

Switching: The Generation Perspective

Presentation on Coal to Gas Debate

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Executive Summary: For Those Who are Impatient.

Less Coal, More Renewables, Some Gas

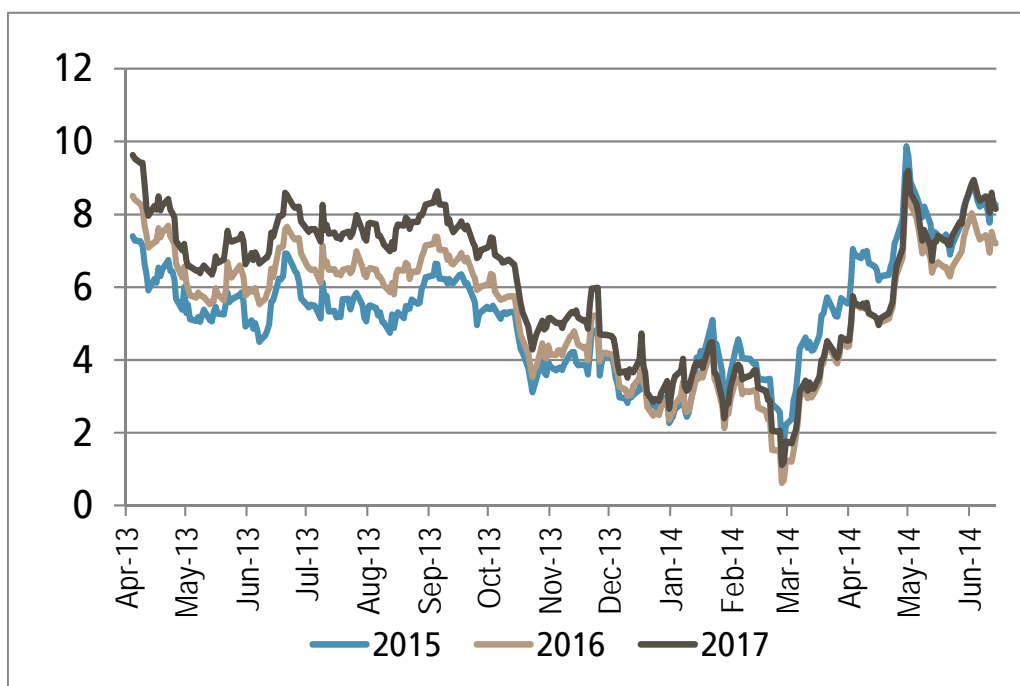
- Coal will continue to lose market share due to economics and future regulations
- Renewables will offset most of this, especially across West and Midwest
- Gas demand will shift gas basis impacts – and usage patterns.

Dark Spreads have Recovered..

Recovery has enabled coal generators to be profitable once more

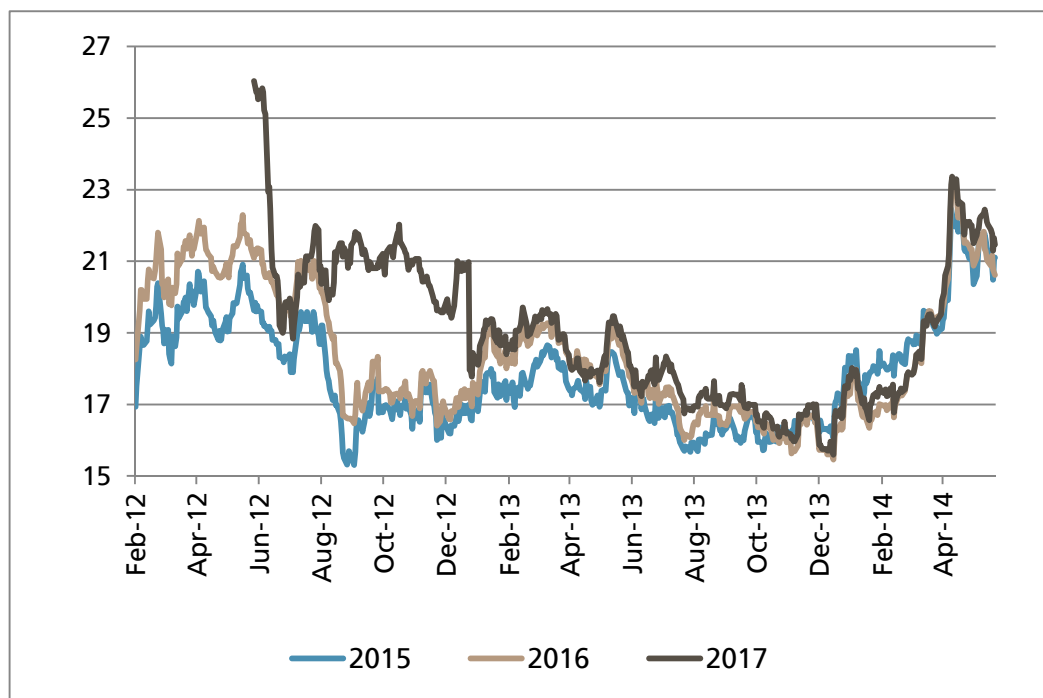
- Both Eastern and Western spreads have markedly improved
 - *We suspect coal generators are likely hedging up the current outlook*
 - *Should further improve in 2015 as further retirements occur*
 - *Expect more hedging of power... not necessarily of power to lock in current view.*

Eastern Dark Spread - PJM West ATC (CAPP Pricing)



Source: Platts

Indy Hub Dark Spreads (PRB Pricing)

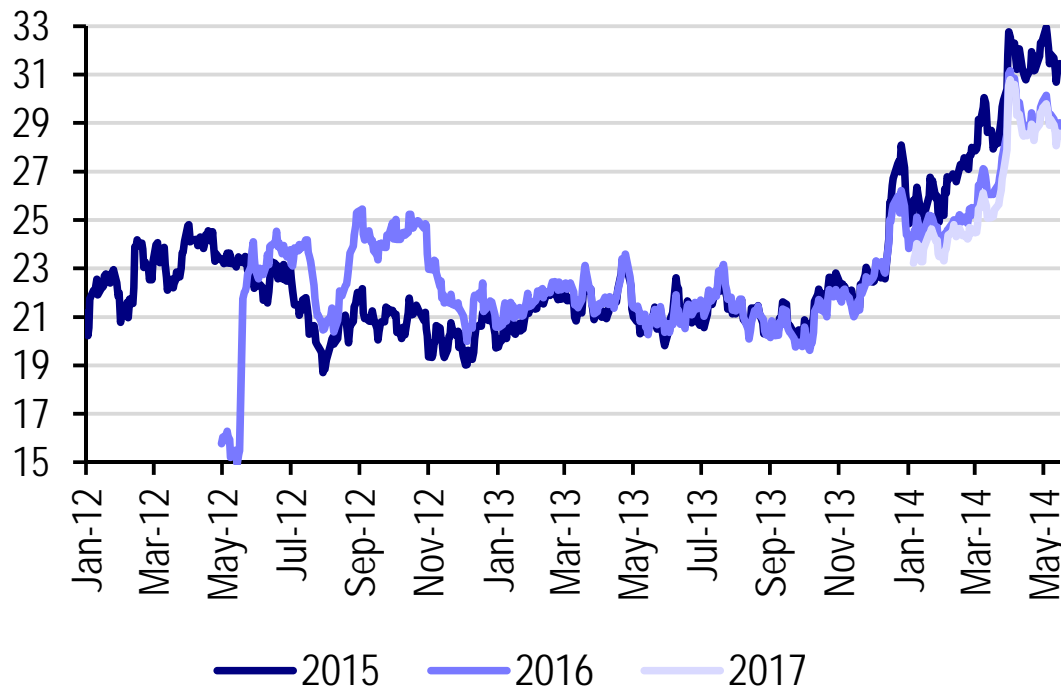


Source: Platts

...But So Have Spark Spreads

- ... And It's Driving New Entrant Like Economics

Robust Sparks have improved ~30% YoY due to cheap gas: PJM
West-Dominion South Spark Spread on new 6.5 Heat Rate plant (\$/MWh)



Source: Platts

New Entrant Economics are Here

Returns are marginal, but driving new build

- No longer just about switching, but focus is on new capital investment
 - Cannibalization: demand growth is not what is driving these investments

Figure 16: Assumptions for our Gas Mini-Model

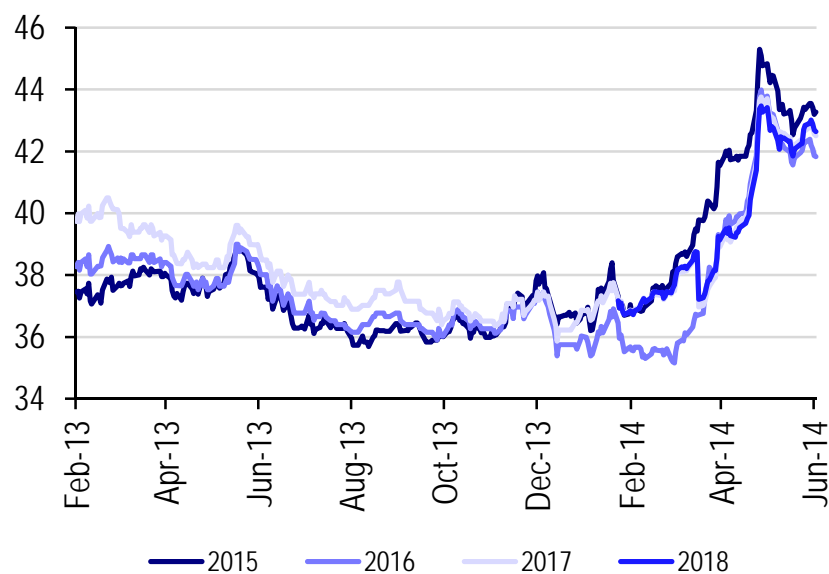
New Plant Assumptions			
Capacity (MW)	1,000	Dom-South 2017 (\$/MMBtu)	3.59
O&M (\$/kw -year)	15.00	PJM West ATC 2017 (\$/MWh)	43.38
Interest Rate (Pre-tax)	5.5%	PJM West On-Peak 2017 (\$/MWh)	52.15
Tax Rate	37.5%	On-Peak Weighting	25%
Construction Cost (\$/kw)	1,100	Capacity Factor (%)	65.0%
Debt/Cap	60.0%	Output (TWh)	5.694
Equity/Cap	40.0%	Debt Amortization (Annually on Term Loan)	1%
Property Tax Rate	1.0%	Long Term Capacity Price (\$/MW-day)	120
Maintenance Capex (\$/kw -year)	5.00	WACC	8.19%
Variable O&M (\$/MWh)	0.50	IRR (unlevered)	9.40%
Useful Life (Years)	30	IRR (equity)	15.43%

Source: Company reports, Platts, and UBS estimates

Even Other Northeast Markets are Way Up...

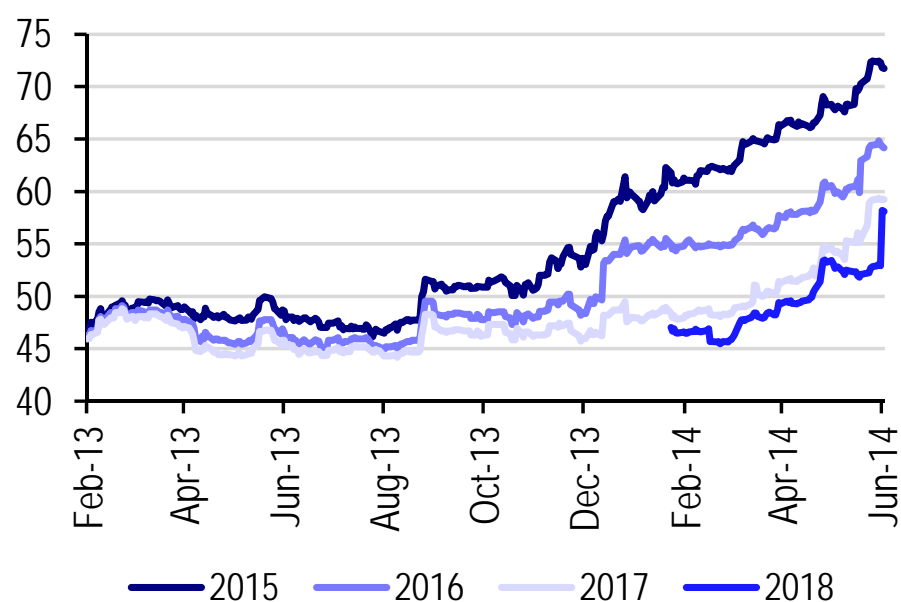
... Driven by the Gas Constraints and Improving Outlook

NYISO Zone A – ATC Power Prices (\$/MWh)



Source: Platts

Mass Hub – ATC Power Prices (\$/MWh)



Source: Platts

Driven Primarily by Gas Price Recovery in the Region

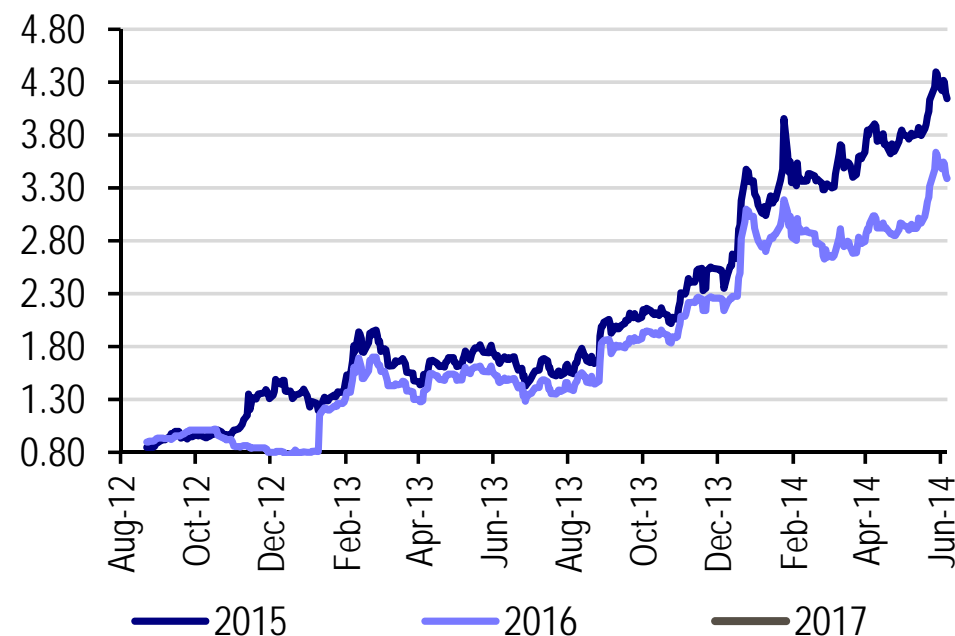
- Continued recovery in Algonquin prices since 2012.
 - Transco has been recovering nicely since early this year
 - Two zones now for Transco: South and North

TransCo – Zone 6 Basis (\$/MMBtu)



Source: Platts

Algonquin (\$/MMBtu)



Source: Platts

The Great Gas Debate: Will Supply Outstrip Demand? Not Now.

Eventually, yes, but right now, not so sure

- What's the new pipeline sources?
 - New York: Constitution (0.6 bcf/d) and further expansion of Millennium Pipeline (0.2-0.5 bcf/d).
 - New Jersey: Expansion of TETCO
- What's the new demand? Generation primarily.
 - New York: Additional gas capacity to eventually enable IP retirement, includes Danskammer and potentially another contracted CCGT (Cricket Valley?)
 - New Jersey: Hess' Newark Energy Center and LS Powers' West Deptford
- What else is at play?
 - Less Canadian production: How will continued decline in Western Canadian production factor into the Dawn Hub and New England prices?
 - Conversion of Gas to Oil pipelines could exacerbate decline.
- Litany of other moving pieces keep this math approximate– and limited to the winter peak days.

In Fact, Lots Of New Supply...

Reacting to Cheap Gas Prices

- New Gas Plants are Driving Demand across PJM Footprint
 - 1.5 Bcf/d cumulative or ~13% of Appalachian Coal Demand

Future Changes in Gas and Coal Demand Suggested by Capacity Auction Outcomes

New Entry CCGT/CT Gas Demand	2014/15	2015/16	2016/17	2017/18
CCGT GWs coming online (PJM RPM auction results)	0.7	5.9	4.0	5.0
Cap factor CCGT (UBS estimate)	65%	65%	65%	65%
GWhs from CCGT	3,701	33,677	22,545	28,527
Heat Rate CCGT (MMBTU/MWh)	6.5	6.5	6.5	6.5
Incremental CCGT MMBTUs gas burn per year	24,057,150	218,901,560	146,545,055	185,425,110
CT/GT GWs coming online (PJM RPM auction results)	0.1	1.4	0.2	0.1
Cap factor CT/GT (UBS estimate)	20%	20%	20%	20%
GWhs from CT/GT	189	2,422	300	230
Heat Rate CT/GT (MMBTU/MWh)	10.0	10.0	10.0	10.0
Incremental CT/GT MMBTUs gas burn per year	1,892,160	24,221,400	2,997,672	2,295,120
Total Incremental MMBTUs gas burn per year	25,949,310	243,122,960	149,542,727	187,720,230
MMBTU/MCF	1.023	1.023	1.023	1.023
Incremental MCF gas burn per year	23,516,276	213,980,019	143,250,298	181,256,217
Incremental BCF gas burn per year	23.5	214.0	143.3	181.3
Incremental BCF per day	0.1	0.6	0.4	0.5
Cumulative incremental BCF per day	0.1	0.7	1.0	1.5
Impact on Coal Burn				
GWhs displaced by new CCGTs	3,701	33,677	22,545	28,527
Coal Heat Rate (MMBTU/MWh)	10	10	10	10
Coal MMBTUs unburned	37,011,000	336,771,630	225,453,930	285,269,400
Coal Heat Content (MBTU/lb)	12	12	12	12
Coal Heat Content (MMBTU/ton)	24	24	24	24
Incremental ktons of coal unburned	1,542	14,032	9,394	11,886
Cumulative annual ktons of coal unburned	1,542	15,574	24,968	36,854
Total 2014 Estimated Appalachian Coal Domestic Distribution (ktons)	267,000	267,000	267,000	267,000
% of Total Appalachian Coal Unburned	0.6%	5.8%	9.4%	13.8%

Source: PJM, EIA, UBS Estimates

Outright Conversions to Gas from Coal

NRG has been at the lead of this; expect more to come

- Preserves optionality for later 'reversal'
- NRG appears to be planning on converting a total of 7 plants
 - Likely will see a similar move for its EME assets later

							Capacity Factor 2013 (%)	Net Generation (MWh)
Power Plant	Technology Type	MW	Owner	Ultimate Parent	In Service	State		
Avon Lake	Steam Turbine	710	NRG Power Midwest LP.	NRG Energy, Inc.	1949	OH	46.50	2,892,409
Niles*	Steam Turbine	133	NRG Power Midwest LP.	NRG Energy, Inc.	1954	OH	NA	NA
Dunkirk	Steam Turbine	75	NRG Northeast Generating L	NRG Energy, Inc.	1950	NY	9.66	440,114
Chalk Point 1 and 2**	Steam Turbine	668	GenOn Chalk Point LLC	NRG Energy, Inc.	1964	MD	37.77	2,210,076
Dickerson***	Steam Turbine	537	GenOn Mid-Atlantic, LLC	NRG Energy, Inc.	1959	MD	21.77	1,023,928
Shawville	Steam Turbine	588	NRG REMA LLC	NRG Energy, Inc.	1954	PA	30.74	1,583,143
Average Capacity Factor							29.29	
Total Net Generation (MWh)								8,149,670
Total		2,711						
*Niles was retired in 2012								
** Deactivation date: 6/1/2017								
***Units 1, 2 & 3: Deactivation date: 6/1/2017								

Source: SNL Energy

Will Shift Regional Gas Basis Too Elsewhere

What's the Focus Now? the Southeast

Figure 12: Announced Coal Retirements (Post 2013)

Projected Coal Retirements (Post 2013)		
Unit Ultimate Parent	Total MW	% of Total
American Electric Power Company, Inc.	7,021	18%
Tennessee Valley Authority	4,806	13%
Ameren Corporation	3,679	10%
Southern Company	2,154	6%
NRG Energy, Inc.	2,128	6%
Intermountain Power Agency	1,800	5%
Duke Energy Corporation	1,786	5%

← Second to PJM,
announced retirements
focused on Southeast
←
←

Source: SNL

The rush is on to develop adequate infrastructure to meet these retirements

Announced New Gas Plants in the Southeast

Power Plant	Technology	Planned Capacity (MW)	Ultimate Parent	State
Kittyhawk Natural Gas Project	Gas Turbine	50	Envirepel Energy Inc.	AL
Citrus County CC	Combined Cycle	1,640	Duke Energy Corporation	FL
NDS Energy (TF01-CB/EP)	Gas Turbine	4	NDS International, Inc.	FL
Polk 2 Combined Cycle	Combined Cycle	1,160	TECO Energy, Inc.	FL
Port Everglades Next Generation Cle	Combined Cycle	1,250	NextEra Energy, Inc.	FL
Cane Run CC	Combined Cycle	640	PPL Corporation	KY
Green River CC	Combined Cycle	700	PPL Corporation	KY
Paradise CC	Combined Cycle	1,000	Tennessee Valley Authority	KY
D.G. Hunter Expansion Project	Gas Turbine	60	Alexandria City of LA	LA
Morgan City CC Plant	Combined Cycle	64	Louisiana Energy & Power Authority	LA
Ninemile 6	Combined Cycle	550	Entergy Corporation	LA
Kings Mountain Energy Center	Combined Cycle	475	NTE Energy LLC	NC
NDS Energy	Gas Turbine	9	NDS International, Inc.	SC
W.S. Lee Combined Cycle Project	Combined Cycle	750	Duke Energy Corporation	SC
Gibson County Generation Station	Combined Cycle	417	Gibson County Generation, LLC	TN
Brunswick County Power Station	Combined Cycle	1,360	Dominion Resources, Inc.	VA
CPV Smyth Energy Center	Combined Cycle	714	Competitive Power Ventures Holdings,	VA
Crosspointe Power Plant	Combined Cycle	160	Gateway Green Energy Holdings LLC	VA
Stonewall Combined-Cycle Project	Combined Cycle	750	Panda Energy International, Inc.	VA
Suffolk Landfill	Gas Turbine	20	GPC Green Energy, LLC	VA
Warren County Power Station	Combined Cycle	1,329	Dominion Resources, Inc.	VA
Moundsville Power Project	Combined Cycle	549	Moundsville Power LLC	WV
Total		13,651		

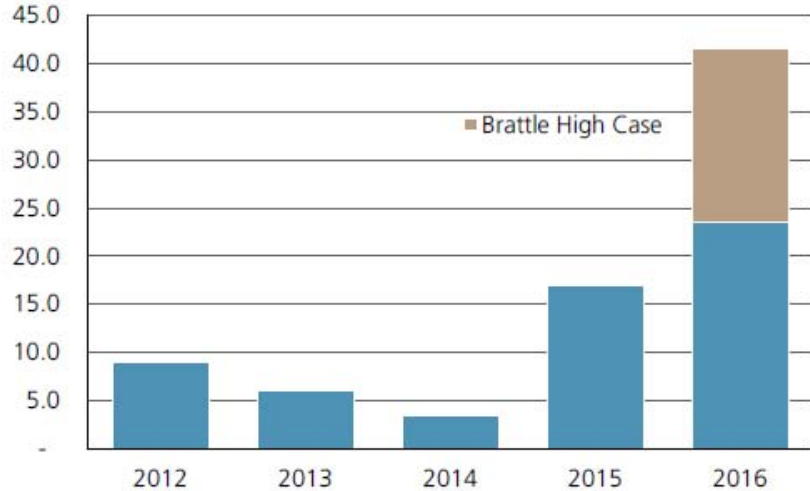
Source: SNL Energy

Coal Retirements.. More to Come Later?

Expect updates on long-term plans this Fall

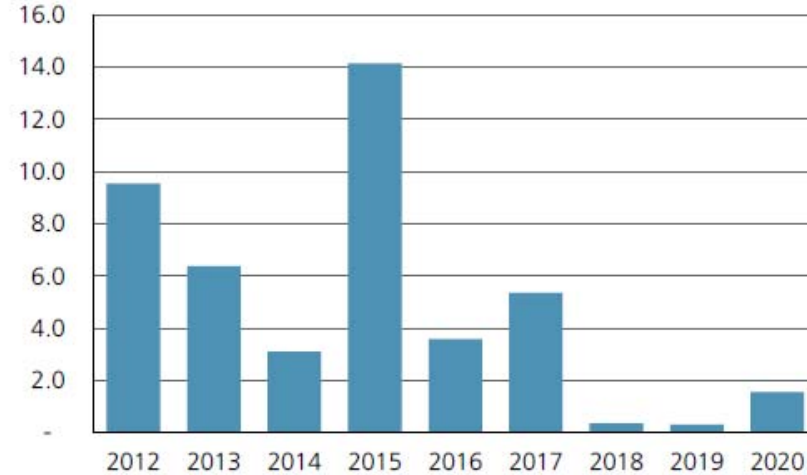
- Pressure from EPA is to retire rather than retrofit

Brattle Coal Retirement Projection (GW)



Source: The Brattle Group, "Potential Coal Plant Retirements: 2012 Update", October 2012

: Announced Coal Plant Retirements (GW)



Source: SNL Financial, April 2014

EPA: Beyond MATS... We're Worried About 'Other' Rules

We think there's much more to focus on than *just* carbon rules

- What are we focused on?
 - Regional Haze
Not all scrubbed plants are the same: focus is increasingly on SCRs!
 - 1-Hour Standards (SO₂ and NO_x)
Even low-sulfur coal might not make the cut?
 - Illinois Multi-Pollutant Standards (MPS)
Dynegy has yet to detail whether it intends to retrofit or retire
 - CSAPR: With more teeth (2008 NAAQS vs. 1997 NAAQS)
We're not so concerned as long as the trading program provides flexibility
- Where do the bulk of unscrubbed coal plants remain? The Midwest.
 - We're not so concerned about MATS, but think there are still a lot of retirements coming down the pike later in the decade
- **All could have real impacts before the Clean Power Plan takes effect**

And so what's our take on the carbon rules?

Lots and lots of coal-to-gas switching....

- EPA's modelling approach relies substantially on coal-to-gas switching
 - Areas without meaningful gas capacity are spared
- But what about higher carbon intensity coals?
 - PRB has been the 'silver bullet' for the longest time. Not this time
We see the greatest exposure to long-haul PRB and lignite
- Memorializes existing renewable mandates
 - No scaling back now on renewables
- Question will be whether operators intend to retrofit plants with SCRs and Scrubbers?
 - We think there may well be a bias towards retire and replace with gas
- At-Risk Nuclear 'Carve Out' : Keeping them around is the priority
 - Outside of safety related concerns, expect a 'bail out' of the industry
 - 'No More Kewaunees'

Putting it All Together

Less Coal, More Renewables, Some Gas

- Total build of renewables through decade more than offsets demand growth
 - Net reduction in demand
 - Will be focused (increasingly) in the Northeast and California
 - Erosion in gas market share in West (California), offsetting long-dated gains
 - Improving efficiency : Solar Trackers and Better Wind Blades
- Hedging of gas price volatility is relevant
- **Coal will continue to lose market share**
 - With the exception of Illinois Basin
 - How much? Will be steady, without any large new significant rules
 - A swagger of a guess would be 3-5 GW/yr nationally as a 'run-rate'....*
 - 1-1.5% annual erosion in total capacity, with closer to ~1% in u*
- **And how much market share improvement for gas? Not Much.**
 - See limited increases in long-term gas generation demand [beyond 2016] as renewable development pace of ~5GW/yr entirely offsets coal retirements

Key Points

What Did We Really Want to Say?

- #1: Gas Remains the Central Issue
 - Basis remains significant issue
 - Restructuring of how we procure gas is necessary
- #2: Are we seeing the top of the market?
 - Counterintuitive to many in the coal world, but...
 - New capacity streaming in... How good do economics need to be?
 - What does the future hold? More Gas + Renewables offset coal retirements
- #3: Coal-to-gas debate is more renewable oriented now
 - Moderating factor in the 'uplift' to gas
 - Is the secondary effect on gas prices, greater than impact on power prices?
Arguably yes.



Coal-to-Gas Switching Lunch

June 24, 2014

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UBS Gas Price Forecasts Above Consensus and NYMEX Futures Strip

	2014E	2015E	2016E	2017E	2018E	Normalized
Natural Gas NYMEX (\$/MMBTU)	\$4.75	\$4.50	\$5.00	\$5.00	\$5.00	\$5.00
First Call Consensus	\$4.53	\$4.50	\$4.90	\$4.62	NA	NA
Futures Strip Price	\$4.66	\$4.28	\$4.27	\$4.43	\$4.63	NA
<i>UBS vs. Consensus</i>	<i>5%</i>	<i>0%</i>	<i>2%</i>	<i>8%</i>	<i>NA</i>	<i>NA</i>
<i>UBS vs. Strip prices</i>	<i>2%</i>	<i>5%</i>	<i>17%</i>	<i>13%</i>	<i>8%</i>	<i>NA</i>

Source: UBS estimates and Bloomberg

****Upside to Normalized Price Assumption of \$5.00/MMBtu***

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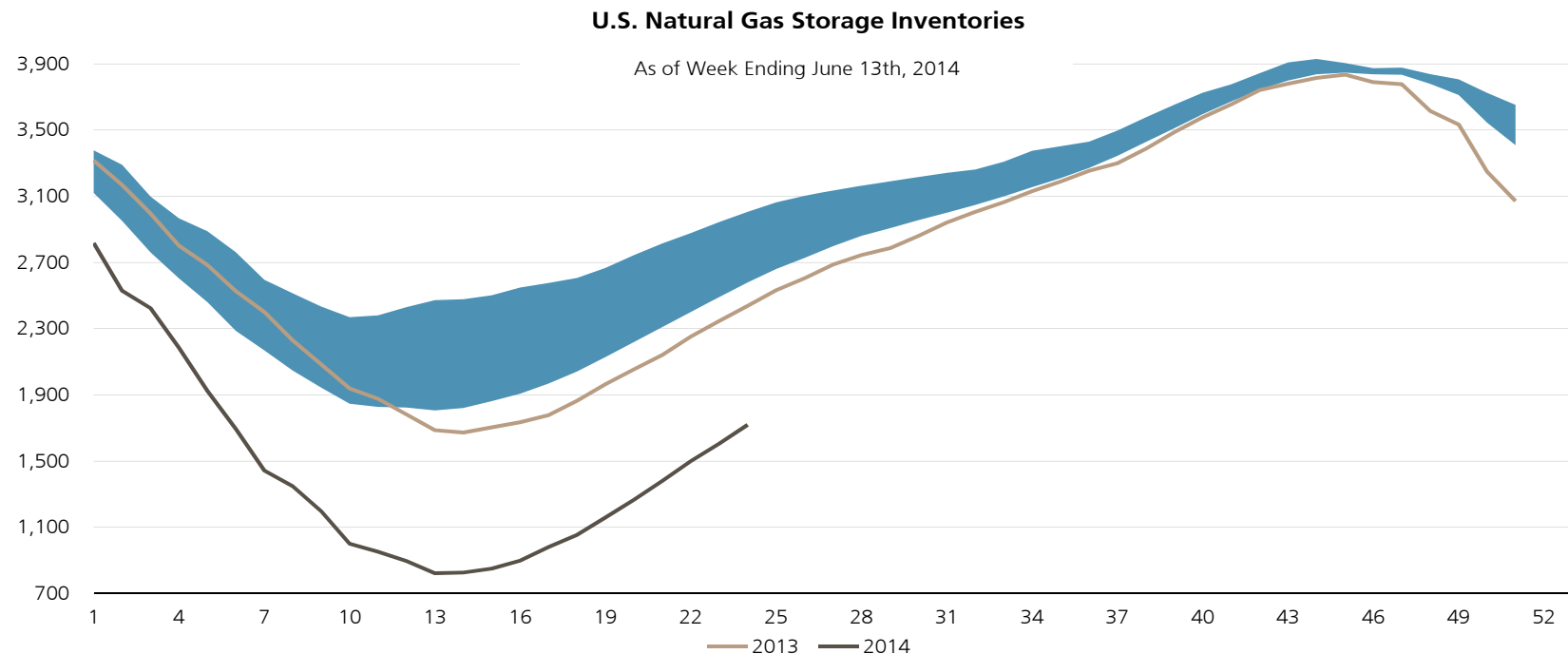
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Source: UBS estimates and Bloomberg

****Upside to Normalized Price Assumption of \$5.00/MMBtu***

Natural Gas: Near-Term Story Driven by Storage Inventory Dynamics

- Unusually cold winter weather left March inventories at 10-year low of 0.82 Tcf (~1.0 Tcf below normal)
- Inventories remain 0.86 Tcf below the 5-year average, implying >5 Bcfd of incremental refill demand to return to normal, or >3 Bcfd of incremental demand to hit 3.4 Tcf (0.4 Tcf below normal)
- Most likely path to an adequate refill is through sustained gas-to-coal switching, supporting prices above ~\$4.50/MMBtu



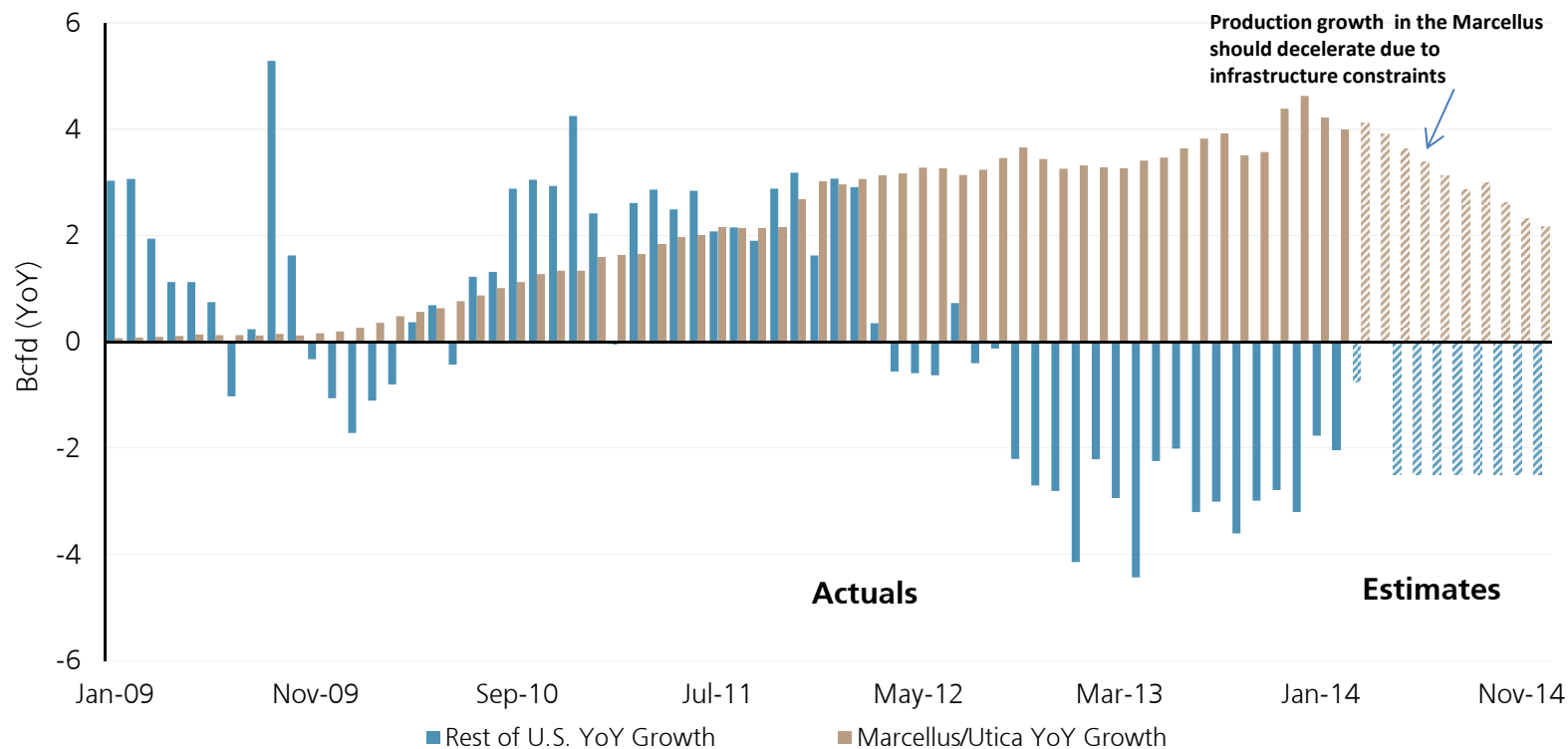
Source: EIA

Bullish Longer-Term Supply/Demand Picture for Natural Gas

UBS Outlook

- Rate of U.S. production growth flattens from 5% growth in 1Q14 to 1% by 4Q14E
- Incremental demand growth of ~12 Bcfd by 2018E from coal plant retirements, LNG exports and build-out of chemical sector infrastructure
- Supply/Demand dynamic will require production growth from higher cost basins, supporting long-term prices

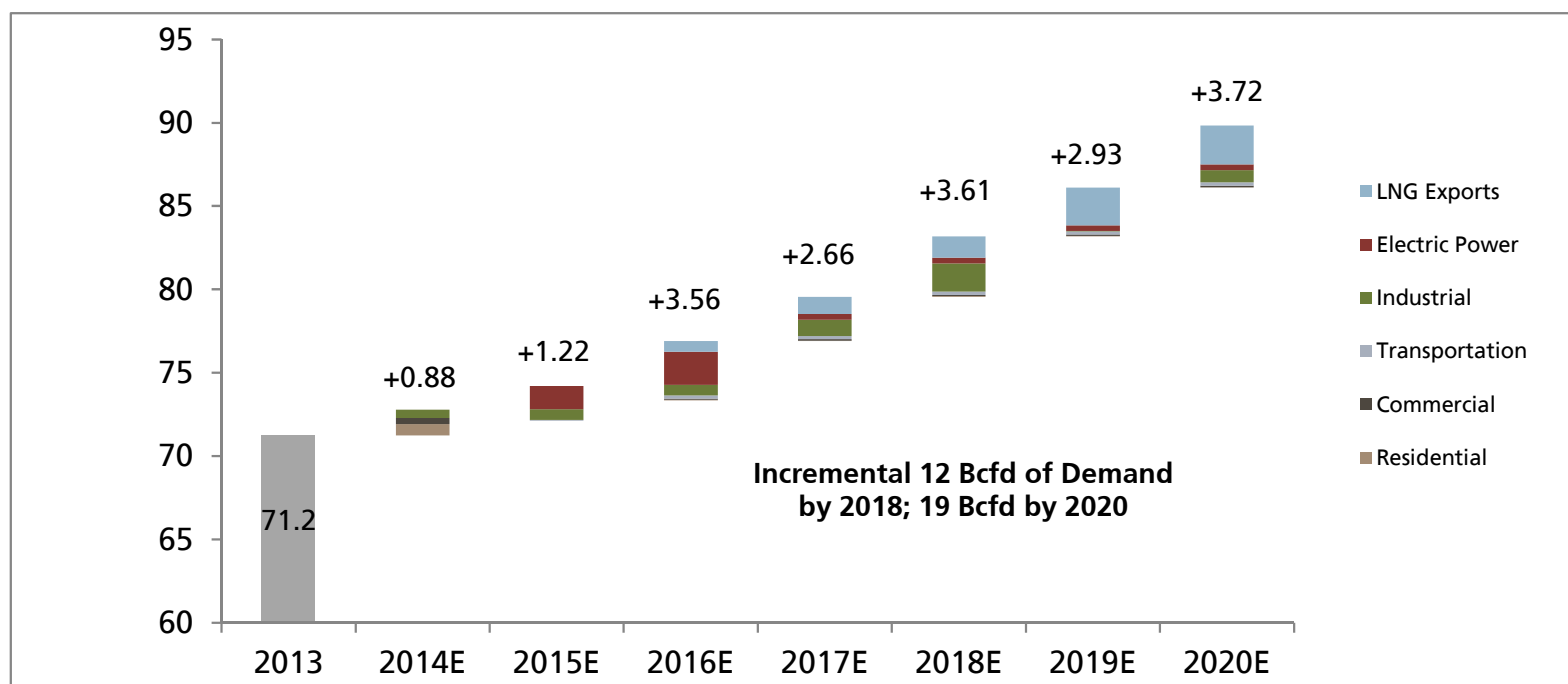
US Supply Growth Should Decelerate Materially by 4Q14



Source: UBS estimates and Bentek

Robust 5-Year Demand Outlook

- Coal Capacity Retirements Shift **Electric Power Sector** Demand to Natural Gas
- **LNG Exports**: A New Source of Demand
- **Chemical Sector** Build-Out Supports Strong Industrial Sector Growth



Source: UBS estimates

Natural Gas Likely to Capture Market Share from Coal

- We believe natural gas could pick up an incremental ~1 Bcfd of demand from coal in 2015 and another ~1.6-3.2 Bcfd in 2016 as increased regulatory pressures and low gas prices spur a significant retirement of current coal-fired capacity

Low Case Coal Retirements (44 GWs)	2014E	2015E	2016E
GW Coal retiring	3	17	24
Cap factor coal (UBSe)	50%	50%	50%
GWs needing replacement	15,194	74,105	103,193
Incremental BCF gas burn per year	111.4	543.3	756.5
Incremental Bcfd	0.31	1.49	2.07
Cumulative incremental Bcfd	0.31	1.79	3.87
High Case Coal Retirements (62 GWs)	2014E	2015E	2016E
GW Coal retiring	3	17	42
Cap factor coal (UBSe)	50%	50%	50%
GWs needing replacement	15,194	74,105	182,033
Incremental BCF gas burn per year	111.4	543.3	1,334.6
Incremental Bcfd	0.31	1.49	3.66
Cumulative incremental Bcfd	0.31	1.79	5.45
Renewables offset (6 GWs)	2014E	2015E	2016E
Renewable GWs coming online (UBSe)	(6)	(6)	(6)
Cap factor renewables (UBSe)	40%	40%	40%
GWs from renewables	(21,024)	(21,024)	(21,024)
Incremental BCF gas burn per year	(154.1)	(154.1)	(154.1)
Incremental Bcfd	(0.42)	(0.42)	(0.42)
Cumulative incremental Bcfd	(0.42)	(0.84)	(1.27)
Total incremental Bcfd - low case	(0.12)	1.07	1.65
Total incremental Bcfd - high case	(0.12)	1.07	3.23
Cumulative incremental Bcfd - low case	(0.12)	0.95	2.60
Cumulative incremental Bcfd - high case	(0.12)	0.95	4.18

Source: UBS estimates

LNG Exports: A New Source of Demand Beginning in 2016

- We see an incremental ~3 Bcfd of potential demand by 2018 and ~7 Bcfd by 2020, based only on the proposed LNG projects which to date have received non-FTA approval from the DoE

Project	Location	Regulatory Approval Status			Capacity (mtpa)	Volume (Bcfd)					Commercial Off-Take Agreement Status
		DoE		FERC		2016	2017	2018	2019	2020	
		FTA	Non-FTA								
Sabine Pass LNG (Trains 1-4)	Sabine Pass, LA	√	√	√	18	0.80	1.7	2.3	2.3	2.3	Definitive Agreement signed for ~90% capacity
Cameron LNG	Hackberry, LA	√	√	√	13.5			0.3	1.0	1.7	Tolling Agreement signed for ~90% capacity
Cove Point LNG	Cove Point, MD	√	√	Under review; expected end 2014	5.25		0.41	0.8	0.8	0.8	Terminal Service Agreement signed for full capacity
Freeport LNG	Freeport, TX	√	√	Under review	15			0.3	1.0	1.8	Tolling Agreement signed for ~90% capacity
Lake Charles/ Trunkline LNG	Lake Charles, LA	√	√	Under review; expected early 2015	16				1.0	2.0	Tolling Agreement in principal reached for ~30% capacity
Jordan Cove LNG	Coos Bay, OR	√	√	Under review	6				0.4	0.8	Non-binding Heads of Agreement exceeding full capacity
Total Volume					73.8	0.8	2.1	3.7	6.5	9.4	

Source: UBS estimates

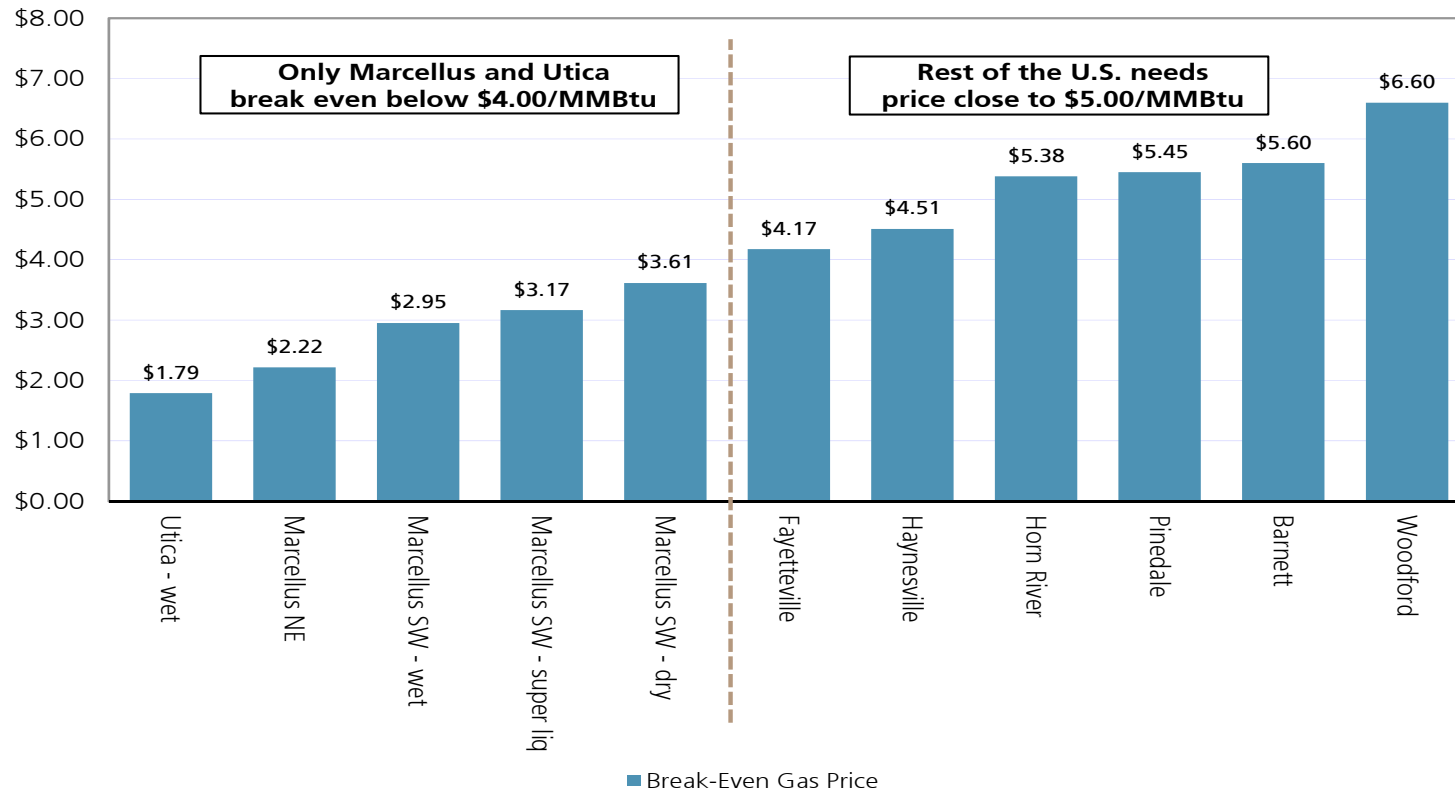
Build-out of Chemical Sector Infrastructure Poised to Boost Demand

- Current pipeline of new gas-based (e.g. ethane) cracking capacity implies the potential for +0.32 Bcfd of incremental demand by the end of 2016, +1.33 Bcfd by 2017 and another +0.64 Bcfd beyond 2018

Year	Company	Location	Expected Start-Up	Capacity ('000 MTPA)	Equivalent Gas Consumption (Bcfd)
2016	ExxonMobil Chemicals	Baytown, TX	2016	1,500	0.32
					0.32
2017	OxyChem/Mexichem	Ingleside, TX	1Q17	550	0.12
	Formosa Plastics	Point Comfort, TX	1H17	1,200	0.26
	CPCChem	Baytown, TX	2017	1,500	0.32
	Dow Chemical	Freeport, TX	2017	1,500	0.32
	Sasol	Lake Charles, LA	2017	1,500	0.32
					1.33
2018+	Shell Chemicals	Monaca, PA	TBD	1,500	0.32
	Odebrecht/Braskem	Parkersburg, WV	TBD	1,500	0.32
					0.64
Total (Bcfd)					2.29

Source: UBS estimates

U.S. Will Need Supply from Higher-Cost Basins, Supporting LT Prices



Source: UBS estimates

Equity Implications: E&P Stock Picks for a Higher Gas Price Environment

Top Picks for Rising Natural Gas Prices

- SWN
- COG

Other Names Levered to a Natural Gas Price Recovery

- APC
- DVN
- EPE
- NFX
- UPL

Coal-to-Gas Switching Lunch

Coal Sector Winners & Losers

June 24, 2014

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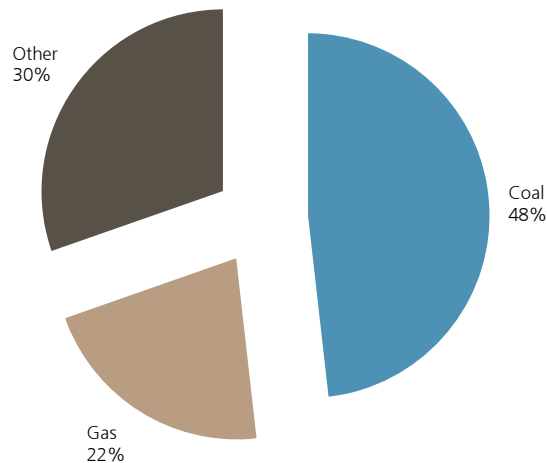
kuni.chen@ubs.com



Coal Market Share is Declining

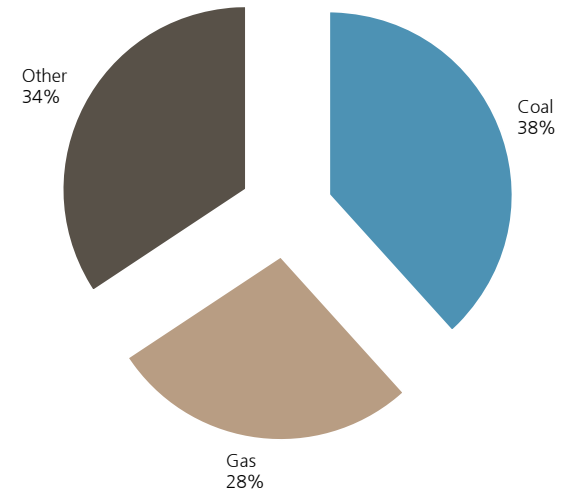
- *Coal share is shrinking longer term ... heading towards 35%*
- *Natural gas & renewables benefit*

Share of Net Generation - 2008



Source: EIA, UBS estimates

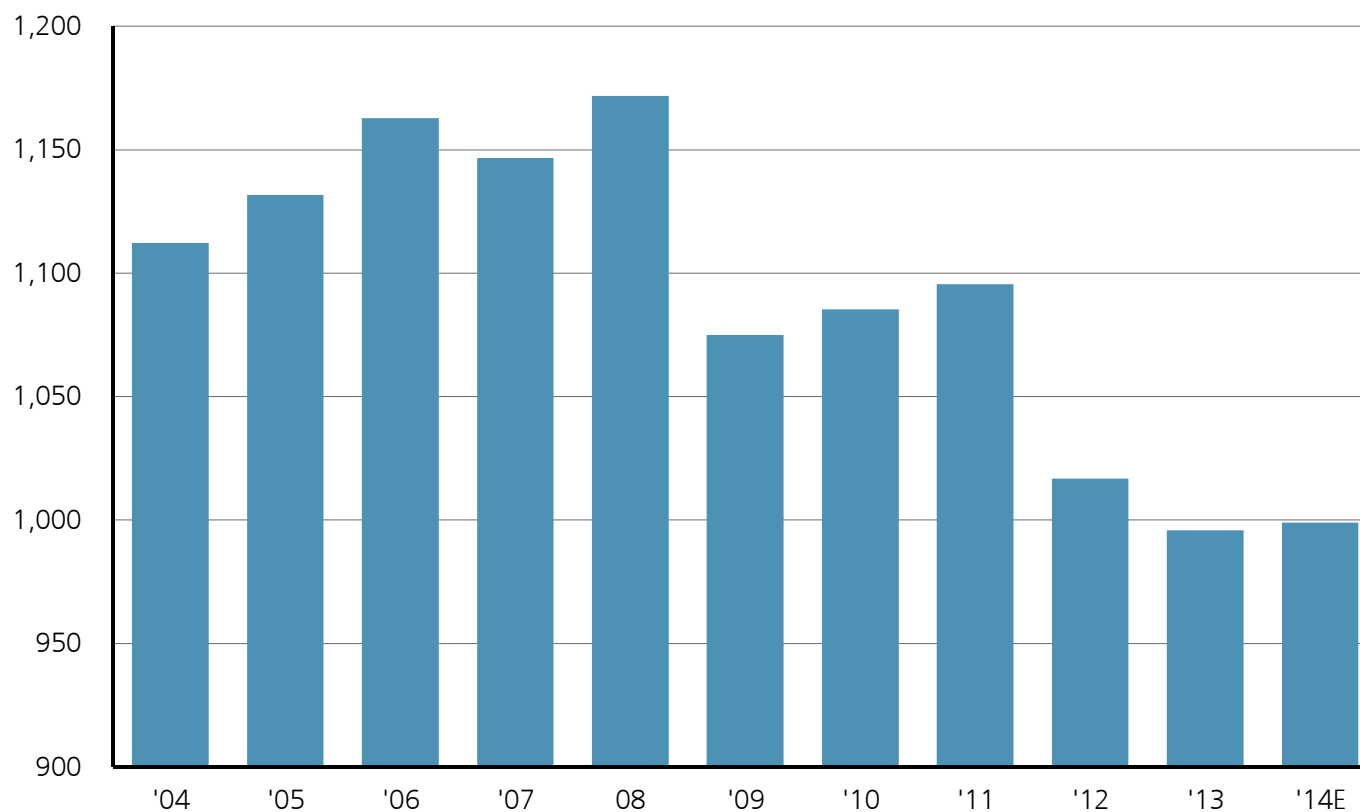
Share of Net Generation – 2016E



Source: EIA, UBS estimates

Coal Production in US Down 15% Since 2008

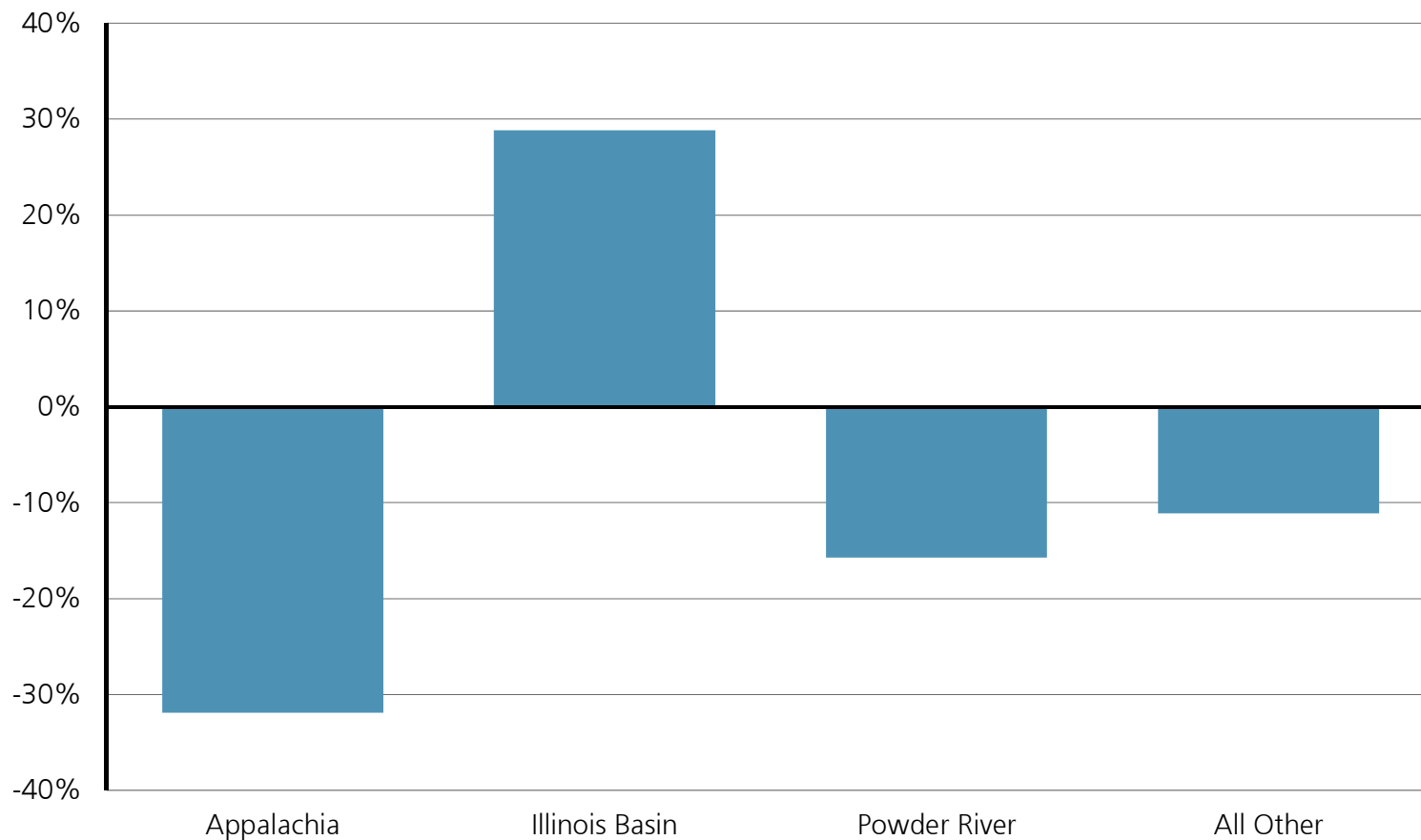
Coal Production Trends, 2004-2014E (millions of tons)



Source: EIA, UBS estimates

Illinois Basin Coal is Gaining Share

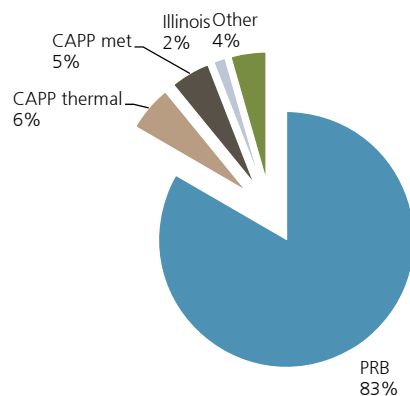
Percentage Change in Production, 2008-2014E



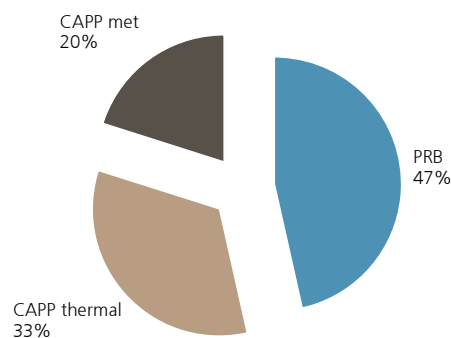
Source: EIA, UBS estimates

Winners & Losers in a Declining Coal Environment

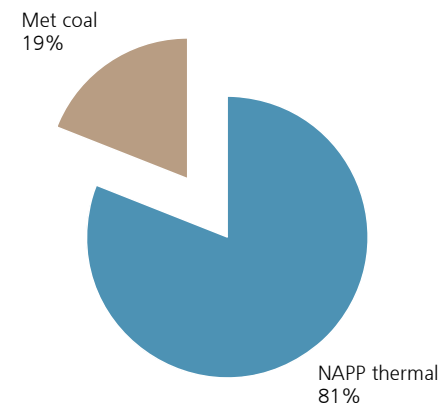
Arch Coal



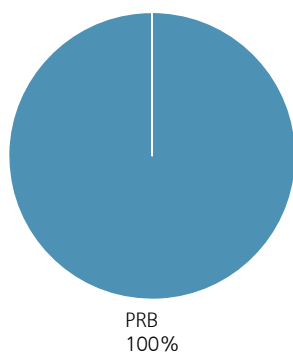
Alpha Natural



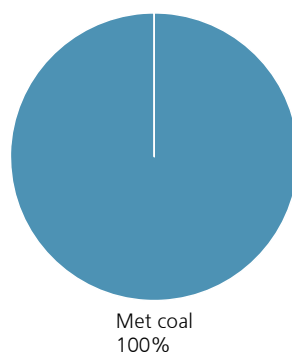
CONSOL Energy



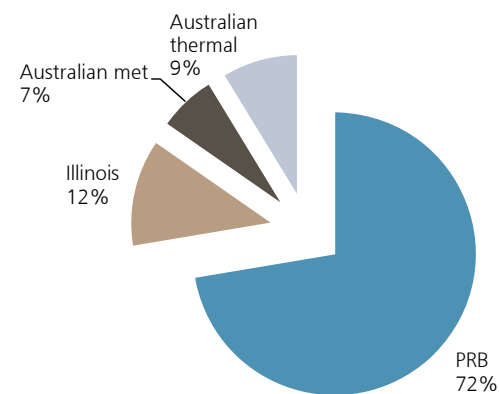
Cloud Peak



Walter Energy



Peabody Energy



Source: Company reports, UBS estimates

Risk Statement

Utilities & Independent Power Producers

Risks for Utilities and Independent Power Producers (IPPs) primarily relate to volatile commodity prices for power, natural gas, and coal. Risks to IPPs also stem from load variability, and operational risk in running these facilities. Rising coal and, to a certain extent, uranium prices could pressure margins as the fuel hedges roll off Competitive Integrations. Further, IPPs face declining revenues as in the money power and gas hedges roll off. Other non-regulated risks include weather and for some, foreign currency risk, which again must be diligently accounted in the company's risk management operations. Major external factors, which affect our valuation, are environmental risks. Environmental capex could escalate if stricter emission standards are implemented. We believe a nuclear accident or a change in the Nuclear Regulatory Commission/Environment Protection Agency regulations could have a negative impact on our estimates.

Risks for regulated utilities include the uncertainty around the composition of state regulatory Commissions, adverse regulatory changes, unfavorable weather conditions, variance from normal population growth, and changes in customer mix. Changes in macroeconomic factors will affect customer additions/subtractions and usage patterns

E&P and Integrated Oil Companies

E&P and Integrated Oil companies are subject to risks associated with unexpected movements in volatile natural gas and crude oil prices, as well as the impact that political, economic, and meteorological events could impart. Moreover, E&P and Integrated Oil companies are subject to geologic risk (i.e., exploration risk).

Coal Companies

Factors which could put our coal company ratings and price targets at risk include: coal price levels, production levels, transportation constraints, cost pressures, labor availability, safety-related costs or operational problems, and environmental legislation or regulation. Met coal prices are driven by seaborne supply and demand trends, and correlate with global steel production growth. The US thermal coal market faces longer-term risks from coal plant retirements and increased environmental regulation of coal mines, power plants, and other end users.

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UBS 12-Month Rating	Definition	Coverage ¹	IB Services ²
Buy	FSR is > 6% above the MRA.	47%	33%
Neutral	FSR is between -6% and 6% of the MRA.	42%	34%
Sell	FSR is > 6% below the MRA.	11%	23%
UBS Short-Term Rating	Definition	Coverage ³	IB Services ⁴
Buy	Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%
Sell	Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.	less than 1%	less than 1%

Source: UBS. Rating allocations are as of 31 March 2014.

1:Percentage of companies under coverage globally within the 12-month rating category. 2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

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UBS Securities LLC: Julien Dumoulin-Smith; William Featherston; Kuni Chen.

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Anadarko Petroleum Corp. ^{5, 6b, 7, 16, 22}	APC.N	Buy	N/A	US\$111.10	23 Jun 2014
Arch Coal, Inc. ^{16, 20}	ACI.N	Sell (CBE)	N/A	US\$3.64	23 Jun 2014
Cabot Oil & Gas Corporation ¹⁶	COG.N	Buy	N/A	US\$35.06	23 Jun 2014
Cloud Peak Energy Inc ¹⁶	CLD.N	Buy	N/A	US\$19.15	23 Jun 2014
CONSOL Energy, Inc. ^{4, 6a, 16}	CNX.N	Neutral	N/A	US\$47.19	23 Jun 2014
Devon Energy Corporation ^{2, 4, 6a, 16}	DVN.N	Neutral	N/A	US\$78.87	23 Jun 2014
EP Energy ^{2, 4, 5, 6a, 16}	EPE.N	Buy	N/A	US\$22.11	23 Jun 2014
Newfield Exploration Co. ¹⁶	NFX.N	Buy	N/A	US\$43.60	23 Jun 2014
Peabody Energy Corp. ^{4, 5, 6a, 13, 16}	BTU.N	Neutral	N/A	US\$16.64	23 Jun 2014
Southwestern Energy Company ^{6a, 16}	SWN.N	Buy	N/A	US\$46.78	23 Jun 2014
Ultra Petroleum Corp. ¹⁶	UPL.N	Neutral	N/A	US\$29.81	23 Jun 2014
Walter Energy Inc ^{13, 16, 20}	WLT.N	Sell (CBE)	N/A	US\$5.77	23 Jun 2014

Source: UBS. All prices as of local market close.

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