Presentation of

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Before the
2015 Wheeling Area
Economic Outlook Conference

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Wheeling, West Virginia

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Thank you for your very kind invitation to address the 2015 Wheeling Area Economic Outlook Conference.

In a few words, the economies of the Wheeling area, the Tri-state region, and all of West Virginia are being destroyed. The culprit is President Barack H. Obama, along with his appointed bureaucrats and political supporters, all Democrats.

I am righteously angry. Brenda and I are natives of the Ohio Valley, and the lives and livelihoods of our folks in the coal industry and in this Valley are being wiped away.

As of today, Murray Energy Corporation ("Murray Energy") has about 6,100 employees, down from 8,400 persons on May 1. University studies show that, for every miner that we employ in a basic mining job, up to eleven (11) additional jobs are created in our communities for the goods and services needed by our direct employees. Thus, with these 6,100 jobs, Murray Energy accounts for about 73,000 jobs in communities across the Country. Within close proximity to your event today, Murray Energy has nearly 4,500 direct employees, thus accounting for a total of about 50,000 jobs in our region.

There are no jobs in this area that pay anything close to what is paid at our Mines, and there are none with benefits even approaching those that our employees have. But, the President's ObamaCare "Cadillac" excise tax, effective January 1, 2018, will force our Company to take some of these benefits away, as it will likely be for all business enterprises. We cannot pay for both the generous benefits and a forty percent (40%) tax on them, over $10,200 per individual. As then Speaker Nancy Pelosi stated in speaking of ObamaCare, "Now that we have passed it, we will find what is in it."

It has become almost impossible for our Companies, executives, and me to sustain our local jobs in view of the regulatory rampage from the Obama Administration against coal and from the increased use of natural gas, which is replacing coal for electric power generation.

The coal markets and mining jobs in the eastern United States have been up to fifty percent (50%) destroyed. President Obama and his supporters have now

closed 411 coal-fired electrical generating units (101,000 megawatts) for no environmental benefit whatsoever. More regulations from the Obama Environmental Protection Agency, Office of Surface Mining, and Mine Safety and Health Administration will close more mines.

Regulations from the Obama United States Environmental Protection Agency ("EPA") alone total 25 million words, thirty-eight (38) times more than those in our Holy Bible. Further, natural gas, for the first time, in June, surpassed coal in the amount of electricity generated in America.

The 538 megawatt natural gas-fired electric generating plant just approved by our politicians for construction at Moundsville, West Virginia, is touted to create thirty (30) jobs. But, it will eliminate 258 coal mining jobs and 3,096 total jobs in the Ohio Valley. Five (5) additional such plants are scheduled for construction in Brooke and Harrison Counties, West Virginia and in Carroll County, Ohio. If this concerns you, or you have a business here, we suggest that you become active in the Ohio Valley Jobs Alliance. We can provide information on it.

Today's coal production and sales situation is extremely dangerous. It is the worst that I have seen in fifty-eight (58) years. Our coal buyers cannot dispatch their generating plants because of ever-increasing regulations against them from the Obama Administration and his supporters, and as a result of the increased use of natural gas to generate electricity.

None of America's leading coal companies, except two (2), are positively cash flowing, with most approaching financial default. We will see the greatest restructuring of the coal industry in its history.

What is behind this destruction of our jobs and livelihood? It is a political power grab of America's power grid. It is being done to radically transform American society. How better to do it than to get control of the availability, reliability, and cost of electricity, a staple of life. Then do this by illegally bypassing the states and their utility commissions, the U. S. House and Senate, and our Constitution, and by putting the U. S. Environmental Protection Agency in charge of the availability, reliability, and affordability of electric power in America.

Murray Energy has filed five (5) lawsuits against the Obama Environmental Protection Agency's so-called Clean Power Plan ("CPP"). Our Company has been joined by sixteen (16) states in these lawsuits, which are leading ones in the Nation.

Let me now turn to the political and tax situation in West Virginia, where we currently have about 3,500 direct employees. We must have tax reform in a special legislation session this year or these jobs and family livelihoods may not survive.

Currently, the coal industry accounts for seven percent (7%) of the gross business product of the State, but our industry pays sixty percent (60%) of the business taxes in West Virginia. Oil and gas producers are not taxed to this extent. Relief must be given to the coal industry, as our coal cannot compete with that from other States, all of which have lower coal severance taxes, or none at all.

The West Virginia economy is now thirty-sixth (36th) in our Country in terms of forecasted economic growth, according to a recent Laffer / ALEC study. The major cause is the destruction of the State's coal industry from nearly 160 million tons of annual production in 2008 to less than 100 million tons today. It is further projected to decline to less than 80 million tons per year by 2035.

The West Virginia tax regime is in serious need of modernization to make it more stable and fair, and less regressive. Areas in particular need of reform are the person income tax (reduction), sales tax (neutral), tobacco excise tax (increase), and coal severance tax (decrease).

Coal mined in West Virginia is taxed at ten (10) times what it is taxed in other states, and some have no tax at all, such as Pennsylvania. An industry accounting for seven percent (7%) of the gross domestic product cannot continue to pay sixty percent (60%) of the business taxes and survive. This is even more evident when the war on coal by the Obama Administration is factored in.

Our state's worsening economic condition is a threat to the well-being of all West Virginians. Prompt and targeted tax reform can help set our State on the path to a brighter future. The crisis in the coal industry, with its broad ripple effects throughout the West Virginia economy, demands leadership from Governor Earl Ray Tomblin and our legislature. We urge you to write to him and request that he convene a special session of the legislature this fall to address the urgent matter of tax reform. A Joint Select Committee on Tax Reform has been working on this important endeavor throughout the summer.

West Virginia and the United States have the finest electric power systems in the world, with prices half of those in Europe. But, Obama Administration's foolish policies are destroying it. Unfortunately, the American public generally doesn't react until there is a crisis, this time when we freeze in the dark.

But, Mr. Obama's actions are a human issue to me, as I know the names of many of the Americans whose jobs and family livelihoods are being destroyed as he appeases his radical environmentalist, liberal elitist, Hollywood character, some unionist, and other contributors. These Americans, you see, are my employees and their fellow workers right here in the Ohio Valley.

These good folks only want to work in honor and dignity, and they are being prohibited from it and are falling to the negative side of the economic ledger for the rest of their lives. This is not the America that I have always cherished!

We need to take matters in our hands. One way is to strengthen West Virginia itself and call for immediate tax reform in the State.

Thank you for your invitation to speak today.

MURRAY ENERGY CORPORATION

Bob Murray

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