The Compensation Committee also periodically reports to the Board on how our non-employee director compensation practices compare with those of other similarly situated public corporations and, if the Compensation Committee deems it appropriate, recommends changes to our director compensation practices to our Board for approval.

Outside consulting firms retained by our Compensation Committee and management also provide assistance to the Compensation Committee in making its compensation-related decisions. In 2011, our Compensation Committee directly engaged Deloitte Consulting LLP (Deloitte) to assist the committee with its evaluation of our compensation programs for executive officers and directors. The scope of Deloitte s work for the Compensation Committee in 2011 included, among other matters:

- the development of a relevant peer group of companies;
- the benchmarking of components of our compensation programs with those of our peer group;

assisting our Compensation Committee with the development of performance goals underlying the Long-Term Incentive Program (LTIP) under the Plan;

assessing the stock ownership guidelines applicable to our directors and executive officers;

assessing the overall competitiveness of our compensation program;

assessing the compensation paid to our non-employee directors relative to the compensation paid to the directors of other companies included in our peer group and making recommendations to the Compensation Committee based on the market analysis; and

Table of Contents

assisting in the calculation of the estimated potential Internal Revenue Code (the Code) Section 280G tax gross-up for named executives.

For additional information regarding the Compensation Committee s processes and procedures for reviewing and determining executive officer compensation, see *Compensation Discussion and Analysis* on page 28.

Deloitte provided advice and/or recommendations to the Compensation Committee regarding amounts and forms of executive and director compensation in 2011. In connection with these services, the Corporation incurred $201,135 in aggregate fees in 2011. Deloitte Tax LLP, an affiliate of Deloitte, also provided, at management s request, tax services to the Corporation which in 2011 totaled $792,084 in aggregate fees. The tax services were reviewed and approved by the Audit Committee and the Compensation Committee was made aware of the Corporation s retention of Deloitte Tax LLP.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee, which currently consists of three directors, monitors our corporate governance system, assesses Board membership needs, makes recommendations to the Board regarding potential director candidates for election at the annual meetings of shareholders or in the event of any director vacancy, and performs any other functions or duties deemed appropriate by the Board. Messrs. Harvey, Baxter, Altmeyer, Davis, Gupta, Hardesty, Mills, Powell and Williams and Ms. Hammick were each recommended by our Nominating and Corporate Governance Committee to our Board for nomination for election at the Annual Meeting.

In making director recommendations, the Nominating and Corporate Governance Committee will consider for nomination candidates whose names are submitted by shareholders. Shareholders should submit the names of candidates to the Secretary, CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg, PA 15317. See *Additional Matters* on page 101 for more information on submitting director nominations. In assessing the Board s membership needs, the Nominating and Corporate Governance Committee generally seeks to maintain a Board that is 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. The Nominating and Corporate Governance Committee s process for identifying and evaluating director nominees is as follows:

determine what types of backgrounds, skills, and attributes of Board members are needed to help strengthen and balance the Board, taking into account the competencies described above;

Table of Contents

- at appropriate times, actively seek individuals qualified to become new members of the Board; and
- evaluate and recommend to our Board the slate of nominees for directors to be elected by the shareholders at CONSOL s next annual meeting of shareholders.

CONSOL 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 (including nominees for director) with diverse personal and professional backgrounds, experience and perspectives that, when combined, provide a diverse portfolio of experience and knowledge that will well serve the Corporation s governance and strategic needs.

Finance Committee

Our Finance Committee, which currently consists of five directors, monitors and provides advice and counsel to our Board and management regarding our asset mix, potential mergers and acquisitions, capital structure and policies, financial position and policies, financing activities, compliance with debt covenants, dividend policies and material investments and contracts. No member of the Finance Committee may be an officer or employee of CONSOL or any of our subsidiaries.

Health, Safety and Environmental Committee

Our Health, Safety and Environmental Committee, which currently consists of five directors, provides oversight of the Corporation 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 and review with management the quality of the Corporation s procedures for identifying, assessing, monitoring and managing the principal risks in our business associated with health, safety and the protection of the environment and report the Committee s findings to the Board, as deemed necessary or appropriate;
- reviewing the Corporation s strategy, including objectives and policies, relative to the protection of the safety and health of employees, contractors, customers and the public, and the environment;
- reviewing (i) any material compliance issues with health, safety and environmental laws, (ii) any material pending or threatened administrative, regulatory or judicial proceedings regarding health, safety or environmental matters, and (iii) management s response to the foregoing matters; and
- reviewing any significant health, safety and environmental public policy and legislative, political and social issues and trends that may materially affect the business operations, financial performance or public image of the Corporation or the industry, and management s response to such matters.

Corporate Governance Web Page and Available Documents

We maintain a corporate governance page on our website at *www.consolenergy.com*. The following documents are currently included on the corporate governance page of our website:

- CONSOL Corporate Governance Guidelines;
- CONSOL Code of Director Business Conduct and Ethics;

CONSOL Code of Employee Business Conduct and Ethics, which covers all employees of CONSOL, including executive employees;

Charters of the Audit, Nominating and Corporate Governance, Compensation, Finance and Health, Safety and Environmental Committees; and

Corporate Responsibility Report.

Table of Contents

We will also provide a printed copy of any of these documents free of charge if you contact the Investor Relations department in writing at CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg, Pennsylvania 15317 and make your request.

Membership and Meetings of the Board of Directors and its Committees

All of the incumbent directors attended no fewer than 94% of the aggregate of:

- the total number of meetings held by our Board (during the period for which he or she was a director during 2011); and

- the total number of meetings held by all committees of our Board on which he or she served (during the period that he or she served on such committees).

Current committee membership and the number of meetings of the full Board and its committees are shown in the following table:

	Board of Directors	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Finance Committee	Health, Safety and Environmental Committee
J. Brett Harvey	Chair	-	-	-	-	-
John Whitmire	Vice Chair	-	-	-	Member	Member
Philip W. Baxter	Lead Indep. Director	Member	Member	-	-	-
James E. Altmeyer, Sr.	Member	-	-	-	Member	Chair
William E. Davis	Member	-	-	Chair	-	Member
Raj K. Gupta	Member	Chair	-	-	-	Member
Patricia A. Hammick	Member	-	-	Member	Member	-
David C. Hardesty, Jr.	Member	-	-	-	Member	Member
John T. Mills	Member	Member	Member	-	-	-
William P. Powell	Member	-	Chair	Member	-	-
Joseph T. Williams	Member	-	Member	-	Chair	-
No. of 2011 Meetings	8(1)	11	5	4	7	4

(1) Of the 8 Board meetings, 5 were Regularly Scheduled and 3 were Special Meetings.

During 2011, the non-management directors held 5 executive sessions of the Board. The presiding director for the executive sessions was Mr. Baxter, our Lead Independent Director.

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 and should address their communications to the attention of the Secretary at CONSOL Energy Inc., 1000 CONSOL Energy Drive, Canonsburg, PA 15317 or by sending an e-mail to *directors@consolenergy.com*. The Secretary will relay all such communication to the Board in its entirety or to individual directors (as appropriate) at the next regularly scheduled Board meeting (or earlier as necessary) except for spam, junk mail, mass mailings, solicitations, resumes, job inquiries or other matters unrelated to the Corporation. Communications that are intended specifically for the Chairman, the independent directors or the non-management directors should be sent to the street address or e-mail address noted above, to the attention of the Chairman, independent directors and non-management directors, as intended. Information concerning communications with the Board is also included on CONSOL s website at *www.consolenergy.com*.

13

Table of Contents

DIRECTOR COMPENSATION TABLE - 2011

The following table sets forth the compensation of the directors for the 2011 fiscal year:

Name[1]	Fees Earned or Paid in Cash	Stock Awards[2]	Option Awards[3]	All Other Compensation	Total
James E. Altmeyer, Sr.	$ 105,000	$ 130,000	-	-	$ 235,000
Philip W. Baxter	$ 127,500	$ 130,000	-	-	$ 257,500
William E. Davis	$ 105,000	$ 130,000[4]	-	-	$ 235,000
Raj K. Gupta	$ 112,500	$ 130,000	-	-	$ 242,500
Patricia A. Hammick	$ 95,000	$ 130,000[4]	-	-	$ 225,000
David C. Hardesty, Jr.	$ 95,000	$ 130,000[4]	-	-	$ 225,000
John T. Mills	$ 102,500	$ 130,000[4]	-	-	$ 232,500
William P. Powell	$ 105,000	$ 130,000[4]	-	-	$ 235,000
John Whitmire	$ 95,000	$ 130,000[4]	-	$ 769,679[5]	$ 994,679
Joseph T. Williams	$ 105,000	$ 130,000	-	-	$ 235,000

(1) Mr. Harvey is a member of the Board of Directors of CONSOL. As Chairman and Chief Executive Officer, Mr. Harvey s compensation is reported in the Summary Compensation Table and other sections of this Proxy Statement. He does not receive any additional compensation in connection with his service on our Board.

(2) The values set forth in this column are based on the aggregate grant date fair value of awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Compensation-Stock Compensation (FASB ASC Topic 718) (disregarding any estimate of forfeitures related to service-based vesting conditions). The grant date fair value is computed based upon the closing price of CONSOL s stock on the date of grant. The values reflect the awards fair market value at the date of grant, and do not correspond to the actual value that will be recognized by the directors.
As of December 31, 2011, the number of restricted stock units held by our non-employee directors was: (i) 2,568 for Messrs. Altmeyer, Gupta, Williams, Baxter, Davis, Hardesty, Mills, Powell, Whitmire and Ms. Hammick. In addition, as of December 31, 2011: (i) Ms. Hammick and Messrs. Hardesty and Powell each had 9,924 deferred restricted stock units outstanding; (ii) Mr. Williams had 3,322 deferred restricted stock units outstanding; (iii) Mr. Gupta had 2,237 deferred restricted stock units outstanding; (iv) Mr. Mills had 6,843 deferred restricted stock units outstanding; (v) Mr. Davis had 5,604 deferred restricted stock units outstanding; (vi) Mr. Whitmire had 18,038 deferred restricted stock units outstanding; and (vii) Messrs. Whitmire and Gupta had 10,913 and 2,387 deferred stock units outstanding, respectively.

(3) No options were granted to directors in 2011. As of December 31, 2011, the number of options held by our non-employee directors was: (i) 12,962 for Mr. Davis and Ms. Hammick; (ii) 10,466 for Mr. Whitmire; (iii) 15,962 for Mr. Powell; (iv) 2,692 for Mr. Hardesty; (v) 2,962 for Mr. Williams; (vi) 8,592 for Mr. Mills; (vii) 3,643 for Mr. Altmeyer; and (viii) 5,462 for Mr. Gupta.

(4) Each of the directors elected to defer until termination of service, 100% (or 2,568 restricted stock units) of his or her restricted stock unit award granted on May 4, 2011. Upon termination of service, all of the shares underlying the restricted stock unit awards will be delivered in a one-time distribution.

(5) Mr. Whitmire was provided clerical support by CONSOL, which for 2011 totaled $40,000, and received a one-way flight for personal purposes on the Corporation s aircraft. He was also paid $725,000 in consulting fees as described in *Understanding Our Director Compensation Table - CONSOL Consulting Agreement with Mr. Whitmire* on page 16 of this Proxy Statement.

UNDERSTANDING OUR DIRECTOR COMPENSATION TABLE

We generally use a combination of cash and stock-based compensation to attract and retain qualified candidates to serve on our Board. Each of our non-employee directors is entitled to receive annual fees for their service, any portion of which may be deferred at such director s election. In lieu of all or any portion of the annual retainer otherwise payable to our non-employee directors, our Board may grant deferred stock units, which carry dividend equivalent rights. The nature of each of these fees and awards are described in greater detail below.

14

Table of Contents

CONSOL Non-Employee Director Annual Fees and Awards

Our non-employee director compensation program is set forth in the following table:

Element of Annual Compensation	Dollar Value of Board Compensation
Board Retainer	$ 95,000
Committee Chair Retainer (excluding Audit Committee Chair Retainer)	$ 10,000
Audit Committee Chair Retainer	$ 17,500
Audit Committee Member Retainer (excluding Audit Committee Chair Retainer)	$ 7,500
Lead Independent Director Retainer	$ 25,000
Equity Award (restricted stock units)	$ 130,000

The compensation structure adopted by our Board was the result of a competitive assessment of board compensation provided to the Compensation Committee in September 2010 by Deloitte, its outside compensation consultant, paid by (i) companies included in the Corporation s Peer Group (defined below), (ii) companies in the S&P 500, excluding financial service companies, and (iii) a select group of approximately 100 similar-sized companies in the S&P 500. The Compensation Committee also conducted a review of current board compensation trends and developments affecting the compensation paid to non-employee directors generally. We also reimburse directors for customary travel and related expenses for their attendance at Board or committee meetings.

CONSOL Non-Employee Director Stock Options

Prior to October 2006, our non-employee directors received nonqualified stock options to acquire shares of the Corporation s common stock. These options are fully vested. Subject to the provisions of the particular nonqualified stock option agreement and the Plan, the holders of these options may exercise all or any part of their options at any time prior to the tenth anniversary of the grant date, which is the expiration date. If the director is terminated for cause, all options will be forfeited as of the termination date.

CONSOL Non-Employee Director Restricted Stock Units

Each restricted stock unit received as part of an award represents the right to receive one share of common stock following the vesting date of that unit. Non-employee director restricted stock unit awards vest in full one year from the grant date. A director is not entitled to shareholder rights, including voting rights and actual dividends with respect to the shares underlying a restricted stock unit award, until the director becomes the record holder of the shares following their actual issuance. Should a regular cash dividend be declared on our common stock at a time before shares subject to a restricted stock unit award are issued, then the number of shares subject to the award will be automatically increased by a certain number of shares determined in accordance with a pre-established formula. The additional shares resulting from this calculation will be subject to the same terms and conditions as the unissued shares of common stock to which they relate under the award.

The non-employee director restricted stock unit awards provide that in the event of death or disability or upon the completion of a change in control (as defined in our Plan), all shares subject to such award will vest automatically and be delivered to the director immediately, or as soon as administratively practical thereafter (but in no event later than the 15th day of the third month following that date). If the director is terminated for cause (as defined in our Plan) or ceases to provide services for any reason other than death, disability or in connection with a change in control, the director s award will be cancelled with respect to any unvested shares, and the number of restricted stock units will be reduced accordingly. The director will then cease to have any rights or entitlements to receive any shares of common stock under those cancelled units.

As a condition to a director s right and entitlement to receive shares subject to a restricted stock unit award, the director must agree to abide by the terms and conditions of the proprietary information covenant included in the award agreement and must return Corporation materials. See *Equity Incentive Plan Definitions* on page 85 for definitions under our Plan.

Table of Contents

CONSOL Consulting Agreement with Mr. Whitmire

In connection with the Dominion Acquisition, we entered into a consulting agreement (the Consulting Agreement) with Mr. Whitmire, effective July 1, 2010, pursuant to which Mr. Whitmire was engaged as an independent contractor to provide certain high-level strategic advice to our Chairman and Chief Executive Officer and such other executive officers as the Corporation may reasonably request, in order to assist the Corporation with the integration and development of the Dominion assets.

With Mr. Whitmire s more than 45 years of experience in engineering, operations and the management of exploration and production companies worldwide, he is uniquely positioned to assist us in accelerating the growth of this Corporation into a leading diversified energy company with a strong position in natural gas and coal, thereby delivering sustainable long-term growth and increased value to shareholders.

Pursuant to the terms of the Consulting Agreement, Mr. Whitmire receives $725,000 per year, payable in equal monthly installments in arrears. Mr. Whitmire is also provided clerical support by the Corporation at an annual cost not to exceed $50,000 and is reimbursed for any out-of-pocket business expenses incurred in connection with the performance of his duties for the Corporation. The financial terms of this arrangement were reviewed with two separate advisors to the Corporation prior to us entering into the agreement.

Mr. Whitmire s Consulting Agreement was extended for an additional one-year period on July 1, 2011 and on each anniversary thereafter, the term of the Consulting Agreement will automatically extend for an additional one-year period, subject to the terms and conditions of the Consulting Agreement and unless terminated earlier in accordance with the terms of the agreement.

In the event the Consulting Agreement is terminated by the Corporation other than for cause (as defined in the Consulting Agreement), Mr. Whitmire will be entitled to receive (i) the pro rata portion of his annual payment earned for services performed through the date of termination plus (assuming Mr. Whitmire executes a release in the form prescribed by the Consulting Agreement) the balance of the annual payment, if any, that would have otherwise been paid to Mr. Whitmire during the term in which the termination occurred, if the Consulting Agreement had not been terminated and (ii) any out-of-pocket business expenses incurred by Mr. Whitmire through the date of termination. For purposes of the Consulting Agreement, cause means a material breach of the Consulting Agreement by Mr. Whitmire, provided that to the extent curable such breach continues unabated for 20 days after receipt by Mr. Whitmire of written notice from the Corporation containing a reasonable description of the alleged continuing material breach by him.

The Consulting Agreement also includes non-compete and non-disparagement provisions, which apply during the term of the agreement and for two years thereafter.

CONSOL Non-Employee Directors Deferred Compensation Plan (adopted 1999)

The CONSOL Directors Deferred Compensation Plan was adopted on October 25, 1999. The CONSOL Directors Deferred Compensation Plan permits members of our Board to defer all or a portion of any Board fees, such as the annual retainer, meeting fees or other amounts earned for services performed as a member of our Board and allows each participant s earnings under the plan to be based on the performance of specified hypothetical investments that participants may periodically designate. These hypothetical investment options may include hypothetical investments in CONSOL s common stock. The CONSOL Directors Deferred Compensation Plan is an unfunded and unsecured liability of CONSOL and benefits will be paid from our general assets. Accordingly, participants are general unsecured creditors of the Corporation with respect to the benefits. Mr. Whitmire was the only participant in the CONSOL Directors Deferred Compensation Plan in 2011.

CONSOL Non-Employee Directors Deferred Fee Plan (adopted 2004)

The CONSOL Directors Deferred Fee Plan was adopted on July 20, 2004 to allow non-employee directors of the Corporation to defer payment of all or a portion of their annual cash Board retainer and director meeting fees. Participation in the plan is at the election of the particular director. Upon the Corporation s receipt of a deferral agreement from a director, an account is established by the Corporation on behalf of such person and is credited with all fees determined by the participating director. Prior to February 21, 2006, the account of each participant in the Directors Deferred Fee Plan was credited, on a quarterly basis, with interest based on the interest rate in effect on the last day of the applicable quarter. On February 21, 2006, our Board approved an amendment to the CONSOL Directors Deferred Fee Plan, which provides that a participant s account will be adjusted by an amount equal to the amount that would have been earned (or lost) if amounts deferred under the plan had instead been invested in hypothetical investments designated by the participant based on a list of hypothetical investments provided by the plan administrator from time to time or, in the event that a participant fails to designate such hypothetical investments, the participant s account shall earn interest as provided in the plan. Earnings are credited to the participant s account on a quarterly basis. The amount payable to a director participant will be paid in cash as soon as administratively practicable after the earlier of: (i) the director s termination of service as a director or (ii) the date elected by such director, which date must be at least two years after the end of the plan year for which fees are deferred. The CONSOL Directors Deferred Fee Plan is an unfunded and unsecured liability of the Corporation and benefits will be paid from our general assets. Accordingly, participants are general unsecured creditors of the Corporation with respect to the benefits. At this time, Messrs. Gupta and Williams are the only participants in the Directors Deferred Fee Plan.

CONSOL Non-Employee Director Deferred Stock Units

Under the terms of our Plan, non-employee directors may elect to receive deferred stock units in lieu of all or any portion of their retainer fees otherwise payable to such director in cash, or to defer receipt of shares to be paid in the form of deferred stock units. The deferred stock units have dividend equivalent rights. Deferred stock units that have vested are paid following the earlier of: (i) the director s separation from service or (ii) the date elected by the director on his or her payment date election form previously filed with the Corporation. Upon a change in control, unvested deferred stock units will accelerate and vest.

A director is not entitled to shareholder rights, including voting rights and actual dividends, with respect to the shares subject to an award until the director becomes the record holder of the shares following their actual issuance. Should a regular cash dividend be declared on the Corporation s common stock at a time when the director holds deferred stock units, he or she will be entitled to dividend equivalent payments equal to the cash dividends declared on the shares. Dividend equivalents are converted into additional deferred stock units based on a pre-established formula. The additional deferred stock units resulting from this calculation will be subject to the same terms and conditions as the deferred stock units subject to the award.

If the director ceases to be a director on account of death, disability or retirement at normal retirement age for directors, all unvested deferred stock units granted to a director will automatically vest and become non-forfeitable. If the director is terminated for cause or ceases to provide services for any reason other than death, disability or retirement at a normal age, all unvested deferred stock units and any rights to the underlying shares will be immediately forfeited for no consideration. In addition, in the event of a termination for cause (as defined in our Plan) or a breach of the proprietary information covenant contained in the deferred stock unit agreement, the director will also forfeit all of his or her right, title and interest in and to any shares that have vested under his or her award. See *Equity Incentive Plan Definitions* on page 85 for definitions of cause and disability under our Plan. Deferred stock units are structured to comply with Section 409A of the Code.

CONSOL Stock Ownership Guidelines for Directors

Our Board has adopted stock ownership guidelines for our directors to further align their interests with those of our shareholders and to ensure that they maintain an appropriate financial stake in CONSOL. The stock ownership guidelines provide, among other things, that our directors hold CONSOL common stock (not including shares issuable upon the exercise of options) with a value equal to three times the annual Board cash retainer on or before the fifth anniversary of becoming a Board member. As of March 1, 2012, each Board member was in compliance with our stock ownership guidelines.

Table of Contents

BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth information with respect to the beneficial ownership of the Corporation s common stock by:

- beneficial owners of more than five percent of CONSOL s common stock as of December 31, 2011, based upon information filed with the SEC; and
- each director and each nominee for director, each executive officer named in the Summary Compensation Table set forth below and all directors and executive officers of the Corporation as a group, based on information known to the Corporation as of March 1, 2012.

Amounts shown below include options that are currently exercisable or that may become exercisable within 60 days of March 1, 2012 (or by April 30, 2012) and the shares underlying deferred stock units and restricted stock units that may be acquired before April 30, 2012. Unless otherwise indicated, the named person has the sole voting and dispositive powers with respect to the shares of CONSOL common stock set forth opposite such person s name.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership[1]	Percent of Class
BlackRock, Inc.[2] 40 East 52nd Street New York, NY 10022	26,862,947	11.81%
T. Rowe Price Associates, Inc.[3] 100 E. Pratt Street Baltimore, MD 21202	24,461,056	10.75%
Wellington Management Company, LLP[4] 280 Congress Street Boston, MA 02210	22,806,170	10.02%
Capital World Investors[5] 333 South Hope Street Los Angeles, CA 90071	13,415,213	5.90%
The Vanguard Group, Inc.[6] 100 Vanguard Boulevard Malvern, PA 19355	12,309,920	5.41%
J. Brett Harvey[7][8]	1,899,655	*
Nicholas J. DeIuliis[7]	382,547	*
William J. Lyons[7]	381,902	*
P. Jerome Richey[7]	112,377	*
Robert F. Pusateri[7]	84,624	*
John Whitmire[7][9]	48,789	*
William E. Davis[7]	34,862	*
Raj K. Gupta[7][9]	33,994	*
John T. Mills[7]	30,466	*
William P. Powell[7]	29,917	*
James E. Altmeyer, Sr.[7][10]	29,880	*
Patricia A. Hammick[7]	28,003	*
Joseph T. Williams[7]	24,672	*
Philip W. Baxter	16,751	*
David C. Hardesty, Jr.[7]	14,723	*
All directors and executive officers as a group (16)[7]	3,248,236	1.4%

* Indicates less than one percent (1%) ownership.

(1) As of March 1, 2012, there were 227,540,165 shares of CONSOL common stock outstanding.

(2) Based on a Schedule 13G/A filed by BlackRock, Inc. on January 10, 2012, BlackRock, Inc., as a parent holding company for a number of investment management subsidiaries, is deemed to be the beneficial owner of, and have sole voting and dispositive power with respect to, all 26,862,947 shares. The following subsidiaries of BlackRock, Inc. are investment advisors which hold shares of our common stock: BlackRock Japan Co. Ltd, BlackRock Advisors, LLC, BlackRock Advisors (UK) Limited, BlackRock Asset Management Canada Limited, BlackRock Asset Management Australia Limited, BlackRock Capital Management, Inc., BlackRock Financial Management, Inc., BlackRock Fund Advisors, BlackRock Institutional Trust Company, N.A., BlackRock Investment Management, LLC, BlackRock Investment Management (Australia) Limited, BlackRock Investment Management (Korea) Ltd, BlackRock (Luxembourg) S.A., BlackRock (Netherlands) B.V., BlackRock Fund Managers Ltd, BlackRock Asset Management Ireland Limited, BlackRock International Limited and BlackRock Investment Management UK Limited.

(3) Based on a Schedule 13G/A filed by T. Rowe Price Associates, Inc., an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, on March 9, 2012. T. Rowe Price Associates, Inc. is deemed to be the beneficial owner of and have sole dispositive power with respect to 24,446,656 shares and sole voting power with respect to 6,745,875 shares. T. Rowe Price Associates, Inc. has advised the Corporation that (i) these securities are owned by various individual and institutional investors which T. Rowe Price Associates, Inc. serves as an investment adviser with power to direct investments and/or sole power to vote the securities and (ii) for the purposes of the reporting requirements of the Exchange Act (defined below), T. Rowe Price Associates, Inc. is deemed to be a beneficial owner of such securities; however, T. Rowe Price Associates, Inc., expressly disclaims that it is, in fact, the beneficial owner of such securities.

(4) Based on a Schedule 13G/A filed by Wellington Management Company, LLP, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, on March 12, 2012. Wellington Management Company, LLP is deemed to be the beneficial owner of and have shared dispositive power with respect to 22,757,245 shares and shared voting power with respect to 10,531,607 shares.

(5) Based on a Schedule 13G/A filed by Capital World Investors, an investment adviser registered under Section 203 of the Investment Advisers Act of 1940, with the SEC on February 10, 2012. Capital World Investors is deemed to be the beneficial owner of and has sole dispositive power and sole voting power with respect to 13,415,213 shares.

(6) Based on a Schedule 13G filed by The Vanguard Group, Inc., an investment company registered under Section 203 of the Investment Advisers Act of 1940, on February 8, 2012. The Vanguard Group, Inc. is deemed to be the beneficial owner of and has sole voting power with respect to 316,746 shares, sole dispositive power with respect to 11,993,174 shares and shared dispositive power with respect to 316,746 shares.

(7) Includes shares issuable pursuant to options that are currently exercisable (or may become exercisable on or before April 30, 2012) as follows: Mr. Harvey, 1,382,714; Mr. Lyons, 277,520; Mr. DeIuliis, 159,210; Mr. Richey, 79,055; Mr. Pusateri, 63,754; Mr. Whitmire, 10,466; Ms. Hammick, 12,962; Mr. Williams, 2,962; Mr. Altmeyer, 3,643; Mr. Davis, 12,962; Mr. Powell, 15,962; Mr. Gupta, 5,462; Mr. Mills, 8,592; Mr. Hardesty, 2,692; and for all directors and executive officers as a group, 2,106,315.

(8) Includes 123,457 shares of common stock held in Grantor Retained Annuity Trusts. Also includes 2,000 shares of common stock held in Mr. Harvey s wife s Amended and Restated Revocable Trust, dated December 17, 2007, for which Mr. and Mrs. Harvey serve as trustees, and 28,443 shares of common stock held in trusts for his children, for which the co-trustees include Mrs. Harvey and the children of Mr. and Mrs. Harvey for their respective trusts.

(9) Includes 10,948 and 2,394 deferred stock units held by Messrs. Whitmire and Gupta, respectively.

(10) Includes 1,600 shares of common stock held in a trust established for the benefit of Mr. Altmeyer s spouse. Mr. Altmeyer disclaims beneficial ownership of such shares, and the inclusion of such shares shall not be an admission that the reporting person is the beneficial owner for purposes of Section 16 under the Securities Exchange Act of 1934 (the Exchange Act). Also includes 21,683 shares of common stock held in a trust established for the benefit of Mr. Altmeyer.

Brokerage account agreements may grant security interests in securities held at the broker to secure payment and performance obligations of the brokerage account holder in the ordinary course. Shares shown in the table for the directors and executive officers may be subject to this type of security interest.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires the Corporation s directors, executive officers and persons who beneficially own more than ten percent of a class of the Corporation s registered equity securities to file with the SEC and deliver to the Corporation initial reports of ownership and reports of changes in ownership of such registered equity securities. To our knowledge, based solely upon a review of Section 16 filings with the SEC, written representations that no other reports were required, and on CONSOL s records, we believe that during 2011, the Corporation s executive officers, directors and more than ten percent shareholders complied with all applicable Section 16(a) filing requirements.

Table of Contents

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

The ten nominees for election as directors for 2012 are identified below. The Board has determined, in accordance with the Amended and Restated Bylaws, that the number of directors will be reduced to ten on the date of the Annual Meeting. Each director will hold office until the next annual meeting and until the director s successor is elected and qualified. All nominees are current members of the Board. If any nominee should for any reason become unable to serve, all shares represented by valid proxies will be voted for the election of such other person as the Board may designate following a recommendation by the Nominating and Corporate Governance Committee. Alternatively, the Board may reduce the number of directors to eliminate the vacancy.

Biographies of Nominees

The following biographies include information concerning the nominees for director, including their recent employment, positions with CONSOL, other directorships, Board committee memberships and ages as of March 1, 2012.

J. BRETT HARVEY

Age: 61

Director Since: 1998

Occupation: Chairman of the Board and Chief Executive Officer

Background: J. Brett Harvey has been our Chief Executive Officer since January 1998 and served as our President from January 1998 through February 2011. He has also been a director of CONSOL since January 1998 and on June 29, 2010 was appointed Chairman of the Board. Mr. Harvey has also been a director of CNX Gas, our wholly-owned subsidiary, since June 30, 2005 and has served as chairman of the CNX Gas Board since January 2009. He was also elected to the position of chief executive officer of CNX Gas in January 2009. Mr. Harvey is the chairman of the coal industry advisory board of the International Energy Agency, chairman of the Bituminous Coal Operators Association board of directors and is a member of the Leadership Council of the American Coalition for Clean Coal Electricity. He is a member of the board of directors of Barrick Gold Corporation, the world s largest gold producer (Barrick), where he serves on the compensation and corporate responsibility committees. Mr. Harvey is also a member of the board of directors of Allegheny Technologies Incorporated, a specialty metals producer, and serves on its nominating and corporate governance committee and personnel and compensation committee. In addition, he is a member of the Virginia Coalfield Economic Development Authority, the National Coal Council, Waterways Council, Inc., and The Conservation Fund. He is a member of the Executive Committee of the Allegheny Conference on Community Development, the National Executive Board of the Boy Scouts of America and a director and past chairman of the Greater Pittsburgh Council of the Boy Scouts.

Qualifications: As Chief Executive Officer of the Corporation, Mr. Harvey is the most senior executive of the Corporation and as such provides our Board with the greatest insight into the Corporation s business and the challenges and material risks it faces. Mr. Harvey has more than 31 years of natural resources industry experience and is especially qualified to understand the risks and leadership challenges facing a diversified energy company. Mr. Harvey also brings substantial corporate governance expertise to our Board, which he acquired through his years of service on multiple public company boards, including Barrick and Allegheny Technologies Incorporated.

PHILIP W. BAXTER

Age: 63	**CONSOL Committees:**
Director Since: 1999 2005; and since 2009	Audit
Occupation: Lead Independent Director; President Stan Johnson Company	Compensation

Background: Philip W. Baxter rejoined the CONSOL Board in January 2009. He is currently the Lead Independent Director and serves as a member of the Audit and Compensation Committees. Mr. Baxter previously served as a director of CONSOL (as well as Chairman of its Audit Committee and a member of its Finance Committee) from August 1999 until August 2005. Mr. Baxter also served as a director of CNX Gas from June 30, 2005 until May 28, 2010 and was the chairman of its board of directors from June 2005 until January 2009. With respect to the CNX

Table of Contents

Gas Board, he served as a member of the audit committee and the finance committee. Mr. Baxter has been the President of Stan Johnson Company, a nationally recognized leader in commercial real estate brokerage specializing in single-tenant properties, since September 2002. He was chief financial officer and executive vice president of the Tulsa-based energy conglomerate, Mapco Inc., until March 1998, when it merged with The Williams Company. During his 18-year career at Mapco, Mr. Baxter held a number of officer level positions including chief information officer and senior vice president of strategic planning. Prior to his career at Mapco, he held a number of financial positions with Williams Energy Company, a subsidiary of The Williams Company.

Qualifications: Mr. Baxter brings over 40 years of business experience to our Board, including over 30 years of energy industry experience, accumulated principally in the areas of finance, strategic planning, mergers and acquisitions, technology, government affairs and human resources. Having served in various supervisory executive-level positions over the course of his career, Mr. Baxter has developed significant management and leadership skills and is well accustomed to interfacing with rating agencies, investors, analysts, auditors, outside advisors and governmental officials. He has served as a member of our Board and/or the board of CNX Gas for 14 years, collectively, and has served on each of the Audit Committee, Compensation Committee and the Finance Committee of CONSOL.

JAMES E. ALTMEYER, SR.

Age: 73	**CONSOL Committees:**
Director Since: 2003	Health, Safety and Environmental (Chair)
Occupation: Former President/Chief Executive Officer and Chairman Altmeyer Funeral Homes, Inc.	Finance

Background: James E. Altmeyer, Sr. has served on the CONSOL Board since November 2003. He was a director of CNX Gas from June 30, 2005 until April 28, 2009, during which time he was chairman of the compensation committee and served on the audit committee. He currently serves as Chairman of the Health, Safety and Environmental Committee and as a member of the Finance Committee of CONSOL. Mr. Altmeyer served as president and chief executive officer of Altmeyer Funeral Homes, Inc. of West Virginia, Ohio, Virginia and North Carolina from 1972 until 2007, at which time he became chairman of Altmeyer Funeral Homes, Inc. He has also been president of Altmeyer Realty, a real estate holding company, and of Martin-Steadfast Insurance Company since 1972. Mr. Altmeyer served on the board of directors of WesBanco, Inc., a multi-state bank holding company from 1987 until April 2010, when he retired from the board. During that time he served on the board s audit committee. Mr. Altmeyer is also a member of the executive committee of the Wheeling Hospital board of directors and vice chairman of the Chambers Foundation.

Qualifications: Mr. Altmeyer brings over 35 years of business experience to our Board and more than 20 years of board experience. In addition to his service on our Board and his previous service on the board of directors of CNX Gas, Mr. Altmeyer served as a director on the board of directors of WesBanco, Inc. for over 20 years and that of Wheeling Hospital for 30 years and as such offers significant corporate governance and financial expertise to our Board. Having graduated from the United States Military Academy at West Point in 1961 and serving on active duty until October 1972, Mr. Altmeyer brings significant leadership to our Board. Among his numerous combat (Vietnam) awards are a Silver Star and three Bronze Stars.

WILLIAM E. DAVIS

Age: 70	**CONSOL Committees:**
Director Since: 2004	Nominating and Corporate Governance (Chair)
Occupation: Former Chairman and Chief Executive Officer Niagara Mohawk Power Corporation	Health, Safety and Environmental

Background: William E. Davis joined the CONSOL Board in January 2004. He currently serves as Chairman of the Nominating and Corporate Governance Committee and as a member of the Health, Safety and Environmental Committee. From November 2007 until December 2010, Mr. Davis was a director of AbitibiBowater Inc., which produces a broad range of forest products marketed around the world, and served on its governance, finance and

Table of Contents

audit committees. Mr. Davis was a director of Abitibi Consolidated Inc., which produced newsprint and commercial printing paper, from April 2003 to November 2007, and served on its audit and nominating and governance committees. Mr. Davis was also the chairman of the board of directors and Chief Executive Officer of Niagara Mohawk Power Corporation, an electricity and natural gas utility located in upstate New York, from May 1993 to February 2002. Following the sale of Niagara Mohawk in February 2002, and until his retirement in April 2003, Mr. Davis served as chairman of National Grid USA and as an executive director of National Grid (UK), owner and operator of the electricity transmission network in England and Wales. He served as chairman and chief executive officer of the Metropolitan Development Foundation of Central New York until December 4, 2008.

Qualifications: Having served as chairman and chief executive officer of Niagara Mohawk Power Corporation, a major investor owned gas and electric utility, for nine years, and as chairman of National Grid USA and executive director of National Grid (UK), Mr. Davis provides our Board with substantial insight into the energy industry. Mr. Davis also contributes significant knowledge with respect to corporate governance matters acquired through his years of multiple board service and a unique corporate governance insight having graduated from the National Association of Corporate Directors certification course.

RAJ K. GUPTA

Age: 69	**CONSOL Committees:**
Director Since: 2004	Audit (Chair)
Occupation: Independent Management Consultant	Health, Safety and Environmental

Background: Raj K. Gupta has served on the CONSOL Board since February 2004. He currently serves as chairman of the Audit Committee and as a member of the Health, Safety and Environmental Committee. He also served as a director of CNX Gas from June 30, 2005 until May 28, 2010, where he served as (i) chairman of the finance committee until January 16, 2009 and (ii) a member of the audit committee throughout his term. From July 2007 to April 2009, Mr. Gupta also served as chairman of the board of directors of Quetzal Energy Inc., a Canadian-based international oil and gas company operating in Guatemala, Central America. Mr. Gupta currently works as an independent management consultant. From 1965 until his retirement in 2000, Mr. Gupta held various management positions with Phillips Petroleum Company, an international integrated oil and gas company now part of ConocoPhillips, including Vice President of Strategic Planning, managing business development, strategic growth and globalization efforts in South America, China, the Middle East and the former Soviet Union. From 2000 to December 2004, Mr. Gupta served on the board of directors of Yukos Oil Company, Moscow, Russia, chaired its compensation committee and was a member of its audit and finance committees. From 2000 to 2009, Mr. Gupta was a member of the Advisory Council of the Industrial, Manufacturing and Systems Engineering Department at Kansas State University. He also serves on the Board of Preng & Associates in Houston.

Qualifications: Mr. Gupta brings over 41 years of business experience in the integrated oil and gas industry, including upstream and downstream businesses in the areas of strategic planning, finance, operations and technology. Through his more than eleven years of collective service on the boards of CONSOL, Quetzal Energy Inc. and Yukos Oil Company, Mr. Gupta has acquired a wealth of knowledge regarding the natural resources industry and the challenges and risks it faces, which he shares with our Board. In addition, his financial experience, and in particular his experience overseeing and assessing the performance of companies and independent public accounting firms, including (i) the corporate financial reporting process and (ii) the preparation and integrity of financial information and statements, makes him an invaluable asset to our Company and our Audit Committee in particular. Having served as a member of the Board for the past eight years and having served as a member of the CNX Gas Board for almost five years, Mr. Gupta is very familiar with our business and the challenges and material risks it faces.

PATRICIA A. HAMMICK

Age: 65	**CONSOL Committees:**
Director Since: 2001	Finance
Occupation: Former Chairman Dynegy, Inc.	Nominating and Corporate Governance

Background: Patricia A. Hammick has served on the CONSOL Board since June 2001. She currently serves on the Finance and Nominating and Corporate Governance Committees. From April 2003 to June 2011, Ms. Hammick

Table of Contents

served on the board of directors of Dynegy, Inc., an independent power producer. She was elected lead director at Dynegy, Inc. from May 2004 until June 2011, chairing all non-management executive sessions as well as all independent director special committees, and then became the chairman of the board from February 2011 to June 2011. Since January 2007, she has also been a director of SNC Lavalin Group, Inc. (SNC), a Montreal-based company engaged in engineering and construction, infrastructure ownership and management, and facilities and operations management. She currently serves as a member of SNC s audit and compensation committees.

Qualifications: Ms. Hammick brings 36 years of progressively senior level management experience in the energy industry to our Board and in-depth knowledge in the areas of natural gas exploration and production, transmission, distribution, oil production and power generation and development, shareholder relations and merger and acquisitions management. As a member of the National Association of Corporate Directors and as a result of her more than eleven years of service on multiple public company boards in sectors directly relevant to the Corporation, Ms. Hammick offers expertise in corporate governance matters, the assessment of company exposure to risks associated with economic factors, financial matters and competitive market and regulatory compliance. She is also experienced in the identification, development and execution of risk response strategies.

DAVID C. HARDESTY, JR.

Age: 66	**CONSOL Committees:**
Director Since: 2005	Finance
Occupation: President Emeritus and Professor of Law West Virginia University	Health, Safety and Environmental

Background: David C. Hardesty, Jr. joined the CONSOL Board in October 2005. He currently serves as a member of the Finance and Health, Safety and Environmental Committees. Mr. Hardesty is president emeritus and professor of law at West Virginia University (WVU). He was president of WVU from 1995 to 2007. While serving as president, he was also a member of the National Security Higher Education Advisory Board. In addition, Mr. Hardesty served as the permanent chair of WVU s affiliated research corporation, teaching hospital and the hospital s parent health care system of hospitals. He is a member of numerous professional and civic organizations. Prior to his career in academia, Mr. Hardesty was a partner in the law firm of Bowles Rice McDavid Graff & Love in Charleston, West Virginia, where he practiced in the areas of state and local taxation, corporate banking and administrative law. He is currently of counsel at this law firm. Mr. Hardesty was a state tax commissioner during Senator John D. Rockefeller IV s first term as governor of West Virginia (1977-1980). He also served as chairman of the National 4-H Council, a director and officer in the Big East Conference, a member of the Bowl Championship Series Presidential Oversight Committee and was a founding director of the Blanchettee Rockefeller Neurosciences Institute.

Qualifications: Mr. Hardesty brings more than 17 years of senior level executive experience to our Board, as well as insight into the political affairs of the State of West Virginia, where CONSOL has significant coal and gas operations. Mr. Hardesty also offers a unique and invaluable perspective into corporate governance matters, having practiced as an attorney in the areas of corporate law, banking and administrative law and state and local taxation for 18 years. Mr. Hardesty has developed significant leadership skills over the course of his career, having been president of a major higher education institution, an agency head in state government, a law professor, and chair of a large health care system. He has also been a member of numerous civic and charitable boards and commissions, including the National Security Higher Education Advisory Board.

JOHN T. MILLS

Age: 64	**CONSOL Committees:**
Director Since: 2006	Audit
Occupation: Former Chief Financial Officer Marathon Oil Corporation	Compensation

Background: John T. Mills joined the CONSOL Board in March 2006. Mr. Mills currently serves as a member of the Audit Committee and the Compensation Committee. He serves on the board of directors of Cal Dive International Inc., a marine contractor providing manned diving, derrick, pipelay and pipe burial services to the

Table of Contents

offshore oil and natural gas industry, and serves as chairman of the audit committee, a member of the compensation committee, and until January 2012, as a member of the corporate governance and nominating committee. From January 2008 through June 2010, Mr. Mills was a member of the board of directors and audit, conflicts and risk management committees of Regency GP, LLC, the general partner of Regency GP, LP, the general partner of Regency Energy Partners LP, a natural gas gathering, processing and transportation master limited partnership. Mr. Mills joined the board of directors of Horizon Offshore, Inc., a marine construction company, in June 2002 and served as the chairman of the board of directors from September 2004 until December 11, 2007, when Horizon Offshore, Inc. was acquired by Cal Dive International, Inc. Mr. Mills was the Chief Financial Officer of Marathon Oil Corporation, an integrated energy company, from January 2002 until his retirement in December 2003. Mr. Mills recently attended the Harvard Business School program Making Corporate Boards More Effective.

Qualifications: As a licensed attorney with 37 years of business experience, including 16 years as an officer of Marathon Oil Corporation and USX Corporation, Mr. Mills brings significant knowledge and experience to our Board. In particular, Mr. Mills brings an in depth understanding of the evaluation of organic growth capital projects and acquisition and disposition opportunities, and the importance of maintaining a competitive capital structure and liquidity. In addition, having previously served as senior vice president, finance and administration, and later the chief financial officer of Marathon Oil Corporation, Mr. Mills has developed a wealth of financial knowledge with respect to the oversight of (i) the preparation of consolidated financial statements, (ii) internal audit functions, and (iii) public accountants, skills which are critical to our Corporation and particularly our Audit Committee.

WILLIAM P. POWELL

Age: 56	**CONSOL Committees:**
Director Since: 2004	Compensation (Chairman)
Occupation: Managing Partner 535 Partners LLC	Nominating and Corporate Governance

Background: William P. Powell has served on the CONSOL Board since January 2004. He currently serves as Chairman of the Compensation Committee and as a member of the Nominating and Corporate Governance Committee. Since 1993, Mr. Powell has also been a director of Cytec Industries, a global specialty chemicals and materials company, where he chairs the governance committee and has served on the audit committee. Until May 2007, Mr. Powell was a managing director of William Street Advisors, a New York City-based merchant banking boutique. Mr. Powell resigned from William Street Advisors to establish a family office, 535 Partners LLC, where he serves as managing partner. Prior to his time at William Street Advisors, he served as a Managing Director of UBS Warburg LLC and its predecessor Dillon, Read & Co. Inc. since 1991.

Qualifications: With an MBA degree and over 30 years of financial, management and investment experience, Mr. Powell brings a wealth of knowledge to our Board. Having served on multiple public company boards for over 18 years, Mr. Powell also has significant expertise in corporate governance matters.

JOSEPH T. WILLIAMS

Age: 74	**CONSOL Committees:**
Director Since: 2004	Finance (Chairman)
Occupation: Former Chairman and CEO of DevX Energy, Inc.	Compensation

Background: Joseph T. Williams has served on the CONSOL Board since January 2004. He currently serves as Chairman of the Finance Committee and is a member of the Compensation Committee. From July 2006 until January 2009, he was also a director of CNX Gas and served on the nominating and corporate governance and finance committees. Mr. Williams is a retired oil and natural gas industry executive who has held positions as chairman or chief executive officer or both for NASDAQ, American Stock Exchange and NYSE listed companies. He is currently a member of the Society of Petroleum Engineers.

Qualifications: Mr. Williams brings to our Board 51 years of operational, engineering and corporate business experience related primarily to oil and natural gas exploration and production. After serving 18 years in domestic and international operations with Chevron Corporation, Mr. Williams served as: President, Administration Division of Mitchell Energy and Development Corp.; Chairman and CEO of Lear Petroleum Corporation; President and CEO of Dalen Resources, Inc. (a subsidiary of PG&E Enterprises); Vice Chairman of Enserch Exploration, Inc.; President and CEO of MCN Investment Corporation; and Chairman and CEO of DevX Energy, Inc. Having served in these positions, Mr. Williams provides our Board with a broad understanding of the energy industry generally and the challenges and material risks inherent in CONSOL s businesses.

Related Party Policy and Procedures

Our Audit Committee adopted a written Related Party Policy and Procedures for the review and approval or ratification of related party transactions with directors, nominees for director and executive officers and certain family members (related persons). A copy of the policy is available on our website at *www.consolenergy.com*.

Under the policy, prior to entering into a related person transaction, a related person must notify our chief financial officer and general counsel of the material facts regarding the transaction. If our chief financial officer and general counsel determine that the proposed transaction is a related person transaction, the details of the transaction are presented to our Audit Committee (or if it is not practicable or desirable to wait until the next Audit Committee meeting, to the chairman of the Audit Committee) for approval. The Audit Committee or Chairman, as applicable, will consider all relevant facts and circumstances including the terms of the transaction and terms that would be available to unrelated parties, the benefits to us and, if the transaction involves an independent director, any impact the transaction would have on such director s independence. The Audit Committee or Chairman, as applicable, will also inform our Nominating and Corporate Governance Committee of any related person transactions involving directors or nominees. Since the SEC s related party regulation also applies to directors and executive officers family members, as well as entities in which they may be deemed to have an indirect material interest, it is possible that related person transactions could occur without a director or executive officer being aware of them and bringing them to us for approval. When we become aware of a related person transaction that has not been previously approved, the policy provides that the details of the transaction will be presented to our Audit Committee or Chairman, as applicable, for ratification or other action. The policy also provides that our Audit Committee will review, on an annual basis, ongoing related person transactions having a remaining term of more than six months or a remaining amount in excess of $120,000. We also require that officers and directors complete director and officer questionnaires annually and that they adhere to written codes of business conduct and ethics regarding various topics including conflicts of interest, loans from the Corporation, the receipt of gifts, service in outside organizations, political activity and corporate opportunities. Officers and directors must certify compliance with these codes in writing each year.

Mr. Altmeyer, a member of the Board, has a brother who is a member of Phillips, Gardill, Kaiser & Altmeyer, PLLC. The Corporation engages this law firm predominantly for workmen s compensation, litigation and land-related legal services, and paid it approximately $576,200 in 2011, which amount represented approximately 1.26% of the total amount paid by the Corporation to all law firms retained in 2011. CONSOL engaged Phillips Gardill Kaiser & Altmeyer PLLC many years prior to Mr. Altmeyer becoming a member of the Board.

Mr. Hardesty, a member of the Board, has a daughter who recently became a partner at Bowles, Rice, McDavid, Graff & Love, PLLC. The Corporation engages this law firm predominantly for land-related matters (including title work), and paid it approximately $2,223,835 in 2011, which amount represented approximately 4.85% of the total amount paid by the Corporation to all law firms retained in 2011. CONSOL engaged Bowles Rice McDavid Graff many years prior to Mr. Hardesty becoming a member of the Board.

Determination of Director Independence

Our Board is required under the NYSE rules to affirmatively determine the independence of each director each year and to disclose this determination in the Proxy Statement for each annual meeting of shareholders of CONSOL. Based on the independence standards set forth in our Corporate Governance Guidelines, which are described below, our Board, at its meeting held on February 29, 2012, determined that Ms. Hammick and each of Messrs. Altmeyer, Baxter, Davis, Gupta, Hardesty, Mills, Powell and Williams, had no material relationship with CONSOL (either directly or indirectly, including as a partner, shareholder or officer of an organization that has a relationship with CONSOL) and are independent under our Corporate Governance Guidelines and the corporate governance rules of the NYSE codified in Section 303A of the NYSE Listed Company Manual. The Board also determined that each member of the Audit Committee meets the heightened independence standards required for audit committee members under the NYSE listing standards and the SEC rules.

The Board established the following standards for determining director independence, which are reflected in our Corporate Governance Guidelines, which are available on the Corporate Governance section of the Corporation s website at *www.consolenergy.com*.

A director will not be deemed independent if:

(i) the director is, or has been within the previous three years, employed by CONSOL, or an immediate family member is, or has been within the previous three years, an executive officer of CONSOL; provided, that employment as an interim Chairman or CEO or other executive officer shall not disqualify a director from being considered independent following that employment;

(ii) the director or an immediate family member has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from CONSOL, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); provided, that compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this paragraph (ii) and provided further, that compensation received by an immediate family member for service as an employee of CONSOL (other than an executive officer) need not be considered in determining independence under this paragraph (ii);

(iii) (A) the director or an immediate family member is a current partner of the firm that is CONSOL s internal auditor or external auditor (each an Audit Firm); (B) the director is a current employee of an Audit Firm; (C) the director has an immediate family member who is a current employee of an Audit Firm and who personally works on CONSOL s audit or (D) the director or an immediate family member was, within the previous three years (but is no longer), a partner or employee of an Audit Firm and personally worked on CONSOL s audit within that time;

(iv) the director or an immediate family member is, or has been within the previous three years, employed as an executive officer of another company where any of CONSOL s present executive officers at the same time serves or served on such company s compensation (or equivalent) committee of the board of directors; or

(v) the director is a current employee, or an immediate family member is an executive officer, of a company that has made payments to, or received payments from, CONSOL for property or services in an amount which, in any of the previous three fiscal years, exceeds the greater of $1 million or 2% of such other company s consolidated gross revenues. For purposes of the foregoing, both the payments and the consolidated gross revenues to be measured shall be those reported in the last completed fiscal year; and

(vi) for members of the audit committee only: other than in the capacity as a member of the audit committee, the Board or any other committee of the Board, the director (A) does not accept, directly or indirectly, any consulting, advisory or other compensatory fee from CONSOL; provided that compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with CONSOL (provided that such compensation is not contingent in any way on continued service) or (B) is not an affiliated person of CONSOL.

Immediate family members of a director include the director s spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who share such person s home. When applying the look-back period referenced in clauses (i) (v) above, directors need not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated.

26

Table of Contents

Executive officer has the meaning specified for the term officer in Rule 16a-1(f) under the Exchange Act.

Any related person transaction required to be disclosed under SEC Regulation S-K, Item 404, shall be considered in determining the independence of a director or nominee.

Required Vote

As more fully set forth in Section 2.9 of CONSOL s Amended and Restated Bylaws, a majority of the votes cast at the Annual Meeting shall elect directors. Under our Bylaws, this means that the number of votes for a director s election exceeds 50% of the number of votes cast with respect to that director s election. Votes cast include direction to withhold authority.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR

THE ABOVE-NAMED NOMINEES FOR THE BOARD OF DIRECTORS.

27

Table of Contents

EXECUTIVE COMPENSATION AND STOCK OPTION INFORMATION

COMPENSATION DISCUSSION AND ANALYSIS

INTRODUCTION

This Compensation Discussion and Analysis section (the CD&A) is designed to provide our shareholders with an explanation of CONSOL s executive compensation philosophy and objectives, our 2011 executive compensation program and the compensation paid by the Corporation to the following named executives :

J. Brett Harvey, Chairman and Chief Executive Officer

Nicholas J. DeIuliis, President

William J. Lyons, Executive Vice President and Chief Financial Officer

P. Jerome Richey, Executive Vice President Corporate Affairs and Chief Legal Officer

Robert F. Pusateri, Executive Vice President Energy Sales and Transportation Services (EVP Energy Sales)

The contents of this CD&A are organized into the following seven sections: (Section 1) Executive Summary; (Section 2) Business Performance; (Section 3) Pay for Performance Approach; (Section 4) Compensation Setting Process; (Section 5) Compensation Decisions for 2011; (Section 6) Other Compensation Policies and Information; and (Section 7) Reconciliation of Non-GAAP Financial Information.

SECTION 1 - EXECUTIVE SUMMARY

Our executive compensation program is designed to attract, motivate and retain key executives who will promote the short- and long-term growth of the Corporation and create sustained shareholder value. To this end, we take a pay-for-performance approach to our executive compensation program that ties the majority of the compensation payable to our named executives to the short- and long-term performance of CONSOL and promotes equity ownership among the named executives to greater align their interests with shareholder interests.

Record Safety Performance in 2011: Our Coal Division improved its reportable incident rate by approximately 18% from 2010 (approximately 2.9 times better than the industry average) and our Gas Division employees had no lost time accidents, having surpassed 5 million exposure hours.

Record Financial Performance in 2011:

- Cash flow from operations was $1.5 billion, an increase of 36% from 2010.
- Net income was $632 million, compared to $347 million in 2010.
- Sales revenue was $5.7 billion, an increase of 14% from 2010.

Three Significant Transactions in 2011: CONSOL completed three significant transactions in 2011 and expects to receive aggregate consideration of $4.1 billion. These transactions included two 50-50 joint ventures - one with Noble Energy, Inc. and one with Hess Corporation - and the sale of overriding royalty interests to Antero Resources Appalachian Corp. These transactions are expected to accelerate the value to CONSOL s shareholders of CONSOL s $3.5 billion Dominion Acquisition.

Outperformed Peers on Several Performance Metrics: CONSOL consistently outperformed or was at the median of our executive compensation peer group (Peer Group, as defined on page 36) as to the key metrics of EPS Growth and Operating Cash Flow Growth in the last 1-, 3- and 5-year periods.

Table of Contents

Outperformed Coal Peers on Stock Price: CONSOL s stock price outperformed the stock price of each of our coal peers -- Alpha Natural Resources, Inc., Peabody Energy Corporation, and Arch Coal, Inc. -- in 2011.

Dividend Increase in 2011: Based on confidence in CONSOL s financial performance, the Board increased the dividend rate by 25% from $0.40 to $0.50 per share per year.

Risk Mitigation: The incentive compensation payable to our named executives is based on a variety of performance factors, including safety, production, costs, total shareholder return and return on capital, which is designed to incentivize activities that lead to sustained growth and mitigate inappropriate risk.

Shareholder Outreach: Following our 2011 say-on-pay vote, we actively engaged in discussions with our shareholders and considered shareholder sentiments about our core principles and objectives when determining the compensation of our named executives.

Decrease in Chief Executive Officer s Compensation in 2011: The Chief Executive Officer s 2011 reported compensation is approximately 15% less than his reported compensation in 2010.

More than 90% of Chief Executive Officer s Compensation is At-Risk in 2011: All of the Chief Executive Officer s annual incentive and long-term incentive compensation is performance-based and at-risk if performance goals are not attained, and our Chief Executive Officer did not receive any time-based restricted stock units in 2011.

Actual Realizable Pay Substantially Less than Reported Compensation: CONSOL pays for performance. If CONSOL s stock price does not perform, a substantial portion of our executives at-risk pay does not get paid and in that event actual executive pay received is less than the compensation required to be reported by the proxy rules.

Chief Executive Officer s 2012 Pay - Decreased Salary, Increased At-Risk Pay and Only Performance Share Units Granted (no Restricted Stock Units or Options): For 2012, our Compensation Committee, together with the full Board, decreased our Chief Executive Officer s salary by $100,000 to $1 million per year and shifted more of his compensation to an at-risk opportunity. Approximately 92% of our Chief Executive Officer s compensation is at-risk for 2012. Our Chief Executive Officer s 2012 long-term incentive opportunity - all in the form of performance share units - will be earned as follows: (i) 75% on the achievement of goals, including relative total shareholder return, return on capital and safety; and (ii) 25% on our stock price appreciating in value, on an absolute basis, over a two-year period, and on CONSOL achieving goals, over a two-year period, related to promoting long-term growth, including through strategic transactions.

No Base Salary Increases for Any Other Named Executives in 2012: The Compensation Committee did not increase executive officers' base salaries for 2012.

Implemented Stock Retention Guidelines: The Compensation Committee adopted stock retention guidelines that generally require our executive officers to retain 50% beneficial ownership of any equity award granted to them after March 2012 until the later of (i) the stock ownership guidelines being satisfied, and (ii) 24 months and a day from the exercise of stock options and the vesting of restricted stock units and/or performance share units.

Table of Contents

SECTION 2 - BUSINESS PERFORMANCE

Solid History of Financial Performance As Compared to Peers

The Corporation s financial performance has been consistent and solid. Compared to its Peer Group, not only has CONSOL performed above the 50th percentile in numerous financial metrics over 1-, 3- and 5-year periods (with significant improvement over the last five years), it has been in the top tier in several of them (see below).

CONSOL s Financial Performance Against Our Peer Group for 1, 3 and 5 Years Ending December 31, 2011*

* Chart based upon publicly available information. Additionally, CAGR means Compounded Annual Growth Rates.

As shown above, our stock price has not matched our financial performance. A company s stock price and that of its peers can be driven by many factors some of which are beyond a company s control. We believe that there are various possible reasons as to why our stock price did not reflect our financial performance, including the following:

$3.5 Billion Dominion Acquisition

Historically, CONSOL has been a coal-focused energy producer. However, the approximately $3.5 billion Dominion Acquisition in 2010 further diversified the Corporation s energy asset portfolio and enhanced the Corporation s leading position as a major player in natural gas exploration and production in two of the most prospective shale plays in the United States: Utica Shale and Marcellus Shale. Some of our shareholders were initially skeptical about the Corporation s ability to realize the value of this transaction. However, in the latter part of 2011, CONSOL entered into two 50-50 joint ventures valued at approximately $3.9 billion with world-class energy partners - Noble Energy and Hess Corporation. CONSOL also sold an overriding royalty interest of approximately 7% in 115,647 net acres of Marcellus Shale in exchange for approximately $193 million. These approximately $4.1 billion transactions took substantial risk from the Dominion Acquisition off the table and are expected to effectively pay for the Dominion Acquisition while allowing us to simultaneously (i) retain 50% of the economics associated with the transaction and (ii) preserve the intended long-term diversification of our energy asset portfolio. Because of these transactions, we believe that our stock price was able to significantly outperform that of our coal peers in the last 12 months, as demonstrated below:

Stock Price Performance Relative to Coal Peers

(as of March 6, 2012)

Source: Factset

Further, the Dominion Acquisition increased the Corporation s focus on natural gas, but this also shifted the investor base.

Notwithstanding our strong corporate performance and the fact that our stock price has outperformed our coal peers as demonstrated in the table above, we feel that our stock price does not fully reflect our strong financial performance due to the absence of a true peer group and the volatility of gas prices, each as further described below.

Lack of a True Peer Group

CONSOL is unique in that it is a major coal and gas company. Because of this, the peer group we use is predominantly comprised of oil and gas companies, and three coal companies. The scarcity of companies similar to CONSOL makes it more difficult for the market to value our diverse holdings of coal and gas assets which leads to a more complex business than most, if not all, of our peers.

Volatility of Gas Prices

As a result of the weak economy, record production of gas in the United States and warmer than normal weather, gas prices decreased in 2011, which we believe negatively impacted our stock price. Prices for natural gas may fluctuate widely in response to relatively minor changes in the supply of and demand for natural gas, market uncertainty and a variety of additional factors that are beyond our control, such as: the domestic and foreign supply of natural gas; the price of foreign imports; overall domestic and global economic conditions; weather conditions; technological advances affecting energy consumption; domestic and foreign governmental regulations; proximity and capacity of gas pipelines and other transportation facilities; and the price and availability of alternative fuels.

Table of Contents

While demand for natural gas recovered to pre-recession levels, the United States natural gas industry continues to face concerns of oversupply due to the success of new shale plays and continued drilling in these plays, despite lower gas prices, to meet drilling commitments.

To mitigate the risks of such volatile pricing, the Corporation actively hedged its gas production in 2010 and 2011 such that total hedged gas production in the first quarter of 2012 is 19.1 Bcf, at an average price of $5.25 per Mcf. As reported in our earnings release for the fourth quarter 2011, which was filed on January 26, 2012, the Corporation s strong hedging position is as follows:

GAS DIVISION HEDGING

	2012	2013	2014
Total Yearly Expected Production (Bcf)	160	190 - 210	N/A
Volumes Hedged (Bcf), as of 1/17/12	76.9	47.0	40.2
Average Hedge Price ($/Mcf)	$ 5.25	$ 5.19	$ 5.34

We are confident that over time, continued strong financial performance and development of the Dominion assets will be recognized in our stock price.

2011 Corporate Performance

Managerial decisions over time drive a company s financial performance. CONSOL s financial and non-financial performance has been consistently solid over the years despite the volatile economy and volatile commodity prices. This conclusion is underscored by the following business highlights for 2011:

CONSOL recorded its best safety performance in our history. Our Coal Division improved its reportable incident rate by approximately 18% from 2010 (approximately 2.9 times better than the industry average for the first three quarters in 2011 reported by Mine Safety and Health Administration (MSHA)) and our Gas Division employees had no lost time accidents after surpassing 5 million exposure hours. Safe operations reduce our costs and increase the reliability of our operations.

CONSOL also improved its safety compliance and reduced (i) MSHA orders by 34% and (ii) MSHA citations by 11%, each as compared to 2010. As with safe operations, compliant operations reduce our costs and increase the reliability of our operations.

CONSOL had record financial performance in 2011:

- Cash flow from operations of $1.5 billion, an increase of 36% from $1.1 billion in 2010.
- Net income of $632 million, an increase from $347 million in 2010.
- Sales revenue of $5.7 billion, an increase of 14% from the $5.0 billion in 2010.

CONSOL achieved record overseas coal sales of 11.4 million tons, an increase of 68% from the 6.8 million tons sold overseas in 2010. These increased export sales and doubled export revenues of $1.36 billion were the result of building relationships with 16 new customers.

CONSOL restructured its debt, as further described in our 2011 Annual Report on Form 10-K, accompanying this proxy statement.

CONSOL increased its dividend rate in 2011 by 25%, reflecting our level of financial performance and confidence in CONSOL s future.

CONSOL entered into multiple strategic transactions relating to our gas assets including (i) a joint venture with Noble Energy, pursuant to which CONSOL expects to receive aggregate consideration of

Table of Contents

approximately $3.3 billion from Noble Energy, to jointly develop our Marcellus Shale assets in Pennsylvania and West Virginia, (ii) the sale of a Marcellus Shale overriding royalty interest to Antero for approximately $193 million and (iii) a joint venture with Hess Corporation, pursuant to which we expect to receive aggregate consideration of approximately $593 million from Hess to jointly explore and develop our nearly 200,000 Utica Shale acres in Ohio. These strategic transactions will collectively result in the accelerated development of our natural gas assets, including a significant portion of the assets that we purchased from Dominion in 2010.

CONSOL negotiated a new five and one-half year National Bituminous Wage Agreement with the United Mine Workers of America.

SECTION 3 - PAY FOR PERFORMANCE APPROACH

Chief Executive Officer s Reported Compensation for 2011 - 15% Less than in 2010

2010 was an extraordinary year for the Corporation due to the Dominion Acquisition. To incent management to capture in future years the expected shareholder value from this significant acquisition, we made a special grant of performance-based stock option awards in 2010. We set the strike price ($45.05) for these special stock option awards at 12% above the then-current market price (such that shareholders would capture their value before the named executives did) and require that these option awards achieve certain gas production goals and cost goals over a four-year period before they vest and become exercisable. For a description of the additional terms of the Performance Options and additional information on establishing the strike price, see *Section 5 Compensation Decisions for 2011; Dominion Award (Nonqualified Performance Stock Option Award)* on page 50.

Because SEC rules require that the full value of stock options be reported in the year of grant (even when vesting is performance-based), this special transaction award represented $4 million of Mr. Harvey s $20.2 million total compensation in 2010 as reported in the Summary Compensation Table. Accordingly, this non-recurring award caused 2010 to be an unusual year for Mr. Harvey - his 2010 reported compensation was more than 25% higher than his 2009 reported compensation as well as substantially higher than his 2008 reported compensation. For 2011, Mr. Harvey s reported compensation was approximately 15% less than his 2010 reported compensation.

Strong Link Between Pay and Performance - Emphasis on At-Risk Compensation for Chief Executive Officer

We have always emphasized putting a substantial portion of our named executives compensation at-risk, particularly with respect to our Chief Executive Officer. Our Chief Executive Officer is compensated differently than our other named executives in light of a combination of his long tenure in his position with the Corporation, his unique skills and the breadth of his responsibilities to CONSOL and its shareholders. With more than 30 years of natural resources industry experience, together with his leadership responsibilities as a board member at other public companies, our Chief Executive Officer is especially qualified to understand the opportunities, risks and leadership challenges facing a diversified energy company particularly given the complexity of our business with underground coal mines and the exploration and production of gas.

In 2011, we eliminated time-based restricted stock units for our Chief Executive Officer in favor of placing more emphasis on performance stock units. We increased the at-risk component of his compensation from 79.7% in 2010 to 90.7% in 2011. Relative to CONSOL s Peer Group, he has a significantly higher proportion of at-risk compensation:

	Brett Harvey	Peer Group
Fixed Pay/Not At-Risk Compensation (Base Salary + Time-Based Restricted Stock Units)	9%	41%
At-Risk Compensation (Annual Incentive Bonus + Stock Options + Performance Share Units)	91%	59%

Table of Contents

Because so much of our Chief Executive Officer s compensation is at-risk compensation, there is a strong alignment between his compensation and the interests of shareholders. His compensation is highly correlated with stock price performance - if value is not delivered to our shareholders in terms of stock price, our Chief Executive Officer s compensation will be adversely affected, as demonstrated by the following chart:

Target to Actual Total Direct Compensation Chief Executive Officer (2008-11)

($ in millions as of December 31, 2011)

(1) Target total direct compensation includes the following components: (A) annual base salary as reported in the Summary Compensation Table (SCT); (B) target annual bonus as reported in the Grants of Plan-Based Awards Table (PBA Table); and (C) long-term incentive awards reported in the PBA Table and valued accordingly: (i) Black-Scholes value of stock options on the date of grant, (ii) grant date fair value of restricted stock units, and (iii) grant date fair value of the target number of performance shares.

(2) Actual total direct compensation includes the following components: (A) annual base salary as reported in the SCT; (B) actual annual bonus as reported in the SCT; and (C) long-term incentive awards as reported in the PBA Table and valued accordingly: Represents the difference between the fair market value and the exercise price (intrinsic value) of stock options, the fair market value of restricted stock units, and the fair market target number of performance shares granted for the 2011 - 2013 performance period. Fair market value is defined as the Corporation s 20-day average closing stock price from December 2, 2011 to December 30, 2011 ($37.84), which we refer to as the valuation price.

(3) Assumes that restricted stock units and mid-cycle performance share awards are held after vesting and do not include dividends. Does not account for the impact of taxes (i.e., assumes awards are deferred).

(4) Includes a bonus of 167% of target for 2011.

(5) The 2009 - 2011 performance share award is based on the actual payout of 138% of target. The 2008 2010 performance share award is based on the actual payout of 79.3% of target.

SECTION 4 - COMPENSATION SETTING PROCESS

Compensation Philosophy and Objectives

Our executive compensation program is designed to attract, motivate and retain key executives who drive our success and industry leadership. We achieve these objectives through compensation that:

links a significant portion of total compensation to performance which we believe will create long-term shareholder value;

34

consists primarily of stock-based compensation, which encourages our named executives to act as owners of the Corporation;

is tied to both overall corporate performance as well as individual performance (annual and long-term);

enhances retention in a highly competitive market by subjecting a significant portion of total compensation to multi-year vesting or performance conditions;

discourages unnecessary and excessive risk taking; and

provides a competitive total pay opportunity.

Key factors affecting the Compensation Committee s executive compensation judgments include: (i) the nature and scope of an executive s responsibilities; (ii) an executive officer s performance (including contribution to the Corporation s financial results); and (iii) the Compensation Committee s outside compensation consultant s report(s) on survey and/or proxy data for compensation paid to executives with similar responsibilities in other companies.

Results of 2011 Shareholder Vote on Executive Compensation.

CONSOL has a long-standing practice of engaging in discussions with major shareholders on various topics including executive compensation. The insight we have gained over the years through these discussions has been helpful to the Compensation Committee as it considers and adopts compensation policies relating to our named executives.

While a majority of our shareholders who voted approved our 2010 executive compensation program at our May 2011 annual meeting (55%), we view the vote as an opportunity to consider how to structure our executive compensation programs to be as effective as possible at aligning the interests of our executives and shareholders. At the direction of the Board of Directors, our management conducted a broad shareholder outreach program to evaluate the results of the 2011 vote and to understand the concerns of our shareholders voting against the proposal. Based on this shareholder outreach, we understand that the primary objections expressed by those shareholders who voted against our 2010 executive compensation program related to our stock price performance which was believed to be negatively impacted by a number of factors, including (i) the Dominion Acquisition and (ii) purchasing the 16.7% of the outstanding shares of CNX Gas not held by CONSOL in 2010 (the Take-In Transaction).

In order to facilitate the successful integration of the assets which CONSOL had agreed to purchase from Dominion, CONSOL pursued the Take-In Transaction. Although some of our shareholders were subsequently concerned about the impact that the Take-In Transaction could have on CONSOL s stock price, management believed that CNX Gas lacked the size and borrowing capacity to pursue major growth through acquisitions but that a combined coal and gas company would provide the scope and scale to execute large coal or gas acquisitions and increase the capacity for such transactions. Accordingly, we believed that the Take-In Transaction was a desirable step in achieving the full benefits of the Dominion Acquisition.

As we further discuss in our 2011 Annual Report on Form 10-K accompanying this proxy statement, the Corporation also entered into multiple strategic transactions to create shareholder value by accelerating the development of our natural gas producing assets, including the assets that we purchased from Dominion. These strategic transactions included (i) the Noble Energy transaction, pursuant to which we expect to receive aggregate consideration of approximately $3.3 billion from Noble Energy to jointly develop our Marcellus Shale assets in Pennsylvania and West Virginia, (ii) the sale of a Marcellus Shale overriding royalty interest to Antero for approximately $193 million and (iii) the Hess transaction, pursuant to which we anticipate receiving aggregate consideration of approximately $593 million from Hess to jointly explore and develop our nearly 200,000 Utica Shale acres in Ohio.

Table of Contents

CONSOL listened to its shareholders and responded in 2011 by executing on the above-described transactions. The Compensation Committee has also carefully considered the results of the 2011 shareholder vote on executive compensation and in light of its consideration of the vote and the discussions that the Corporation has had with our shareholders, CONSOL is as committed as ever to its pay for performance philosophy and, in connection with the same, made the following decisions with respect to its 2012 compensation:

Our Chief Executive Officer s 2012 long-term incentive opportunity will be entirely in the form of performance share units that will be earned as follows: (i) 75% on the achievement of goals, including relative total shareholder return, return on capital and safety; and (ii) 25% on our stock price appreciating in value, on an absolute basis, over a two-year period, and on CONSOL achieving goals, over a two-year period, related to promoting long-term growth, including through strategic transactions; and

At management s suggestion, the Compensation Committee did not approve increases to named executive base salaries, and in fact, the Board decreased Mr. Harvey s 2012 salary by $100,000 to $1 million, in favor of shifting more of his compensation to at-risk (as described immediately above).

The Compensation Committee believes that the 2011 compensation of our named executives was carefully tailored to CONSOL s business strategies and aligns with our pay for performance philosophy. We will continue to actively engage in discussions with our shareholders on these matters and consider shareholder sentiments about our core principles and objectives when determining the compensation of our named executives.

Use of Peer Group and other Benchmarking Data

One of the primary factors that the Compensation Committee considers in determining the total compensation opportunities to be provided to each of our named executives is whether such total compensation opportunity is competitive with the total compensation opportunities offered to similarly situated executives by our competitors.

Since we are unique in that we are both a major coal producer and a gas producer, the Compensation Committee has selected a Peer Group of companies, recommended by Deloitte Consulting (Deloitte), the Compensation Committee s outside compensation consultant, which includes a mix of both coal and gas companies (after giving effect to acquisitions and mergers), against which the Compensation Committee measures our overall compensation program. In selecting these companies, the Compensation Committee also considered CONSOL s revenue and market capitalization relative to the following peers, which were used for purposes of establishing compensation for our named executives in 2011:

Alpha Natural Resources, Inc.	Murphy Oil Corp.
Arch Coal, Inc.	Noble Energy, Inc.
Chesapeake Energy Corporation	Peabody Energy Corporation
Devon Energy Corp.	Pioneer Natural Resources Corp
El Paso Corp.	QEP Resources (spun out from Questar Corporation)
EQT Corporation	Southwestern Energy Co.
EOG Resources, Inc.	Spectra Energy Corp.
Massey Energy Company	Williams Companies Inc.

In light of the $3.5 billion Dominion Acquisition and the transformational effect it had on our business, the Compensation Committee asked Deloitte to re-examine CONSOL s peers in May 2010. As a result of that review, Deloitte recommended, and the Compensation Committee and the Board approved, several changes to our former peer group based on company size and/or emphasis on oil and gas exploration expertise (as described in further detail in last year s proxy statement), which produced the Peer Group referenced above. Although the Compensation Committee in prior years typically targeted CONSOL s executive compensation at the 75th percentile of the former peer group, it readjusted the compensation positioning closer to the median to be consistent with CONSOL s revenue and market capitalization relative to our revised Peer Group.

Table of Contents

With respect to the average percentile ranking for the named executives total direct compensation compared to the Peer Group, the compensation consultant found the following in early 2011 when the Compensation Committee established 2011 compensation packages for the named executives:

CONSOL Percentile Rankings Within Peer Group

Total Direct Compensation for Named Executives(1)	Revenue	Market Capitalization
61st percentile	60th percentile(2)	43rd percentile(3)

(1) Total direct compensation includes base salary, annual incentive and grant date value of long-term incentives.

(2) In early 2011, CONSOL s revenues were $5 billion (based on the last quarter in 2009 and the first three quarters in 2010).

(3) In early 2011, CONSOL s market capitalization was $11.6 billion (based on data as of January 3, 2011).

In connection with the preparation of the 2011 compensation program, the compensation consultant benchmarked the proposed compensation packages for the named executives against (i) proxy data available for the Peer Group, and (ii) published survey data (including the Mercer Human Resources Consulting 2010 Executive Compensation Survey, the Watson Wyatt 2010/2011 Top Management Calculator and the Economic Research Institute Executive Compensation Assessor). The proposed 2011 compensation packages for total direct compensation were also compared to the trended energy industry peer group data as the proxy data reflected 2010 pay data only.

The Compensation Committee uses the compensation consultant s benchmarking studies to determine the market pay practices of executives at comparable companies who are similarly situated to our executives. The Compensation Committee s policy is to use the data prepared and presented by the compensation consultant as a reference point or guideline. Our named executives actual compensation may be higher or lower than the compensation paid to executives in similar positions at comparable companies based on CONSOL s financial performance and individual performance.

In light of the named executives history with CONSOL, the depth and breadth of their experiences, their job responsibilities, their individual performances (and CONSOL s performance) in 2010, a review of benchmarking and other materials described herein, the named executives 2011 compensation packages were approved by the Compensation Committee and the independent members of the Board (in the case of our Chief Executive Officer). The proxy benchmarking showed that the average CONSOL percentile rankings of our named executives packages (relative to our peers) was as follows: base salary (77th percentile), annual incentive (42nd percentile at target), and long-term incentives (65th percentile at target).

Role of Compensation Consultant

The Compensation Committee has engaged Deloitte, an outside compensation consulting firm, to assist it with the development of our compensation program. The compensation consultant works for the Compensation Committee in coordination with management.

The Compensation Committee looks to the compensation consultant to review the elements of our compensation program and recommend any modifications thereto, including the appropriate mix of short- and long-term incentives, based on the consultant s review of the market practices of a peer group of companies and the Corporation s compensation objectives. The consultant also provides ongoing input on the design of our incentive programs and the underlying performance metrics.

Process for Evaluating Compensation

In the first quarter of each year, the Compensation Committee meets to establish the base salaries and incentive opportunities and related performance goals of the Corporation s compensation programs. To establish

Table of Contents

compensation for a particular named executive (other than our Chief Executive Officer), the Corporation s human resources personnel make an initial assessment and submit it to our Chief Executive Officer for review. This assessment considers relevant industry salary practices, the complexity and level of responsibility associated with the particular named executive s position, the position s overall importance to the Corporation in relation to other executive positions, and the competitiveness of the named executive s total compensation. Our Chief Executive Officer may make appropriate changes to this assessment based on his determination of such named executive s past performance. The Compensation Committee then reviews: our Chief Executive Officer s compensation recommendations for each named executive (other than himself); our Chief Executive Officer s evaluation of each named executive s performance and internal value; and the benchmarking studies and tally sheets (which includes an equity wealth accumulation analysis) compiled by the outside compensation consultant.

From this mix of information, the Compensation Committee approves, in consultation with the Chief Executive Officer and our outside compensation consultant, the amount of each named executive s annual base salary, short- and long-term incentive compensation.

To establish compensation for our Chief Executive Officer, the Compensation Committee reviews: (i) the benchmarking studies and compensation alternatives compiled by the outside compensation consultant; (ii) the Chief Executive Officer s self-evaluation of his annual performance in light of the prior year s goals and objectives; and (iii) the Board s evaluation of his performance. The Compensation Committee approves and then recommends that the independent members of the Board ratify the compensation of our Chief Executive Officer. Our Chief Executive Officer does not participate in any discussions regarding his performance or his resulting compensation.

Executives Performance Considerations

CONSOL takes a team approach to achieving our strategic vision for CONSOL. The performance of our named executives in light of annually determined goals and objectives (described below) is considered when establishing individual compensation and in determining the pay-out of awards issued under the Short-Term Incentive Compensation Plan. However, the Compensation Committee does not assign any relative weights to these goals and objectives. Rather, the Compensation Committee makes a subjective determination of their achievement based on a review of each named executive s overall performance with respect thereto.

For 2011, our named executives had the following as their combined primary performance goals and objectives (which are consistent with our five core values safety, compliance, continuous improvement, production and cost):

Executives Primary Goals and Objectives for 2011

Health and Safety	Improving and being an industry leader in health and safety by continuing CONSOL s efforts to achieve a zero incident rate and implementing other major health and safety initiatives. The Corporation s efforts to achieve zero accidents are measured by whether the Corporation established an effective safety incentive and training program.
Environment	Continuing to improve environmental compliance and providing industry leadership in the area of the environment.
Continuous Improvement	Continuing to improve and optimize our coal and gas operations and continually improve productivity and efficiency of such operations.
Finance	Improving and protecting the Corporation s financial position, measured by CONSOL s (i) Net Income and (ii) EBITDA.*

Table of Contents

Energy Sales and Marketing	Continuing to secure coal and gas supply agreements with financially stable energy customers (including customers in emerging economy growth markets), expand and diversify CONSOL s market portfolio and mitigate risk. Specific targets are generally not determined, but rather, the Compensation Committee considers, at end of the year, (i) sales prices under the Corporation s coal sales contracts for the year, (ii) the pricing of the Corporation s gas sales contracts and its gas hedge position, and (iii) the Corporation s general market share. The Corporation also considers production volumes and costs per ton with respect to coal results and costs per Mcf with respect to gas results (see *2011 Short-Term Incentive Compensation* set forth below on page 42 for 2011 target information).
Organization and Recruiting	Continuing to develop the best organizational structure for efficiency, communications, and management development.
Growth & Business Development	Expanding core business and business support via acquisitions and joint ventures, and investigating new business opportunities that are synergistic with our existing operations and resources.
Corporate Image & Branding	Continuing to enhance CONSOL s corporate image and build its reputation as a leader in energy and environmental policy, as a community leader, and as a responsible corporate citizen. These efforts are also consistent with our commitment to recruiting and enhancing the Corporation s image as an employer.
Regulatory Risk Management	Actively managing potential adverse risk associated with new governmental regulations that will impact our business.
Corporate Governance	Effectuating good corporate governance by continuing to assist the Board in its oversight of CONSOL and further enhancing communication between management and the Board.

*CONSOL s EBITDA and Net Income targets for 2011 were $1,434,276,000 and $382,683,000, respectively. Please refer to *Reconciliation of Non-GAAP Financial Information* on page 53 for information on the calculation of the target EBITDA for 2011.

The Compensation Committee, in conjunction with our Chief Executive Officer, determined that our other named executives exceeded their 2011 goals and objectives.

Table of Contents

SECTION 5 - COMPENSATION DECISIONS FOR 2011

Elements of Executive Compensation Program

In 2011, we continued to compensate our named executives through the following elements of our executive compensation program:

Compensation Element	Form of Compensation	Performance Criteria	Purpose
1. Base Salary (page 42)	Cash	Individual performance and experience in the role are factors in determining base salaries.	To provide fixed compensation necessary to attract and retain key executives and to offset the cyclicality in our business that may impact variable pay year-to-year.
2. Short-Term Incentive (page 42)	Cash	Performance criteria include production, operating cost and safety goals determined by the Board, together with individual goals. Payout requires that one of the following performance conditions is satisfied for that year: (i) total shareholder return (relative to TSR Peer Group), (ii) net income or (iii) EBITDA.	To provide incentives to our employees to achieve performance goals and to reward our employees for the achievement of those goals.
3. Long-Term Incentive (page 46)	Performance Share Units (PSUs) (3-year cliff vesting) Performance-Based Options (Performance Options) (one-time award granted in 2010 with 4-year ratable vesting, if goals are achieved) Restricted Stock Units (RSUs) (3-year ratable vesting; granted to NEOs, excluding the Chief Executive Officer) Stock Options (3-year ratable vesting) All equity awards settle in stock.	For PSUs granted in 2011, performance criteria include TSR, average return on capital and safety. For PSUs granted in 2009 (but paying out in 2012), performance criteria include TSR and EBITDA. For both tranches of PSUs, payout requires that one of the following performance conditions is satisfied for the three-year performance period: (i) total shareholder return (relative to TSR Peer Group), (ii) net income or (iii) EBITDA. For Performance Options, vesting is dependent upon satisfying annual gas production and operating cost goals. RSUs and Options are time-based vesting.	To create a strong incentive for our key management members to achieve our short- and long-term performance objectives and strategic plan, and to align management s interests with our shareholders interests.

40

Compensation Element	Form of Compensation	Performance Criteria	Purpose
4. Post-Employment (page 50)	Employment Agreement (Chief Executive Officer only) Letter Agreement (Chief Legal Officer only) Change in Control Agreements Other Retirement Benefits	-	To attract and retain key management members and, for change in control agreements, to motivate executives to take actions that are in the best interests of CONSOL.
5. Perquisites (page 53)	Country Club Memberships Corporate Aircraft Financial Planning Vehicle Allowance	-	To provide a competitive compensation package and, in certain cases, to optimize an executive officer s time.

As illustrated by the charts below, a significant portion of our named executives 2011 target total direct compensation was granted in the form of short-term and long-term incentives and is at risk. We believe that this compensation mix ensures a strong link between our named executives compensation and the Corporation s performance and motivates our named executives to deliver strong business performance results and to create shareholder value, without rewarding inappropriate risks.

Target Pay Mix in 2011[1]

Table of Contents

(1) Short-Term Incentive Plan awards assumes a target payout and for long-term incentive awards, assumes grant date values of equity incentives. Named executives may receive zero or less than target for poor performance, and more than target for superior performance.

(2) The 2011 target pay mix for the EVP - Energy Sales is based on pay approved by the Compensation Committee in February 2011 and does not include his September 2011 promotion-related increase in pay.

A significant amount of every named executive s compensation is at-risk and aligned with our shareholders interests, consistent with the discussion above regarding the amount of pay at-risk for our Chief Executive Officer. If the Corporation s stock price does not perform well, our named executives do not realize the target value of their at-risk compensation.

2011 Base Salary

The base salaries are designed to provide a level of fixed compensation that is necessary to attract and retain key executives and to offset the cyclicality in our business that may impact variable pay year-to-year. Factors considered in establishing base salaries include external market data, the internal worth and value assigned to the named executive s role and responsibilities at CONSOL, and the named executive s skills and performance.

The Compensation Committee (and, in the case of the Chief Executive Officer, the independent members of the Board) reviewed the base salaries of our named executives in February 2011. The Compensation Committee approved annual base salary increases for each of our named executives, other than our Chief Executive Officer. These increases were attributable, in part, to outstanding performances in 2010, and with respect to our President and EVP - Energy Sales, their promotions in February 2011 and September 2011, respectively. In order to further align our Chief Executive Officer s compensation with our stakeholders interests and to place more emphasis upon performance, the Compensation Committee recommended, and the independent members of the Board approved, maintaining the Chief Executive Officer s base salary from 2010, and increased his performance-based compensation (as further explained below).

The annual base salaries for 2011 were as follows:

Named Executive	**Salaries for 2011**
Chief Executive Officer	$ 1,100,000
President	$ 690,000
Chief Financial Officer	$ 565,000
Chief Legal Officer	$ 450,000
EVP Energy Sales	$ 480,000

2011 Short-Term Incentive Compensation

The Short-Term Incentive Compensation Plan (which we call the Short-Term Plan) is designed to deliver annual cash awards when CONSOL and our named executives are successful in meeting or exceeding established performance targets and to pay less, or nothing at all, when CONSOL and/or our employees fall short of these targets. The Short-Term Plan provides incentive compensation (measured at target) that is comparable to compensation provided by companies with which CONSOL competes for executive talent.

Table of Contents

The Committee calculated the actual amount of the awards by strictly adhering to the following formula:

Each of the individual results, coal results and gas results are measured independently, with scores ranging from 70-200% for each target, with a 100% score indicating target performance and a higher score (up to 200%) indicating above target performance. If the minimum score of 70% is not reached for a particular goal, a score of zero was recorded for that goal. Individual results are based on multiple factors (which are described on page 38) that the Compensation Committee considers on a holistic, qualitative, rather than quantitative, basis. All corporate goals were derived from the Board-approved profit objective. For purposes of 2011, the Annual Incentive Compensation Factor was calculated as follows:

(1) Production and Operating Cost/Ton for the Gas Results were adjusted by the Committee to eliminate the effect of the Noble and Antero transactions.

Table of Contents

The ultimate payouts to our named executives for 2011 performance were as follows:

Short-Term Plan Payout Information (2011 Performance)

Named Executive	Target Opportunity Percentages for 2011 (as a % of Base)(1)	Target Payout	Maximum Potential Payout	Actual Payout(2)
Chief Executive Officer	150%	$1,650,000	$3,300,000	$2,754,884
President	110%	$759,000	$1,518,000	$1,267,247
Chief Financial Officer	70%	$395,500	$791,000	$627,379
Chief Legal Officer	60%	$270,000	$540,000	$423,799
EVP Energy Sales	60%	$288,000	$576,000	$480,852

(1) The Compensation Committee determined the 2011 Target Opportunity Percentages for our named executives based on a review of competitive data and performance. The Compensation Committee approved (and in the case of the Chief Executive Officer, the independent members of the Board approved) the Target Opportunity Percentages and Target Payouts for each of the named executives.

(2) In February 2012, our Chief Executive Officer reviewed and discussed with the Compensation Committee his assessment of the other named executives performances in 2011 relative to the target goals referenced above. Our Compensation Committee concurred with our Chief Executive Officer s assessment of executive performance and approved performance scores for our President, Chief Financial Officer, Chief Legal Officer and EVP Energy Sales that were at or within the following range: 170% to 200%. Similarly, the Compensation Committee and the independent members of the Board reviewed and evaluated the Chief Executive Officer s self-assessment in light of his stated goals and objectives and agreed to an individual performance score of 200%.

The Short-Term Plan awards granted to our executive officers are intended to comply with Section 162(m) of the Internal Revenue Code of 1986, as amended (the Code), in order to maximize tax deductions for our shareholders. Accordingly, these awards contain performance-based conditions. If the performance conditions are met, the Compensation Committee may award 200% of the target award. However, the Compensation Committee strictly followed the pre-determined performance-based formula for the 2011 Short-Term Plan (as discussed above) to reduce the actual awards, irrespective of its ability to permit awards significantly more than that amount. For the 2011 Short-Term Plan, two of the three performance conditions were met, as described below:

STIC Performance Conditions	Valuation of Performance Conditions	Explanation of Performance Conditions	Actual Results for 2011
EBITDA	³ $717,138,000(1)	50% of CONSOL s Board-approved target EBITDA for 2011	$1,777,682,000(1) (condition satisfied)
Net Income	³ $191,342,000	50% of CONSOL s Board-approved target Net Income for 2011	$623,497,000 (condition satisfied)
Total Shareholder Return	³50th percentile	Ranking among our TSR Peer Group(2)	46th percentile (condition not satisfied)

(1) Please refer to *Reconciliation of Non-GAAP Financial Information* on page 53 for information on the calculation of the EBITDA performance condition and the actual EBITDA**.**

Table of Contents

(2) The 2011 Short-Term Plan Shareholder Return Peer Group (the TSR Peer Group) was composed of the following companies:

Alliance Resource Partners, L.P.	International Coal Group Inc.
Alpha Natural Resources, Inc.	James River Coal Company
Anadarko Petroleum Corporation	Massey Energy Company
Apache Corporation	Newfield Exploration Company
Arch Coal Inc.	Nexen Inc.
Cabot Oil & Gas Corporation	Noble Energy Inc.
Callon Petroleum Co/DE	Peabody Energy Corporation
Chesapeake Energy Corporation	Penn Virginia Corporation
Cimarex Energy Co.	Pioneer Natural Resources Company
Comstock Resources Inc.	Rio Tinto Group (GBR) ADR
Denbury Resources Inc.	St. Mary Land & Explor Company
Devon Energy Corporation	Stone Energy Corporation
Encana Corporation	Ultra Petroleum Corporation
EOG Resources, Inc.	Westmoreland Coal Company

In the event a peer group company ceased to exist during the performance period (as was the case with International Coal Group, Inc. and Massey Energy Company), that company could be excluded from the calculation of total shareholder return; provided, however, that any peer group company that was liquidated and/or filed for Chapter 11 reorganization would not be deemed excluded, but rather would automatically be deemed to be in last place for purposes of calculating total shareholder return.

The 28 companies listed above were recommended by Deloitte and approved by our Compensation Committee and the Board, as being companies with which we compete for investor dollars in the market. The Compensation Committee believes that from an investor s perspective these companies are similar to CONSOL. Unlike the 16-company Peer Group used to benchmark compensation pay levels, this TSR Peer Group was not selected based on company size and represents a broader mix of energy companies.

Table of Contents

Awards of 2011 Long-Term Incentive Compensation

The long-term incentive compensation that we provide is designed to create a strong incentive for our named executives to achieve our longer-term performance objectives in the strategic plan and to align management s interests with our shareholders interests.

Mix of Long-Term Incentive Compensation

The Compensation Committee generally believes that combined grants of stock options, restricted stock units and performance share units for our named executives provide a balance between risk and potential reward. Stock options and restricted stock units have three-year ratable vesting and the performance share units have three-year cliff vesting, if earned. These allocations are based primarily on a desire to balance risk and retention. The Compensation Committee also determined that this equity mix would reward stock price appreciation as well as financial performance over both the short- and long-term.

In February 2011, the Compensation Committee determined that target long-term incentive opportunities for our named executives (and in the case of our Chief Executive Officer, the independent members of the Board) would be composed of the following mix of equity awards:

Equity Mix for Named Executives (2011 Grants)

Long-Term Incentive Compensation Awards

As a result of the Compensation Committee s decisions regarding the mix of 2011 long-term incentive compensation awards, the Compensation Committee approved the following equity awards for the named executives (in the dollar amounts shown below):

Named Executive	Stock Options	Restricted Stock Units	Performance Share Units (Target)
Chief Executive Officer(1)	$ 1,500,000	$ 0	$ 7,625,000
President(2)	$ 675,000	$ 675,000	$ 1,350,000
Chief Financial Officer	$ 513,167	$ 513,167	$ 513,167
Chief Legal Officer	$ 260,000	$ 260,000	$ 260,000
EVP Energy Sales(3)	$ 191,333	$ 191,133	$ 191,333

(1) The Compensation Committee and the independent members of the Board approved maintaining a long-term incentive mix for 2011 that stressed performance-based awards. Accordingly, our Chief Executive Officer s target long-term incentive opportunity for 2011 was 16% of stock options and 84% of performance share units.

(2) As part of our President s promotion to this position, the Compensation Committee increased the portion of his long-term compensation which is at-risk. Accordingly, our President s target long-term incentive opportunity for 2011 was 25% in stock options, 25% in restricted stock units, and 50% in performance share units.

(3) In connection with Mr. Pusateri s promotion and assumption of additional duties in September 2011, the Compensation Committee awarded him an option to purchase 3,638 shares and 1,392 restricted stock units with each award generally vesting ratably over a three-year period if he remains employed with CONSOL. Additional information regarding each of the equity grants and their terms and conditions is more fully described in *Understanding Our Summary Compensation and Grants of Plan-Based Awards Tables* on page 59. The value of performance share units included in the table above (as well as the Summary Compensation Table) is based on the target amounts of the awards multiplied by the closing market price of CONSOL s common stock on the grant date and the number of stock options received by an individual is based on CONSOL s calculation of the Black-Scholes value for stock options on the grant date.

Stock Options and Restricted Stock Units

The Compensation Committee believes that our stock option and restricted stock unit awards promote the achievement by CONSOL of short- and long-term performance objectives, while aligning our named executives interests with CONSOL s shareholders. The stock option and restricted stock unit awards vest ratably over a three-year period with the goal of promoting sustained performance and retention of our named executives. See *Stock Options* on page 82 and *Restricted Stock Units* on page 84 for a more detailed description of these awards, related restrictive covenants and the effects of employment termination.

Performance Share Units

The Compensation Committee believes that our performance share unit awards align the interests of our employees with those of our shareholders because the settlement of such awards are necessarily tied to the achievement of pre-approved, cumulative three-year performance conditions.

In February 2011, the Compensation Committee approved (and the independent members of the Board with respect to the Chief Executive Officer approved) performance share unit awards (along with associated dividend equivalent rights, which accrue and are ultimately paid in stock only if the underlying units vest) for each of our named executives for the performance period of January 1, 2011 through December 31, 2013. See *Performance Share Units* on page 85 for a more detailed description of these awards, related restrictive covenants and the effects of employment termination.

The Committee calculates the actual number of performance units that vest as follows:

Step 1

(1) Comprised of the same companies used with the Short-Term Plan.

Table of Contents

Step 2

Similar to the Short-Term Plan, the 2011 performance share unit awards granted to our executive officers are intended to comply with Section 162(m) of the Code in order to maximize tax deductions for our shareholders. Accordingly, these awards contain performance-based conditions. If the performance conditions are met, the Compensation Committee may award 250% of the target award. The Compensation Committee may then utilize its downward discretion to reduce the amount payable to the awards calculated under the formula described above. For the performance share unit awards to become payable any one of the following three performance conditions must be met:

LTIP Performance Conditions (3-year period: 2011-13)	Explanation of Performance Conditions
EBITDA	50% of CONSOL s Board-approved target EBITDA for 2011-13*
Net Income	50% of CONSOL s Board-approved target Net Income for 2011-13*
Total Shareholder Return	³ 50th percentile ranking among our TSR Peer Group
	(comprised of same companies as discussed above with the Short-Term Plan)

* The Compensation Committee determined that the ROCE, EBITDA and Net Income target numbers constitute confidential information. When ROCE, EBITDA and Net Income goals were established, the Compensation Committee believed that they were challenging, yet achievable target levels based upon a review of CONSOL s performance in the prior three-year period and its business goals and objectives for the performance period covering 2011-2013. EBITDA will be calculated using the Target EBITDA formula set forth under *Reconciliation of Non-GAAP Financial Information* for the 2009-2011 performance share unit awards; provided, however, EBITDA and Net Income shall be adjusted for the following items (if applicable): (i) fluctuations in gas prices from the Board-approved profit objective; (ii) the effect of changes in accounting principles; (iii) expenses associated with reorganizations and/or restructuring programs, including, but not limited to, reductions in force (pursuant to ACS 420) and early retirement incentives; and (iv) impairment of tangible or intangible assets (pursuant to ACS 360). ROCE is a ratio that indicates the efficiency and profitability of a company s invested capital. It is calculated by taking the annual Net Income plus after-tax financing costs divided by the average equity plus long-term debt. The target goals will be disclosed in the 2014 proxy once the performance period has been completed and earned awards are reported.

Table of Contents

Payout of Previously Awarded Long-Term Awards

Payout of Performance Share Units Under the 2009-2011 Long-Term Incentive Program

In February 2009, the Compensation Committee approved (and, in the case of our Chief Executive Officer, the independent members of the Board approved) the award of performance share units (along with associated dividend equivalent rights, which accrue and are ultimately paid in stock only if the underlying units vest) to our named executives and other key employees, which awards had a performance period from January 1, 2009 to December 31, 2011.

The Committee determined the actual amount of the awards by strictly adhering to the following formula (each metric is equally weighted):

*Please refer to *Reconciliation of Non-GAAP Financial Information* on page 53 for information on the calculation of the target EBITDA, the actual EBITDA, and the LTIP adjusted EBITDA for 2009-11.

As a result of the above performance determinations, the performance share units were settled as follows:

Named Executive	**Performance Share Units Granted in February 2009 (Target) (including Subsequent Dividends)**	**Shares of Common Stock (Earned Performance Share Units)**
Chief Executive Officer	96,132	132,663
President	25,117	34,662
Chief Financial Officer	15,656	21,606
Chief Legal Officer	5,295	7,308
EVP Energy Sales	4,025	5,555

Table of Contents

As with the Short-Term Plan awards and the 2011 performance share unit awards, the 2009 performance share unit awards granted to our executive officers were intended to comply with Section 162(m) of the Code to maximize tax deductions for our shareholders. Accordingly, we established the following performance conditions which, if achieved, allow the Compensation Committee to award up to 200% of the target award. Because at least one of the following performance conditions was met, the 2009 performance share unit awards became payable. The vesting of these awards was conditioned on the achievement of at least one of the following performance conditions and the final award was based on the formula described above on page 48:

LTIP Performance Conditions (2009-11)	Valuation of Performance Conditions	Explanation of Performance Conditions	Actual Results for 2009-11
EBITDA	³ $1,736,000,000(1)	50% of CONSOL s Board-approved target EBITDA for 2009-11	$4,753,362,682(1)(2) (condition satisfied)
Net Income	³$691,666,500	50% of CONSOL s Board-approved target Net Income for 2009-11	$1,837,368,609(2) (condition satisfied)
Total Shareholder Return	³50th percentile	Ranking among our TSR Peer Group(3)	42nd percentile (condition not satisfied)

(1) Please refer to *Reconciliation of Non-GAAP Financial Information* on page 53.

(2) In accordance with the terms of the LTIP at the time the awards were established in 2009, EBITDA and Net Income calculations were adjusted for the impairment of intangible and tangible assets, fluctuations in natural gas prices and expenses associated with reorganizations and restructurings and early retirement incentives.

(3) Stock price appreciation/depreciation plus the compounding effect of reinvested dividends) compared to the companies in a TSR Peer Group (as set forth in the 2010 proxy).

Additional information regarding the 2009 LTIP is included in the CONSOL proxy statement filed on March 24, 2010.

Dominion Award (Nonqualified Performance Stock Option Award)

In June 2010, the Corporation adopted a transaction incentive plan (the Transaction Incentive Plan) to incent management to achieve the gas production and operating cost goals in connection with the Dominion Acquisition, which the Corporation considers to have been a transformational opportunity. Pursuant to the terms of the Transaction Incentive Plan, the Compensation Committee granted four-year nonqualified performance stock options (the Performance Options) to certain named executives and key employees of the Corporation, who the Compensation Committee deemed to be instrumental in the successful integration and development of the Dominion assets. Among others, Messrs. Harvey, DeIuliis, Lyons, Richey and Pusateri each received Performance Options. The exercise price of the options ($45.05) was set at a dollar amount 12% higher than the Corporation s closing stock price on the date the Performance Options were granted ($40.22), so as to ensure that the Corporation s shareholders were rewarded before the Performance Option recipients. The 12% stock option premium was intended to capture the decrease in CONSOL s stock price that was attributable to announcing the Dominion transaction (and not changes in the general stock market). This premium was calculated by taking the percent difference between (i) CONSOL s 20-day average stock price ending March 12, 2010 (the last trading day before announcing Dominion Acquisition on March 15, 2010) of $51.59 and (ii) CONSOL s 20-day average stock price beginning on March 15, 2010 and ending April 12, 2010 of $45.25. For a description of the additional terms of the Performance Options, see *Understanding Our Summary Compensation And Grants Of Plan-Based Awards Tables* on page 59.

The terms of the award agreements provide that, subject to a Participant s continuous employment with the Corporation and the Corporation s achievement of certain gas production goals and operating cost goals (the Annual Performance Goals), in each of the fiscal years ending December 31, 2010, 2011, 2012 and 2013,

50

Table of Contents

respectively (each a Performance Period), up to twenty-five percent (25%) of the Performance Options may vest and become exercisable with respect to each such Performance Period, on such date as the Compensation Committee certifies that the applicable Annual Performance Goals with respect to such Performance Period and other material terms of the award agreements have been satisfied.

The performance goals and corresponding results were determined by the Compensation Committee as follows:

Vesting Criteria (weighted 50% each)	2010 Performance Period (6-months ending December 31, 2010)	2011 Performance Period (12-months ending December 31, 2011)
Gas Production Goals (Bcf)	70 Bcf (Actual Results: 72)	163 Bcf (Actual Results: 163Bcf, which includes 1.9 Bcf of excess production from 2010)[1]
Gas Operating Cost Goals ($/Mcf)	$3.68/Mcf (Actual Results: $3.67/Mcf)	$3.64/Mcf (Actual Results: $3.64/Mcf)

[1] In accordance with performance options terms, we were able to apply 1.9 Bcf of excess production from 2010 to arrive at the 2011 production goal of 163 Bcf (because we were 2 Bcf over in 2010), as the results are measured on a cumulative basis. These results exclude the impact of the Noble Energy transaction.

Because the performance goals were satisfied for purposes of 2010 and 2011, 50% of each of the Performance Option awards became exercisable (25% in February 2011 and 25% in February 2012). The following table represents the Performance Options that were originally granted, and the portion that vested for purposes of the 2011 Performance Period:

Name	Shares Underlying Performance Option Awards Granted on June 15, 2010	Percentage of Performance Option Awards that Vested (January 1, 2011 through December 31, 2011)	Number of Performance Option Shares that Vested in 2011	Percentage of Performance Option Awards Remaining Unvested as of March 31, 2012
J. Brett Harvey	243,273	25%	60,818	50%
Nicholas J. DeIuliis	152,046	25%	38,011	50%
William J. Lyons	97,309	25%	24,327	50%
P. Jerome Richey	60,819	25%	15,204	50%
Robert F. Pusateri	60,819	25%	15,204	50%

Although 50% of the options have vested thus far, because the exercise price is greater than our current stock price, no value is realizable on the performance options.

SECTION 6 - OTHER COMPENSATION POLICIES AND INFORMATION

Retirement Benefit Plans

CONSOL also maintains retirement benefit plans which are intended to attract and retain key talent including a supplemental executive retirement plan. These retirement plans are more fully described in *Understanding Our Pension Benefits Table* on page 66.

Employment and Letter Agreements

We originally entered into an employment agreement with our Chief Executive Officer in 1997 and into a letter agreement with our Chief Legal Officer in 2005. CONSOL entered into each of these agreements for purposes of attracting the particular executive to CONSOL. In the case of our Chief Executive Officer s employment agreement, the Compensation Committee believed that such an agreement was necessary for purposes of maintaining consistency with market and past practice and retaining our Chief Executive Officer. In consideration for the benefits provided in the employment agreement with our Chief Executive Officer, the employment agreement contains a two-year post-termination noncompetition covenant and a confidentiality covenant, which protect CONSOL against the risk that our Chief Executive Officer, who has significant experience with, and knowledge of, CONSOL from leaving and joining a competitor. For a description of the additional terms of each of these agreements, see *Understanding our Summary Compensation and Grants of Plan-Based Awards Tables* on page 59 and *Understanding Our Change in Control and Employment Termination Tables* on page 77.

Change in Control Agreements

We previously entered into change in control agreements with each of our named executives (which we refer to as CIC Agreements). Under the CIC Agreements, each named executive will receive severance benefits if such person s employment is terminated or constructively terminated after, or in connection with, a change in control (as defined in the respective CIC Agreements) if such named executive enters into a general release of claims reasonably satisfactory to us (i.e., a double trigger agreement). Under these circumstances, these named executives would be entitled to receive a lump sum cash payment equal to a multiple of base pay plus a multiple of incentive pay (as defined in their respective CIC Agreements) as follows:

Named Executive	**Multiple of Base Salary and Incentive Pay**
Chief Executive Officer	3.0
President	2.5
Chief Financial Officer	2.5
Chief Legal Officer	2.0
EVP Energy Sales	2.0

Additionally, benefits would be continued for two to three years and equity grants would vest. The Compensation Committee believes that providing change in control benefits in each of the CIC Agreements and equity award agreements will motivate executives to take actions that are in the best interests of CONSOL and its shareholders and reduce the distraction regarding the impact of such a transaction on the personal situation of an executive. To protect our business interests, the CIC Agreements and equity award agreements also contain confidentiality obligations, a one-year non-competition covenant and a two-year non-solicitation covenant. Additional terms of these agreements are more fully described in *Understanding Our Change in Control and Employment Termination Tables* on page 77.

In connection with the Compensation Committee s objective to provide compensation opportunities that will attract and retain superior executive personnel who will make significant contributions to CONSOL, our CIC agreements that were entered into several years ago provide for tax gross-ups in the event of a change in control. If it is determined that any payment or distribution by CONSOL or CNX Gas (in the case of its President) to or for the disqualified person s benefit would constitute an excess parachute payment, CONSOL or CNX Gas (in the case of its President) will pay to the disqualified person a gross-up payment, subject to certain limitations, such that the net amount retained by the disqualified person after deduction of any excise tax imposed under Section 4999, and any tax imposed upon the gross-up payment, will be equal to the excise tax on such payments or distributions. In connection with incorporating gross-up provisions in the CIC agreements, the Compensation Committee determined that such gross-up payments were consistent with general market practice at the time these agreements were entered into and ensured that each executive received the intended level of severance benefits, unencumbered by the 20% excise tax. In 2011, CONSOL did not enter into any new agreements or amend any existing agreements, to provide for the gross-ups described above.

Stock Ownership Guidelines for Executives

The stock ownership guidelines provide that all employees designated as officers for purposes of the policy should own shares of the Corporation s stock, the value of which is a multiple of that employee s base salary. Shares issuable upon the exercise of stock options or settlement of performance share units held by an individual are not counted for purposes of determining whether an individual has satisfied the ownership guideline requirement. In

Table of Contents

connection with granting Performance Options, the Compensation Committee increased the stock ownership guidelines as follows:

Named Executive	Multiple of Base Salary
Chief Executive Officer	5.5
President	3.5
Chief Financial Officer	3.5
Chief Legal Officer	2.5
EVP Energy Sales	2.5

Our stock ownership guidelines were implemented by the Compensation Committee in order to further align our named executives interests with those of our shareholders and to comply with best practices. CONSOL reviews compliance with the stock ownership guidelines annually. As of February 2012, all of our named executives had satisfied their stock ownership guidelines.

Insider Trading/Hedging Policy

Our Insider Trading Policy prohibits directors, officers and employees from engaging in any of the following activities with respect to securities of CONSOL (except as otherwise may be approved in writing by the General Counsel): (i) purchase of CONSOL stock on margin; (ii) short sales; (iii) buying or selling options (other than those granted by CONSOL), including buying or selling puts or calls or other hedging transactions with CONSOL securities; or (iv) pledging CONSOL stock (provided, however, that brokerage account agreements may grant security interests in securities held at the broker to secure payment and performance obligations of the brokerage account holder in the ordinary course).

Perquisites

We provide our named executives and other senior officers with perquisites that we believe are reasonable, competitive and consistent with CONSOL s compensation program. Our principal perquisite programs include the personal use of the corporate aircraft in accordance with the terms and conditions of the Aircraft Policy, country club memberships, financial planning assistance, and a vehicle allowance. These programs are more fully described in the footnotes to the Summary Compensation Table and *Understanding Our Summary Compensation and Grants of Plan-Based Awards Tables* on page 59. In early 2009, management and our Board collectively decided to eliminate tax gross-ups on CONSOL-provided perquisite programs for our named executives.

Tax, Accounting, and Regulatory Considerations

We consider the effect of tax, accounting and other regulatory requirements in designing and implementing our compensation programs, and while these factors may impact plan designs, ultimately decisions reflect the pay strategy of the Corporation and the program intent. For example, all key components of our Chief Executive Officer s compensation are structured to be deductible, with the exception of $100,000 of his base salary in 2011 (which was in excess of $1 million). As discussed above, our Chief Executive Officer s base salary for 2012 was reduced to $1 million in favor of shifting more of his compensation to be at-risk.

With some exceptions, Section 162(m) of the federal income tax laws limits CONSOL s deduction for compensation in excess of $1 million paid to certain covered employees (generally our Chief Executive Officer and the three next highest-paid executive officers). Compensation paid to covered employees is not subject to the deduction limitation if it is considered qualified performance-based compensation within the meaning of Section 162(m) of the Code. Awards made under our Short-Term Plan, stock option awards and our LTIP are intended to comply with Section 162(m) of the Code.

SECTION 7 - RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION

We define EBITDA as earnings before deducting net interest expense (interest expense less interest income), income taxes and depreciation, depletion and amortization.

Table of Contents

Reconciliations for the 2011 Performance Period

Target EBITDA (2011). Our target EBITDA for the 2011 performance period of $1,434,276,000 was calculated as follows: Net Income ($382,683,000), plus net interest expense ($276,177,000), plus income taxes ($97,920,000), plus DD&A ($677,496,000).

Actual EBITDA (2011). For information on the calculation of our actual EBITDA for 2011 of $1,777,682,000, please refer to Part II, Item 6 (page 54) of our 2011 Annual Report on Form 10-K accompanying this proxy statement.

Reconciliations for the 2009-11 Performance Period

Target EBITDA (2009-11). Our target EBITDA for the 2009-11 performance period of $3,472,000,000 was calculated as follows: Net Income ($1,383,000,000), plus net interest ($140,000,000), plus income taxes ($614,000,000), plus DD&A ($1,335,000,000).

Actual EBITDA (2009-11). For information on the calculation of our actual EBITDA for 2009-11 of $4,222,740,000, please refer to Part II, Item 6 (page 54) of our 2011 Annual Report on Form 10-accompanying this proxy statement.

Actual EBITDA (2009-11) - Adjusted Per LTIP. Pursuant to the LTIP program document for the 2009-11 performance period, certain specified adjustments are permitted be made to the final EBITDA calculation. Accordingly, the actual EBITDA for the 2009-11 performance period was increased from $4,222,740,000 (as referred to immediately above) to $4,753,362,682 for the performance condition and $5,151,355,682 for the payout measure. These increases of $530,622,682 and $928,615,682 for the performance condition and the payout measure, respectively, were attributable to the following formulaic adjustments, which are permitted by the terms of the program document: (i) fluctuations in natural gas prices, (ii) expenses associated with reorganizations, and (iii) intangible and tangible impairments pursuant to ASC 360, and with respect to the payout measure, additional adjustments were made for extraordinary/unusual items. These adjustments are made on an annual basis and are consistently applied year-to-year.

Actual Net Income (2009-11) - Adjusted Per LTIP. Pursuant to the LTIP program document for the 2009-11 performance period, certain specified adjustments are permitted be made to the final Net Income calculation. Accordingly, the actual Net Income for the 2009-11 performance period was increased from $1,518,995,000 to $1,837,368,609 for the performance condition. This increase for the performance condition was attributable to the following formulaic adjustments, which are permitted by the terms of the program document: (i) fluctuations in natural gas prices, (ii) expenses associated with reorganizations, and (iii) intangible and tangible impairments pursuant to ASC 360. These adjustments are made on an annual basis and are consistently applied year-to-year.

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis set forth above with CONSOL s management and, based upon such review and discussion, the Compensation Committee recommended to our Board that the Compensation Discussion and Analysis be included in this Proxy Statement. The Compensation Committee s charter is available on our website at *www.consolenergy.com*.

Members of the Compensation Committee:

William P. Powell, Chairman

Philip W. Baxter

John T. Mills

Joseph T. Williams

The foregoing Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other filing of CONSOL under the Securities Act of 1933 or the Exchange Act, except to the extent that the Corporation specifically incorporates the Report by reference therein.

Table of Contents

COMPENSATION POLICIES AND PRACTICES AS THEY RELATE TO CONSOL S RISK MANAGEMENT

Our compensation program is designed to motivate and reward our employees and executive officers for their performance during the fiscal year and over the long-term and for taking appropriate business risks.

In 2011, the Board requested that the Compensation Committee work with management to assess the Corporation s risks, if any, associated with our compensation policies and practices. Accordingly, several members of our management team conducted an assessment of the risks arising from our compensation policies and practices. The team reviewed and discussed the design features, characteristics, performance metrics and approval mechanisms for all of our various compensation components, to determine whether any of our compensation policies or programs could create risks that would be reasonably likely to have a material adverse effect on the Corporation. The assessment was reviewed by our Internal Auditors and Human Resources Department. Based on this review, management, the Compensation Committee and the full Board identified the following risk mitigating components, which, in their opinion, would be likely to reduce incentives for excessive risk taking and mitigate any incentives to maximize short-term results at the expense of long-term value:

Balanced Pay Mix: The target compensation mix is heavily weighted towards long-term incentive compensation.

Mix of Performance Metrics: We do not rely on a single performance metric to determine payouts for performance-based awards. Instead, performance targets are tied to a variety of financial metrics, including Safety, EBITDA, Net Income and TSR. Performance-based awards are also based, in part, on the achievement of strategic and operational objectives in addition to financial metrics.

Calculation and Verification of Performance: Controls are in place to ensure accuracy of calculations as to actual performance against metrics. In cases where management determines performance scores, the Compensation Committee (and the independent members of the Board with respect to Mr. Harvey) generally reviews and makes judgments regarding these determinations.

Negative Discretion: The Compensation Committee has discretion to reduce performance-based awards when it determines such adjustments would be appropriate based on the Corporation s and the employees performance.

Cap on Incentive Payouts: Our incentive programs use financial measures with sliding scales, with amounts interpolated for awards between $0, target and maximum. Payouts are capped at 200% or 250% of the target award to protect against excessive payouts.

Performance Period and Vesting Schedules: The performance period and vesting schedules for long-term incentives overlap and, therefore, reduce the motivation to maximize performance in any one period.

Stock Ownership Guidelines: As it relates to our executives, this policy requires our Chief Executive Officer to own equity in the Corporation of five and one-half times his salary and other executive officers to own equity of two and one-half to three and one-half times their salary, and to retain this level of ownership throughout their tenure with us.

Based on its review of the Corporation s internal controls and the risk mitigating components of the Corporation s compensation programs identified in the management team s risk assessment, together with the assistance of its outside compensation consultant, it was determined that the Corporation s compensation policies and practices do not encourage our executives or our other non-executive employees to take excessive risks that are reasonably likely to have a material adverse effect on the Corporation.

Table of Contents

SUMMARY COMPENSATION TABLE - 2011, 2010 AND 2009

The following table discloses the compensation for Mr. Harvey, the principal executive officer of CONSOL, William J. Lyons, the principal financial officer of CONSOL, and the other three most highly compensated executive officers of CONSOL who were serving as executive officers at the fiscal year ended December 31, 2011, whose total annual compensation (excluding items described in the column entitled *Change in Pension Value and Nonqualified Deferred Compensation Earnings*) exceeded $100,000.

Name and Principal Position (a)	Year (b)	Salary (c)	Stock Awards[1] (d)	Option Awards[2] (e)	Non-Equity Incentive Plan Compensation[3] (f)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4] (g)	All Other Compensation (h)[5]	Total (i)
J. Brett Harvey[6]	2011	$ 1,100,000	$ 8,924,607[7]	$ 1,597,207	$ 2,754,884	$ 2,725,902	$ 98,937[8]	$ 17,201,537
Chairman and CEO	2010	$ 1,086,154	$ 5,802,288	$ 6,943,384	$ 2,750,000	$ 3,527,334	$ 142,045	$ 20,251,205
	2009	$ 1,038,462	$ 4,220,646	$ 3,101,558	$ 2,262,000	$ 3,100,964	$ 128,854	$ 13,852,484
William J. Lyons	2011	$ 561,057	$ 1,113,816[9]	$ 546,422	$ 627,379	$ 913,543	$ 44,296[10]	$ 3,806,513
EVP and CFO	2010	$ 536,012	$ 1,044,692	$ 2,081,785	$ 675,000	$ 1,133,090	$ 43,003	$ 5,513,582
	2009	$ 525,342	$ 951,404	$ 439,375	$ 620,000	$ 1,305,681	$ 41,997	$ 3,883,799
Nicholas J. DeIuliis	2011	$ 681,923	$ 2,255,086[11]	$ 718,742	$ 1,267,247	$ 1,054,075	$ 77,450[12]	$ 6,054,523
President	2010	$ 634,462	$ 1,742,416	$ 3,303,592	$ 1,200,000	$ 818,576	$ 73,763	$ 7,772,809
	2009	$ 621,077	$ 1,526,036	$ 704,736	$ 1,050,000	$ 1,249,608	$ 62,957	$ 5,214,414
P. Jerome Richey	2011	$ 446,058	$ 564,346[13]	$ 276,860	$ 423,799	$ 462,345	$ 39,915[14]	$ 2,213,323
EVP Corporate Affairs	2010	$ 421,926	$ 538,926	$ 1,248,535	$ 446,000	$ 373,965	$ 39,451	$ 3,068,803
and CLO	2009	$ 414,258	$ 322,031	$ 148,711	$ 420,000	$ 206,778	$ 38,739	$ 1,550,517
Robert F. Pusateri[15] EVP Energy Sales	2011	$ 443,327	$ 478,061[16]	$ 273,734	$ 480,852	$ 874,959	$ 58,400[17]	$ 2,609,333

(1) The values set forth in this column reflect awards of restricted stock units and performance share units, and are based on the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718 (disregarding the impact of estimated forfeitures related to service-based vesting conditions). For restricted stock units and performance share units, the grant date fair value is computed based upon the closing price of CONSOL s stock on the date of grant, except that for performance share units, there is an adjustment based on estimated probability that the performance conditions required for vesting will be achieved and an adjustment for the valuation of the market condition which is in accordance with FASB ASC Topic 718. The values do not correspond to the actual value that will be recognized by the named executives.

(2) The values set forth in this column reflect stock option awards and are based on the aggregate grant date fair value of the awards computed in accordance with FASB ASC Topic 718 (disregarding the impact of estimated forfeitures related to service-based vesting conditions). A discussion of the relevant assumptions made in the valuation of these awards is stated in the financial statements included in CONSOL s applicable Form 10-Ks (Note 18 in the 2011 Form 10-K for the 2011 awards, Note 18 in the 2010 Form 10-K for the 2010 awards and Note 18 in the 2009 Form 10-K for the 2009 awards). The values do not correspond to the actual value that will be recognized by the named executives. The values shown for the 2010 and 2009 stock option awards have been revised to reflect the updated Black Scholes valuation methodology used for 2011 stock option awards. The effect of this revision is not material.

(3) Includes cash incentives earned in the applicable year under the CONSOL Short-Term Incentive Compensation Plan. The relevant performance measures underlying the cash awards were satisfied in the applicable annual performance period.

(4) Amounts reflect the actuarial increase in the present value of the named executive s benefits under the CONSOL Employee Retirement Plan, the CONSOL Retirement Restoration Plan and the CONSOL Supplemental Retirement Plan. These amounts were determined using the interest rate and mortality assumptions set forth in the financial statements of CONSOL s applicable Form 10-Ks (Note 15 in the 2011 Form 10-K for the 2011 amount, Note 15 in the 2010 Form 10-K for the 2010 amount and Note 15 in the 2009 Form 10-K for the 2009 amount).

(5) On April 6, 2009, CONSOL filed a Form 8-K stating that it would no longer provide tax gross-ups to its officers, as defined under Section 16 of the Exchange Act, in connection with company-maintained perquisite programs.

(6) Mr. Harvey did not receive any compensation from CONSOL in connection with his service as Chairman of the Board.

(7) Represents the target amount of Mr. Harvey s LTIP award for 2011. The maximum payout would be $19,062,500. This value does not correspond to the actual value that will be recognized by Mr. Harvey.

Table of Contents

(8) Mr. Harvey s personal benefits for 2011 include: an annual vehicle allowance, country club membership, luncheon and city club dues, and financial planning. The total in column (h) also includes $14,700 in matching contributions made by CONSOL under its 401(k) plan and $35,946 for personal air travel on the Corporation s airplane. The aggregate incremental cost of Mr. Harvey s personal use of the corporate aircraft is determined on a per flight basis and includes the cost of fuel used, the cost of onboard catering, landing fees, trip related hangar and parking costs, crew expenses (including hotel lodging and meals) and other variable costs specifically incurred. On occasion, Mr. Harvey had one or more guests accompany him on the airplane. Mr. Harvey has also used administrative and other staff for personal matters, for which there has been no additional incremental cost to the Corporation.

(9) Represents the target amount of Mr. Lyons LTIP award for 2011. The maximum payout would be $1,282,917. This value does not correspond to the actual value that will be recognized by Mr. Lyons.

(10) Mr. Lyons personal benefits for 2011 include: an annual vehicle allowance, annual physical exam, country club membership, and financial planning. The total in column (h) also includes $14,700 in matching contributions made by CONSOL under its 401(k) plan.

(11) Represents the target amount of Mr. DeIuliis LTIP award for 2011. The maximum payout would be $3,375,000. This value does not correspond to the actual value that will be recognized by Mr. DeIuliis.

(12) Mr. DeIuliis personal benefits for 2011 include: an annual vehicle allowance, annual physical exam, country club membership, luncheon and city club dues, financial planning and personal air travel on the Corporation s plane. The total in column (h) also includes $14,700 in matching contributions paid by CONSOL s 401(k) plan. On occasion, Mr. DeIuliis had one or more guests accompany him on the plane.

(13) Represents the target amount of Mr. Richey s LTIP award for 2011. The maximum payout would be $650,000. This value does not correspond to the actual value that will be recognized by Mr. Richey.

(14) Mr. Richey s personal benefits for 2011 include: an annual vehicle allowance, financial planning and ticket usage. The total in column (h) also includes $14,700 in matching contributions made by CONSOL under its 401(k) plan. On occasion, Mr. Richey had one or more guests accompany him on the plane.

(15) Mr. Pusateri was promoted effective September 5, 2011 from the EVP Energy Sales and Transportation Services to the EVP Energy Sales and Transportation Services and President of CNX Land Resources Inc. Accordingly, his compensation was increased due to additional responsibilities assumed in his new position.

(16) Represents the target amount of Mr. Pusateri s LTIP award for 2011. The maximum payout would be $478,333. This value does not correspond to the actual value that will be recognized by Mr. Pusateri.

(17) Mr. Pusateri s personal benefits for 2011 include: an annual vehicle allowance, annual physical exam, country club membership, luncheon and city club dues and financial planning. The total in column (h) also includes $14,700 in matching contributions made by CONSOL under its 401(k) plan. On occasion, Mr. Pusateri had one or more guests accompany him on the plane.

Table of Contents

GRANTS OF PLAN-BASED AWARDS - 2011

The following table sets forth each grant of an award made to a named executive in the 2011 fiscal year under plans established by CONSOL.

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards (STIC Awards)[1]			Estimated Future Payouts Under Equity Incentive Plan Awards (LTIP Awards)[2]						
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (RSUs)[3] (#)	All Other Option Awards: Number of Securities Underlying Options[4] (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards (Target)[5] ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
J. Brett Harvey	2/23/11	-	-	-	-	-	-	-	75,949	48.61	1,597,207
	2/23/11	-	-	-	78,431	156,861	392,152	-	-	-	8,924,607
	-	577,500	1,650,000	3,300,000	-	-	-	-	-	-	-
William J. Lyons	2/23/11	-	-	-	-	-	-	10,557	-	-	513,176
	2/23/11	-	-	-	-	-	-	-	25,983	48.61	546,422
	2/23/11	-	-	-	5,279	10,557	26,393	-	-	-	600,640
	-	138,425	395,500	791,000	-	-	-	-	-	-	-
Nicholas J. DeIuliis	2/23/11	-	-	-	-	-	-	13,886	-	-	674,998
	2/23/11	-									