

47-23091-02 47-25363-02 47-25366-01 47-25381-02 47-30927-01
03037140 03038751 03035744 03038704 03036608

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

47-35156-01
03038750

In re:

Alpha Natural Resources, Inc., et al.,

Debtors.

Chapter 11

Case No. 15-33896 (KRH)

(Jointly Administered)

**NOTICE OF (I) AUCTION AND SALE HEARING FOR THE SALE OF
CERTAIN OF THE DEBTORS' MINING PROPERTIES AND RELATED
ASSETS AND (II) HEARING ON SETTLEMENTS WITH PRE-PETITION LENDERS**

PLEASE TAKE NOTICE OF THE FOLLOWING:

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

2. Motion to Approve Bidding Procedures. On February 8, 2016, the Debtors filed a motion (Docket No. 1464) (the "Motion"), pursuant to sections 105, 363, 364 and 365 of the Bankruptcy Code; Rules 2002, 4001, 6004, 6006 and 9019 of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"); and Local Rule 6004-2 of the United States Bankruptcy Court for the Eastern District of Virginia. The Motion sought the entry of an order (the "Bidding Procedures Order"): (a) approving procedures (the "Bidding Procedures") for interested parties to submit bids to purchase certain of the Debtors' mining properties, assets and related infrastructure, as described in more detail on Annex A thereto (collectively, as amended, modified or supplemented from time to time, the "Assets" and, such schedule, the "Asset Schedule"); (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"); (d) approving the form and manner of the notice of the Auction and the Sale Hearing; and (e) 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 "Contract Procedures").

3. Motion for Entry of Sale Order(s). The Motion also expressly sought the entry of one or more orders (each, a "Sale Order") approving the sale of some or all of the Assets to successful bidders in the Bidding Procedures (each, a "Successful Bidder") after a Sale Hearing to consider such sale transaction.



153389616031400000000009
588670 588671 588672 588674

RECEIVED MATERIALS-002
588677 588678

REC'D IN LAT 04/07/2016

4. Free and Clear Sales; Good Faith Purchaser. Pursuant to section 363(f) of the Bankruptcy Code, and except as otherwise provided in the final agreement approved by the Bankruptcy Court, all of the Debtors' right, title and interest in and to the Assets are proposed to be sold free and clear of all liens, claims (as such term is defined in section 101(5) of the Bankruptcy Code), interests and encumbrances (collectively, "Liens"). In addition, the Sale Order will include proposed findings that the any successful bidder is a "good faith purchaser," as that term is defined in section 363(m) of the Bankruptcy Code, and has not violated section 363(n) of the Bankruptcy Code.

5. The Bidding Procedures Order. On March 11, 2016 the Bankruptcy Court entered the Bidding Procedures Order (Docket No. 1754), approving the Bidding Procedures. Under the Bidding Procedures, interested potential purchaser must fulfill certain requirements to (a) participate in the bid process and (b) become "Qualified Bidders" and submit "Qualified Bids." Among other things, Qualified Bidders must propose to purchase of certain Assets by showing the proposed changes to a form of Asset Purchase Agreement ("APA") and a form of Sale Order to be filed with the Bankruptcy Court and posted on the Debtors' restructuring website, www.kccllc.net/alpharestructuring (the "Restructuring Website") by March 25, 2016. The modified forms of these documents proposed by bidders are referred to as the "Marked Documents." The Debtors reserve the right to amend or modify these forms or otherwise negotiate changes with potential purchasers.

6. Stalking Horse Bid. Certain of the Assets (the "Reserve Price Assets") are subject to a stalking horse credit bid (the "Stalking Horse Bid") by a newly formed entity (the "Stalking Horse Bidder") owned 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 (the "Stalking Horse APA") and proposed sale order (the "Stalking Horse Sale Order") as filed with the Bankruptcy Court (Docket No. 1704). Copies of the Stalking Horse APA and Stalking Horse Sale Order are available, free of charge, on the Restructuring Website. A summary of the Reserve Price Assets is contained in Annex A to the Bidding Procedures, also available on the Restructuring Website, and in greater detail in the Stalking Horse APA. If the Settlements (as defined below) have not been approved in a manner that allows the Stalking Horse Bid (as it may be modified) to proceed, or the Stalking Horse Bid otherwise is terminated pursuant to the terms of the Stalking Horse APA, the Debtors may proceed pursuant to the Bidding Procedures without a stalking horse for the Reserve Price Assets. The Debtors reserve the right to negotiate changes in the Stalking Horse APA as set forth in the Bidding Procedures.

7. The Auction. Pursuant to the Bidding Procedures Order, if more than one Qualified Bid is received for a particular Asset or group of Assets, or if the Debtors otherwise determine that it would promote the sale process, the Debtors will conduct an Auction for the applicable Assets. The initial Auction currently is scheduled to take place at offices of the Debtors' counsel, Jones Day, at 222 East 41st Street, New York, New York 10017, at 10:00 a.m. (prevailing Eastern Time) on May 16, 2016. Only parties that have submitted a Qualified Bid, as set forth in the Bidding Procedures Order, by no later than May 9, 2016 at 5:00 p.m. (prevailing Eastern Time) (the "Bid Deadline"), or that otherwise are Potential Bidders under the Bidding Procedures and are invited by the Debtors, may bid at the Auction. The Stalking Horse Bid is a Qualified Bid.

8. Settlements with the Pre-Petition Lenders; Settlement Objections and Deadlines. The Debtors also are seeking approval of an order (the "Settlement Order") approving settlements among the Debtors and the Pre-Petition Lenders with respect to (a) assets deemed to have been unperfected or unencumbered as of the Petition Date and (b) the methodology for calculating the Pre-Petition Lenders' claim for the diminution of value of their interests in prepetition collateral supported by certain adequate protection liens provided in the final order authorizing the Debtors to obtain postpetition financing (Docket No. 465) (together, the "Settlements"). The Settlements are described in greater detail in the Motion, which is available on the Restructuring Website. Objections solely with respect to the approval of the Settlements ("Settlement Objections") must be (a) in writing; (b) state with specificity the nature of the objection; (c) comply with the Bankruptcy Rules and Local Rules; and (d) be filed with the clerk of the Bankruptcy Court, 701 East Broad Street, Richmond, Virginia 23219, and served upon the Notice Parties (as defined below), or before April 15, 2016. The Court will conduct a hearing solely to consider the Settlements and any Settlement Objections on May 2, 2016 at 10:00 a.m. (prevailing Eastern Time) (the "Settlement Hearing"). The Settlement Hearing will be held before the Honorable Kevin R. Huennekens, United States Bankruptcy Judge, Courtroom 5000, United States Bankruptcy Court, 701 East Broad Street, Richmond, Virginia 23219. The Debtors will not be required to seek approval of, nor be bound by, the Settlements in the event that the Stalking Horse APA is terminated as a result of a breach thereof by the Stalking Horse Bidder.

9. Notice of Successful Bidder. Upon the Debtors designating a Successful Bidder for some or all of the Assets, the Debtors will file with the Bankruptcy Court a notice of the Successful Bid, along with copies of the Marked Documents showing the proposed changes to the forms of APA, Stalking Horse APA, Sale Order and/or Stalking Horse Sale Order previously filed with the Bankruptcy Court (a "Notice of Successful Bid").

10. Sale Hearing. The Sale Hearing to consider approval of the sale(s) of the Assets to the Successful Bidder(s), free and clear of all liens, claims and encumbrances, will be held on May 26, 2016 at 10:00 a.m. (prevailing Eastern Time). The Sale Hearing will be held before the Honorable Kevin R. Huennekens, United States Bankruptcy Judge, Courtroom 5000, United States Bankruptcy Court, 701 East Broad Street, Richmond, Virginia 23219.

11. Sale Objections and Deadline. Objections, if any, to the potential sale of the Assets on the terms proposed in the forms of the Stalking Horse APA, Stalking Horse Sale Order, APA and/or Sale Order filed with the Bankruptcy Court, must: (a) be in writing (each, an "Objection"); (b) state with specificity the nature of the objection, (c) comply with the Bankruptcy Rules and Local Rules; and (d) be filed with the clerk of the Bankruptcy Court, 701 East Broad Street, Richmond, Virginia 23219, and served upon the Notice Parties, on or before April 15, 2016 (the "Objection Deadline").¹

¹ Within five business days after the Debtors add any Assets to the Asset Schedule, the Debtors will file a copy of the revised Asset Schedule (the "Revised Asset Schedule"). The Objection Deadline solely with respect to Assets added to the Revised Asset Schedule will be the later of April 15, 2016 and seven business days after filing and service of the Revised Asset Schedule.

12. Objection to Notice of Successful Bidder. Parties wishing to object to any additional issues raised by the Notice of Successful Bid based solely on the changes identified in the Marked Documents or any modifications to the Stalking Horse APA or Stalking Horse Sale Order must (a) file a written Objection with the Bankruptcy Court limited to these issues and (b) serve such Objection on the Notice Parties and the Successful Bidder no later than five days after the filing and service of the Notice of Successful Bid, but in no event less than two business days before the Sale Hearing.

13. Notice Parties. As used herein, the "Notice Parties" are the following: (a) the Debtors, Alpha Natural Resources, Inc., One Alpha Place, P.O. Box 16429, Bristol, Virginia 24209 (Attn: Mark Manno, Esq., General Counsel); (b) Debtors' counsel, Jones Day, North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 (Attn: Carl E. Black, Esq.) and Jones Day, 1420 Peachtree St. NE, Suite 800, Atlanta, Georgia 30309 (Attn: Jeffrey B. Ellman, Esq.); (c) Debtors' co-counsel, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219 (Attn: Tyler P. Brown, Esq.); (d) co-counsel to the Official Committee of Unsecured Creditors, (1) Milbank, Tweed, Hadley & McCloy LLP, 28 Liberty Street, New York, New York 10005 (Attn: Evan R. Fleck, Esq. and Eric K. Stodola, Esq.) and (2) Sands Anderson PC, 1111 East Main Street (23219), P.O. Box 1998, Richmond, Virginia 23218 (Attn: William A. Gray, Esq.); (e) co-counsel to Citibank, N.A. and Citibank North America, Inc., as administrative and collateral agents under the Debtors' postpetition credit facilities and prepetition first lien credit facility, (1) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017 (Attn: Damian S. Schaible, Esq. and Damon P. Meyer, Esq.) and (2) McGuireWoods LLP, Gateway Plaza, 800 East Canal Street, Richmond, Virginia 23219 (Attn: Dion W. Hayes, Esq., Sarah B. Boehm, Esq. and K. Elizabeth Sieg, Esq.); (f) co-counsel to the *ad hoc* group of second lien noteholders, (1) Kirland & Ellis LLP, 601 Lexington Ave., New York, New York, 10022 (Attn: Paul M. Basta, Esq. and Stephen E. Hessler, Esq.) and (2) Kutak Rock LLP, 1111 East Main Street, Suite 800, Richmond, Virginia 23219 (Attn: Michael A. Condyles); and (g) any other parties entitled to notice under the case management procedures approved by the *Order Establishing Certain Notice, Case Management and Administrative Procedures* (Docket No. 111).

14. Failure to File an Objection. UNLESS AN OBJECTION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT AND THE BANKRUPTCY COURT MAY GRANT THE RELIEF REQUESTED WITHOUT FURTHER HEARING AND NOTICE.

15. Bidding Procedures Order Controls. This Notice is subject to the terms and conditions of the Bidding Procedures Order (including the Bidding Procedures attached thereto), with the Bidding Procedures Order controlling in the event of any conflict. As such, the Debtors encourage parties-in-interest to review such documents carefully and in their entirety.

16. Parties Interested in Bidding. Parties interested in participating in the Bidding Procedures and becoming Qualified Bidders thereunder should direct inquiries to Matthew Chou or Gideon Volschenk of Rothschild, Inc. (the Debtors' investment banker) at matthew.chou@rothschild.com or gideon.volschenk@rothschild.com.

17. Other Inquiries. Parties with other inquiries about the sale of the Assets, any of the related documents or other matters regarding the Bankruptcy Court approval process, including the Bidding Procedures, the Contract Procedures or the objection procedures, may make a written request to: (a) counsel to the Debtors, Jones Day, North Point, 901 Lakeside Avenue, Cleveland, Ohio 44114 (Attn: Carl E. Black, Esq.) email: ceblack@jonesday.com, and Jones Day, 1420 Peachtree St. NE, Suite 800, Atlanta, Georgia 30309 (Attn: Jeffrey B. Ellman, Esq.), email: jbellman@jonesday.com and (b) co-counsel to the Debtors, Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219 (Attn: Tyler P. Brown, Esq.); email: tpbrown@hunton.com. In addition, copies of the Motion, the Bidding Procedures Order, the Bidding Procedures, the form of APA, Sale Order, Stalking Horse APA, Stalking Horse Sale Order and this Notice are on file with the Bankruptcy Court, and may accessed free of charge on the Debtors' Restructuring Website.

BY ORDER OF THE COURT