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Chapter: Coal Credits Struggle Under Obama Proposal

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Obama's Proposed Emission Limits Push Coal Bond Yields to Record

Analyst Spencer Cutter

Jun 5, 2014

Yields on coal producers' bonds surged to record highs after President Barack Obama proposed regulations limiting greenhouse-gas emissions. Walter Energy's 9.875% notes due in 2021 now yield more than 22.5%, even though the company said the proposals will have no material impact on its business. Arch Coal and Alpha Natural Resources bonds due the same year fell, pushing yields past 13%. Yields on Peabody Coal's 6.5% bonds due in 2020 rose to 6.35%, the most since October.

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Coal, Global (BI COALG)

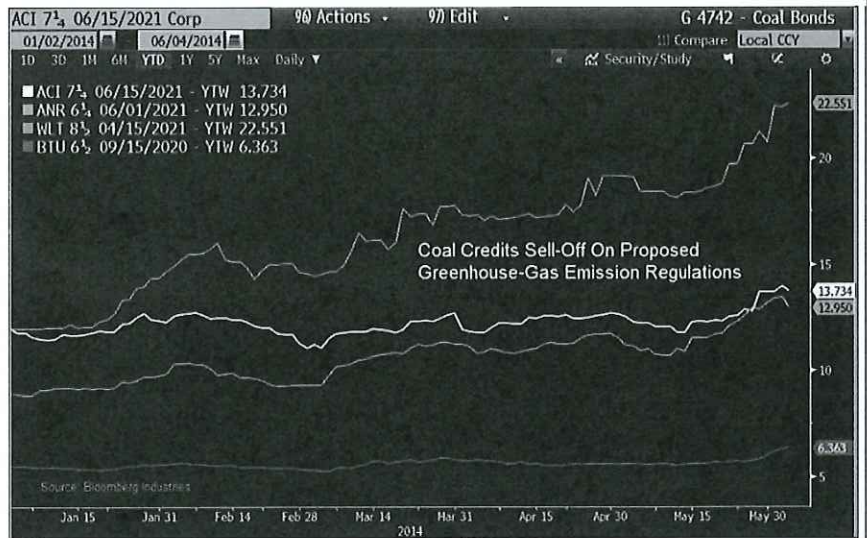


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Bankruptcy: Walter Energy Yields Rise on EPA Emissions Plans

91) ☆

Click on the link below to open today's Bankruptcy & Restructuring newsletter from Bloomberg Brief.

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WALTER ENERGY. While coal producer Walter Energy said Monday it does not expect to be materially impacted by proposed changes in emission U.S. rules for power plants, yields of the producer of coal for steel production rose to a record high of 22.44 percent Wednesday.

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newsletter

STOCKTON. Stockton, California, made a final plea to a judge to let it exit bankruptcy after spending \$13.9 million in fees and almost two years under court oversight trying to restructure \$1.18 billion in creditor claims.

103) Functions

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ENERGY FUTURE HOLDINGS. Energy Future Holdings Corp. defended its proposals for borrowing about \$9.9 billion under two loans to finance separate parts of the company as they undergo a bankruptcy reorganization begun in April.

LOEHMANN'S LIQUIDATING PLAN UP FOR VOTE. Unsecured creditors are

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BFW Jun 06 2014 08:48:50

Goldman Sachs 'Incrementally Negative' on Met Coal Stocks

91) ☆

By Arie Shapira

June 6 (Bloomberg) -- Goldman Sachs analyst Neil Mehta sees further downside risk to met coal forecasts on strong Australia supply, weak China import demand.

- Cuts met price est. used in valuation to \$160/mt from \$165/mt; maintains sell on ANR (PT to \$3 from \$3.50), WLT (PT to \$3 from \$5)
- CNX upgraded to buy vs neutral, 6-mo. SOTP PT to \$55 from \$49; sees potential positive catalyst at analyst day on June 12
- BTU downgraded to neutral vs buy, 6-mo. SOTP PT to \$16 from \$21
- Pre-mkt trading: CNX +1.8%, BTU -1.8%
- NOTE: June 3, BB&T said sees 80% odds met coal 3Q settlement flat w/ 2Q at \$120/mt, news to hit in next couple weeks

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