

Asset Purchase Agreement Also Filed to Confirm Stalking Horse Credit Bid for Purchase of Core Assets

BRISTOL, Va., March 8, 2016 /PRNewswire/ -- [Alpha Natural Resources Inc.](#) (ANRZQ) today announced that it has filed a proposed Chapter 11 Plan of Reorganization ("the Plan") and a related Disclosure Statement with the United States Bankruptcy Court for the Eastern District of Virginia. Together with the recently-filed motion seeking approval of a marketing process for Alpha's core operating assets, these filings provide for the sale of Alpha's assets, detail a path toward the resolution of all creditor claims, and anticipate the emergence of a streamlined and sustainable reorganized company able to satisfy its environmental obligations on an ongoing basis. By selling certain assets as a going concern and restructuring the company's remaining assets into a reorganized Alpha, the company is able to provide maximum recovery to its creditors, while preserving jobs and putting itself in the best position to meet its reclamation obligations. This path will allow for a conclusion of Alpha's bankruptcy proceedings by June 30, 2016.

On February 8, 2016, Alpha filed a motion with the Bankruptcy Court requesting approval of procedures to govern a marketing and sale process for Alpha's core assets. These procedures are designed to implement a fair and competitive process that will allow all interested parties to bid for Alpha's assets and enable the company to realize the greatest possible value for the benefit of its stakeholders. The process includes a "stalking horse" credit bid of existing secured debt submitted by the company's first lien lenders. As a stalking horse bid, it is subject to higher or better offers, but provides Alpha with a backstop bid for its core assets in the amount of \$500 million (plus the lenders' assumption of certain liabilities). Unless a higher offer is received prior to the bid deadline, Alpha plans to sell its core businesses and related assets to the company's first lien lenders pursuant to the terms of the stalking horse bid. This and all asset sales are subject to Bankruptcy Court approval.

The stalking horse bid identifies the core assets to be auctioned by Alpha. Specifically, the stalking horse bid contemplates the purchase of:

- the company's Alpha Coal West mine complexes in Wyoming;
- the company's McClure, Nicholas and Toms Creek mine complexes in West Virginia and Virginia;
- all of the company's coal operations and reserves located in Pennsylvania, including the debtors' Cumberland and Emerald mine complexes, their Freeport, Sewickley, and Foundation coal reserves, and all related assets;
- the company's interest in a natural gas business in the Marcellus Shale owned by Alpha entity Pennsylvania Land Resources Holding Company, LLC;
- the company's interest in Dominion Terminal Associates, a coal export terminal in Newport News, Virginia; and
- certain other assets, including working capital.

In addition, the stalking horse bid addresses matters pertaining to environmental and other liabilities, prospective workforce, equipment, supplies, licenses, permits, intellectual property and conditions for closing. The first lien lenders are led by Citicorp North America, Inc., as administrative and collateral agent under Alpha's first lien prepetition credit agreement.

Through the Plan of Reorganization, all remaining unsold assets will become part of reorganized Alpha, a smaller, sustainable company, structured to focus primarily on fulfilling all of the company's environmental reclamation obligations on an ongoing basis. To ensure that the company is able to fulfill these obligations, the Plan provides that reorganized Alpha will be sufficiently funded to meet all of its operating and reclamation activities, including through contributions from Alpha's first lien lenders. It is expected that certain of Alpha's remaining mines will continue operating, adjusting to market conditions and allowing for a phased approach to this work. Alpha is working toward resolutions with governmental entities regarding the scope and necessary funding of the company's reclamation obligations.

"Since we began the bankruptcy process last August, we have taken numerous steps to enhance efficiency throughout our business and make tough but necessary decisions regarding the future of our operations," said Alpha's Chairman and CEO Kevin Crutchfield. "By leveraging core assets for sustainable productivity, while addressing the stewardship obligations of our remaining properties, these filings represent an important step in our effort to effectively restructure the company and emerge from Chapter 11 better positioned to meet new market realities. While markets continue to be challenged in the near term, we firmly believe that coal's role as a vital fuel source for electricity generation and steel production is secure for the foreseeable future, both here and around the world. We appreciate the support of our lenders to help advance our restructuring process."

A hearing to consider approval of the proposed bidding and sale procedures is scheduled before the Bankruptcy Court on March 10, 2016. Following subsequent approval of the Disclosure Statement, certain related procedures for voting on the Plan, and other pending matters, the company will seek creditor acceptance of the Plan, which is also subject to Bankruptcy Court approval.

Alpha and certain of its wholly-owned subsidiaries filed voluntary petitions to reorganize under Chapter 11 of the United States Bankruptcy Code on August 3, 2015. More information about Alpha's bankruptcy process and legal filings made with the Court to date can be found at www.kccllc.net/alpharestructuring.

About Alpha Natural Resources

Alpha Natural Resources is one of the largest and most regionally diversified coal suppliers in the United States. With affiliate mining operations in Virginia, West Virginia, Kentucky, Pennsylvania and Wyoming, Alpha supplies metallurgical coal to the steel industry and thermal coal to generate power to customers on five continents. Alpha is committed to being a leader in mine safety with our Running Right safety process, and an environmental steward in the communities where its affiliates operate. For

more information, visit Alpha's website (www.alphanr.com).

Forward Looking Statements

This news release includes forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on Alpha's expectations and beliefs concerning future events and involve risks and uncertainties that may cause actual results to differ materially from current expectations. These factors are difficult to predict accurately and may be beyond Alpha's control. The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- our ability to continue as a going concern, including our ability to obtain Bankruptcy Court approval of the APA and the bidding and sale procedures, our ability to meet the requirements of our debtor-in-possession financing arrangements, our ability to execute one or more strategic transactions as part of a plan of reorganization, under the APA or otherwise, and our ability to successfully confirm a plan of reorganization that would restructure certain of our debt obligations to address our liquidity issues and allow emergence from the Chapter 11 proceedings;
- our ability to obtain or renew surety bonds on acceptable terms or maintain self-bonding status;
- our ability to enter into settlements with state and federal governmental entities regarding the scope and necessary funding of reclamation obligations;
- our liquidity, results of operations and financial condition;
- sustained depressed levels or further declines in coal prices;
- worldwide market demand for coal, electricity and steel, including demand for U.S. coal exports;
- utilities switching to alternative energy sources such as natural gas, renewables and coal from basins where we do not operate;
- reductions or increases in customer coal inventories and the timing of those changes;
- our production capabilities and costs;
- inherent risks of coal mining beyond our control, and our ability to utilize our coal assets fully and replace reserves as they are depleted;
- changes in environmental laws and regulations, including those directly affecting our coal mining and production, and those affecting our customers' coal usage, including potential climate change initiatives;
- changes in safety and health laws and regulations and their implementation, and the ability to comply with those changes;
- competition in coal markets;
- future legislation, regulatory and court decisions and changes in regulations, governmental policies or taxes or changes in interpretation thereof;
- global economic, capital market or political conditions, including a prolonged economic downturn in the markets in which we operate and disruptions in worldwide financial markets;
- the outcome of pending or potential litigation or governmental investigations;
- our relationships with, and other conditions affecting, our customers, including the inability to collect payments from our customers if their creditworthiness declines;
- changes in, renewal or acquisition of, terms of and performance of customers under coal supply arrangements and the refusal by our customers to receive coal under agreed contract terms;
- our ability to obtain, maintain or renew any necessary permits or rights, and our ability to mine properties due to defects in title on leasehold interests;
- attracting and retaining key personnel and other employee workforce factors, such as labor relations;
- the geological characteristics of the Powder River Basin, Central and Northern Appalachian coal reserves;
- funding for and changes in postretirement benefit obligations, pension obligations, including multi-employer pension plans, and federal and state black lung obligations;
- cybersecurity attacks or failures, threats to physical security, extreme weather conditions or other natural disasters;
- reclamation and mine closure obligations;
- our assumptions concerning economically recoverable coal reserve estimates;
- our ability to negotiate new United Mine Workers of America ("UMWA") wage agreements on terms acceptable to us, increased unionization of our workforce in the future, and any strikes by our workforce;
- disruptions in delivery or changes in pricing from third party vendors of key equipment and materials that are necessary for our operations, such as diesel fuel, steel products, explosives and tires;
- inflationary pressures on supplies and labor and significant or rapid increases in commodity prices;
- railroad, barge, truck and other transportation availability, performance and costs;
- disruption in third party coal supplies;
- the consummation of financing or other transactions and the related effects on our business and financial position;
- indemnification of certain obligations not being met;
- long-lived asset impairment charges;
- fair value of derivative instruments not accounted for as hedges that are being marked to market;
- our substantial indebtedness and potential future indebtedness;
- our ability to generate sufficient cash or obtain financing to fund our business operations; and
- other factors, including the factors addressed in previous filings made with the Securities and Exchange Commission and the Bankruptcy Court.

Forward-looking statements in this news release or elsewhere speak only as of the date made. New uncertainties and risks arise from time to time, and it is impossible for Alpha to predict these events or how they may affect the Company. Alpha has no duty to, and does not intend to, update or revise the forward-looking statements in this news release after the date it is issued. In light of these risks and uncertainties, investors should keep in mind that the results, events or developments disclosed in any forward-looking statement made in this news release may not occur.

To view the original version on PR Newswire,

visit:<http://www.prnewswire.com/news-releases/alpha-natural-resources-files-plan-of-reorganization-300232463.html>

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