

JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212
David G. Heiman (admitted *pro hac vice*)
Carl E. Black (admitted *pro hac vice*)
Thomas A. Wilson (admitted *pro hac vice*)

HUNTON & WILLIAMS LLP
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Telephone: (804) 788-8200
Facsimile: (804) 788-8218
Tyler P. Brown (VSB No. 28072)
J.R. Smith (VSB No. 41913)
Henry P. (Toby) Long, III (VSB No. 75134)
Justin F. Paget (VSB No. 77979)

Attorneys for Debtors and Debtors in Possession

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION**

In re:

Alpha Natural Resources, Inc., et al.,

Debtors.

Chapter 11

Case No. 15-33896 (KRH)

(Jointly Administered)

NOTICE OF DESIGNATION OF SUCCESSFUL BIDDER FOR RESERVE PRICE ASSETS AND CANCELLATION OF AUCTION FOR RESERVE PRICE ASSETS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. Bankruptcy Filing. On August 3, 2015, Alpha Natural Resources, Inc. and its debtor affiliates (the "Debtors") each filed a voluntary petition for relief pursuant to chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Eastern District of Virginia (the "Court").

2. Motion to Approve Bidding Procedures and Sale of Assets. On February 8, 2016, the Debtors filed a motion (Docket No. 1464) (the "Motion"), that sought, among other things, the entry of an order (the "Bidding Procedures Order"): (a) approving procedures (the "Bidding Procedures") for parties to submit bids to purchase substantially all (or some portion thereof) of the Debtors' mining properties, assets and related infrastructure (the "Assets"); (b) scheduling one or more auctions (each, an "Auction") for the sale(s) of some or all of the Assets; (c) scheduling one or more hearings to approve the sale(s) of some or all of the Assets (each, a "Sale Hearing"); and (d) approving procedures for the assumption, assignment and sale of the Assumed and Assigned Agreements (as defined in the Bidding Procedures Order) to any purchaser(s) of the Assets, and/or to resolve any objections thereto. The Motion also sought the entry of one or more orders approving the sale of some or all of the Assets to successful bidders under the Bidding Procedures (each, a "Successful Bidder") after a Sale Hearing.

3. The Bidding Procedures Order. On March 11, 2016, the Court entered the Bidding Procedures Order (Docket No. 1754),¹ approving the Bidding Procedures. Under the Bidding Procedures, interested potential purchasers were required to fulfill certain requirements to (a) participate in the bid process and (b) become "Qualified Bidders" and submit "Qualified Bids." Among other things, interested parties were required to submit Qualified Bids by no later than May 9, 2016 at 5:00 p.m. (prevailing Eastern Time) to participate in any Auction for the Debtors' Assets.

4. Pre-Petition Lenders' Stalking Horse Bid. Certain of the Assets (the "Reserve Price Assets")² are subject to a stalking horse credit bid (the "Stalking Horse Bid") by a newly formed entity (the "Stalking Horse Bidder") to be owned primarily by the Debtors' first lien prepetition lenders (the "Pre-Petition Lenders"), on behalf of the Pre-Petition Lenders. The Stalking Horse Bid is on the terms set forth in a Stalking Horse Asset Purchase Agreement (as modified or amended, the "Stalking Horse APA") and a proposed sale order (as modified or amended, the "Stalking Horse Sale Order") as filed with the Bankruptcy Court (Docket Nos. 1704, 1900), as they will be modified to (among other things) remove the PLR Assets. Copies of the Stalking Horse APA and Stalking Horse Sale Order are available, free of charge, on the Debtors' restructuring website, www.kccllc.net/alpharestructuring (the "Restructuring Website"). Any updated copies of the Stalking Horse APA and the Stalking Horse Sale Order will be made available on the Restructuring Website. A summary of the Reserve Price Assets is contained in Annex A³ to the Bidding Procedures, also available on the Restructuring Website. The Reserve Price Assets are described in greater detail in the Stalking Horse APA.

5. Designation of Successful Bidder and Cancellation of the Auction for the Reserve Price Assets. Pursuant to section 10 of the Bidding Procedures, "if no Qualified Bids (other than the Stalking Horse Bid) for any of the Reserve Price Assets are received, the Auction for the Reserve Price Assets will be cancelled and the Stalking Horse Bid will be designated the Successful Bid for the Reserve Price Assets." Consistent with sections 2, 8, 10 and 11 of the Bidding Procedures, the Debtors, after consultation with the Consultation Parties, have determined that (a) as of the filing of this Notice, the Stalking Horse Bid is the sole bid that the Debtors deem to be a Qualified Bid for the Reserve Price Assets; and (b) the Stalking Horse Bidder should be, and hereby is, designated as the Successful Bidder for the Reserve Price Assets without conducting an Auction for these assets. After consultation with the Consultation Parties, the Debtors have determined in their business judgment that designating the Stalking Horse Bidder as the Successful Bidder for the Reserve Price Assets on the terms of the Stalking Horse APA, without conducting an Auction for the Reserve Price Assets, will maximize the value of the Reserve Price Assets for the Debtors' estates and stakeholders.

¹ Capitalized terms not otherwise defined herein have the meanings given to them in the Bid Procedures Order.

² As used herein, the term "Reserve Price Assets" excludes the PLR Assets, as defined in the Debtors' *Motion for Entry of an Order (A) Approving Designation of Stalking Horse for Sale of Natural Gas Assets; (B) Approving Bid Protections in Connection with Such Sale; and (C) Granting Related Relief* (Docket No. 2055).

³ Annex A lists the PLR Assets as Reserve Price Assets, which, as set forth herein, have been removed from the Stalking Horse APA.

6. Approval of Sale of Reserve Price Assets Pursuant to Plan of Reorganization. In accordance with sections 11 and 15 of the Bidding Procedures, the Debtors and the Stalking Horse Bidder have agreed to incorporate the sale of the Reserve Price Assets into the Debtors' plan of reorganization (the "Plan"), and approval of the sale will be considered by the Court in conjunction with confirmation of the Plan.

7. Other Dates and Assets Unaffected. The relevant dates and deadlines for the sale of Assets other than the Reserve Price Assets are unaffected by this notice and remain as set forth in the Bidding Procedures, subject to modifications as set forth in the Bidding Procedures.

Dated: May 13, 2016
Richmond, Virginia

Respectfully submitted,

/s/ Henry P. (Toby) Long, III

Tyler P. Brown (VSB No. 28072)
J.R. Smith (VSB No. 41913)
Henry P. (Toby) Long, III (VSB No. 75134)
Justin F. Paget (VSB No. 77979)
HUNTON & WILLIAMS LLP
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, Virginia 23219
Telephone: (804) 788-8200
Facsimile: (804) 788-8218

David G. Heiman (admitted *pro hac vice*)
Carl E. Black (admitted *pro hac vice*)
Thomas A. Wilson (admitted *pro hac vice*)
JONES DAY
North Point
901 Lakeside Avenue
Cleveland, Ohio 44114
Telephone: (216) 586-3939
Facsimile: (216) 579-0212

ATTORNEYS FOR DEBTORS AND
DEBTORS IN POSSESSION