

CONSOL ENERGY INC
Form 11-K
June 27, 2008
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

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

For the fiscal year ended December 31, 2007;

OR

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

For the transition period from _____

CONSOL Energy Inc. Commission file number: 001-14901

CNX Gas Corporation Commission file number: 001-32723

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. Names of issuers of the securities held pursuant to the plan and the address of their principal executive offices:

**CONSOL Energy Inc.
1800 Washington Road
Pittsburgh, Pennsylvania 15241**

**CNX Gas Corporation
5 Penn Center West, Suite 401
Pittsburgh, PA 15276**

Registrant's telephone number including area code: 412-831-4000

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CONSOL Energy Inc.

Investment Plan for

Salaried Employees

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December 31, 2007 and 2006

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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. | |
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Trustees, Investment Plan Committee, and Participants of

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, 2007 and 2006, and the related statement of changes in net assets available for benefits for the year ended December 31, 2007. 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. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. 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, 2007 and 2006, and the changes in net assets available for benefits for the year ended December 31, 2007 in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of Assets Held for Investment Purposes at End of Year as of December 31, 2007, 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. The supplemental schedule is the responsibility of the Plan s management. The supplemental schedule has been subjected to the auditing procedures applied in our audit of the basic 2007 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ McCRORY & McDOWELL LLC
Pittsburgh, Pennsylvania
June 27, 2008

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Statements of Net Assets Available for Benefits***(in thousands of dollars)*

| | December 31 | |
|--|---------------------|---------------------|
| | 2007 | 2006 |
| ASSETS | | |
| <u>Investments at Fair Value</u> | | |
| Stable Value Fund | \$ 626,693 | \$ 580,666 |
| Interests in Registered Investment Companies | 250,803 | 209,742 |
| Merrill Lynch Equity Index Trust | 43,471 | 41,254 |
| E.I. DuPont de Nemours & Company Common Stock | 59,553 | 84,712 |
| CONSOL Stock Fund | 139,877 | 111,365 |
| CNX Stock Fund | 20,846 | 20,861 |
| Daimler Chrysler AG Common Stock | 91 | 94 |
| Participant Loans | 11,029 | 11,578 |
| | 1,152,363 | 1,060,272 |
| <u>Receivables</u> | | |
| Due from Broker for Securities Sold | 1,995 | 163 |
| Accrued Interest and Dividends | 68 | 53 |
| | 2,063 | 216 |
| <u>Cash</u> | 1,082 | 2,333 |
| <u>Net Assets Reflecting All Investments at Fair Value</u> | 1,155,508 | 1,062,821 |
| <u>Adjustment from Fair Value to Contract Value for Fully Benefit-Responsive Investment Contracts</u> | (8,317) | (1,321) |
| NET ASSETS AVAILABLE FOR BENEFITS | \$ 1,147,191 | \$ 1,061,500 |

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

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Statement of Changes in Net Assets Available for Benefits**

| <i>(in thousands of dollars)</i> | For the Year Ended December 31, 2007 |
|---|---|
| <u>Additions to Net Assets Attributable to:</u> | |
| <u>Contributions:</u> | |
| Participants Contributions | \$ 32,423 |
| Participants Rollovers | 19,158 |
| Employer | 18,233 |
| | 69,814 |
| <u>Investment Income:</u> | |
| Interest and Dividends | 28,557 |
| Net Appreciation in Fair Value of Investments | 126,374 |
| | 154,931 |
| <u>Total Additions</u> | 224,745 |
| <u>Deductions from Net Assets Attributed to:</u> | |
| Benefits Paid to Participants | 138,966 |
| Administrative Expense | 88 |
| <u>Total Deductions</u> | 139,054 |
| <u>Net Additions</u> | 85,691 |
| <u>Net Assets Available for Benefits</u> | |
| Beginning of Year | 1,061,500 |
| END OF YEAR | \$ 1,147,191 |

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, 2007 and 2006

1. DESCRIPTION OF PLAN

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

General The Plan is a defined-contribution plan established in 1953. Salaried, operations and maintenance, production and maintenance, and warehouse and maintenance employees of CONSOL Energy Inc. and participating employers (CONSOL Energy or the Company) are eligible to participate in the Plan on the first day of the first full pay period following the start of regular full-time employment. In addition, casual employees are eligible to participate in the Plan upon completion of 1,000 or more hours of service within a 12 consecutive month period, commencing on the employee's employment date or reemployment date. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The Plan offers CONSOL Energy common stock (CONSOL Stock Fund) and CNX Gas Corporation common stock (CNX Stock Fund) as investment options. The CONSOL Stock Fund and CNX Stock Fund investment options are an Employee Stock Ownership Plan (ESOP), whereby participants in the Plan are given the opportunity to elect to receive cash for dividends declared on CONSOL Energy and CNX Gas Corporation stock. If a participant does not make an election, the dividends will be reinvested in the respective stock fund.

Contributions During the year 2007 participants could, with certain restrictions, contribute a maximum of 44% of eligible compensation to the Plan. Newly eligible employees automatically become members of the Plan (as defined by the Plan) and contribute at the rate of 6% of eligible compensation (4% for employees of Fairmont Supply Company), unless the participant elects not to contribute. A member of the Plan may also designate from 1% to 85% (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, 2007 and 2006

1. DESCRIPTION OF PLAN (Continued)

CONSOL Energy and certain participating employers match these contributions (excluding deferrals of incentive compensation payments), dollar for dollar, up to 6% of eligible compensation (as defined by the Plan). Contributions made by employees of Fairmont Supply Company, one of the participating employers qualified as a separate line of business are matched fifty cents on every dollar up to 12% of eligible compensation. For Plan years commencing January 1, 2007, and thereafter, matching contributions for certain participants of the Plan will be non-forfeitable, safe-harbor contributions within the meaning of that term under the final Internal Revenue Code 401(k) and 401(m) regulations.

In addition, certain eligible employees of Fairmont Supply Company receive qualified non-elective contributions equal to \$1,500 per year. Effective January 1, 2007, certain eligible employees of CNX Gas Corporation receive qualified non-elective contributions equal to 3% of eligible compensation. The Company may also make discretionary contributions to the Plan ranging from 1% to 4% of eligible compensation for eligible employees who are employed on December 31 and hired prior to September 30 of a given Plan year. There were no discretionary contributions made by the Company for the years ending December 31, 2007 and 2006. Total contributions credited to a participant's account (employee and employer) may not exceed \$45,000 and \$44,000 for the years 2007 and 2006, 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. Forfeited balances of terminated participants' nonvested accounts are either used to reduce future Company contributions or to reduce the reasonable expenses of the Plan. 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 contributions in any of the funds included in the supplemental schedule of assets (held at end of year), which is attached to these financial statements, except for E.I. DuPont de Nemours & Company Common Stock, Daimler Chrysler AG Common Stock and Fidelity Investments Low Price Stock Fund. These options are no longer available to Plan participants.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

1. DESCRIPTION OF PLAN (Continued)

Vesting Plan participants who terminated employment prior to January 1, 2006 were vested in their share of the Company's matching contributions upon completion of three cumulative years of service. Effective January 1, 2006, active plan participants are immediately vested in their share of the Company's matching contributions. Participants are always 100% vested in their deposits and in the earnings on both their deposits and the Company's contributions.

Participant Loans Participants may borrow up to one-half of their nonforfeitable account balances subject to certain minimum and maximum loan limitations. Such loans are repayable over periods of 12 to 60 months (120 months maximum if for the purchase of a principal residence) and bear an interest rate equal to the average rate charged by selected major banks for secured personal loans. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits Participants who retire from active service may elect to defer withdrawals until April 1 of the calendar year following the year in which the participant attains age 70 1/2. 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 employee's actuarial life in either a fixed or variable amount. Before-tax deposits may be withdrawn only in the event of an employee's retirement, death, termination, attainment of age 59 1/2 or defined hardship. At December 31, 2007 and 2006; approximately \$1,126,000 and \$2,319,000 was payable to withdrawing participants.

Forfeitures Total forfeitures were approximately \$8,000 and \$18,000 for the years ended December 31, 2007 and 2006, respectively. Forfeitures are used to either reduce employer matching contributions or the reasonable expenses of the administration of the Plan.

Plan Termination Although it has not expressed any intent to do so, CONSOL Energy has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of plan termination, participants will become 100% vested in their accounts.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting The financial statements of the Plan are prepared under the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America.

As described in Financial Accounting Standards Board Staff Position, FSP AAG INV-1 and SOP 94-4-1, *Reporting of Fully Benefit-Responsive Investment Contracts Held by Certain Investment Companies Subject to the AICPA Investment Company Guide and Defined-Contribution Health and Welfare and Pension Plans* (the FSP), 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. There are no events known to us which are probable of occurring which would limit the ability of these contracts to transact at contract value with issuers, or would limit the ability of these contracts to transact at contract value with participants. As required by the FSP, the Statements of Net Assets Available for Benefits presents the fair value of the fully benefit-responsive investment contracts 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. If available, quoted market prices are used to value investments. However, many factors may be considered in arriving at fair value. The Stable Value Fund is comprised of guaranteed investment contracts (GIC), separate account portfolios (SAP) and synthetic

GICs (SYN), all of which are held with multiple insurance companies. 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. Insurance wrapper contracts within the Stable Value Fund manage market risks and alter the return characteristics of the underlying securities. At December 31, 2007 and 2006, the fair value of the wrapper contracts is considered to be zero because there is substantially no difference between cost and replacement value. Net Assets Available for Benefits includes an adjustment to fair value for the contract value of the insurance wrapper contracts. There are no reserves against contract value for credit risk of the contract issuer or otherwise.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in common stocks, common stock funds and registered investment companies are stated at fair value based on publicly quoted market prices. Investments in Common/Collective Trusts are valued at the net asset value of units held by the Plan at year end by the applicable custodian.

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. Gains and losses on the sale of DuPont, CONSOL Energy and CNX Gas Corporation common stock are based on the average cost of the securities sold. Both the CONSOL Stock Fund and CNX Stock Fund, which are comprised solely of CONSOL Energy and CNX Gas Corporation common stock respectively, are valued at their respective quoted market price at year end. Participant loans are valued at cost, which approximates fair value.

Use of Estimates The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties The Plan provides for various investment options. These investments are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities and the level of uncertainty related to changes in the value of investment securities, it is possible that changes in the near or long term could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits and the statement of changes in net assets available for benefits.

Payment of Benefits Benefits are recorded when paid.

Administrative Expenses Certain administrative expenses of the Plan, such as trustee fees, accounting and legal fees are provided to the Plan by CONSOL Energy without cost. Other administrative expenses are borne by the Plan.

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****3. 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> | 2007 | 2006 |
|---|-------------|-------------|
| E.I. DuPont de Nemours & Company common stock, 1,350,704 and 1,739,109 shares, respectively | \$ 59,553 | \$ 84,712 |
| CONSOL Energy Inc. common stock, 1,955,778 and 3,466,084 shares, respectively | 139,877 | 111,365 |
| *PIMCO Low Duration Fund, 7,785,151 and 9,895,241 shares, respectively | 78,708 | 98,062 |
| *GEM Trust: GEM Trust Risk-Controlled 2, 5,723,896 and 6,348,915 units, respectively | 65,966 | 68,957 |
| *GEM Trust: GEM Trust Opportunistic 1, 5,642,445 and 6,267,920 units, respectively | 64,010 | 68,241 |
| *GEM Trust: GEM Trust Opportunistic 2, 5,853,554 and 6,473,844 units, respectively | 69,648 | 70,269 |
| *GEM Trust: GEM Trust Opportunistic 3, 5,890,979 and 6,511,085 units, respectively | 67,687 | 70,802 |
| *Merrill Lynch Premier Fund, 72,667,166 and 17,875,833 shares, respectively | 72,667 | 17,876** |

* These investments are included in the Stable Value Fund.

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

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****3. INVESTMENTS (Continued)**

During 2007 the Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value by approximately \$126,374,000 as follows:

| <i>(in thousands of dollars)</i> | Net Appreciation (Depreciation) in Investment Value During Year |
|----------------------------------|--|
| Registered Investment Companies | \$ (8,283) |
| Common Stock: | |
| CONSOL Stock Fund | 104,033 |
| CNX Stock Fund | 4,923 |
| E.I. DuPont de Nemours & Company | (6,202) |
| Daimler Chrysler AG | 45 |
| Stable Value Fund | 29,618 |
| Common/Collective Trusts | 2,240 |
| | \$ 126,374 |

The Stable Value Fund 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 Stable Value Fund includes traditional GIC contracts as well as SYN contracts. A SYN contract provides for a guaranteed return on principal over a specified period of time through the use of underlying assets and a benefit responsive wrapper contract issued by a third party. Included in the contract value of SYN contracts is approximately \$(7,700,000) and \$(2,100,000) at December 31, 2007 and 2006, respectively, attributable to wrapper contract providers representing the amounts by which the value of contracts are less than the value of the underlying assets.

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****3. INVESTMENTS (Continued)**

The following reflects the adjustment between the underlying securities and the insurance contract values in the Stable Value Fund:

| <i>(in thousands of dollars)</i> | December 31 | |
|--|--------------------|-------------------|
| | 2007 | 2006 |
| Investments at Fair Value | \$ 626,693 | \$ 580,666 |
| Wrapper Contracts (at Fair Value) | 0 | 0 |
| | 626,693 | 580,666 |
| Adjustment from Fair Value to Contract Value | (8,317) | (1,321) |
| Investments at Contract Value | \$ 618,376 | \$ 579,345 |

The composition of assets of the Stable Value Fund at contract value as of December 31, 2007 and 2006 are as follows:

| <i>(in thousands of dollars)</i> | 2007 | 2006 |
|----------------------------------|-------------------|-------------------|
| Insurance Wrapper Contracts | \$ 468,861 | \$ 476,121 |
| Investment Contracts | 76,848 | 85,348 |
| Short-term Investments | 72,667 | 17,876 |
| | \$ 618,376 | \$ 579,345 |

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****3. INVESTMENTS (Continued)**

Insurance wrapper contracts within the Stable Value Fund are comprised of the following:

| <i>(in thousands of dollars)</i> | Credit Rating | December 31 | |
|--|--------------------------|--------------------|-------------------|
| | | 2007 | 2006 |
| Insurance Wrapper Contracts (at Contract Value): | | | |
| Royal Bank of Canada | AA- | \$ 17,500 | \$ 21,621 |
| AIG Life Insurance Company | AA+ | 24,545 | 22,027 |
| ING Life Insurance & Annuity Co. | AA | 24,545 | 22,027 |
| JPMorgan Chase Bank | AA | 24,545 | 22,027 |
| Monumental Life Insurance Co. | AA | 24,545 | 22,027 |
| State Street Bank & Trust | AA | 24,545 | 22,027 |
| AIG Life Insurance Company | AA+ | 65,727 | 68,873 |
| ING Life Insurance & Annuity Co. | AA | 65,727 | 68,873 |
| JPMorgan Chase Bank | AA | 65,727 | 68,873 |
| Monumental Life Insurance Co. | AA | 65,727 | 68,873 |
| State Street Bank & Trust | AA | 65,728 | 68,873 |
| Total Insurance Wrapper Contracts (at Contract Value) | | \$ 468,861 | \$ 476,121 |

The composition of changes in net assets of the Stable Value Fund for the year ended December 31, 2007 is as follows:

| | |
|--|---------------|
| <i>(in thousands of dollars)</i> | |
| Employer contributions | \$ 6,661 |
| Participant contributions and rollovers | 26,550 |
| Total contributions | 33,211 |
| Interest and dividend income | 494 |
| Net realized/unrealized appreciation in fair value | 29,618 |
| Benefits paid to participants | (99,436) |
| Administrative Expense | (28) |
| Net loan activity | 159 |
| Net interfund transfers | 75,013 |
| Increase in net assets available for benefits | 39,031 |
| Net Assets Available for Benefits | |

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| | |
|-------------------|-------------------|
| Beginning of year | 579,345 |
| End of year | \$ 618,376 |

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****3. INVESTMENTS (Continued)**

The aggregate crediting rates for all contracts as of December 31, 2007 and 2006 were 5.64% and 5.71%, respectively. The crediting rates for SAP and SYN contracts are reset annually and are based on the market value of the underlying portfolio of assets backing these contracts. Inputs used to determine the crediting rate include each contract's portfolio market value, current yield-to-maturity, duration (i.e., weighted average life), and market value relative to contract value. If future crediting rates increase or decrease, the adjustment from fair value to contract value would change in the same direction. The average yield of the Stable Value Fund was approximately 5.41% and 5.44% in 2007 and 2006, respectively.

Participants investing in the Stable Value Fund or Common/Collective Trusts are assigned units at the time of investment based on the net asset value per unit.

4. TAX STATUS

The Plan obtained its latest determination letter on September 17, 2002, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Plan administrator and the Plan's tax counsel believe that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

5. 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, 2007 and 2006 to Form 5500:

| <i>(in thousands of dollars)</i> | 2007 | 2006 |
|--|---------------------|---------------------|
| Net assets available for benefits per the financial statements | \$ 1,147,191 | \$ 1,061,500 |
| Amounts allocated to withdrawing participants | (1,126) | (2,319) |
| Net assets available for benefits per the Form 5500 | \$ 1,146,065 | \$ 1,059,181 |

Table of Contents**CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES****Notes to Financial Statements****December 31, 2007 and 2006****5. 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, 2007, to Form 5500:

(in thousands of dollars)

| | |
|---|-------------------|
| Benefits paid to participants per the financial statements | \$ 138,966 |
| Amounts allocated to withdrawing participants at December 31, 2007 | 1,126 |
| <u>Less:</u> Amounts allocated to withdrawing participants at December 31, 2006 | (2,319) |
| Benefits paid to participants per Form 5500 | \$ 137,773 |

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, 2007 and 2006, but not yet paid as of that date.

6. TRANSACTIONS WITH PARTIES-IN-INTEREST

Plan investments include a collective investment fund managed by Merrill Lynch. 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.

One of the investment vehicles available to employees, the CONSOL Stock Fund, contains stock of CONSOL Energy. The Plan held 1,955,778 shares and 3,466,084 shares of CONSOL Energy's common stock at December 31, 2007 and 2006, respectively. The CNX Stock Fund, another investment vehicle available to employees, contains stock of CNX Gas Corporation. The Plan held 652,464 shares and 818,092 shares of CNX Gas Corporation's common stock at December 31, 2007 and 2006, respectively.

7. NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board (FASB) issued SFAS No. 157, *Fair Value Measurements* (the Standard). The Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. The Standard applies to fair value measurements already required or permitted by existing standards. The Standard is effective for financial statements issued for fiscal years beginning after November 15, 2007. Management is currently evaluating what impact the adoption of the Standard will have on the financial statements.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Notes to Financial Statements

December 31, 2007 and 2006

7. NEW ACCOUNTING PRONOUNCEMENTS (Continued)

In addition, in February 2007, the FASB issued SFAS No. 159, the Fair Value Option for Financial Assets and Financial Liabilities (FAS 159). This statement was issued and is effective for fiscal years beginning after November 15, 2007. FAS 159 provides reporting entities with an option to report selected financial assets and liabilities at fair value and establishes presentation and disclosure requirements designed to facilitate comparisons between reporting entities that choose different measurement attributes for similar types of assets and liabilities. Management is currently evaluating what impact the adoption of FAS 159 will have on the financial statements.

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CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

SUPPLEMENTAL SCHEDULE

Table of Contents**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, 2007

Supplemental Schedule

| (c) Description of Investment Including | | | | |
|---|---|---|---|--------------------------------|
| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost and Number of Shares/Units** | (e) Current Value (in 000s) |
| Common Stock | | | | |
| * | CONSOL Stock Fund | | 1,955,778 | \$ 139,877 |
| * | CNX Stock Fund | | 652,464 | 20,846 |
| | E.I. DuPont de Nemours & Company | | 1,350,704 | 59,553 |
| | Daimler Chrysler AG | | 956 | 91 |
| | Total Common Stock | | | 220,367 |
| Interests in Registered Investment Companies | | | | |
| | Fidelity Investments | Low Priced Stock Fund | 336,812 | 13,853 |
| | Fidelity Investments | Growth and Income Portfolio | 324,141 | 8,843 |
| | Templeton | Foreign Fund | 1,455,224 | 18,132 |
| | PIMCO | Total Return Fund | 2,885,258 | 30,843 |
| | Davis New York | Venture Fund | 949,723 | 38,416 |
| | American Funds | Europacific Growth Fund | 721,781 | 36,717 |
| | Hotchkis and Wiley | Mid Cap Value Fund | 631,710 | 12,944 |
| | The Managers | Special Equity Fund | 63,396 | 4,074 |
| | Alger | Mid Cap Growth Fund | 1,657,965 | 31,667 |
| | BlackRock | Aurora Fund | 548,075 | 13,154 |
| | BlackRock | Basic Value Fund | 742,022 | 22,127 |
| | Legg Mason | Large Cap Growth Fund | 768,424 | 20,033 |
| | Total Interests in Registered Investment Companies | | | 250,803 |
| Stable Value Fund | | | | |
| | Hartford Life Insurance Company | GIC, 4.80%, 08/02/2010 | 11,409,064 | 11,409 |
| | Hartford Life Insurance Company | GIC, 4.60%, 06/01/2011 | 11,485,420 | 11,485 |
| | Metropolitan Life Insurance Co. | GIC, 5.63%, 07/03/2010 | 4,553,917 | 4,554 |
| | Metropolitan Life Insurance Co. | GIC, 5.75%, 09/03/2011 | 2,630,938 | 2,631 |
| | Metropolitan Life Insurance Co. | GIC, 4.50%, 05/02/2011 | 11,316,842 | 11,317 |
| | New York Life Insurance Co. | GIC, 4.40%, 12/02/2010 | 11,448,759 | 11,449 |
| | Principal Life Insurance Co. | GIC, 5.54%, 07/04/2011 | 5,358,945 | 5,359 |
| | Principal Life Insurance Co. | GIC, 5.50%, 08/02/2011 | 5,293,648 | 5,294 |
| | Principal Life Insurance Co. | GIC, 4.95%, 11/02/2012 | 4,211,103 | 4,211 |
| | Prudential Retirement Ins. & Annuity Co. | GIC, 5.62%, 06/03/2010 | 1,032,577 | 1,033 |
| | Prudential Retirement Ins. & Annuity Co. | GIC, 5.59%, 06/03/2009 | 1,030,868 | 1,031 |

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|-----|---|---|---|--------------------------------|
| | Prudential Retirement Ins. & Annuity Co. | GIC, 5.90%, 06/03/2011 | 1,032,558 | 1,033 |
| | Security Life of Denver | GIC, 6.19%, 03/03/2008 | 6,041,938 | 6,042 |
| * | Merrill Lynch Premier Fund | Money Market Fund, 4.89% | 72,667,166 | 72,667 |
| | <i>Royal Bank of Canada:</i> | | | |
| | Royal Bank of Canada | Synthetic GIC 5.00%, opened | 17,500,474 | |
| | Underlying Security Description: | | | |
| | FHR 2927 ED | 4% 15 Jan 2035 | 6,393,457 | 6,214 |
| | FMAN 2004-1 1 4.45 | 4.45% 25 Aug 2012 | 1,492,270 | 1,495 |
| | FHR 2945 CA | 5% 15 Jul 2033 | 1,093,330 | 1,091 |
| | FHRR R004 AL | 5.125% 15 Dec 2013 | 2,996,659 | 3,014 |
| | FNR 2005-46 CB | 5% 25 Dec 2022 | 1,768,697 | 1,777 |
| | FNR 2006-22 CA | 4.5% 25 Mar 2020 | 1,901,236 | 1,890 |
| | FHR 3245 AG | 5.5% 15 Nov 2016 | 2,001,823 | 2,023 |
| | Royal Bank of Canada | Synthetic Wrapper Agreement | | (4) |
| | <i>Perpetual Window Global Wrap:</i> | | | |
| | AIG Life Insurance Company | Synthetic GIC 4.65%, opened | 24,544,763 | |
| | ING Life Insurance & Annuity Co. | Synthetic GIC 4.65%, opened | 24,544,763 | |
| | JPMorgan Chase Bank | Synthetic GIC 4.65%, opened | 24,544,763 | |
| | Monumental Life Insurance Co. | Synthetic GIC 4.65%, opened | 24,544,763 | |
| * | State Street Bank & Trust | Synthetic GIC 4.65%, opened | 24,544,763 | |
| | Underlying Security Description: | | | |
| | PIMCO Low Duration Fund | Mutual Fund | 7,785,151 | 78,708 |
| | GEM Trust Short Duration | 4,192,605.1219 units of participation | | 45,323 |
| | Various Insurance Companies | Synthetic Wrapper Agreements | | (1,307) |
| | <i>Total Return Tier Global Wrap:</i> | | | |
| | AIG Life Insurance Company | Synthetic GIC 5.87%, opened | 65,727,605 | |
| | ING Life Insurance & Annuity Co. | Synthetic GIC 5.87%, opened | 65,727,605 | |
| | JPMorgan Chase Bank | Synthetic GIC 5.87%, opened | 65,727,605 | |
| | Monumental Life Insurance Co. | Synthetic GIC 5.87%, opened | 65,727,605 | |
| * | State Street Bank & Trust | Synthetic GIC 5.87%, opened | 65,727,605 | |
| | Underlying Security Description: | | | |
| | GEM Trust Risk-Controlled 2 | 5,723,895.9511 units of participation | | 65,966 |

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|-----|---|---|---|--------------------------------|
| | GEM Trust Opportunistic 1 | 5,642,445.3383 units of participation | | 64,010 |
| | GEM Trust Opportunistic 2 | 5,853,553.8125 units of participation | | 69,648 |
| | GEM Trust Opportunistic 3 | 5,890,978.5815 units of participation | | 67,687 |
| | | 4.56% 31 Dec 2030 SHORT TERM | | |
| * | State Street Bank & Trust | INVESTMENT FUND | 867,449 | 867 |
| | United States Treas Bills | 3.105% 13 Mar 2008 | 215,000 | 211 |
| | United States Treas Bills | 3.03% 07 Feb 2008 | 65,000 | 65 |
| | United States Treas Bills | 0% 31 Jan 2008 | 15,000 | 15 |
| | Brunswick Corp | 7.375% 01 Sep 2023 | 140,000 | 142 |
| | Federal Natl Mtg Assn Remic | 8.5% 25 Sep 2021 | 49,860 | 54 |
| | Sprint Cap Corp | 8.75% 15 Mar 2032 | 65,000 | 74 |
| | AT+T Broadband Corp | 8.375% 15 Mar 2013 | 50,000 | 56 |
| | Fed Hm Ln Pc Pool A13973 | 5.5% 01 Oct 2033 | 15,854 | 16 |
| | FNMA Pool 414547 | 7% 01 Feb 2028 | 10,215 | 11 |
| | JPMorgan Chase + Co | 4.5% 15 Jan 2012 | 120,000 | 118 |
| | Boston Scientific Corp | 6.25% 15 Nov 2015 | 80,000 | 75 |
| | Fed Hm Ln Pc Pool A41945 | 5.5% 01 Jan 2036 | 591,406 | 590 |
| | Financing Corp | 9.65% 02 Nov 2018 | 450,000 | 639 |
| | United States Tres Sc Strp Int | 0% 15 Feb 2019 | 1,304,000 | 797 |
| | Sun Microsystems Inc | 7.65% 15 Aug 2009 | 100,000 | 104 |
| | FHLMC Tba Jan 30 Gold Single | 6% 01 Dec 2099 | 1,000,000 | 1,015 |
| | Continental Airls Pass Thru Tr | 6.94% 15 Oct 2013 | 53,946 | 53 |
| | U S West Cap Fdg Inc | 6.875% 15 Jul 2028 | 236,000 | 199 |
| | Vodafone Airtouch Plc | 7.75% 15 Feb 2010 | 42,000 | 43 |
| | British Telecommunications Plc | 1% 15 Dec 2010 | 82,000 | 90 |
| | Private Expt Fdg Corp | 5.75% 15 Jan 2008 | 5,000,000 | 5,003 |
| | GNMA Pool 421856 | 6.5% 15 Apr 2026 | 3,736 | 4 |
| | GNMA Pool 296513 | 10% 15 Dec 2020 | 20,609 | 24 |
| | US Treasury Nts | 2.375% 15 Jan 2017 | 258,925 | 274 |
| | FNMA Pool 916405 | 5% 01 May 2037 | 985,678 | 962 |
| | FNMA Pool 870614 | 5% 01 Jun 2036 | 317,988 | 310 |
| * | Merrill Lynch Mtg Invs Tr | 3.445% 25 Jul 2037 | 130,000 | 70 |
| | Colgate Palmolive Co Mtn | 5.2% 07 Nov 2016 | 65,000 | 66 |

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|-----|---|---|---|--------------------------------|
| | United States Treas Bds | 3.375% 15 Apr 2032 | 58,679 | 75 |
| | Ford Mtr Cr Co | 7.25% 25 Oct 2011 | 105,000 | 91 |
| | Kraft Foods Inc | 6.25% 01 Jun 2012 | 15,000 | 16 |
| | Financing Corp Cpn Fico Strips | 0.01% 06 Jun 2018 | 180,000 | 110 |
| | Lehman Bros Hldgs Inc | 4% 22 Jan 2008 | 84,000 | 84 |
| | McDonalds Corp | 4.125% 01 Jun 2013 | 35,000 | 34 |
| | Hutchison Whampoa Intl | 6.25% 24 Jan 2014 | 100,000 | 106 |
| | Kroger Co | 4.95% 15 Jan 2015 | 70,000 | 67 |
| | Fed Hm Ln Pc Pool A35750 | 5.5% 01 Jul 2035 | 1,081,551 | 1,079 |
| | Intl Bank Recon+Dv | 3.25% 24 Feb 2009 | 50,000 | 50 |
| | FNMA Pool 851336 | 5.5% 01 Feb 2036 | 427,515 | 427 |
| | Toyota Mtr Cr Corp | 5.45% 18 May 2011 | 58,000 | 60 |
| | Gannett Co Inc | 5.75% 01 Jun 2011 | 56,000 | 57 |
| | Norsk Hydro A S | 7.15% 15 Nov 2025 | 125,000 | 139 |
| | Tyson Foods Inc | 7% 01 May 2018 | 86,000 | 89 |
| | British Sky Broadcasting Group | 8.2% 15 Jul 2009 | 95,000 | 99 |
| | Continental Aircls Pass Thru Tr | 8.048% 01 May 2022 | 87,272 | 93 |
| | Becton Dickinson + Co | 7% 01 Aug 2027 | 103,000 | 115 |
| | Morgan Stanley Group Inc | 8% 15 Jun 2010 | 60,000 | 64 |
| | Norfolk Southn Corp | 6.2% 15 Apr 2009 | 44,000 | 45 |
| | Bank Of America | 7.8% 15 Feb 2010 | 300,000 | 319 |
| | Univision Communications Inc | 7.85% 15 Jul 2011 | 60,000 | 60 |
| | FNMA Pool 915049 | 6.5% 01 Apr 2037 | 26,039 | 27 |
| | FNMA Pool 887010 | 6.5% 01 Jun 2036 | 499,117 | 513 |
| | Fed Hm Ln Pc Pool G03180 | 5% 01 Aug 2037 | 1,194,798 | 1,165 |
| | FNMA Pool 897148 | 6.5% 01 Sep 2036 | 998,943 | 1,027 |
| | Fed Hm Ln Pc Pool G02998 | 6% 01 May 2037 | 1,449,752 | 1,471 |
| | Fed Hm Ln Pc Pool G03279 | 5% 01 Sep 2037 | 78,828 | 77 |
| | Fed Hm Ln Pc Pool A51727 | 6% 01 Aug 2036 | 220,223 | 223 |
| | Autopista Del Maipo Sociedad | 7.373% 15 Jun 2022 | 410,000 | 472 |
| | Government Backed Trs | 0% 15 May 2008 | 1,040,000 | 1,027 |
| | Deere John Cap Corp | 7% 15 Mar 2012 | 40,000 | 43 |
| | FHLMC Tba Jan 30 Gold Single | 5% 01 Dec 2099 | 9,000,000 | 8,778 |

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|-----|---|---|---|--------------------------------|
| | Hanson Australia Fdg Ltd | 5.25% 15 Mar 2013 | 58,000 | 58 |
| | Kimberly Clark Corp | 4.875% 15 Aug 2015 | 18,000 | 18 |
| | Comcast Corp New | 5.85% 15 Nov 2015 | 70,000 | 71 |
| | SBC Communications Inc | 5.3% 15 Nov 2010 | 90,000 | 91 |
| | GNMA Pool 782011 | 5% 15 Dec 2035 | 336,067 | 331 |
| | CNA Finl Corp | 7.25% 15 Nov 2023 | 285,000 | 297 |
| | Procter + Gamble Co | 8% 26 Oct 2029 | 69,000 | 91 |
| | Inter Amern Dev Bk | 8.5% 15 Mar 2011 | 80,000 | 92 |
| | Enron Corp | 6.75% 01 Jul 2049 | 120,000 | 0 |
| | FNMA Pool 323347 | 7% 01 Sep 2028 | 54,508 | 58 |
| | Nationsbank Corp | 7.8% 15 Sep 2016 | 89,000 | 100 |
| | Applied Matls Inc | 7.125% 15 Oct 2017 | 432,000 | 496 |
| | FNMA Pool 906693 | 5.5% 01 Dec 2036 | 73,226 | 73 |
| | FNMA Pool 912707 | 5% 01 Mar 2037 | 391,536 | 382 |
| | FNMA Pool 936255 | 6.5% 01 Apr 2037 | 499,894 | 514 |
| | Comcast Corp New | 6.3% 15 Nov 2017 | 23,000 | 24 |
| | Fed Hm Ln Pc Pool A68738 | 5% 01 Nov 2037 | 669,302 | 653 |
| | FNMA Pool 949004 | 6.5% 01 Aug 2037 | 596,472 | 608 |
| | Fed Hm Ln Pc Pool G03239 | 5% 01 Jul 2036 | 521,171 | 508 |
| | FNMA Pool 902791 | 5.5% 01 Dec 2036 | 185,217 | 185 |
| | Fed Hm Ln Pc Pool A52067 | 5.5% 01 Sep 2036 | 488,663 | 488 |
| | GNMA Pool 426119 | 8% 15 Jun 2026 | 23,515 | 26 |
| | Federal Home Ln Mtg Pc Gtd | 8% 25 Apr 2024 | 319,749 | 334 |
| | I.B.R.D. World Bank | 5.5% 25 Nov 2013 | 181,000 | 195 |
| | GNMA Pool 412234 | 6.5% 15 May 2026 | 12,148 | 13 |
| | Empresa Nacional De Electricid | 8.625% 01 Aug 2015 | 50,000 | 58 |
| | Bayerische Landesbank | 3.2% 15 Apr 2009 | 250,000 | 248 |
| | Bellsouth Corp | 4.2% 15 Sep 2009 | 15,000 | 15 |
| | Bellsouth Corp | 5.2% 15 Dec 2016 | 17,000 | 17 |
| | United States Treas Bds | 2% 15 Jan 2026 | 105,233 | 105 |
| | FNMA Pool 865808 | 5% 01 Mar 2036 | 493,552 | 482 |
| | Fed Hm Ln Pc Pool C80253 | 9% 01 Jan 2025 | 16,477 | 18 |
| | Intl Bk For Recon + Dev | 0.01% 15 Feb 2015 | 21,000 | 15 |

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|-----|---|---|---|--------------------------------|
| | Financing Corp | 8.6% 26 Sep 2019 | 358,000 | 481 |
| | McKesson Corp New | 6.4% 01 Mar 2008 | 25,000 | 25 |
| | Federal Home Ln Bks | 5.925% 09 Apr 2008 | 1,000,000 | 1,004 |
| | Time Warner Entmt Co L P | 8.875% 01 Oct 2012 | 100,000 | 112 |
| | AES Eastn Energy Lp | 9% 02 Jan 2017 | 87,648 | 95 |
| | Landesbank Baden Wurttembe | 7.625% 01 Feb 2023 | 106,000 | 129 |
| | International Business Machs | 7.125% 01 Dec 2096 | 40,000 | 45 |
| | Commonwealth Edison Co | 7.5% 01 Jul 2013 | 105,000 | 116 |
| | Tennessee Valley Auth | 6.25% 15 Dec 2017 | 55,000 | 62 |
| | Time Warner Inc | 9.125% 15 Jan 2013 | 90,000 | 102 |
| | Murphy Oil Corp | 7.05% 01 May 2029 | 320,000 | 326 |
| | Ford Mtr Cr Co | 7.375% 01 Feb 2011 | 35,000 | 31 |
| | FNMA Pool 906868 | 5.5% 01 Dec 2036 | 119,406 | 119 |
| | FNMA Pool 908172 | 6.5% 01 Jan 2037 | 312,319 | 321 |
| | Owens Corning New | 6.5% 01 Dec 2016 | 80,000 | 73 |
| | Deutsche Bk Ag London | 6% 01 Sep 2017 | 18,000 | 19 |
| | Federal Natl Mtg Assn | 4.75% 19 Nov 2012 | 1,000,000 | 1,034 |
| | Fed Hm Ln Pc Pool A61640 | 6% 01 Mar 2037 | 1,519,922 | 1,542 |
| | Fed Hm Ln Pc Pool A49727 | 5.5% 01 Jun 2036 | 112,639 | 112 |
| | Fed Hm Ln Pc Pool A55421 | 5.5% 01 Dec 2036 | 493,411 | 492 |
| | Fed Hm Ln Pc Pool A55615 | 5.5% 01 Dec 2036 | 579,699 | 578 |
| | Federal Natl Mtg Assn | 7.6176% 25 Dec 2038 | 656,665 | 722 |
| | General Mtrs Accep Corp | 7% 01 Feb 2012 | 105,000 | 89 |
| | Colgate Palmolive Co Mtn | 5.98% 25 Apr 2012 | 25,000 | 27 |
| | Financing Corp Princ Fico Strp | 0% 30 Nov 2017 | 100,000 | 64 |
| | Jackson Natl Life Global Fdg | 6.125% 30 May 2012 | 26,000 | 27 |
| | GNMA Pool 373712 | 6.5% 15 Apr 2026 | 1,741 | 2 |
| * | Merrill Lynch + Co Inc | 3.7% 21 Apr 2008 | 68,000 | 68 |
| | Liberty Media Corp New | 5.7% 15 May 2013 | 70,000 | 65 |
| | United States Treas Nts | 1.875% 15 Jul 2013 | 170,580 | 176 |
| | Altria Group Inc | 7% 04 Nov 2013 | 50,000 | 56 |
| | Schering Plough Corp | 1% 01 Dec 2013 | 90,000 | 91 |
| | GNMA Pool 422131 | 6.5% 15 Apr 2026 | 17,889 | 19 |

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|-----|---|---|---|--------------------------------|
| | Caribbean Dev Bk | 6% 15 Dec 2008 | 200,000 | 203 |
| | Fisher Scientific Intl Inc | 6.125% 01 Jul 2015 | 85,000 | 84 |
| | FNMA Pool 865752 | 5.5% 01 Jan 2036 | 145,492 | 145 |
| | FNMA Pool 256232 | 5.5% 01 May 2036 | 486,146 | 485 |
| | FNMA Pool 256298 | 5% 01 May 2036 | 499,204 | 487 |
| | FNMA Pool 872385 | 5% 01 May 2036 | 27,119 | 26 |
| | GNMA Pool 412583 | 6.5% 15 Apr 2026 | 7,056 | 7 |
| | Duke Cap Corp | 6.75% 15 Jul 2018 | 121,000 | 126 |
| | British Columbia Prov Cda | 5.375% 29 Oct 2008 | 178,000 | 181 |
| | Eastman Chem Co | 7.25% 15 Jan 2024 | 155,000 | 169 |
| | Goldman Sachs Group Inc | 7.35% 01 Oct 2009 | 120,000 | 125 |
| | Burlington Northn Santa Fe | 7.125% 15 Dec 2010 | 200,000 | 213 |
| | Goldman Sachs Group Inc | 6.875% 15 Jan 2011 | 15,000 | 16 |
| | Northwest Airls Pass Thru Trs | 6.841% 01 Apr 2011 | 50,000 | 50 |
| | Inter Amer Dev Bk | 0.5% 17 Apr 2023 | 400,000 | 211 |
| | GNMA Pool 658869 | 6.5% 15 Aug 2037 | 227,323 | 235 |
| * | Merrill Lynch + Co Inc | 6.4% 28 Aug 2017 | 29,000 | 29 |
| | Fed Hm Ln Pc Pool G02110 | 4.5% 01 May 2035 | 669,753 | 633 |
| | CSX Corp | 6% 01 Oct 2036 | 35,000 | 32 |
| | Diageo Cap Plc | 5.5% 30 Sep 2016 | 42,000 | 42 |
| | Fed Hm Ln Pc Pool A52823 | 5.5% 01 Oct 2036 | 54,034 | 54 |
| | FNMA Pool 904387 | 5% 01 Nov 2036 | 50,753 | 50 |
| | FNMA Pool 905690 | 5.5% 01 Dec 2036 | 78,326 | 78 |
| | Pacificorp | 6.71% 15 Jan 2026 | 400,000 | 438 |
| | FNMA Pool 306974 | 7.5% 01 Jun 2025 | 3,110 | 3 |
| | Comerica Inc | 4.8% 01 May 2015 | 80,000 | 73 |
| | GNMA Pool 431373 | 6.5% 15 Sep 2026 | 10,420 | 11 |
| | Danske Bk A/S | 1% 29 Dec 2049 | 17,000 | 16 |
| | DBS Bk Ltd Singapore | 5% 15 Nov 2019 | 90,000 | 85 |
| | Aust + Nz Bank Grp | 3.75% 05 Jan 2009 | 80,000 | 79 |
| | Quebec Prov Cda | 4.6% 26 May 2015 | 50,000 | 51 |
| | Fed Hm Ln Pc Pool A23982 | 5.5% 01 Jun 2034 | 15,253 | 15 |
| | Erste Europ.Pfandb | 4% 29 May 2009 | 400,000 | 398 |

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|-----|---|---|---|--------------------------------|
| | FNMA Pool 878103 | 5% 01 Apr 2036 | 516,052 | 504 |
| | Equitable Res Inc | 7.75% 15 Jul 2026 | 130,000 | 153 |
| | Ontario Hydro | 7.45% 31 Mar 2013 | 35,000 | 41 |
| | FNMA Pool 533373 | 6.5% 01 Mar 2030 | 24,038 | 25 |
| | Penney J C Inc | 7.625% 01 Mar 2097 | 45,000 | 47 |
| | GNMA Pool 377590 | 8% 15 Aug 2025 | 64,084 | 70 |
| | New Vy Generation 1 | 7.299% 15 Mar 2019 | 82,221 | 97 |
| | Federal Natl Mtg Assn | 5.5% 15 Mar 2011 | 530,000 | 558 |
| | Fed Hm Ln Pc Pool A55797 | 5.5% 01 Dec 2036 | 260,858 | 260 |
| | Florida Pwr + Lt Co | 6.2% 01 Jun 2036 | 25,000 | 26 |
| | Valspar Corp | 6.05% 01 May 2017 | 20,000 | 20 |
| | Fed Hm Ln Pc Pool A67602 | 6% 01 Oct 2037 | 500,049 | 507 |
| | Fed Hm Ln Pc Pool A70641 | 5% 01 Dec 2037 | 7,330,697 | 7,150 |
| | Principal Life Income Fund Tr | 5.15% 30 Sep 2011 | 42,000 | 43 |
| | FNMA Pool 885653 | 5% 01 Oct 2036 | 449,358 | 438 |
| | Government Tr Ctfs | 0% 15 May 2011 | 2,380,000 | 2,121 |
| | GNMA Pool 373607 | 6.5% 15 Mar 2026 | 1,579 | 2 |
| | Fed Hm Ln Pc Pool D28599 | 7.5% 01 Dec 2022 | 23,112 | 25 |
| | Sumitomo Mitsui Bk Corp | 8% 15 Jun 2012 | 58,000 | 64 |
| | Florence Italy | 6.14% 15 Apr 2014 | 24,700 | 26 |
| | Coors Brewing Co | 6.375% 15 May 2012 | 1,000 | 1 |
| | Royal Bank Of Scotland Grp Plc | 4.7% 03 Jul 2018 | 61,000 | 55 |
| | Landesbank Baden Wurttemberg | 5.05% 30 Dec 2015 | 200,000 | 205 |
| | FNMA Pool 318107 | 7% 01 Aug 2025 | 661 | 1 |
| | GNMA II Pool 002348 | 6% 20 Nov 2011 | 19,837 | 20 |
| | FNMA Pool 786458 | 5% 01 May 2034 | 78,573 | 77 |
| | GNMA Pool 583078 | 5.5% 15 Feb 2035 | 300,240 | 303 |
| | Public Svc Elec Gas Co | 5.25% 01 Jul 2035 | 55,000 | 49 |
| | FNMA Pool 833345 | 5.5% 01 Aug 2035 | 110,467 | 110 |
| | Ppl Energy Supply Llc | 5.7% 15 Oct 2015 | 125,000 | 122 |
| | Ppl Energy Supply Llc | 6.2% 15 May 2016 | 37,000 | 37 |
| | GNMA Pool 424276 | 6.5% 15 Mar 2026 | 26,100 | 27 |
| | GNMA Pool 413641 | 6.5% 15 Apr 2026 | 67,277 | 70 |

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|-----|---|---|---|--------------------------------|
| | Intl Bk For Recon + Dev | 0% 15 Feb 2016 | 573,000 | 394 |
| | Hydro Quebec | 8.4% 15 Jan 2022 | 120,000 | 164 |
| | Federal Natl Mtg Assn Remic | 9.99% 25 Sep 2017 | 11,266 | 13 |
| | FNMA Pool 503290 | 6.5% 01 Jun 2029 | 5,390 | 6 |
| | GNMA Pool 288117 | 10% 15 Mar 2020 | 7,768 | 9 |
| | Cit Group Inc Reorganized | 5.65% 13 Feb 2017 | 25,000 | 22 |
| | Fed Hm Ln Pc Pool A58343 | 5.5% 01 Mar 2037 | 345,057 | 344 |
| | Continental Aircls | 5.983% 19 Apr 2022 | 55,000 | 51 |
| | FNMA Pool 941332 | 6.5% 01 Jul 2037 | 1,997,880 | 2,054 |
| | GNMA Pool 608519 | 6.5% 15 Oct 2037 | 764,921 | 790 |
| | Cit Group Inc Reorganized As | 7.625% 30 Nov 2012 | 35,000 | 35 |
| | Federal Natl Mtg Assn | 5.25% 15 Jun 2008 | 4,000,000 | 4,019 |
| | FNMA Pool 886858 | 6% 01 Sep 2036 | 291,650 | 296 |
| | Fed Hm Ln Pc Pool A53740 | 5.5% 01 Nov 2036 | 32,596 | 33 |
| | Fed Hm Ln Pc Pool E60022 | 6.5% 01 Aug 2009 | 5,621 | 6 |
| | BGB Finance(Ire) | 7.125% 27 Feb 2012 | 500,000 | 542 |
| | General Mtrs Accep Corp | 6.875% 15 Sep 2011 | 130,000 | 111 |
| | Qwest Cap Fdg Inc | 7% 03 Aug 2009 | 100,000 | 100 |
| | Commonwealth Edison Co | 6.15% 15 Mar 2012 | 30,000 | 31 |
| | Massachusets Mut Life Ins Co | 5.625% 15 May 2033 | 70,000 | 61 |
| | Fed Hm Ln Pc Pool A21263 | 4.5% 01 Apr 2034 | 41,274 | 39 |
| | Allstate Corp | 5% 15 Aug 2014 | 70,000 | 69 |
| | GNMA Pool 609289 | 5.5% 15 Dec 2034 | 38,672 | 39 |
| | Rabobank Nederland | 1% 18 Jun 2008 | 300,000 | 298 |
| | United States Tres Sc Strp Int | 0% 15 Nov 2027 | 400,000 | 160 |
| | GNMA Pool 457932 | 6% 15 Dec 2028 | 40,503 | 42 |
| | GNMA Pool 419569 | 6.5% 15 Feb 2026 | 6,269 | 7 |
| | Ameritech Capital Funding Co | 6.25% 18 May 2009 | 137,000 | 141 |
| | GNMA Pool 780975 | 6% 15 Feb 2029 | 3,283 | 3 |
| | United States Tres Sc Strp Int | 0% 15 Aug 2017 | 1,035,000 | 688 |
| | BBV Intl Fin Ltd | 7% 01 Dec 2025 | 112,000 | 132 |
| | TRW Inc | 7.125% 01 Jun 2009 | 73,000 | 76 |
| | NStar | 8% 15 Feb 2010 | 120,000 | 129 |

Table of Contents**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, 2007

Supplemental Schedule

(c) Description of Investment Including

| (a) | (b) Identity of Issue, Borrower, Lessor or Similar Party | (c) Maturity Date, Rate of Interest, Collateral, Par or Maturity Value | (d) Cost and Number of Shares/Units** | (e) Current Value (in 000s) |
|-----|---|---|---|--------------------------------|
| | United States Tres Sc Strp Int | 0% 15 May 2020 | 3,245,000 | 1,856 |
| | Southwest Gas Corp | 8.375% 15 Feb 2011 | 110,000 | 122 |
| | FNMA Pool 905886 | 5% 01 Dec 2036 | 54,514 | 53 |
| | GNMA Pool 660623 | 6.5% 15 Sep 2036 | 417,877 | 432 |
| | Federal Home Ln Mtg Corp | 6% 17 Dec 2027 | 250,000 | 252 |
| | Fed Hm Ln Pc Pool G02405 | 5.5% 01 Mar 2036 | 21,912 | 22 |
| | Fed Hm Ln Pc Pool A55254 | 5.5% 01 Dec 2036 | 454,273 | 453 |
| | Eurodollar Futures | 08 Mar 2008 | 6,500,000 | 0 |
| | Eurodollar Futures | 09 Sep 2008 | 2,000,000 | 0 |
| | Eurodollar Futures | 10 Jun 2008 | (500,000) | 0 |
| | Eurodollar Futures | 08 Mar 2008 | (250,000) | 0 |
| | Eurodollar Futures | 09 Dec 2008 | 1,000,000 | 0 |
| | Eurodollar Futures | 11 Sep 2008 | (500,000) | 0 |
| | Eurodollar Futures | 08 Sep 2008 | 1,000,000 | 0 |
| | Eurodollar Futures | 08 Sep 2008 | (500,000) | 0 |
| | U S Treas Bonds Futures | 08 Mar 2008 | (1,700,000) | 0 |
| | U S Treas Notes 2Yr Futures | 08 Mar 2008 | 10,800,000 | 0 |
| | Eurodollar Futures | 10 Dec 2008 | (500,000) | 0 |
| | Eurodollar Futures | 09 Mar 2008 | 3,000,000 | 0 |
| | Eurodollar Futures | 09 Mar 2008 | (500,000) | 0 |
| | Eurodollar Futures | 08 Jun 2008 | 750,000 | 0 |
| | Eurodollar Futures | 11 Jun 2008 | (1,000,000) | 0 |
| | Eurodollar Futures | 08 Dec 2008 | (1,500,000) | 0 |
| | Eurodollar Futures | 09 Jun 2008 | 4,750,000 | 0 |
| | U S Treas Notes 10Yr Future | 08 Mar 2008 | 4,100,000 | 0 |
| | Interest Rate Swap 10Yr Ftr | 08 Mar 2008 | 300,000 | 0 |
| | U S Treas Note 5Yr Future | 08 Mar 2008 | (24,000,000) | 0 |
| | Eurodollar Futures | 11 Dec 2008 | (500,000) | 0 |
| | Eurodollar Futures | 10 Jun 2008 | 2,000,000 | 0 |
| | U S Treas Notes 10Yr Future | 08 Mar 2008 | (5,100,000) | 0 |
| | U S Treas Notes 10Yr Future | FEB08 111.5 PUT | 2,000 | 1 |
| | U S Treas Notes 10Yr Futures | FEB08 110 PUT | (4,000) | 0 |
| | U S Treas Notes 10Yr | FEB08 110.5 PUT | (4,000) | 0 |

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| | U S Treas Nts 10 Yr Future | FEB08 115 CALL | (4,000) | (2) |
| | U S Treas Notes 10Yr Future | FEB 08 115.5 CALL | (4,000) | (1) |
| | U S Treas Notes 10Yr Future | FEB08 111 PUT | 2,000 | 0 |
| | U S Treas Notes 10Yr Future | FEB08 114 CALL | 4,000 | 3 |
| | Various Payables | | | (9,441) |
| | Various Insurance Companies | Synthetic Wrapper Agreements | | (6,369) |
| | Total Stable Value Fund | | | 618,376 |
| | Common/Collective Trusts | | | |
| * | Merrill Lynch | Equity Index Trust | 376,474 | 43,471 |
| * | Participant Loans | 4.00% to 9.25% | | 11,029 |
| | | | | \$ 1,144,046 |

* Indicates parties-in-interest.

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

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Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the plan administrator of the CONSOL Energy Inc. Investment Plan for Salaried Employees has duly caused this annual report to be signed on its behalf by the undersigned, hereunto duly authorized, in Pittsburgh, Allegheny County, Commonwealth of Pennsylvania.

THE CONSOL ENERGY INC. INVESTMENT PLAN FOR SALARIED EMPLOYEES

Date: June 27, 2008

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

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