MURRAY ENERGY CORPORATION
46226 National Road
St. Clairsville, Ohio 43950

ROBERT D. MOORE
Executive Vice President,
Chief Operating Officer and
Chief Financial Officer

PHONE: (740) 338-3100
FAX: (740) 338-3405
rmoore@coalsource.com
www.murrayenergycorp.com

April 4, 2014

Ms. Janet Yellen
Chairman
The Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Mr. Robert deV. Frierson
Secretary
The Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

Re: Comments of Murray Energy Corporation Regarding the Board of Governors of the Federal Reserve System's Proposed Rule Entitled "Complementary Activities, Merchant Banking Activities, and Other Activities of Financial Holding Companies related to Physical Commodities," (Docket ID No. 1479; RIN 7100 AE-10)

Dear Chairman Janet Yellen and Secretary Frierson:

Murray Energy Corporation (together with its Subsidiary Companies "Murray Energy") hereby provides the following response to the request for comments by the Board of Governors of the Federal Reserve System ("Board") in its Advance Notice of Proposed Rulemaking relating to the physical commodities activities conducted by financial holding companies, entitled "Complementary Activities, Merchant Banking Activities, and Other Activities of Financial Holding Companies related to Physical Commodities" ("ANPR"), published in Federal Register, Vol. 79, No. 3329, on January 21, 2014.

Murray Energy believes that imposing additional restrictions or limitations on the physical commodities activities of Financial Holding Companies ("FHC") is unnecessary and would negatively impact FHCs, businesses like ours, our employees, our customers, and our Nation's financial system.

Murray Energy is the largest privately owned coal company in the United States, employing over 7,200 people, in six (6) states, and operating thirteen (13) active mines. We plan to produce over 65 million tons of bituminous coal this year.

Murray Energy is proud to have spent the past twenty-five (25) years helping to build America's energy future and to secure our Nation's energy independence. We utilize some of the industry's most advanced mining techniques to enhance safety, improve productivity, and reduce costs. Murray Energy works, every day, to transform America's most abundant natural

energy resource, to provide high paying, well-benefitted jobs, and to ensure our customers have the lowest cost, reliable, and high-quality fuel sources.

Our customers include FHCs, with whom we regularly enter into long-term contracts providing for the sale of coal. FHCs provide access to broader coal markets and, without the presence of FHCs, accessing these markets would be far more difficult, substantially more expensive, and far less efficient. It is in this context that the ANPR would likely significantly affect Murray Energy and other businesses like ours that sell physical commodities to FHCs.

We believe that additional regulation on FHCs' physical commodities activities is unnecessary, as there is absolutely no evidence to support the position that their activities pose substantial risks to the safety and soundness of depository institutions or the financial system generally. Additional regulation in these areas, in fact, would likely harm many other businesses, including ours, as FHCs would hasten their departure from the physical commodities marketplace, and further injure an already depressed coal marketplace.

Such a result in lost sales volume would injure our Company and threaten the jobs we provide. We would be forced to seek other entities – likely unregulated or less regulated – to make up for the lost sales that will result from FHCs being forced out of these markets. Less regulated entities would likely have less appealing, and less transparent, credit profiles than FHCs, and transacting with them would increase risks to our business. More generally, these types of entities replacing FHCs could increase risk to the financial system.

For these reasons, as set forth in detail below, we respectfully recommend that no additional regulation be imposed on FHCs' physical commodities activities, as further regulation is both unnecessary and would negatively affect many American businesses, leading to lost revenue and ultimately job loss.

1. Additional Regulation is Unnecessary as FHCs' Physical Commodities Activities do not pose Substantial Risks to Depository Institutions or the Financial System, Generally.

Murray Energy commends the Board for analyzing issues relating to the trading of commodities and related derivatives. That said, the ANPR itself underscores why it is unnecessary to impose additional regulations on FHCs with respect to their physical commodities businesses.

The Board notes that "there have been a variety of events and developments involving physical commodities activities that suggest the risks of conducting these activities are changing" and those events include "[r]ecent disasters" which "demonstrate that the risks associated with these activities are unique in type scope and size." The ANPR further suggests that these types of disasters could pose the same type of "underappreciated tail risks" that were a factor in the recent worldwide financial crisis. The disasters identified by the Board include the oil spill involving the Deepwater Horizon mobile offshore drilling unit, the February 2010 natural gas explosion in

Middletown, Connecticut, and the September 2010 natural gas transmission pipeline in San Bruno, California, among others. The ANPR notes that these catastrophes demonstrate that "the costs of preventing accidents are high and the costs and liability related to physical commodity activities can be difficult to limit and higher than expected."

The after-effects of these disasters, however, reinforce the fact that FHCs can manage physical commodities risks appropriately. The ANPR does not identify any risks that the FHCs specifically underappreciated with respect to these events as FHCs were, in fact, engaged in physical commodities activities at the times of these disasters, along with the other disasters identified by the Board. FHCs appropriately managed their physical commodities businesses during this time, making it clear that they can appropriately manage potential tail risks and that additional regulation is unwarranted.

2. Additional Regulation Will Likely Lead to FHCs Exiting the Physical Commodities Markets.

FHCs have already begun their departure from these markets. The ANPR notes that "[t]wo of the 12 FHCs that currently conduct physical commodities activities under complementary authority recently have publicly reported that they intend to cease such activities." Just recently, in fact, JPMorgan announced that it was selling its physical commodity unit to the Swiss-based merchant firm Mercuri and the Russian firm OAO Rosneft is reportedly attempting to finalize a deal to purchase Morgan Stanley's oil sales unit. It is widely believed that the decisions by these FHCs to exit these businesses were made, at least in part, based on recent regulations and regulatory pressure, including those regulations imposed by the Dodd-Frank Act and Basel III. We conclude, therefore, that additional regulation with respect to FHCs' physical commodities activities could result in them exiting these businesses entirely. This would hurt our Company and our employees.

FHCs exiting these markets would significantly affect our business by removing well-regulated counterparties from the physical commodities markets that would be difficult to replace, and perhaps impossible to replace with comparably-regulated entities. A significant group of our customers include FHCs, to whom we sell coal on a consistent basis. Removing these customers from the marketplace would have a significant adverse effect on our business and ultimately would limit our ability to serve the public in providing reliable and affordable energy. This clear harm to U.S. businesses cannot be the Board's intended result.

3. Unregulated Businesses Could Replace FHCs in the Physical Commodities Markets

As noted above, JPMorgan recently sold its physical commodities unit to a Swiss-based merchant firm and a Russian Firm is attempting to finalize its purchase of Morgan Stanley's oil sales units. As FHCs continue to exit these businesses, other unregulated, or less regulated, entities can, to some extent, be expected to take their place. From our perspective, we certainly prefer to sell coal to reliable and creditworthy customers, such as FHCs. The contracts we typically engage in provide for a sales period that ranges in length from one month to 15 years,

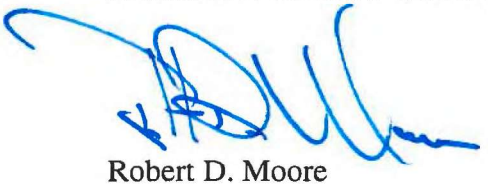
emphasizing the importance of selling to those parties that we are confident will not only fulfill their contractual obligations but that will continue to remain in the market throughout the duration of the contract. We are confident that FHCs will fulfill their contractual obligations, but do not share the same confidence in those entities that could replace FHCs. Such reliability is important for our company and its 7,200 U.S. employees.

For all the reasons enumerated above, the Board should not impose additional regulation on FHCs, with respect to their physical commodities business. We believe doing so would negatively impact FHCs, businesses like ours, our employees, our customers, and the financial system in general.

We appreciate the opportunity to comment on this issue and are available to discuss this issue at your convenience.

Sincerely,

MURRAY ENERGY CORPORATION



Robert D. Moore
Executive Vice President, Chief Operating Officer,
and Chief Financial Officer