



Divestment from Coal Producers:

Fiduciary considerations on the financial position of US coal mining companies



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The Fiduciary Concern



Must be concerned with beneficiaries and mission

- Large public pension funds
- Smaller trusts – universities, foundations, religious



Tied to the integral functions of government, schools, foundations, and churches



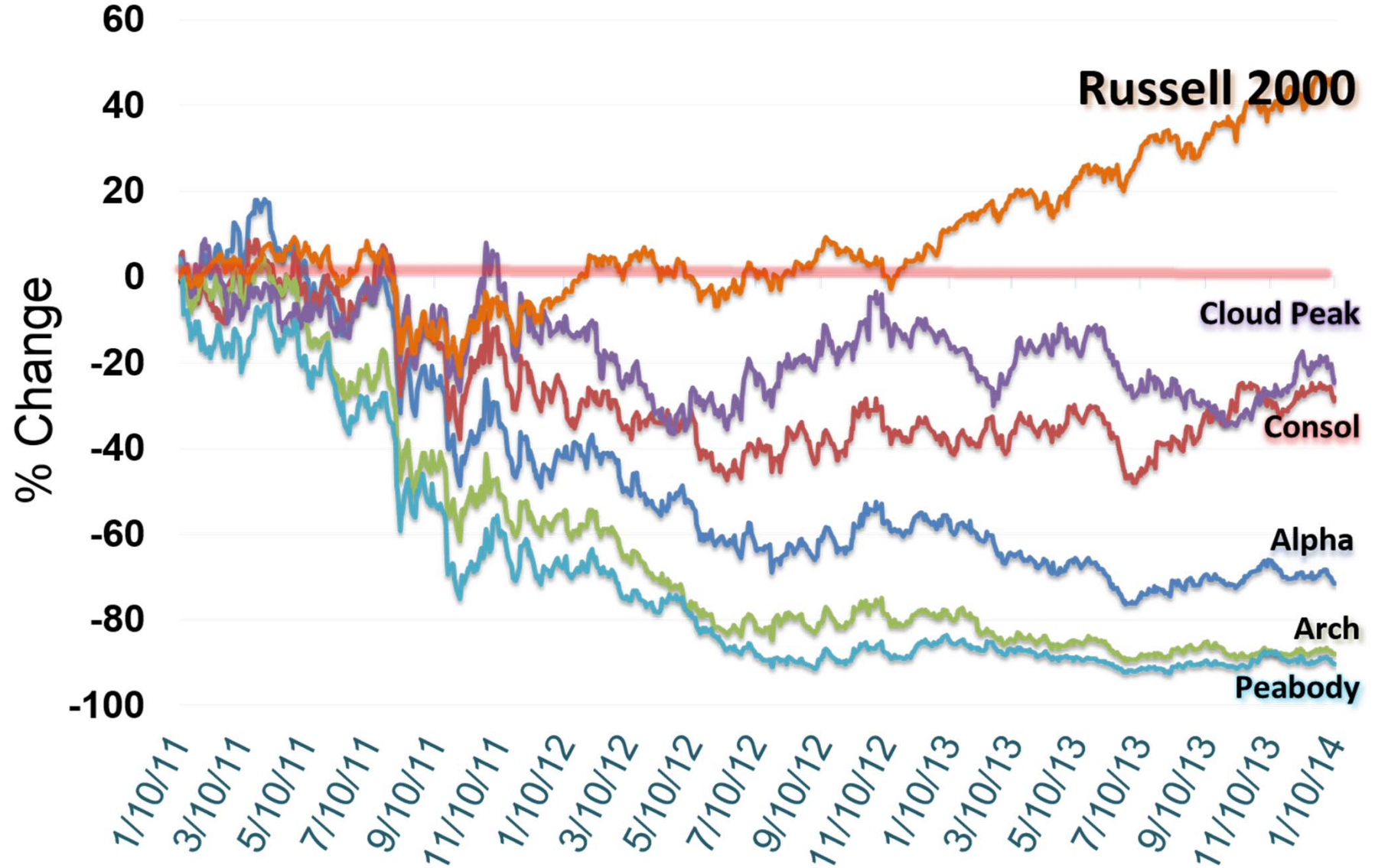
At core, profitability and growth

- “diversification”- allows for large losses and not sell
- Forward looking- market confidence is key

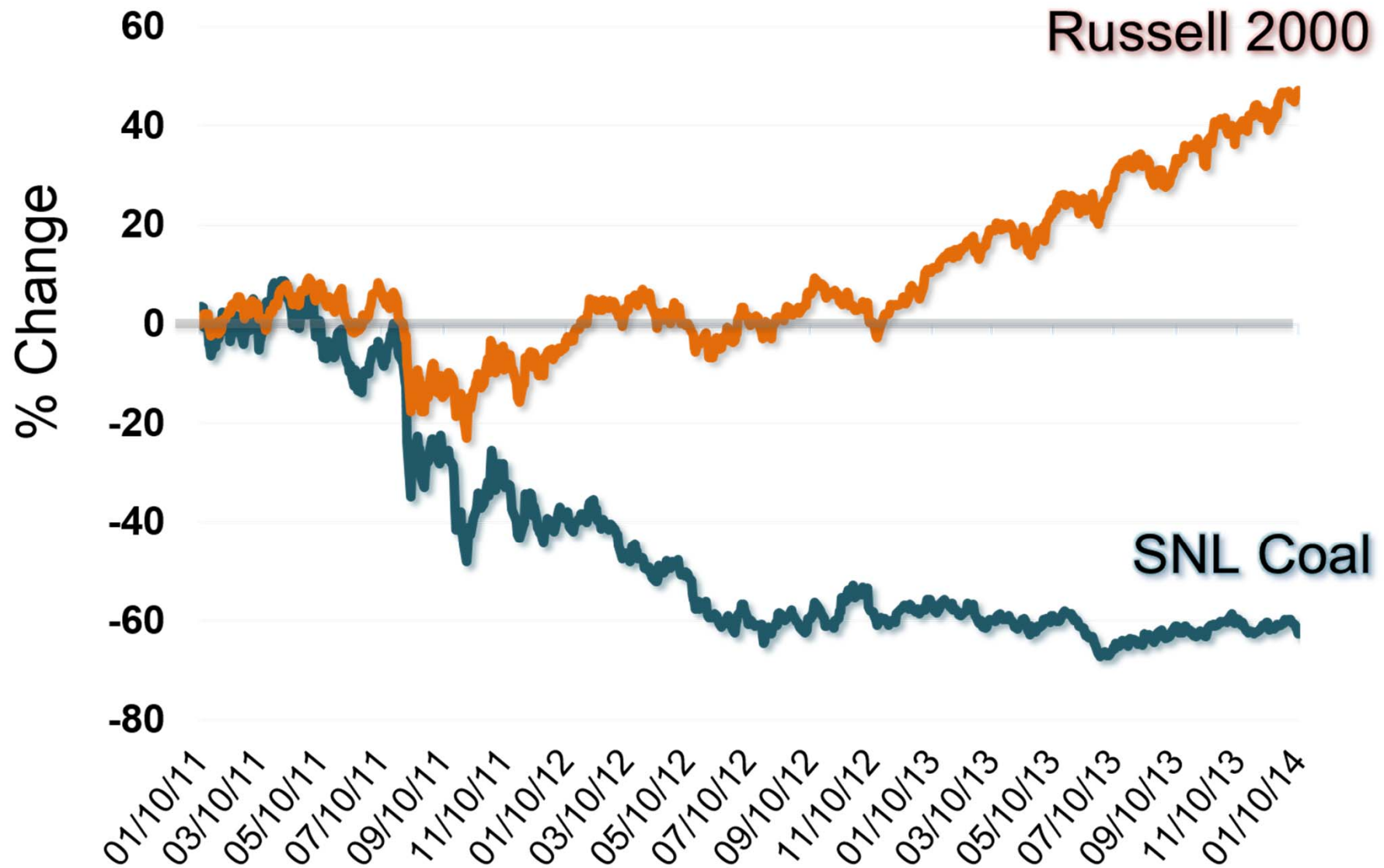
Five US companies: 55% of annual production

Company	2012 coal production (tons)	Percentage of US production
Peabody Energy	192,563,000	18.9%
Arch Coal	138,992,000	13.5%
Cloud Peak	104,306,000	9%
Alpha Natural Resources	90,721,000	8.9%
CONSOL	55,752,000	5.5%
Total	582,344,000	55.8%

Individual Coal Stock vs. Russell 2000



SNL Coal Index vs. Russell 2000



Coal sector is shrinking

- Loss of market share and coal sales -

Most investment funds, coal very small part of portfolio

- Plummeting stock prices -

Weak profits

- Overleveraged
- 26 Bankruptcies
- Job losses
- Analyst consensus on shrinkage



Industry Recovery Agenda Weak and Ineffective

- Rising natural gas prices
- Cut costs, sell assets, and close mines
- Exports
- Defeat climate and pollution efforts
- New technology
- Undermine alternative energy
- Rising U.S. and global Gross Domestic Product



Broader Divestment From Coal

Fiduciary
Considerations

The diagram features a light gray world map in the background. Four rounded rectangular boxes are overlaid on the map. A dark gray box labeled 'Fiduciary Considerations' is in the top left. Three blue boxes are arranged to its right and below: 'US Domestic Coal Generation' (top right), 'International Coal Generation' (bottom left), and 'International Coal Producers' (bottom right). Thin blue lines connect the 'Fiduciary Considerations' box to each of the three blue boxes, indicating a direct relationship between fiduciary duties and divestment from all three categories of coal-related entities.

US Domestic
Coal
Generation

International
Coal
Generation

International Coal
Producers

Benefits to Coal Divestment

- Institutional Investors get rid of a losing investment
 - Beneficiaries win. It is immediate.
- Divestment: another financial benchmark in capital withdrawal from industry
 - Can the U.S. economy survive without coal?
- Vote of NO confidence in coal industry leadership.

No upside.