

CONSOL Energy Inc  
Form 11-K  
June 18, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 11-K**

**ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

For the fiscal year ended December 31, 2011;

OR

**TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from

Commission file number: 001-14901

A. Full title of the plan and the address of the plan, if different from that of issuer named below:  
**CONSOL Energy Inc. Investment Plan for Salaried Employees**

**B. Name of issuer of the securities held pursuant to the plan and the address of its principal executive office:**

**CONSOL Energy Inc.**

**CNX Center**

**1000 CONSOL Energy Drive**

**Canonsburg, PA 15317**

**Registrant's telephone number including area code: 724-485-4000**

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CONSOL Energy Inc.

Investment Plan for

Salaried Employees

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| Note: Other Schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act ( ERISA ) of 1974 have been omitted because they are not applicable. |         |
| <b><u>Signatures</u></b>   | 40      |
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Trustees, Investment Plan Committee, Audit Committee, and Participants

CONSOL Energy Inc. Investment Plan for Salaried Employees

We have audited the accompanying statements of net assets available for benefits of CONSOL Energy Inc. Investment Plan for Salaried Employees (the Plan ) as of December 31, 2011 and 2010, and the related statement of changes in net assets available for benefits for the year ended December 31, 2011. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2011 and 2010, and the changes in net assets available for benefits for the year ended December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

Our audits were performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule H, Part IV, Line 4(i) Schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2011 is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ ParenteBeard LLC  
Pittsburgh, Pennsylvania  
June 18, 2012

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Statements of Net Assets Available for Benefits

(in thousands of dollars)

|   | December 31         |                     |
|---|---------------------|---------------------|
|   | 2011                | 2010                |
| <b>ASSETS</b>   |                     |                     |
| <u>Investments at Fair Value</u>  |                     |                     |
| Stable Value Fund   | \$ 615,718          | \$ 606,905          |
| Interests in Registered Investment Companies  | 224,810             | 257,178             |
| Collective Trusts   | 75,225              | 52,928              |
| E.I. DuPont de Nemours & Company Common Stock   | 34,873              | 43,881              |
| CONSOL Stock Fund   | 148,510             | 188,764             |
|   | 1,099,136           | 1,149,656           |
| <u>Receivables</u>  |                     |                     |
| Due from Broker for Securities Sold   | 161                 | 591                 |
| Employer Contribution   | 72                  | 0                   |
| Accrued Interest and Dividends  | 11                  | 1                   |
| Notes Receivable from Participants  | 20,489              | 17,798              |
|   | 20,733              | 18,390              |
| <u>Cash</u>   | 68                  | 485                 |
| <u>Net Assets Reflecting All Investments at Fair Value</u>  | 1,119,937           | 1,168,531           |
| <u>Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts Held in Stable Value Fund</u> | (28,392)            | (20,656)            |
| <b>NET ASSETS AVAILABLE FOR BENEFITS</b>  | <b>\$ 1,091,545</b> | <b>\$ 1,147,875</b> |

*The accompanying notes are an integral part of these financial statements.*

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Statement of Changes in Net Assets Available for Benefits

|  | For the Year Ended<br>December 31,<br>2011 |
|--|--|
| <i>(in thousands of dollars)</i>                                 |  |
| <b><u>Additions, Less Loss on Investments:</u></b>               |  |
| <b><u>Contributions:</u></b>                                     |  |
| Participants Contributions                                       | \$ 44,147                                  |
| Participants Rollovers   | 17,162                                     |
| Employer   | 28,381                                     |
|  | 89,690                                     |
| <b><u>Interest Income from Participants Notes Receivable</u></b> | 899  |
| <b><u>Income (Loss) on Investments:</u></b>                      |  |
| Interest and Dividends   | 11,802                                     |
| Net Depreciation in Fair Value of Investments                    | (46,190)                                   |
|  | (34,388)                                   |
| <b><u>Total Additions, Less Loss on Investments</u></b>          | 56,201                                     |
| <b><u>Deductions from Net Assets Attributed to:</u></b>          |  |
| Benefits Paid to Participants                                    | 112,331                                    |
| Administrative Expense   | 288  |
| <b><u>Total Deductions</u></b>                                   | 112,619                                    |
| <b><u>Asset Transfers In</u></b>                                 | 88   |
| <b><u>Net Decrease</u></b>                                       | (56,330)                                   |
| <b><u>Net Assets Available for Benefits</u></b>                  |  |
| Beginning of Year  | 1,147,875                                  |
| <b><u>END OF YEAR</u></b>  | <b>\$ 1,091,545</b>                        |

*The accompanying notes are an integral part of these financial statements.*

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

1. DESCRIPTION OF PLAN

The following brief description of CONSOL Energy Inc. Investment Plan for Salaried Employees (the Plan) is provided for general information purposes only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

*General* The Plan is a defined-contribution plan covering salaried, operations and maintenance, production and maintenance, and warehouse and maintenance employees of CONSOL Energy Inc. and participating employers (CONSOL Energy or the Company). Eligible employees can participate in the Plan on the first day of the first full pay period following the later of the start of regular full-time employment or the date they first become eligible. In addition, employees classified as casual employees are eligible to participate in the Plan on the date during the 12 consecutive month period, commencing on the employee's employment date or reemployment date, on which the employee actually completes 1,000 hours of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

During 2011 and 2010, the Plan offered CONSOL Energy common stock (CONSOL Stock Fund) as an investment option to Plan participants. The CONSOL Stock Fund is an Employee Stock Ownership Plan (ESOP) where participants can elect to have dividends paid out to them in cash instead of being reinvested in the CONSOL Stock Fund in their Plan account. For the years ended December 31, 2011 and 2010, approximately \$47,000 and \$31,000 in dividends from the CONSOL Stock Fund were paid to participants in cash, respectively.

*Contributions* Each year participants can, with certain restrictions, contribute a maximum of 75% of eligible compensation to the Plan. Newly eligible employees automatically become participants in the Plan beginning with the first payroll deduction following forty-five days from the date they first become eligible (as defined by the Plan) and contribute at the rate of 6% of eligible compensation (4% for employees of Fairmont Supply Company and its subsidiaries, participating employers in the Plan that are a qualified separate line of business), unless the participant elects not to contribute. Under this automatic enrollment provision, participant assets are invested in accordance with a managed account feature offered by the Plan's trustee, Bank of America Merrill Lynch (Merrill Lynch), based on certain demographics of the participant. A participant may also designate from 1% to 75% (not to exceed \$10,000) of any quarterly or annual incentive compensation payment as a supplemental contribution. Contributions may be made with before-tax or after-tax dollars.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

1. DESCRIPTION OF PLAN (Continued)

CONSOL Energy matches these contributions (excluding deferrals of incentive compensation payments), dollar for dollar, up to 6% of eligible compensation (fifty cents on every dollar up to 12% of eligible compensation for employees of Fairmont Supply Company and its subsidiaries). Company matching contributions for certain participants of the Plan are considered nonforfeitable, safe-harbor contributions within the meaning of that term under the final Internal Revenue Code (the Code) 401(k) and 401(m) regulations.

In addition, certain eligible employees of Fairmont Supply Company and its subsidiaries receive qualified non-elective (QNEC) contributions equal to \$1,500 per year. In 2010, certain eligible employees of CNX Gas Corporation (CNX Gas) also received QNEC contributions equal to 3% of eligible compensation. Effective January 1, 2011, the Plan was amended to eliminate the QNEC contribution provision for CNX Gas participants. As a result, there were no QNEC contributions made to the participant accounts of employees of CNX Gas for the year ended December 31, 2011. The Company may also make discretionary contributions to the Plan ranging from 1% to 4% of eligible compensation for eligible employees (as defined by the Plan). There were no such discretionary contributions made by the Company for the years ending December 31, 2011 and 2010. Total contributions credited to a participant's account (employee and Company contributions, exclusive of catch-up contributions) may not exceed \$49,000 per year for the years 2011 and 2010, respectively.

*Participant Accounts* Each participant's account is credited with the participant's contributions and allocations of the Company's contributions and Plan investment earnings and is charged with an allocation of administrative expenses and Plan investment losses. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

*Investment Options* Upon enrollment in the Plan, a participant may direct employee and Company contributions in any of the funds included in the supplemental schedule of assets held for investment purposes at end of year, except for E.I. DuPont de Nemours & Company (DuPont) Common Stock. This investment option is no longer available to Plan participants.



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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

1. DESCRIPTION OF PLAN (Continued)

*Vesting* Participants are immediately vested in their contributions and any matching contributions, QNEC contributions, or discretionary contributions made by the Company plus actual earnings (losses) thereon.

*Notes Receivable from Participants* Participants may borrow up to one-half of their account balances subject to a \$1,000 minimum and required regulatory loan maximum limitations. Such loans are repayable over periods of 12 to 60 months (120 months maximum if for the purchase of a principal residence) and are secured by the balance in the participant's account. The rate of interest on loans is commensurate with the average rate charged by selected major banks for secured personal loans and remain fixed for the life of the loan. Loans are repaid over the period in installments of principal and interest via payroll deductions or through ACH account debit for participants that terminate employment subsequent to the loan's execution. A participant also has the right to repay the loan in full, at any time, without penalty. At December 31, 2011, loan interest rates ranged from 3.25% to 9.25%.

*Payment of Benefits* Participants who retire from active service may elect to defer withdrawals until April of the calendar year following the later of the year in which the participant attains age 70 1/2 or the year following retirement or termination of employment. They may also elect an option to have their account distributed over a period of not less than two years or more than a period which would pay the account balance during the participant's actuarial life in either a fixed or variable amount. Before-tax deposits may be withdrawn only in the event of a participant's retirement, death, termination, attainment of age 59 1/2 or defined hardship. At December 31, 2011 and 2010, approximately \$77,000 and \$729,000 was payable to withdrawing participants, respectively.

*Plan Termination* Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of Accounting* The accompanying financial statements of the Plan have been prepared under the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ( US GAAP ).

*Fully Benefit-Responsive Investment Contracts* Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The statements of net assets available for benefits presents the fair value of the fully benefit-responsive investment contracts held in the CONSOL Energy Inc. Stable Value Fund ( Stable Value Fund or SVF ) as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The statement of changes in net assets available for benefits is prepared on a contract value basis.

*Investment Valuation and Income Recognition* The Plan s investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 5 for discussion of fair value measurements.

Purchases and sales of investments are recorded on a trade-date basis. Dividend income is recorded on the ex-dividend date and interest income is recorded on the accrual basis. Realized gains and losses on the sale of DuPont and CONSOL Energy common stock are based on the average cost of the securities sold. Net appreciation (depreciation) includes the Plan s gains and losses on investments bought and sold as well as held during the year.

*Notes Receivable from Participants* Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Interest on notes receivable from participants is recognized over the term of the notes and is calculated using a simple-interest method on principal amounts. If a participant does not make a loan repayment on at least a quarterly basis, the Plan administrator considers the loan to be defaulted on the last day of the calendar quarter following the calendar quarter in which the last payment was due, and reclassified as a distribution based upon the terms of the Plan document.

*Payment of Benefits* Benefits are recorded when paid.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Administrative Expenses* Expenses incurred in connection with the operation of the Plan with regard to the purchase and sale of investments and certain trustee and professional fees are paid by the Plan. Other administrative expenses are paid by CONSOL Energy at no cost to the Plan.

*Use of Estimates* The preparation of financial statements in conformity with US GAAP requires Plan management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

*ESOP* The Plan's ESOP provision provides that participants may invest a portion or all of their account in Company stock. The ESOP provision also contains a put option in accordance with the requirements of the Code, which is a right for any participant who is otherwise entitled to a distribution from the Plan to require the Company stock in their ESOP account be repurchased by the Company if it is not readily tradable on an established market. Participants who elect to invest their account balance in Company stock have voting rights commensurate with their shares and participants are fully vested at all times in dividends paid on the acquired Company stock. A participant also has the right to diversify stock in their accounts pursuant to the provisions of the Plan document. At December 31, 2011 and 2010, and from the period since inception of the ESOP, there were no Company contributions in the form of stock.

*New Accounting Pronouncements* In January 2010, the Financial Accounting Standards Board ( FASB ) issued new guidance which expanded the required disclosures about fair value measurements. In particular, this guidance requires (i) separate disclosure of the amounts of significant transfers in and out of Level 1 and Level 2 fair value measurements along with the reasons for such transfers, (ii) information about purchases, sales, issuances and settlements to be presented separately in the reconciliation for Level 3 fair value measurements, (iii) fair value measurement disclosures for each class of assets and liabilities and (iv) disclosures about the valuation techniques and inputs used to measure fair value for both recurring and nonrecurring fair value measurements for fair value measurements that fall into either Level 2 or Level 3. This guidance was effective for annual reporting periods beginning after December 15, 2009, except for (ii) above, which was effective for fiscal years beginning after December 15, 2010. The adoption of this guidance did not have a material effect on the Plan's net assets available for benefits, changes in net assets available for benefits, or related disclosures.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In May 2011, the FASB issued guidance to create a consistent framework for the application of fair value measurements between US GAAP and International Financial Reporting Standards. This guidance includes wording changes to US GAAP to clarify the intent about the application of existing fair value measurements and disclosure requirements and to change a particular principle or existing requirement for measuring fair value or disclosing information about fair value investments. There are no additional fair value measurements required upon adoption of this guidance. This pronouncement is effective for reporting periods beginning after December 15, 2011, with early adoption prohibited, requiring prospective application only. The Plan is currently evaluating the effect that the provisions of this pronouncement will have on its financial statements.

3. ASSET TRANSFERS

Asset transfers to the Plan for the year ended December 31, 2011 of approximately \$88,000 represents the remaining investment account balances attributable to former employees transferred from the Rochester & Pittsburgh Coal Company 401(k) Savings and Retirement Plan (the R&P Plan ). The R&P Plan was terminated by the Board of Directors of the Company on December 31, 2008, and the termination of the R&P Plan was completed on October 31, 2011.

4. CONTRACTS WITH INSURANCE COMPANIES

The Plan has direct holdings of fully benefit-responsive investment contracts in its SVF. The SVF is comprised of guaranteed investment contracts ( GIC ), separate account portfolios ( SAP ), and synthetic GICs ( SYN ), all of which are held with multiple insurance companies and banks.

Traditional GICs expose the Plan through the SVF to direct credit risk associated with each contract issuer. To mitigate this risk, investment guidelines prohibit the Plan from purchasing contracts with a credit rating lower than Aa3/AA. In addition, the weighted average credit rating of all GIC contracts must be A3/A- or higher at all times and no single GIC issuer may represent more than 5% of the total SVF. Additionally, the Plan administrator, together with the Plan's third party investment advisors, continually monitor the issuers of these investments through external credit rating agencies and monitor credit rating history, downgrade/upgrade notifications, and analyst reports for all current and potential issuers. There are no reserves against contract value for credit risk of the contract issuers or otherwise.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

4. CONTRACTS WITH INSURANCE COMPANIES (Continued)

Participants may ordinarily direct the withdrawal or transfer of all or a portion of their SVF investment at contract value for Plan permitted benefit payments. Certain events may limit the ability of the Plan to transact at contract value with the issuer. Such events include amendments to Plan documents (including complete or partial Plan termination or merger with another plan), changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, bankruptcy of the Company or other Plan sponsor events (i.e. divestitures or spin-offs of a subsidiary, location closings or layoffs) which cause a significant withdrawal from the Plan, or failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA. The Plan administrator does not believe that the occurrence of any such event, which would limit the Plan's ability to transact at contract value with participants, is probable of occurring.

Based on certain events specified in the fully benefit-responsive investment contracts (i.e. GICs, SAPs and SYNs), both the Plan and issuers of such investment contracts are permitted to terminate the investment contracts. If applicable, such terminations can occur prior to the scheduled maturity date.

Examples of termination events that permit issuers to terminate investment contracts include the following:

The Plan sponsor's receipt of a final determination notice from the Internal Revenue Service that the Plan does not qualify under Section 401(a) of the Code.

The Plan ceases to be exempt from federal income taxation under section 501(a) of the Code.

The Plan or its representative breaches material obligations under the investment contract such as failure to satisfy its fee payment obligations or failure to follow the contract's equity wash provisions.

The Plan or its representatives makes a material misrepresentation.

The Plan makes a material amendment to the Plan (including complete or partial termination or merger with another plan) and/or the amendment adversely impacts the issuer.

The Plan, without the issuer's consent, attempts to assign its interest in the investment contract.

The balance of the contract value is zero or immaterial.

Mutual consent.

The termination event is not cured within a reasonable time period, i.e., 30 days.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

4. CONTRACTS WITH INSURANCE COMPANIES (Continued)

For SAPs and SYNs, additional termination events include but are not limited to the following:

The investment manager of the underlying securities is replaced without the prior written consent of the issuer.

The underlying securities are managed in a way that does not comply with the investment guidelines. For GICs, the contract value is adjusted to reflect a discounted value based on surrender charges and other penalties at termination. For SAPs and SYNs, termination is at market value of the underlying securities less unpaid issuer fees or charges. If the termination event is not material based on industry standards, it may be possible for the Plan to exercise its right to require the issuer that initiated the termination to extend the investment contract for a period no greater than what it takes to immunize the underlying securities and/or it may be possible to replace the issuer of a SAP or SYN that terminates with another SAP or SYN issuer. Both options help maintain stable contract value.

The aggregate crediting rates for all contracts as of December 31, 2011 and 2010 were 3.26% and 3.50%, respectively. Contract or crediting rates for GICs are negotiated with the issuer and are effective for the life of the contract. The contract or crediting rates for SAPs and SYNs are reset either four times or six times per year and are based on the performance of the portfolio of assets underlying these contracts. Inputs used to determine the crediting rate include each contract's portfolio market value of fixed income assets, current yield-to-maturity, duration, and market value relative to contract value. All contracts have a guaranteed rate of at least 0% or higher with respect to determining interest rate resets. If future crediting rates increase or decrease, the adjustment from fair value to contract value would change in the same direction. The average market value yield of the SVF based on the actual earnings of the underlying assets was approximately 4.16% and 5.89% in 2011 and 2010, respectively. The average yield of the SVF based on the actual interest rate credited to participants' accounts in 2011 and 2010 was approximately 3.12% and 3.55%, respectively.

Participants investing in the SVF or collective trusts are assigned units at the time of investment based on the net asset value per unit.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

5. FAIR VALUE MEASUREMENTS

US GAAP for fair value measurements provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or other inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in the methodologies used at December 31, 2011 and 2010.



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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

5. FAIR VALUE MEASUREMENTS (Continued)

*Stable Value Fund* The SVF is comprised of a short-term investment fund in addition to GICs, SAPs and SYNs, all of which are held with multiple insurance companies and banks. These fully benefit-responsive contracts are valued at fair value on the statements of net assets available for benefits and are credited with actual earnings on the underlying investments and charges for participant withdrawals and administrative expenses. The following disclosures provide information about the nature of the investments in the SVF and how fair value of these investments is measured.

*U.S. Government Security Fund* This security is a short-term investment fund (i.e. money market fund) designed to provide daily liquidity to the SVF and is stated at cost plus accrued interest, which approximates fair value. The fund seeks to preserve a net asset value of \$1 per share and can be validated with a sufficient level of market activity and therefore, is classified within Level 1 of the fair value hierarchy.

*Guaranteed Investment Contracts* The insurer maintains the assets (underlying portfolio owned by insurer) of the GIC in a general account, backed by the full faith and credit of the insurer. Regardless of the performance of the general account assets a GIC will provide a fixed rate of return as negotiated when the contract is purchased. GICs are valued at fair value by discounting the related cash flows based on current yields of similar instruments with comparable durations (similar to weighted average life) considering the credit-worthiness of the issuer and have been classified within Level 2 of the fair value hierarchy.

*Separate Account Portfolios* SAPs are investment contracts invested in insurance company separate accounts established for the sole benefit of SVF participants. SAPs are comprised of two components, an underlying pool of assets and a wrap contract. The insurer owns the individual underlying assets and the wrap contract (similar to a GIC); however, the assets in a SAP are maintained in a separate account, fully fenced-off from the general assets of the insurer. The Plan participates in the underlying experience of the SAP via future periodic rate resets. Fair value of SAPs are determined by the market values of the underlying securities and the value of the wrap using observable market data by the insurer as of the valuation date, which approximates fair value. SAPs held by the Plan provide for daily redemptions by the Plan at reported net asset value with no advance notice requirement. This Plan is permitted to redeem investment units at net asset value on the measurement date. SAPs are classified within Level 2 of the fair value hierarchy.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

5. FAIR VALUE MEASUREMENTS (Continued)

*Synthetic GICs* SYNs are comprised of an underlying pool of assets (owned by the Plan) and a wrap contract designed to provide principal protection and accrued interest over a specified period of time assuming that the underlying assets meet the requirements of a GIC. Short-term investment funds include cash and short-term securities (money market type funds) that mature within three months or less at date of purchase and are valued at amortized cost, which approximates fair value (Level 1), and liquid government debt securities valued using quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency that are traded in markets that are not considered active (Level 2). Fixed income collective trusts invest in high quality fixed income securities across the short, intermediate, and core sectors, and are valued at the net asset value per share on the valuation date (Level 2). Other fixed income funds include government debt securities and corporate bonds valued using the observable quoted price reported in markets that are not considered active or pricing services based on market transactions for comparable securities of issuers with similar credit ratings (Level 2). In addition, there is one fixed income fund that is valued at fair value based on certain security price validations and a review based on unobservable inputs and is therefore classified within Level 3 of the fair value hierarchy. Swap contracts are valued at fair value utilizing pricing models and taking into consideration exchange quotations on underlying instruments, dealer quotations and other information (Level 2). Any accrued interest on the underlying investments in the SYNs is also included as a component of the fair value of those investments. Fair value of the wrap contracts is determined by taking the difference between the actual wrap fee of the contract and the price at which the wrapper would issue an identical contract under current market conditions. That change in fees is then applied to the year-end book value of the contract to determine the wrap contract's fair value. Wrap contracts generally change the investment characteristics of underlying securities (such as corporate debt or U.S. government securities) to those of GICs. The wrap contract provides that benefit-responsive transactions may be processed at contract or face value. Benefit-responsive distributions are generally defined as a withdrawal due to a participant's retirement, termination, or death, or participant-directed transfers, in accordance with the terms of the Plan (see Note 4).

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

5. FAIR VALUE MEASUREMENTS (Continued)

*Interests in Registered Investment Companies* The shares of registered investment companies are public investment vehicles valued at quoted market prices, which represent the net asset values of the shares held in such funds. Each of these funds is considered an open ended interest in a registered investment company and valued using a market approach. Fair value is based on a daily net asset value that can be validated with a sufficient level of observable activity in an active market (i.e. purchases and sales at net asset value) and therefore these interests in registered investment companies have been classified within Level 1 of the fair value hierarchy.

*Collective Trusts* Collective trusts are valued at the net asset values per unit as determined by the collective trusts as of the valuation date, which approximates fair value. The net asset values are based on the value of the underlying assets owned by the collective trusts, minus their liabilities, and then divided by the number of shares outstanding. Collective trusts are not available in an exchange and active market, however, the fair values are determined based on the underlying investments as traded in an exchange and active market. Collective trusts held by the Plan provide for daily redemptions by the Plan at reported net asset value with no advance notice requirement. The Plan is permitted to redeem investment units at net asset value on the measurement date. Due in part to the units of the collective trusts not being actively traded, the fair value measurements have been classified within Level 2 of the fair value hierarchy.

*Common Stock and Common Stock Fund* DuPont Common Stock and the CONSOL Stock Fund are stated at fair value as quoted on a recognized securities exchange and are valued at the last reported sales price on the last business day of the respective Plan year. As a result, the fair value measurements of these investments have been classified within Level 1 of the fair value hierarchy.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

## 5. FAIR VALUE MEASUREMENTS (Continued)

The following tables set forth by level, within the fair value hierarchy, the Plan's assets and liabilities at fair value as of December 31, 2011 and 2010:

*(in thousands of dollars)*

|  | Assets at Fair Value as of December 31, 2011 |                   |              |                     |
|--|--|-------------------|--------------|---------------------|
|  | Level 1                                      | Level 2           | Level 3      | Total               |
| <b>Stable Value Fund:</b>                    |  |                   |              |                     |
| Guaranteed Investment Contracts              | \$ 0   | \$ 43,336         | \$ 0         | \$ 43,336           |
| Separate Account Portfolios                  | 0  | 108,506           | 0            | 108,506             |
| U.S. Government Security Fund                | 28,785                                       | 0                 | 0            | 28,785              |
| Fixed Income Collective Trusts               | 0  | 319,852           | 0            | 319,852             |
| Other Fixed Income Funds                     | 0  | 79,078            | 78           | 79,156              |
| Short-Term Investment Funds                  | 9,838  | 26,257            | 0            | 36,095              |
| Wrap Contracts                               | 0  | 28                | 0            | 28                  |
| Other Financial Instruments - Swaps          | 0  | (40)              | 0            | (40)                |
| <b>Total Stable Value Fund</b>               | <b>38,623</b>                                | <b>577,017</b>    | <b>78</b>    | <b>615,718</b>      |
| <b>Registered Investment Companies:</b>      |  |                   |              |                     |
| Foreign Large-Cap Blend Funds                | 53,311                                       | 0                 | 0            | 53,311              |
| Mid-Cap Growth Fund                          | 56,380                                       | 0                 | 0            | 56,380              |
| Intermediate-Term Fixed Income Funds         | 49,529                                       | 0                 | 0            | 49,529              |
| Large-Cap Blend Fund                         | 28,682                                       | 0                 | 0            | 28,682              |
| Large-Cap Value Fund                         | 21,118                                       | 0                 | 0            | 21,118              |
| Large-Cap Growth Fund                        | 15,790                                       | 0                 | 0            | 15,790              |
| <b>Total Registered Investment Companies</b> | <b>224,810</b>                               | <b>0</b>          | <b>0</b>     | <b>224,810</b>      |
| <b>Collective Trusts:</b>                    |  |                   |              |                     |
| Mid-Cap Blend Fund                           | 0  | 24,642            | 0            | 24,642              |
| Index Fund                                   | 0  | 50,583            | 0            | 50,583              |
| <b>Total Collective Trusts</b>               | <b>0</b>                                     | <b>75,225</b>     | <b>0</b>     | <b>75,225</b>       |
| <b>Common Stock:</b>                         |  |                   |              |                     |
| E.I. DuPont de Nemours & Company             | 34,873                                       | 0                 | 0            | 34,873              |
| CONSOL Stock Fund                            | 148,510                                      | 0                 | 0            | 148,510             |
| <b>Total Assets at Fair Value</b>            | <b>\$ 446,816</b>                            | <b>\$ 652,242</b> | <b>\$ 78</b> | <b>\$ 1,099,136</b> |

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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

## 5. FAIR VALUE MEASUREMENTS (Continued)

*(in thousands of dollars)*

|  | Assets at Fair Value as of December 31, 2010 |                   |              |                     |
|--|--|-------------------|--------------|---------------------|
|  | Level 1                                      | Level 2           | Level 3      | Total               |
| <b>Stable Value Fund:</b>                    |  |                   |              |                     |
| Guaranteed Investment Contracts              | \$ 0   | \$ 53,389         | \$ 0         | \$ 53,389           |
| Separate Account Portfolios                  | 0  | 102,806           | 0            | 102,806             |
| U.S. Government Security Fund                | 27,383                                       | 0                 | 0            | 27,383              |
| Fixed Income Collective Trusts               | 0  | 312,103           | 0            | 312,103             |
| Other Fixed Income Funds                     | 27,305                                       | 45,469            | 80           | 72,854              |
| Short-Term Investment Funds                  | 38,305                                       | 7                 | 0            | 38,312              |
| Wrap Contracts                               | 0  | 56                | 0            | 56                  |
| Common Stock Other                           | 0  | 2                 | 0            | 2                   |
| <b>Total Stable Value Fund</b>               | <b>92,993</b>                                | <b>513,832</b>    | <b>80</b>    | <b>606,905</b>      |
| <b>Registered Investment Companies:</b>      |  |                   |              |                     |
| Foreign Large-Cap Value Fund                 | 861  | 0                 | 0            | 861                 |
| Foreign Large-Cap Blend Funds                | 52,093                                       | 0                 | 0            | 52,093              |
| Mid-Cap Growth Funds                         | 41,194                                       | 0                 | 0            | 41,194              |
| Mid-Cap Blend Fund                           | 8,766  | 0                 | 0            | 8,766               |
| Mid-Cap Value Fund                           | 18,911                                       | 0                 | 0            | 18,911              |
| Intermediate-Term Fixed Income Funds         | 53,797                                       | 0                 | 0            | 53,797              |
| Large-Cap Blend Fund                         | 39,878                                       | 0                 | 0            | 39,878              |
| Large-Cap Value Fund                         | 23,934                                       | 0                 | 0            | 23,934              |
| Large-Cap Growth Fund                        | 17,744                                       | 0                 | 0            | 17,744              |
| <b>Total Registered Investment Companies</b> | <b>257,178</b>                               | <b>0</b>          | <b>0</b>     | <b>257,178</b>      |
| <b>Collective Trusts:</b>                    |  |                   |              |                     |
| Mid-Cap Blend Fund                           | 0  | 12,643            | 0            | 12,643              |
| Index Fund                                   | 0  | 40,285            | 0            | 40,285              |
| <b>Total Collective Trusts</b>               | <b>0</b>                                     | <b>52,928</b>     | <b>0</b>     | <b>52,928</b>       |
| <b>Common Stock:</b>                         |  |                   |              |                     |
| E.I. DuPont de Nemours & Company             | 43,881                                       | 0                 | 0            | 43,881              |
| CONSOL Stock Fund                            | 188,764                                      | 0                 | 0            | 188,764             |
| <b>Total Assets at Fair Value</b>            | <b>\$ 582,816</b>                            | <b>\$ 566,760</b> | <b>\$ 80</b> | <b>\$ 1,149,656</b> |

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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

## 5. FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 asset for the year ended December 31, 2011:

| <i>(in thousands of dollars)</i>  | Level 3 Assets<br>For the Year Ended<br>December 31, 2011<br>Stable Value Fund-Other<br>Fixed Income Funds |
|---|--|
| Balance, Beginning of Year  | \$ 80  |
| Unrealized Gains Relating to Instruments Still Held at the<br>Reporting Date  | 4  |
| Sales   | (6)  |
| Balance, End of Year  | \$ 78  |
| Amount of Total Gains for the Period Attributable to the<br>Change in Unrealized Gains Relating to Assets Still Held at<br>the Reporting Date | \$ 4   |

Gains and losses (realized and unrealized) included in changes in net assets for the period above are reported in net depreciation in fair value of investments in the statement of changes in net assets available for benefits.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfers from one fair value level to another. In such instances, the transfer is reported at the end of the reporting period. The Plan reclassified certain underlying SYN assets totaling approximately \$4,000,000 from Level 1 to Level 2 within the fair value hierarchy because certain significant inputs became observable less frequently due to decreased market activity because the observable quoted prices were reported in markets that were not considered active during the year ended December 31, 2011.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

6. INVESTMENTS

The following presents individual investments that represent 5% or more of the Plan's net assets available for benefits at December 31:

| <i>(in thousands of dollars)</i>        | 2011       | 2010       |
|---|------------|------------|
| CONSOL Stock Fund                       | \$ 148,510 | \$ 188,764 |
| Columbia Acorn Fund                     | 56,380     | 24,038**   |
| *Metropolitan Life Insurance Co. (SAP)  | 66,136     | 64,604     |
| *Jennison Intermediate Core Bond Fund   | 66,665     | 62,561     |
| *Prudential Core Cons. Inter. Bond Fund | 64,997     | 61,443     |
| *GEM Trust Short Duration               | 72,122     | 71,283     |

\* These investments are included in the Stable Value Fund.

\*\* For comparative purposes only. Amount does not exceed 5% of net assets available for benefits.

During 2011 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) depreciated in value by approximately \$(46,190,000) as follows:

| <i>(in thousands of dollars)</i> | Net Appreciation<br>(Depreciation)<br>in Fair Value of<br>Investments |
|----------------------------------|---|
| Stable Value Fund                | \$ 17,985   |
| Registered Investment Companies  | (18,593)  |
| Common Stock:                    |   |
| E.I. DuPont de Nemours & Company | (3,224)   |
| CONSOL Stock Fund                | (42,132)  |
| Collective Trusts                | (226)   |
|                                  | <b>\$ (46,190)</b>  |

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

6. INVESTMENTS (Continued)

The SVF is a separate account held by the Plan. The investment contracts are entered into based on an evaluation of the credit risk of the contract issuers and/or third party guarantors. Collateral is generally not provided. The SVF includes traditional GICs and SAPs as well as SYNs. SYNs provide for a return on principal over a specified period of time through the use of underlying assets and a benefit responsive wrap contract issued by a third party.

The following reflects the adjustment between the underlying securities and the insurance contract values in the SVF:

| <i>(in thousands of dollars)</i>             | December 31       |                   |
|--|-------------------|-------------------|
|  | 2011              | 2010              |
| Investments at Fair Value                    | \$ 615,690        | \$ 606,849        |
| Wrap Contracts (at Fair Value)               | 28                | 56                |
|  | 615,718           | 606,905           |
| Adjustment from Fair Value to Contract Value | (28,392)          | (20,656)          |
| <b>Investments at Contract Value</b>         | <b>\$ 587,326</b> | <b>\$ 586,249</b> |

The composition of assets of the SVF at contract value as of December 31, 2011 and 2010 are as follows:

| <i>(in thousands of dollars)</i>          | 2011       | 2010       |
|---|------------|------------|
| Synthetic Guaranteed Investment Contracts | \$ 411,495 | \$ 404,932 |
| Separate Account Portfolios               | 105,268    | 103,360    |
| Guaranteed Investment Contracts           | 40,794     | 49,299     |
| Short-term Investment Fund                | 29,769     | 28,658     |
|   | \$ 587,326 | \$ 586,249 |



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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

## 6. INVESTMENTS (Continued)

SYNs within the SVF are comprised of the following:

| <i>(in thousands of dollars)</i>         | Credit<br>Rating | December 31       |                   |
|--|------------------|-------------------|-------------------|
|  |                  | 2011              | 2010              |
| SYNs (at Contract Value):                |                  |                   |                   |
| Prudential Retirement Ins. & Annuity Co. | AAA              | \$ 128,735        | \$ 125,396        |
| ING Life Insurance & Annuity Co.         | AA               | 43,398            | 42,371            |
| Monumental Life Insurance Co.            | AA               | 43,398            | 42,371            |
| State Street Bank & Trust                | AA               | 43,397            | 42,370            |
| ING Life Insurance & Annuity Co.         | AA               | 50,856            | 50,808            |
| Monumental Life Insurance Co.            | AA               | 50,856            | 50,808            |
| State Street Bank & Trust                | AA               | 50,855            | 50,808            |
| <b>Total SYNs (at Contract Value)</b>    |                  | <b>\$ 411,495</b> | <b>\$ 404,932</b> |

The composition of changes in net assets of the SVF for the year ended December 31, 2011 is as follows:

| <i>(in thousands of dollars)</i>                         |                   |
|--|-------------------|
| Employer Contributions                                   | \$ 7,920          |
| Participant Contributions and Rollovers                  | 29,079            |
| <b>Total Contributions</b>                               | <b>36,999</b>     |
| Asset Transfers In                                       | 2                 |
| Interest and Dividend Income                             | 326               |
| Net Realized/Unrealized Appreciation in Investment Value | 17,985            |
| Benefits Paid to Participants                            | (74,088)          |
| Administrative Expense                                   | (179)             |
| Net Loan Activity  | (471)             |
| Net Interfund Transfers                                  | 20,503            |
| <b>Increase in Net Assets Available for Benefits</b>     | <b>1,077</b>      |
| Net Assets Available for Benefits<br>Beginning of Year   | 586,249           |
| <b>End of Year</b>                                       | <b>\$ 587,326</b> |



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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

**7. TAX STATUS**

The Plan obtained its latest determination letter on June 3, 2011, in which the Internal Revenue Service ( IRS ) stated that the Plan, as then designed, was in compliance with the applicable requirements of the Code. Although the Plan has been amended since receiving the determination letter, Plan management and the Plan's tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a tax liability (or asset) and related interest and penalties or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions, and the IRS completed its audit of the Plan for the year ended December 31, 2005. As a result of this examination, the Company made a corrective contribution on February 13, 2012 of approximately \$72,000 (plus related earnings) to the Plan on behalf of certain casual employees that were improperly excluded from participating in the Plan on a timely basis for the Plan years ending December 31, 2004 through December 31, 2010. The resulting tax deficiency related to this examination was paid by the Company. As a result of the conclusion of this audit by the IRS, the Plan is no longer subject to income tax examinations for years prior to 2011.

**8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500**

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2011 and 2010 to Form 5500:

| <i>(in thousands of dollars)</i>                               | 2011                | 2010                |
|--|---------------------|---------------------|
| Net Assets Available for Benefits per the Financial Statements | \$ 1,091,545        | \$ 1,147,875        |
| Amounts Allocated to Withdrawing Participants                  | (77)                | (729)               |
| <b>Net Assets Available for Benefits per the Form 5500</b>     | <b>\$ 1,091,468</b> | <b>\$ 1,147,146</b> |

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500 (Continued)

The following is a reconciliation of benefits paid to participants per the financial statements for the year ended December 31, 2011, to Form 5500:

*(in thousands of dollars)*

|   |              |
|---|--------------|
| Benefits Paid to Participants per the Financial Statements                      | \$ 112,331   |
| Amounts Allocated to Withdrawing Participants at December 31, 2011              | 77           |
| <u>Less: Amounts Allocated to Withdrawing Participants at December 31, 2010</u> | <u>(729)</u> |

|   |                   |
|---|-------------------|
| Benefits Paid to Participants per Form 5500 | <b>\$ 111,679</b> |
|---|-------------------|

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31, 2011, but not yet paid as of that date.

9. TRANSACTIONS WITH PARTIES-IN-INTEREST

Certain Plan investments include several underlying SYN assets within the SVF as well as two collective investment funds managed by Merrill Lynch or its parent company, Bank of America, N.A. Merrill Lynch is the trustee as defined by the Plan and, therefore, these transactions qualify as those conducted with a party-in-interest to the Plan. In addition, other underlying SYN assets include funds managed by State Street Bank & Trust, one of the custodians of the Plan. Therefore, these transactions qualify as those conducted with a party-in-interest to the Plan.

One of the investment vehicles available to participants, the CONSOL Stock Fund, contains stock of CONSOL Energy. The Plan held 4,046,582 shares and 3,872,881 shares of CONSOL Energy common stock at December 31, 2011 and 2010, respectively. Transactions in this investment qualify as party-in-interest transactions which are exempt from the prohibited transaction rules of ERISA.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

10. RISKS AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the financial statements.

In accordance with the investment strategy of the Plan's investment contracts, the Plan's investment manager may execute transactions in interest rate swap contracts that may give rise to varying degrees of off-balance-sheet market and credit risk. These swap contracts can be executed on an exchange or negotiated in the over-the-counter market and involve an agreement to exchange periodic interest payment streams (fixed vs. variable) calculated on an agreed upon periodic interest rate multiplied by a predetermined notional principal amount. Market risk arises from the potential for changes in value of swap contracts resulting from fluctuations in interest rates. The gross notional (or contractual) amounts used to express the volume of these transactions do not necessarily represent the amounts potentially subject to market risk. In many cases, these swap contracts serve to reduce, rather than increase, the Plan's exposure to losses from market and other risks. In addition, the measurement of market risk is meaningful only when all related and offsetting transactions are identified. The Plan's investment managers generally limit the Plan's market risk by holding or purchasing offsetting positions.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2011 and 2010

11. SUBSEQUENT EVENTS

Effective January 1, 2012, employees classified as casual employees no longer have to complete 1,000 hours of service during a 12 consecutive month period, commencing on the employee's employment date or reemployment date, in order to be eligible to participate in the Plan. The Plan was amended to allow employees classified as casual employees to be eligible to begin participation on the first day of the first full pay period following their date of hire, subject to the Plan's automatic enrollment provisions.

Bank of America, N.A., as trustee for the Merrill Lynch Extended Market Index Trust and the Merrill Lynch Equity Index Trust, announced that it would discontinue these collective trusts and remove them as investment options in the Plan effective February 29, 2012. As a result of this decision, the Plan administrator selected new investment options (Vanguard Institutional Index Fund, Vanguard Mid-Cap Index Fund, and Vanguard Small-Cap Index Fund) to replace these collective trusts. Any investments in the options that were eliminated were transferred to the new investment options on February 29, 2012, and contributions directed to the options that were eliminated were also allocated to the new investment options selected to replace these collective trusts.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

**SUPPLEMENTAL SCHEDULE**

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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

EIN Number 51-0337383, Plan Number 002

Schedule H, Part IV, Line 4(i) Schedule of Assets

Held for Investment Purposes at End of Year

December 31, 2011

Supplemental Schedule

|   |  | (c) Description of Investment Including Maturity          |                                       |                             |
|---|--|---|---------------------------------------|-----------------------------|
| (a)   | (b) Identity of Issue, Borrower, Lessor or Similar Party | Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost and Number of Shares/Units** | (e) Current Value (in 000s) |
| <b>Common Stock</b>                                       |  |   |                                       |                             |
| *   | CONSOL Stock Fund  |   | 4,046,582                             | \$ 148,510                  |
|   | E.I. DuPont de Nemours & Company                         |   | 761,754                               | 34,873                      |
| <b>Total Common Stock</b>                                 |  |   |                                       | 183,383                     |
| <b>Interests in Registered Investment Companies</b>       |  |   |                                       |                             |
|   | Columbia   | Acorn Fund  | 2,045,716                             | 56,380                      |
|   | PIMCO  | Total Return Fund   | 2,974,533                             | 32,333                      |
|   | Davis New York   | Venture Fund  | 873,932                               | 28,682                      |
|   | American Funds   | Europacific Growth Fund                                   | 617,908                               | 21,682                      |
|   | BlackRock  | Basic Value Fund  | 867,976                               | 21,118                      |
|   | Legg Mason ClearBridge                                   | Large Cap Growth Fund                                     | 728,313                               | 15,790                      |
|   | Vanguard   | Bond Market Index Fund                                    | 1,563,230                             | 17,196                      |
|   | Vanguard   | International Stock Fund                                  | 2,421,811                             | 31,629                      |
| <b>Total Interests in Registered Investment Companies</b> |  |   |                                       | 224,810                     |
| <b>Stable Value Fund</b>                                  |  |   |                                       |                             |
|   | Metropolitan Life Insurance Co.                          | GIC, 5.50%, 02/01/2014                                    | 6,072,669                             | 6,073                       |
|   | Metropolitan Life Insurance Co.                          | GIC, 5.83%, 12/01/2013                                    | 6,115,268                             | 6,115                       |
|   | Principal Life Insurance Co.                             | GIC, 4.95%, 11/02/2012                                    | 1,310,611                             | 1,311                       |
|   | Principal Life Insurance Co.                             | GIC, 5.20%, 01/01/2014                                    | 4,991,228                             | 4,991                       |
|   | Prudential Retirement Ins. & Annuity Co.                 | GIC, 5.68%, 12/01/2013                                    | 12,472,079                            | 12,472                      |
|   | Prudential Retirement Ins. & Annuity Co.                 | GIC, 4.62%, 12/02/2013                                    | 9,831,676                             | 9,832                       |
|   | Metropolitan Life Insurance Co.                          | Separate Account Portfolio, 1.43%, opened                 | 39,131,677                            | 39,132                      |
|   | Metropolitan Life Insurance Co.                          | Separate Account Portfolio, 2.62%, opened                 | 66,136,210                            | 66,136                      |
|   | FFI Government Fund                                      | Money Market Fund, 0.01%                                  | 29,769,448                            | 29,769                      |
| <i>Prudential Separate Account Wrap:</i>                  |  |   |                                       |                             |
|   | Prudential Retirement Ins. & Annuity Co.                 | Synthetic GIC, 2.82%, opened                              | 128,735,117                           |                             |
| <i>Underlying Security Description:</i>                   |  |   |                                       |                             |
|   | Jennison Intermediate Core Bond Fund                     | Collective Trust  | 6,218,685                             | 66,665                      |
|   | Prudential Core Cons. Inter. Bond Fund                   | Collective Trust  | 6,140,189                             | 64,997                      |
|   | Prudential Retirement Ins. & Annuity Co.                 | Synthetic Wrap Agreement***                               |                                       | (2,927)                     |
| <i>Perpetual Window Global Wrap:</i>                      |  |   |                                       |                             |



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|                                  |                                       |            |
|----------------------------------|---------------------------------------|------------|
| ING Life Insurance & Annuity Co. | Synthetic GIC, 2.25%, opened          | 43,397,888 |
| Monumental Life Insurance Co.    | Synthetic GIC, 2.25%, opened          | 43,397,888 |
| * State Street Bank & Trust      | Synthetic GIC, 2.25%, opened          | 43,397,888 |
| Underlying Security Description: |                                       |            |
| GEM Trust Short Duration         | 5,962,429.0322 units of participation | 72,122     |

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## CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

EIN Number 51-0337383, Plan Number 002

Schedule H, Part IV, Line 4(i) Schedule of Assets

Held for Investment Purposes at End of Year

December 31, 2011

Supplemental Schedule

## (c) Description of Investment Including Maturity

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost and Number of Shares/Units** | (e) Current Value (in 000s) |
|-----|--|---|---------------------------------------|-----------------------------|
|     | Citigroup  | Cash as Collateral for Futures                            | 10,000                                | 10                          |
| *   | State Street Bank & Trust                                | 0.14% 31 Dec 2030 Short Term Invest. Fund                 | 72,391                                | 72                          |
|     | Treasury Bill  | 0.113% 18 Oct 2012  | 100,000                               | 100                         |
|     | Treasury Bill  | 0.04% 17 May 2012   | 100,000                               | 100                         |
|     | Treasury Bill  | 0.04% 12 Apr 2012   | 100,000                               | 100                         |
|     | Treasury Bill  | 0% 19 Jan 2012  | 100,000                               | 100                         |
|     | Treasury Bill  | 0.043% 07 Jun 2012  | 200,000                               | 200                         |
|     | United States Treas Bills Dt                             | 0% 24 May 2012  | 200,000                               | 200                         |
|     | Treasury Bill  | 0.048% 10 May 2012  | 400,000                               | 400                         |
|     | Treasury Bill  | 0.01% 12 Jan 2012   | 1,250,000                             | 1,250                       |
|     | Treasury Bill  | 0% 15 Mar 2012  | 1,400,000                             | 1,400                       |
|     | Treasury Bill  | 0.01% 22 Mar 2012   | 1,700,000                             | 1,700                       |
|     | WI Treasury Bill   | 0.043% 21 Jun 2012  | 5,400,000                             | 5,399                       |
|     | Treasury Bill  | 0.229% 05 Apr 2012  | 15,300,000                            | 15,299                      |
|     | FNMA TBA Jan 30 Single Fam                               | 5.5% 01 Dec 2099  | (1,500,000)                           | (1,633)                     |
|     | FNMA TBA Single Family Mortgage                          | 4% 01 Dec 2099  | (1,000,000)                           | (1,050)                     |
|     | SWU0498Q9 IRS USD PF 3.50000                             | 3.5% 15 Jun 2021  | (300,000)                             | (300)                       |
|     | Fannie Mae   | 1% 25 Apr 2037  | 40,291                                | 40                          |
|     | Bear Stearns Commercial Mortgage                         | 5.127% 12 Oct 2042  | 53,826                                | 54                          |
|     | Transocean Inc   | 6.5% 15 Nov 2020  | 60,000                                | 62                          |
|     | Fannie Mae   | 1% 25 Jul 2037  | 65,592                                | 65                          |
|     | Freddie Mac  | 1% 15 May 2037  | 73,655                                | 73                          |
|     | FNMA Pool MA0614   | 4% 01 Jan 2041  | 79,849                                | 84                          |
|     | DTE Energy Company                                       | 0.972% 03 Jun 2013  | 100,000                               | 100                         |
| *   | Merrill Lynch & Co                                       | 5.571% 04 Oct 2012  | 100,000                               | 100                         |
|     | National Rural Util Coop                                 | 1.9% 01 Nov 2015  | 100,000                               | 101                         |
|     | Healthcare Realty Trust                                  | 5.75% 15 Jan 2021   | 100,000                               | 101                         |
|     | Hospitality Properties                                   | 5.125% 15 Feb 2015  | 100,000                               | 101                         |
|     | JPMorgan Chase & Co                                      | 3.45% 01 Mar 2016   | 100,000                               | 102                         |
| *   | Merrill Lynch/Countrywide Comm                           | 5.479% 12 Feb 2039  | 100,000                               | 102                         |
|     | EnSCO PLC  | 3.25% 15 Mar 2016   | 100,000                               | 102                         |
|     | Intl Lease Finance Corp                                  | 6.75% 01 Sep 2016   | 100,000                               | 102                         |
|     | Kilroy Realty LP   | 5% 03 Nov 2015  | 100,000                               | 103                         |
|     | SLM Corp   | 8.45% 15 Jun 2018   | 100,000                               | 103                         |
|     | Kinder Morgan Ener Part                                  | 3.5% 01 Mar 2016  | 100,000                               | 104                         |
|     | FNMA Pool AH3854   | 4% 01 Aug 2041  | 98,924                                | 104                         |
|     | BP Capital Markets PLC                                   | 3.125% 01 Oct 2015  | 100,000                               | 105                         |
|     | HSBC Holdings PLC  | 5.1% 05 Apr 2021  | 100,000                               | 106                         |
|     | Bear Stearns Cos LLC                                     | 5.7% 15 Nov 2014  | 100,000                               | 109                         |

BP Capital Markets PLC

4.5% 01 Oct 2020

100,000

110

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|-----|--|---|---------------------------------------|-----------------------------|
|     | Fannie Mae   | 1% 25 Apr 2037  | 118,792                               | 118                         |
|     | Freddie Mac  | 0.835% 15 Jul 2037  | 131,599                               | 131                         |
|     | FNR 2010 141 FB  | 0.727% 25 Dec 2040  | 154,580                               | 154                         |
|     | Federal Home Ln Mtg Corp                                 | 1% 15 Aug 2028  | 169,264                               | 170                         |
|     | Abbey Natl Treasury Serv                                 | 1.832% 25 Apr 2014  | 200,000                               | 182                         |
|     | Prologis LP  | 4% 15 Jan 2018  | 200,000                               | 189                         |
|     | Lloyds TSB Bank PLC                                      | 4.875% 21 Jan 2016  | 200,000                               | 195                         |
|     | FNR 2010 129 FM  | 1% 25 Nov 2040  | 196,581                               | 196                         |
|     | Hewlett Packard Co                                       | 0.588% 24 May 2013  | 200,000                               | 198                         |
|     | FNR 2007 38 FC   | 0.677% 25 May 2037  | 199,472                               | 198                         |
|     | SLM Corp   | 5% 01 Oct 2013  | 200,000                               | 200                         |
|     | Caterpillar Inc  | 0.425% 21 May 2013  | 200,000                               | 200                         |
|     | EOG Resources Inc  | 1.061% 03 Feb 2014  | 200,000                               | 201                         |
|     | DCP Midstream Operating                                  | 3.25% 01 Oct 2015   | 200,000                               | 202                         |
|     | Transocean Inc   | 6% 15 Mar 2018  | 200,000                               | 204                         |
|     | Credit Suisse Mortgage Capital                           | 1% 15 Sep 2040  | 200,000                               | 209                         |
|     | US Treasury N/B  | 3.125% 15 Nov 2041  | 200,000                               | 209                         |
|     | BP Capital Markets PLC                                   | 3.2% 11 Mar 2016  | 200,000                               | 210                         |
|     | HCP Inc  | 5.375% 01 Feb 2021  | 200,000                               | 210                         |
|     | New York City NY Transitional                            | 3.02% 01 Feb 2016   | 200,000                               | 212                         |
|     | Wal Mart Stores Inc                                      | 3.25% 25 Oct 2020   | 200,000                               | 214                         |
|     | Tyco Electronics Group S                                 | 4.875% 15 Jan 2021  | 200,000                               | 215                         |
|     | Freddie Mac  | 1% 15 May 2037  | 217,801                               | 216                         |
|     | GNMA II Pool 783277                                      | 6% 20 Jul 2040  | 200,469                               | 227                         |
|     | US Treasury N/B  | 3.625% 15 Feb 2021  | 200,000                               | 232                         |
|     | Anadarko Petroleum Corp                                  | 8.7% 15 Mar 2019  | 200,000                               | 255                         |
|     | FNR 2007 109 GF  | 0.925% 25 Dec 2037  | 259,349                               | 260                         |
|     | SWU0498Q9 IRS USD R V 03MLIBO                            | 1% 15 Jun 2021  | 300,000                               | 260                         |
|     | Fannie Mae   | 0.737% 25 Sep 2041  | 278,876                               | 278                         |
|     | FHR 3368 AF  | 0.951% 15 Sep 2037  | 293,672                               | 294                         |
|     | American Tower Corp                                      | 5.05% 01 Sep 2020   | 300,000                               | 300                         |
|     | Dow Chemical Co  | 2.5% 15 Feb 2016  | 300,000                               | 301                         |
|     | Agilent Technologies Inc                                 | 5% 15 Jul 2020  | 300,000                               | 336                         |
|     | Federal Natl Mtg Assn                                    | 0.797% 25 Mar 2035  | 349,966                               | 348                         |
|     | Wachovia Bank Commercial Mortg                           | 5.738% 15 Jun 2049  | 348,494                               | 357                         |
|     | Rogers Communications Inc                                | 6.8% 15 Aug 2018  | 300,000                               | 365                         |
|     | Teck Resources Limited                                   | 10.75% 15 May 2019  | 300,000                               | 366                         |
|     | FHR 3747 WF  | 0.736% 15 Oct 2040  | 373,559                               | 372                         |
|     | FHR 3743 FA  | 1% 15 Oct 2040  | 386,389                               | 385                         |



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|-----|--|---|---------------------------------------|-----------------------------|
|     | Altria Group Inc   | 9.25% 06 Aug 2019   | 300,000                               | 403                         |
|     | FNMA Pool AE7517   | 3.5% 01 Nov 2025  | 396,019                               | 414                         |
|     | FHR 3740 DF  | 0.74% 15 Oct 2040   | 422,058                               | 420                         |
|     | NBC Universal Media LLC                                  | 5.15% 30 Apr 2020   | 400,000                               | 445                         |
|     | FNMA Pool AH4680   | 4% 01 Mar 2026  | 422,480                               | 446                         |
|     | American Express Co                                      | 7.25% 20 May 2014   | 400,000                               | 447                         |
|     | Freddie Mac  | 0.8% 15 Dec 2041  | 480,000                               | 478                         |
|     | US Treasury N/B  | 1.375% 30 Nov 2018  | 500,000                               | 502                         |
|     | FNR 2010 136 FA  | 0.756% 25 Dec 2040  | 527,261                               | 525                         |
|     | Goldman Sachs Group Inc                                  | 7.5% 15 Feb 2019  | 500,000                               | 552                         |
|     | Citigroup Inc  | 1.753% 13 Jan 2014  | 600,000                               | 583                         |
|     | Fannie Mae   | 0.756% 25 Sep 2041  | 588,988                               | 587                         |
|     | FNMA Pool AL0212   | 5.5% 01 Feb 2038  | 539,678                               | 590                         |
|     | FNMA Pool 995113   | 5.5% 01 Sep 2036  | 539,934                               | 590                         |
|     | Verizon Communications                                   | 6.1% 15 Apr 2018  | 500,000                               | 601                         |
|     | Fannie Mae   | 6.318% 15 Jun 2027  | 600,000                               | 614                         |
|     | US Treasury N/B  | 2.125% 15 Aug 2021  | 600,000                               | 615                         |
|     | FNMA Pool 466319   | 3.23% 01 Nov 2020   | 589,579                               | 615                         |
|     | FNMA Pool 678899   | 5.5% 01 Jan 2033  | 583,740                               | 638                         |
|     | Fannie Mae   | 0.737% 25 Sep 2041  | 643,897                               | 642                         |
| *   | Bank of America Corp                                     | 7.375% 15 May 2014  | 700,000                               | 726                         |
|     | FNMA Pool AE2159   | 4% 01 Feb 2041  | 992,355                               | 1,044                       |
|     | Freddie Mac  | 1% 15 Nov 2040  | 1,781,972                             | 1,772                       |
|     | US Treasury N/B  | 3.125% 15 May 2021  | 1,800,000                             | 2,010                       |
|     | US Treasury N/B  | 0.375% 31 Jul 2013  | 6,000,000                             | 6,014                       |
|     | Various Receivables                                      |   |                                       | 2,852                       |
|     | Various Insurance Companies                              | Synthetic Wrap Agreements***                              |                                       | (2,297)                     |
|     | <i>Total Return Tier Global Wrap:</i>                    |   |                                       |                             |
|     | ING Life Insurance & Annuity Co.                         | Synthetic GIC, 5.30%, opened                              | 50,855,531                            |                             |
|     | Monumental Life Insurance Co.                            | Synthetic GIC, 5.30%, opened                              | 50,855,531                            |                             |
| *   | State Street Bank & Trust                                | Synthetic GIC, 5.30%, opened                              | 50,855,531                            |                             |
|     | Underlying Security Description:                         |   |                                       |                             |
|     | GEM Trust Risk-Controlled 2                              | 1,984,573.0537 units of participation                     |                                       | 29,046                      |
|     | GEM Trust Opportunistic 2                                | 2,360,027.9129 units of participation                     |                                       | 36,182                      |
|     | GEM Trust Opportunistic 3                                | 3,515,004.8964 units of participation                     |                                       | 50,841                      |
| *   | State Street Bank & Trust                                | 0.14% 31 Dec 2030 Short Term Invest. Fund                 | 9,765,493                             | 9,765                       |
|     | FNMA TBA Single Family Nov 30                            | 4% 01 Dec 2099  | (200,000)                             | (208)                       |
|     | FNMA Pool 318107   | 7% 01 Aug 2025  | 325                                   | 0                           |
|     | FNMA Pool 306974   | 7.5% 01 Jun 2025  | 513                                   | 1                           |



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|-----|--|---|---------------------------------------|-----------------------------|
|     | Coors Brewing Co   | 6.375% 15 May 2012  | 1,000                                 | 1                           |
|     | GNMA Pool 373607   | 6.5% 15 Mar 2026  | 1,278                                 | 1                           |
|     | GNMA Pool 780975   | 6% 15 Feb 2029  | 1,346                                 | 2                           |
|     | Fed Hm Ln Pc Pool C90042                                 | 6% 01 Dec 2013  | 2,354                                 | 3                           |
|     | Fed Hm Ln Pc Pool D28599                                 | 7.5% 01 Dec 2022  | 3,404                                 | 3                           |
|     | Federal Natl Mtg Assn Remic                              | 9.99% 25 Sep 2017   | 3,694                                 | 4                           |
|     | GNMA Pool 412583   | 6.5% 15 Apr 2026  | 3,834                                 | 4                           |
|     | Residential Asset Mortgage Prods                         | 4.57% 25 Oct 2034   | 5,152                                 | 5                           |
|     | Kraft Foods Inc  | 6.25% 01 Jun 2012   | 5,000                                 | 5                           |
|     | FNMA Pool 987022   | 5.5% 01 Aug 2038  | 4,789                                 | 5                           |
|     | Comcast Cable Communications                             | 7.125% 15 Jun 2013  | 5,000                                 | 5                           |
|     | GNMAPool 288117  | 10% 15 Mar 2020   | 6,146                                 | 6                           |
|     | GNMA Pool 419569   | 6.5% 15 Feb 2026  | 5,478                                 | 6                           |
|     | FNMA Pool 414547   | 7% 01 Feb 2028  | 6,323                                 | 7                           |
|     | GNMA Pool 412234   | 6.5% 15 May 2026  | 7,403                                 | 8                           |
|     | Dell Inc   | 5.625% 15 Apr 2014  | 8,000                                 | 9                           |
|     | Black & Decker   | 8.95% 15 Apr 2014   | 8,000                                 | 9                           |
|     | City Of Florence   | 6.14% 15 Apr 2014   | 9,502                                 | 9                           |
|     | Citifinancial Mortgage Securities                        | 1% 25 Oct 2033  | 10,344                                | 10                          |
|     | Marsh & McLennan Cos Inc                                 | 9.25% 15 Apr 2019   | 8,000                                 | 11                          |
|     | Fed Hm Ln Pc Pool C80253                                 | 9% 01 Jan 2025  | 8,860                                 | 11                          |
|     | CVS Caremark Corp  | 6.6% 15 Mar 2019  | 9,000                                 | 11                          |
|     | GNMA Pool 296513   | 10% 15 Dec 2020   | 11,104                                | 13                          |
|     | GNMA Pool 426119   | 8% 15 Jun 2026  | 12,108                                | 14                          |
|     | Morgan Stanley Dean Witter Cap                           | 6.39% 15 Jul 2033   | 14,997                                | 15                          |
|     | Hartford Finl Svcs Grp                                   | 5.375% 15 Mar 2017  | 15,000                                | 15                          |
|     | Fannie Mae   | 0% 09 Oct 2019  | 21,000                                | 16                          |
|     | Contl Airlines 1996 1                                    | 6.94% 15 Apr 2015   | 16,657                                | 17                          |
|     | Ingersoll Rand Gl Hld Co                                 | 9.5% 15 Apr 2014  | 15,000                                | 17                          |
|     | EOG Resources Inc  | 5.625% 01 Jun 2019  | 15,000                                | 18                          |
|     | Entergy Mississippi Inc                                  | 6.64% 01 Jul 2019   | 15,000                                | 18                          |
|     | Bemis Company Inc  | 6.8% 01 Aug 2019  | 15,000                                | 18                          |
|     | Citigroup Inc  | 5.5% 27 Aug 2012  | 18,000                                | 18                          |
|     | Citigroup Inc  | 5.25% 27 Feb 2012   | 19,000                                | 19                          |
|     | CS First Boston Mortgage Securities                      | 6% 25 Nov 2018  | 18,728                                | 19                          |
|     | Bellsouth Corp   | 5.2% 15 Dec 2016  | 17,000                                | 19                          |
|     | Panhandle East Pipe Line                                 | 8.125% 01 Jun 2019  | 16,000                                | 20                          |
|     | Intl Bk Recon & Develop                                  | 0.01% 15 Feb 2015   | 21,000                                | 20                          |
|     | GNMA Pool 457932   | 6% 15 Dec 2028  | 17,863                                | 20                          |





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|-----|--|---|---------------------------------------|-----------------------------|
|     | BHP Billiton Fin USA LTD                                 | 6.5% 01 Apr 2019  | 17,000                                | 21                          |
|     | Comcast Corp   | 5.7% 15 May 2018  | 19,000                                | 22                          |
|     | Fed Hm Ln Pc Pool C90219                                 | 6% 01 May 2018  | 20,502                                | 23                          |
|     | Mastr Asset Securitization Tr                            | 1% 25 May 2033  | 24,155                                | 23                          |
|     | Union Electric Co  | 6.7% 01 Feb 2019  | 19,000                                | 23                          |
|     | Valspar Corp   | 6.05% 01 May 2017   | 20,000                                | 23                          |
|     | Federal Natl Mtg Assn Remic                              | 8.5% 25 Sep 2021  | 20,993                                | 24                          |
|     | Oracle Corp  | 5.75% 15 Apr 2018   | 20,000                                | 24                          |
|     | Fannie Mae   | 5.25% 01 Aug 2012   | 24,000                                | 25                          |
|     | Goldman Sachs Group Inc                                  | 5.375% 15 Mar 2020  | 25,000                                | 25                          |
|     | Arrow Electronics Inc                                    | 3.375% 01 Nov 2015  | 25,000                                | 25                          |
|     | Metlife Inc  | 7.717% 15 Feb 2019  | 20,000                                | 25                          |
|     | Commonwealth Edison                                      | 6.15% 15 Mar 2012   | 25,000                                | 25                          |
|     | Goldman Sachs Group Inc                                  | 5.95% 18 Jan 2018   | 25,000                                | 26                          |
|     | Harsco Corp  | 2.7% 15 Oct 2015  | 25,000                                | 26                          |
|     | Prudential Financial Inc                                 | 3.875% 14 Jan 2015  | 25,000                                | 26                          |
|     | Dr Pepper Snapple Group                                  | 2.9% 15 Jan 2016  | 25,000                                | 26                          |
|     | Time Warner Cable Inc                                    | 3.5% 01 Feb 2015  | 25,000                                | 26                          |
|     | Citigroup Inc  | 6.375% 12 Aug 2014  | 25,000                                | 26                          |
|     | Petrobras Intl Fin Co                                    | 5.375% 27 Jan 2021  | 25,000                                | 26                          |
|     | Sunoco Logistics Partner                                 | 5.5% 15 Feb 2020  | 25,000                                | 27                          |
|     | Petroleos Mexicanos                                      | 4.875% 15 Mar 2015  | 25,000                                | 27                          |
|     | Cliffs Natural Resources                                 | 5.9% 15 Mar 2020  | 25,000                                | 27                          |
|     | Federal Realty Invs Trst                                 | 5.95% 15 Aug 2014   | 25,000                                | 27                          |
|     | Reed Elsevier Capital                                    | 7.75% 15 Jan 2014   | 24,000                                | 27                          |
|     | Duke Realty LP   | 5.95% 15 Feb 2017   | 25,000                                | 27                          |
|     | Comcast Corp   | 6.3% 15 Nov 2017  | 23,000                                | 27                          |
|     | FNMA Pool 906693   | 5.5% 01 Dec 2036  | 25,055                                | 27                          |
|     | Petroleos Mexicanos                                      | 6% 05 Mar 2020  | 25,000                                | 28                          |
|     | FNMA Pool 928560   | 5.5% 01 Jul 2037  | 25,607                                | 28                          |
| *   | Merrill Lynch & Co                                       | 6.4% 28 Aug 2017  | 29,000                                | 28                          |
|     | Alleghany Corp   | 5.625% 15 Sep 2020  | 27,000                                | 28                          |
|     | Meccanica Holdings USA                                   | 6.25% 15 Jul 2019   | 35,000                                | 29                          |
|     | Federal Home Loan Bank                                   | 4.625% 09 Mar 2018  | 25,000                                | 29                          |
|     | Hartford Finl Svcs Grp                                   | 5.5% 30 Mar 2020  | 29,000                                | 29                          |
|     | Goldman Sachs Group Inc                                  | 5.7% 01 Sep 2012  | 29,000                                | 30                          |
|     | Capital One Financial Co                                 | 7.375% 23 May 2014  | 27,000                                | 30                          |
|     | Donnelley R.R. & Sons                                    | 8.6% 15 Aug 2016  | 30,000                                | 30                          |
|     | Small Business Administration                            | 4.12% 10 Mar 2014   | 29,208                                | 30                          |



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|-----|--|---|---------------------------------------|-----------------------------|
|     | Talisman Energy  | 7.75% 01 Jun 2019   | 25,000                                | 31                          |
|     | American Intl Group                                      | 6.4% 15 Dec 2020  | 31,000                                | 31                          |
|     | Pacific Life Global Fndg                                 | 5.15% 15 Apr 2013   | 30,000                                | 31                          |
|     | Valero Energy Corp                                       | 9.375% 15 Mar 2019  | 25,000                                | 32                          |
|     | Duke Energy Carolinas                                    | 7% 15 Nov 2018  | 25,000                                | 32                          |
|     | Bear Stearns Cos LLC                                     | 5.3% 30 Oct 2015  | 30,000                                | 32                          |
|     | FNMA Pool 323347   | 7% 01 Sep 2028  | 29,086                                | 34                          |
|     | Xerox Corporation  | 4.25% 15 Feb 2015   | 33,000                                | 35                          |
|     | Airgas Inc   | 4.5% 15 Sep 2014  | 33,000                                | 35                          |
|     | Prudential Financial Inc                                 | 6.1% 15 Jun 2017  | 32,000                                | 35                          |
|     | Duke Realty LP   | 8.25% 15 Aug 2019   | 30,000                                | 35                          |
|     | Magellan Midstream Partn                                 | 6.55% 15 Jul 2019   | 30,000                                | 35                          |
|     | GNMA Pool 377590   | 8% 15 Aug 2025  | 30,211                                | 36                          |
|     | Nevada Power Co  | 6.5% 15 May 2018  | 30,000                                | 36                          |
|     | FNMA Pool 906868   | 5.5% 01 Dec 2036  | 33,250                                | 36                          |
|     | Citigroup Inc  | 4.75% 19 May 2015   | 36,000                                | 36                          |
|     | Lincoln National Corp                                    | 8.75% 01 Jul 2019   | 30,000                                | 36                          |
|     | Autozone Inc   | 5.75% 15 Jan 2015   | 33,000                                | 37                          |
|     | Aflac Inc  | 8.5% 15 May 2019  | 30,000                                | 37                          |
|     | Nationwide Life Global Fund                              | 5.45% 02 Oct 2012   | 37,000                                | 38                          |
|     | Financing Corp   | 10.35% 03 Aug 2018  | 25,000                                | 38                          |
|     | Simon Property Group LP                                  | 6.75% 15 May 2014   | 35,000                                | 39                          |
|     | American Express Co                                      | 8.125% 20 May 2019  | 30,000                                | 39                          |
|     | Biomed Realty LP   | 6.125% 15 Apr 2020  | 37,000                                | 39                          |
|     | Valero Energy Corp                                       | 6.125% 01 Feb 2020  | 35,000                                | 39                          |
|     | Kraft Foods Inc  | 4.125% 09 Feb 2016  | 36,000                                | 39                          |
|     | Metlife Inc  | 6.75% 01 Jun 2016   | 34,000                                | 39                          |
|     | Royal Bk Of Scot Group PLC                               | 4.7% 03 Jul 2018  | 61,000                                | 40                          |
|     | Hershey Foods Corp                                       | 1.5% 01 Nov 2016  | 40,000                                | 40                          |
|     | Kellogg Co   | 1.875% 17 Nov 2016  | 40,000                                | 40                          |
|     | Keycorp  | 6.5% 14 May 2013  | 38,000                                | 40                          |
|     | JC Penney Corp Inc                                       | 7.625% 01 Mar 2097  | 45,000                                | 40                          |
|     | John Deere Capital Corp                                  | 7% 15 Mar 2012  | 40,000                                | 41                          |
| *   | Bank of America Corp.                                    | 7.8% 15 Sep 2016  | 40,000                                | 41                          |
|     | Ppl Energy Supply LLC                                    | 6.2% 15 May 2016  | 37,000                                | 41                          |
|     | Metlife Inc  | 6.817% 15 Aug 2018  | 35,000                                | 42                          |
|     | Natl Retail Properties                                   | 6.875% 15 Oct 2017  | 38,000                                | 42                          |
|     | Raytheon Co  | 1.4% 15 Dec 2014  | 42,000                                | 42                          |
|     | PSEG Power LLC   | 2.75% 15 Sep 2016   | 42,000                                | 42                          |



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|-----|--|---|---------------------------------------|-----------------------------|
|     | John Deere Capital Corp                                  | 1.25% 02 Dec 2014   | 42,000                                | 42                          |
|     | GNMA Pool 413641   | 6.5% 15 Apr 2026  | 37,225                                | 43                          |
|     | HCC Insurance Holdings I                                 | 6.3% 15 Nov 2019  | 39,000                                | 43                          |
|     | Fannie Mae   | 4.625% 01 May 2013  | 42,000                                | 44                          |
|     | Caterpillar Fin Serv Crp                                 | 6.125% 17 Feb 2014  | 40,000                                | 44                          |
|     | GNMA Pool 742401   | 4.5% 15 Jun 2040  | 40,666                                | 44                          |
| *   | Merrill Lynch & Co                                       | 6.875% 25 Apr 2018  | 45,000                                | 44                          |
|     | Time Warner Inc  | 3.15% 15 Jul 2015   | 43,000                                | 45                          |
|     | Allstate Corp  | 6.125% 15 Feb 2012  | 45,000                                | 45                          |
|     | Contl Airlines 1999 2                                    | 7.256% 15 Sep 2021  | 43,384                                | 46                          |
|     | Jackson Natl Life Global                                 | 6.125% 30 May 2012  | 47,000                                | 48                          |
|     | Diageo Capital PLC                                       | 5.5% 30 Sep 2016  | 42,000                                | 48                          |
|     | Westlb AG New York Brh                                   | 4.796% 15 Jul 2015  | 48,000                                | 50                          |
|     | Fed Hm Ln Pc Pool A73062                                 | 5% 01 Feb 2038  | 46,405                                | 50                          |
|     | Home Depot Inc   | 3.95% 15 Sep 2020   | 46,000                                | 50                          |
|     | Anheuser Busch Inbev Wor                                 | 7.75% 15 Jan 2019   | 39,000                                | 51                          |
|     | GNMA Pool 726414   | 4.5% 15 Oct 2039  | 46,361                                | 51                          |
|     | HCP Inc  | 3.75% 01 Feb 2016   | 50,000                                | 51                          |
|     | Hyundai Capital Services                                 | 4.375% 27 Jul 2016  | 50,000                                | 51                          |
|     | Axis Specialty Finance                                   | 5.875% 01 Jun 2020  | 50,000                                | 51                          |
|     | Principal Financial Group                                | 8.875% 15 May 2019  | 42,000                                | 52                          |
|     | Sprint Capital Corp                                      | 8.75% 15 Mar 2032   | 65,000                                | 53                          |
|     | First Niagara Fin Group                                  | 6.75% 19 Mar 2020   | 50,000                                | 53                          |
|     | Contl Airlines 2007 1                                    | 5.983% 19 Apr 2022  | 51,121                                | 53                          |
|     | CSX Corp   | 7.375% 01 Feb 2019  | 43,000                                | 54                          |
|     | Simon Property Group                                     | 2.8% 30 Jan 2017  | 53,000                                | 54                          |
|     | Comcast Cable Comm Hldgs                                 | 8.375% 15 Mar 2013  | 50,000                                | 54                          |
|     | AT&T Inc   | 6.7% 15 Nov 2013  | 50,000                                | 55                          |
|     | Fannie Mae   | 5.125% 02 Jan 2014  | 51,000                                | 55                          |
|     | Niagara Mohawk Power                                     | 4.881% 15 Aug 2019  | 50,000                                | 56                          |
|     | IBM Corp   | 7.125% 01 Dec 2096  | 40,000                                | 57                          |
|     | Assurant Inc   | 6.75% 15 Feb 2034   | 55,000                                | 57                          |
| *   | Bank of America Commercial Mor                           | 5.713% 10 May 2045  | 59,147                                | 59                          |
|     | Fed Hm Ln Pc Pool A73704                                 | 5% 01 Mar 2038  | 55,067                                | 59                          |
|     | Empresa Nacional De Elec                                 | 8.625% 01 Aug 2015  | 50,000                                | 60                          |
|     | EDP Finance BV   | 5.375% 02 Nov 2012  | 61,000                                | 60                          |
|     | General Elec Cap Corp                                    | 5.9% 13 May 2014  | 58,000                                | 64                          |
|     | Cincinnati Finl Corp                                     | 6.125% 01 Nov 2034  | 65,000                                | 65                          |
|     | Morgan Stanley Mortgage Loan                             | 5.683% 25 Apr 2034  | 63,813                                | 65                          |

US Treasury N/B

2.375% 15 Jan 2017

56,172

65

34

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|     | Landwirtsch. Rentenbank                                  | 3.125% 15 Jul 2015  | 62,000                                | 66                          |
|     | GNMA Pool 699867   | 4.5% 15 May 2040  | 62,233                                | 68                          |
|     | US Treasury N/B  | 4.75% 15 Feb 2041   | 50,000                                | 69                          |
|     | CS First Boston Mortgage Securities                      | 5% 25 Apr 2019  | 66,971                                | 69                          |
|     | Becton Dickinson   | 5% 15 May 2019  | 60,000                                | 69                          |
|     | Contl Airlines 2000 I                                    | 8.048% 01 May 2022  | 65,674                                | 70                          |
|     | Petroleos Mexicanos                                      | 8% 03 May 2019  | 57,000                                | 71                          |
|     | Qwest Capital Funding                                    | 6.875% 15 Jul 2028  | 76,000                                | 71                          |
|     | CRH America Inc  | 8.125% 15 Jul 2018  | 63,000                                | 72                          |
|     | Nomura Holdings Inc                                      | 5% 04 Mar 2015  | 73,000                                | 74                          |
|     | Corning Inc  | 7% 15 May 2024  | 59,000                                | 76                          |
|     | Mass Mutual Life Ins Co                                  | 5.625% 15 May 2033  | 70,000                                | 76                          |
|     | Ventas Realty LP/Cap Crp                                 | 4.75% 01 Jun 2021   | 80,000                                | 77                          |
|     | New Valley Generation I                                  | 7.299% 15 Mar 2019  | 64,219                                | 78                          |
|     | Lennox International Inc                                 | 4.9% 15 May 2017  | 74,000                                | 78                          |
|     | BBVA Global Finance LTD.                                 | 7% 01 Dec 2025  | 112,000                               | 79                          |
|     | JPMorgan Mortgage Trust                                  | 4.552% 25 Jun 2034  | 84,974                                | 79                          |
|     | GNMA Pool 708581   | 4.5% 15 Apr 2039  | 73,100                                | 80                          |
|     | Citigroup Inc  | 5.5% 11 Apr 2013  | 79,000                                | 81                          |
|     | Verizon Communications                                   | 8.75% 01 Nov 2018   | 60,000                                | 81                          |
|     | Stanley Black + Decker I                                 | 3.4% 01 Dec 2021  | 80,000                                | 82                          |
|     | Comerica Inc   | 4.8% 01 May 2015  | 80,000                                | 82                          |
|     | Smucker J.M. Co  | 3.5% 15 Oct 2021  | 80,000                                | 82                          |
|     | Gap Inc  | 5.95% 12 Apr 2021   | 86,000                                | 82                          |
|     | Toyota Motor Credit Corp                                 | 4.25% 11 Jan 2021   | 76,000                                | 83                          |
|     | Morgan Stanley   | 5.625% 23 Sep 2019  | 91,000                                | 84                          |
|     | Toyota Motor Credit Corp                                 | 1.25% 17 Nov 2014   | 84,000                                | 84                          |
|     | Johnson Controls Inc                                     | 2.6% 01 Dec 2016  | 84,000                                | 85                          |
|     | Joy Global Inc   | 5.125% 15 Oct 2021  | 81,000                                | 86                          |
|     | Owens Corning Inc  | 6.5% 01 Dec 2016  | 80,000                                | 87                          |
|     | Boston Scientific Corp                                   | 1% 15 Nov 2015  | 80,000                                | 89                          |
|     | Bear Stearns Cos LLC                                     | 7.25% 01 Feb 2018   | 76,000                                | 89                          |
|     | Allegheny Ludlum Corp                                    | 6.95% 15 Dec 2025   | 79,000                                | 89                          |
|     | Santander US Debt SA Uni                                 | 3.781% 07 Oct 2015  | 100,000                               | 91                          |
|     | Fico Strip Prin  | 0% 30 Nov 2017  | 100,000                               | 91                          |
|     | Morgan Stanley Capital I                                 | 5.317% 12 Nov 2041  | 88,047                                | 91                          |
|     | Tyson Foods Inc  | 7% 01 May 2018  | 86,000                                | 92                          |
|     | FNMA Pool AE4844   | 3.5% 01 Oct 2040  | 90,425                                | 93                          |
|     | DBS Bank LTD/Singapore                                   | 1% 15 Nov 2019  | 90,000                                | 94                          |





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|     | CRH America Inc  | 4.125% 15 Jan 2016  | 99,000                                | 99                          |
|     | Morgan Stanley   | 6% 28 Apr 2015  | 100,000                               | 100                         |
|     | Rabobank Nederland                                       | 3.2% 11 Mar 2015  | 100,000                               | 102                         |
|     | FNMA Pool AB3981   | 3.5% 01 Dec 2041  | 99,990                                | 103                         |
|     | Banco Bilbao Vizcaya ARG                                 | 5.75% 20 Jul 2017   | 100,000                               | 103                         |
|     | Kroger Co  | 6.4% 15 Aug 2017  | 87,000                                | 103                         |
|     | America Movil Sab DE CV                                  | 3.625% 30 Mar 2015  | 100,000                               | 105                         |
|     | Ally Financial Inc                                       | 7% 01 Feb 2012  | 105,000                               | 105                         |
|     | Time Warner Ent  | 8.875% 01 Oct 2012  | 100,000                               | 105                         |
|     | Procter & Gamble Co                                      | 8% 26 Oct 2029  | 69,000                                | 106                         |
|     | JPMorgan Chase & Co                                      | 5.15% 01 Oct 2015   | 100,000                               | 106                         |
|     | Korea Electric Power                                     | 5.5% 21 Jul 2014  | 100,000                               | 106                         |
|     | Banco Nac DE Desen Econo                                 | 5.5% 12 Jul 2020  | 100,000                               | 108                         |
| *   | Merrill Lynch & Co                                       | 5.45% 15 Jul 2014   | 110,000                               | 109                         |
|     | Financing Corp   | 9.4% 08 Feb 2018  | 80,000                                | 115                         |
|     | AT&T Inc   | 5.5% 01 Feb 2018  | 100,000                               | 116                         |
|     | Hutch Wham Int 09 LTD                                    | 7.625% 09 Apr 2019  | 100,000                               | 123                         |
|     | Pearson Funding Two                                      | 4% 17 May 2016  | 120,000                               | 127                         |
|     | Brunswick Corp   | 7.375% 01 Sep 2023  | 140,000                               | 130                         |
|     | Greenwich Capital Commercial F                           | 5.444% 10 Mar 2039  | 120,000                               | 130                         |
|     | Transocean Inc   | 4.95% 15 Nov 2015   | 130,000                               | 133                         |
|     | Eastman Chemical Co                                      | 7.25% 15 Jan 2024   | 106,000                               | 133                         |
|     | Duke Cap Corp  | 6.75% 15 Jul 2018   | 121,000                               | 136                         |
|     | LB Baden Wuerttemberg                                    | 7.625% 01 Feb 2023  | 106,000                               | 138                         |
| *   | Bank Of America N.A.                                     | 1% 15 Jun 2016  | 171,000                               | 138                         |
|     | Province of Ontario                                      | 4.1% 16 Jun 2014  | 129,000                               | 139                         |
|     | Mastr Asset Securitization Tr                            | 4.375% 25 May 2033  | 140,187                               | 139                         |
|     | US Treasury N/B  | 2% 15 Jan 2026  | 114,147                               | 140                         |
|     | First Horizon Mortgage Pass Th                           | 4.5% 25 Sep 2018  | 137,156                               | 141                         |
|     | Morgan Stanley   | 5.3% 01 Mar 2013  | 143,000                               | 145                         |
| *   | Merrill Lynch & Co                                       | 6.5% 15 Jul 2018  | 150,000                               | 146                         |
|     | Credit Suisse Mortgage Capital                           | 5.711% 15 Feb 2039  | 139,046                               | 147                         |
|     | US Treasury N/B  | 4.25% 15 Nov 2017   | 125,000                               | 148                         |
|     | British Sky Broadcasting                                 | 9.5% 15 Nov 2018  | 119,000                               | 154                         |
|     | EQT Corp   | 7.75% 15 Jul 2026   | 130,000                               | 157                         |
|     | USAA Capital Corp  | 3.5% 17 Jul 2014  | 150,000                               | 158                         |
|     | Fico Strip Ser 19  | 0.01% 06 Jun 2018   | 180,000                               | 160                         |
|     | Applied Materials Inc                                    | 7.125% 15 Oct 2017  | 132,000                               | 160                         |
|     | Aristotle Holding Inc                                    | 3.5% 15 Nov 2016  | 160,000                               | 163                         |

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USAA Capital Corp

2.25% 13 Dec 2016

168,000

169

36

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|     | Senior Housing Prop Trus                                 | 4.3% 15 Jan 2016  | 173,000                               | 171                         |
|     | US Treasury N/B  | 1.625% 15 Jan 2018  | 162,216                               | 185                         |
|     | PNC Funding Corp   | 5.25% 15 Nov 2015   | 171,000                               | 186                         |
|     | Goldman Sachs Group Inc                                  | 5.35% 15 Jan 2016   | 184,000                               | 189                         |
|     | Santander US Debt SA Uni                                 | 2.991% 07 Oct 2013  | 200,000                               | 191                         |
|     | US Treasury N/B  | 1.875% 15 Jul 2013  | 185,031                               | 193                         |
|     | FNMA Pool MA0622   | 3.5% 01 Jan 2041  | 193,131                               | 199                         |
|     | GS Mortgage Securities Corp                              | 5.162% 10 Dec 2043  | 180,000                               | 205                         |
|     | FNMA Pool AE8528   | 4% 01 Nov 2040  | 196,708                               | 207                         |
|     | FNMA TBA Single Family Nov 30                            | 4% 01 Dec 2099  | 200,000                               | 208                         |
| *   | Merrill Lynch Mortgage Trust                             | 5.405% 12 Nov 2037  | 206,433                               | 208                         |
|     | Federal Home Ln Mtg Pc Gtd                               | 8% 25 Apr 2024  | 189,053                               | 214                         |
|     | Federal Home Loan Bank                                   | 4.875% 27 Nov 2013  | 200,000                               | 217                         |
|     | Fed Hm Ln Pc Pool A78453                                 | 5% 01 Jul 2038  | 201,617                               | 217                         |
|     | Landesbk Baden Wurttt NY                                 | 5.05% 30 Dec 2015   | 200,000                               | 221                         |
|     | US Treasury N/B  | 1.75% 15 Jan 2028   | 189,252                               | 228                         |
|     | US Treasury N/B  | 1.375% 15 Jul 2018  | 210,126                               | 238                         |
|     | Santander Issuances                                      | 5.911% 20 Jun 2016  | 300,000                               | 256                         |
|     | Inter American Devel Bk                                  | 0.5% 17 Apr 2023  | 400,000                               | 267                         |
|     | Wells Fargo Bank NA                                      | 5.75% 16 May 2016   | 250,000                               | 273                         |
|     | US Treasury N/B  | 3.5% 15 Feb 2039  | 250,000                               | 281                         |
|     | Fed Hm Ln Pc Pool A66380                                 | 6% 01 Sep 2037  | 260,625                               | 287                         |
|     | FNMA Pool AII1850  | 3.5% 01 May 2041  | 288,166                               | 297                         |
|     | Citigroup Inc  | 8.5% 22 May 2019  | 253,000                               | 298                         |
|     | Private Export Funding                                   | 5.45% 15 Sep 2017   | 250,000                               | 303                         |
|     | FHLMC TBA Jan 30 Gold Single                             | 3.5% 01 Dec 2099  | 300,000                               | 308                         |
|     | FNMA Pool AH1174   | 1% 01 Jan 2041  | 300,000                               | 309                         |
|     | FNMA TBA Single Family Mortgage                          | 4% 01 Dec 2099  | 300,000                               | 315                         |
|     | Freddie Mac  | 4.125% 27 Sep 2013  | 300,000                               | 319                         |
|     | Fed Hm Ln Pc Pool A77764                                 | 5.5% 01 Jun 2038  | 305,581                               | 332                         |
|     | Fed Hm Ln Pc Pool G03581                                 | 6% 01 Nov 2037  | 348,602                               | 383                         |
|     | Fed Hm Ln Pc Pool G04468                                 | 5% 01 Jul 2038  | 362,324                               | 390                         |
|     | GNMA Pool 748088   | 4.5% 15 May 2041  | 357,560                               | 390                         |
|     | Murphy Oil Corporation                                   | 7.05% 01 May 2029   | 320,000                               | 391                         |
|     | FNMA Pool AE0828   | 3.5% 01 Feb 2041  | 382,772                               | 394                         |
|     | Autopista Del Maipo Sociedad                             | 7.373% 15 Jun 2022  | 379,777                               | 394                         |
|     | Fed Hm Ln Pc Pool A77796                                 | 5.5% 01 May 2038  | 375,502                               | 408                         |
|     | Federal Natl Mtg Assn                                    | 7.622% 25 Dec 2038  | 361,901                               | 408                         |
|     | FNMA Pool MA0932   | 3.5% 01 Dec 2041  | 400,000                               | 412                         |



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|     | Fed Hm Ln Pc Pool G05255                                 | 5% 01 Dec 2038  | 414,121                               | 445                         |
|     | Fed Hm Ln Pc Pool C91184                                 | 6% 01 Apr 2028  | 407,686                               | 448                         |
|     | Federal Farm Credit Bank Financing Corp                  | 4.85% 29 Jul 2020   | 400,000                               | 479                         |
|     | GNMA II Pool 004853                                      | 8.6% 26 Sep 2019  | 358,000                               | 523                         |
|     | FNMA Pool AE8151   | 4% 20 Oct 2040  | 500,000                               | 536                         |
|     | US Treasury N/B  | 4% 01 Jul 2039  | 510,757                               | 537                         |
|     | GNMAPool 721748  | 2.625% 15 Aug 2020  | 500,000                               | 539                         |
|     | Abbey Natl Treasury Serv                                 | 4.5% 15 Aug 2040  | 500,000                               | 545                         |
|     | Fed Hm Ln Pc Pool G05249                                 | 3.875% 10 Nov 2014  | 610,000                               | 572                         |
|     | Fed Hm Ln Pc Pool G06232                                 | 5% 01 Jan 2039  | 553,595                               | 595                         |
|     | FNMA Pool AH3811   | 6% 01 May 2040  | 547,964                               | 603                         |
|     | Financing Corp   | 4% 01 Feb 2041  | 574,525                               | 604                         |
|     | LBB Finance Ireland                                      | 9.65% 02 Nov 2018   | 450,000                               | 672                         |
|     | Fed Hm Ln Pc Pool G03819                                 | 7.125% 27 Feb 2012  | 700,000                               | 701                         |
|     | Irish Life & Permanent                                   | 6% 01 Jan 2038  | 697,835                               | 768                         |
|     | Fed Hm Ln Pc Pool A70591                                 | 3.6% 14 Jan 2013  | 900,000                               | 787                         |
|     | US Treasury N/B  | 5.5% 01 Dec 2037  | 739,444                               | 803                         |
|     | Fed Hm Ln Pc Pool G03616                                 | 1.375% 30 Sep 2018  | 800,000                               | 804                         |
|     | GNMA Pool 719082   | 6% 01 Dec 2037  | 794,427                               | 874                         |
|     | GNMA Pool 741270   | 4.5% 15 Nov 2039  | 842,320                               | 921                         |
|     | GNMA Pool 741877   | 4.5% 15 May 2040  | 880,540                               | 961                         |
|     | Fannie Mae   | 4.5% 15 May 2040  | 897,102                               | 979                         |
|     | US Treasury N/B  | 4.75% 19 Nov 2012   | 1,000,000                             | 1,040                       |
|     | GNMA Pool 697957   | 2.625% 15 Nov 2020  | 1,000,000                             | 1,077                       |
|     | Freddie Mac  | 4.5% 15 Mar 2039  | 1,100,001                             | 1,202                       |
|     | US Treasury N/B  | 8.25% 01 Jun 2016   | 1,019,000                             | 1,266                       |
|     | GNMA I TBA Jan 30 Single Fam                             | 1.875% 31 Oct 2017  | 1,350,000                             | 1,411                       |
|     | Various Payables   | 4% 01 Dec 2099  | 1,600,000                             | 1,716                       |
|     | Various Insurance Companies                              | Synthetic Wrap Agreements***                              |                                       | (1,935)                     |
|     |  |   |                                       | (18,344)                    |
|     | <b>Total Stable Value Fund</b>                           |   |                                       | <b>587,326</b>              |

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| <b>Collective Trusts</b>       |  |   |                                       |                             |
| *                              | Merrill Lynch  | Extended Market Index Trust                               | 2,256,575                             | 24,642                      |
| *                              | Merrill Lynch  | Equity Index Trust  | 469,497                               | 50,583                      |
| <b>Total Collective Trusts</b> |  |   |                                       | 75,225                      |
| *                              | <b>Participant Loans</b>                                 | Interest at 3.25% to 9.25%, maturing through 2021         | 0                                     | 20,489                      |
|                                |  |   |                                       | <b>\$ 1,091,233</b>         |

\* Indicates parties-in-interest as defined by ERISA.

\*\* Cost information is not required for participant-directed investments and, therefore is not included.

\*\*\* Represents adjustment to arrive at contract value.

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**Signatures**

*The Plan.* Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of CONSOL Energy Inc. Investment Plan for Salaried Employees has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized.

CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Date: June 18, 2012

By: /s/ William J. Lyons  
William J. Lyons  
Plan Administrator