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**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)

CONSOLIDATED REPLY OF THE DEBTORS IN SUPPORT OF MOTION OF THE DEBTORS FOR AN ORDER (I) APPROVING DISCLOSURE STATEMENT, (II) ESTABLISHING PROCEDURES FOR SOLICITATION AND TABULATION OF VOTES TO ACCEPT OR REJECT JOINT PLAN OF REORGANIZATION, (III) SCHEDULING HEARING ON CONFIRMATION OF JOINT PLAN OF REORGANIZATION AND (IV) APPROVING RELATED NOTICE PROCEDURES

Alpha Natural Resources, Inc. ("ANR") and certain of its direct and indirect subsidiaries, as debtors and debtors in possession (collectively, the "Debtors"), hereby (i) submit this consolidated reply (the "Reply") in support of the *Motion of the Debtors for an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of Joint Plan of Reorganization and (IV) Approving Related Notice Procedures* (Docket No. 1949) (the "Motion") and (ii) respectfully represent as follows:



Preliminary Statement

1. Together, the *Second Amended Joint Plan of Reorganization of Debtors and Debtors in Possession* (the "Second Amended Plan") and the *Second Amended Disclosure Statement with Respect to Second Amended Joint Plan of Reorganization of Debtors and Debtors in Possession* (the "Second Amended Disclosure Statement"),¹ filed contemporaneously herewith, provide the best opportunity for the Debtors to successfully restructure their businesses for the benefit of all of their stakeholders.

2. Among other things, the terms of the the Second Amended Plan incorporate settlements among the Debtors and many of the most significant stakeholders in these chapter 11 cases, including a global settlement of Plan-related issues (the "Global Settlement") among (a) the DIP Lenders, (b) the DIP Agents, (c) the First Lien Lenders, (d) the First Lien Agent, (e) the Creditors' Committee, (f) the Second Lien Notes Trustee, (g) the *Ad Hoc* Committee of Second Lien Noteholders and its members and (h) the Massey Convertible Notes Trustee. Comprehensive descriptions of the Global Settlement and all other settlements already entered into by the Debtors are provided in the Second Amended Disclosure Statement and, where applicable, have been incorporated into the Second Amended Plan.

3. The Debtors are nearing completion of other agreements in support of their restructuring and the Second Amended Plan, although some important matters remain to be

¹ On March 7, 2016, the Debtors filed the *Notice of Filing of (A) Joint Plan of Reorganization of Debtors and Debtors in Possession and (B) Disclosure Statement with Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession* (Docket No. 1703) (the "Notice"). Attached as exhibits to the Notice were (a) the *Joint Plan of Reorganization of Debtors and Debtors in Possession* and (b) a related disclosure statement (the "Original Disclosure Statement").

On May 14, 2016, the Debtors filed (a) the *Amended Joint Plan of Reorganization of Debtors and Debtors in Possession* (Docket No. 2423) (the "Amended Plan") and (b) the *Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession* (Docket No. 2422) (the "Amended Disclosure Statement"). References herein to the "Plan" or the "Disclosure Statement" refer to such documents as amended and as they may be further modified, supplemented or amended. Capitalized terms not otherwise defined in this Reply have the meanings given to them in the Second Amended Disclosure Statement.

resolved. For example, the Debtors continue to work to finalize the Resolution of Reclamation Obligations. The Debtors' Plan is expressly contingent on their entry into settlements with the state and federal regulators regarding the Reorganized Debtors' satisfaction of their obligations for environmental reclamation following the Effective Date in the states where they will operate.² The Debtors have been working diligently with representatives of the applicable state and federal agencies to achieve these settlements and are optimistic that the Resolution of Reclamation Obligations can be achieved as contemplated by the Second Amended Plan.³

4. It is common in complex chapter 11 cases that solicitation of a debtor's plan cannot await the finalization of every remaining necessary settlement. Time is of the essence in these chapter 11 cases. Given the challenging conditions in the coal industry and the Debtors' deteriorating cash position, it is imperative that the Debtors continue to move these cases forward toward confirmation of the Plan and consummation of the NewCo Asset Sale if the Debtors are to successfully emerge from chapter 11. Notably, even the West Virginia Department of Environmental Protection (the "WVDEP") recognizes this fact in its statement in support of approval of the Disclosure Statement (Docket No. 2473).⁴

5. Approximately 25 objections (collectively, the "Objections") to the relief requested in the Motion have been filed by 20 separate parties (collectively, the "Objecting Parties") as of the date hereof. Attached hereto as Exhibit A is a schedule (the "Objection

² The Disclosure Statement also provides certain information regarding NewCo's plans to satisfy its reclamation obligations in Wyoming and elsewhere. See Second Amended Disclosure Statement, at § IV.E.

³ In addition, the Debtors understand that the UMWA and the First Lien Lenders (on behalf of NewCo) have developed a framework for an agreement defining the relationship between NewCo and its union workforce following the Effective Date of the Plan and approval of the NewCo Asset Sale.

⁴ In addition to these concerns, a default will be triggered under the DIP Credit Agreements if the Effective Date of the Plan does not occur by July 24, 2016. See Global Settlement Term Sheet, at 14, a copy of which is attached as Exhibit A to the *Stipulation and Agreed Order Regarding Process Related Terms of Plan Settlement Term Sheet* (Docket No. 2497). Upon such a default, there is no assurance that the Debtors' lenders would continue to fund their restructuring.

Summary") identifying (a) each of the Objections, (b) the Objecting Parties, (c) the arguments asserted in the Objections and (d) a summary of the Debtors' responses thereto.⁵ One of the Objections has been formally withdrawn.⁶ In addition, many of the Objections have been resolved or addressed by modifications made in connection with the filing of the Second Amended Plan and Second Amended Disclosure Statement.⁷ Several others assert arguments that should properly be addressed by the Court (if necessary) in connection with confirmation of the Plan and, thus, are beyond the scope of the matters presently before the Court.

The remaining Objections should be overruled because (a) the Second Amended Disclosure Statement provides "adequate information" with respect to the Plan within the meaning of section 1125 of the Bankruptcy Code and (b) the Debtors' prosecution of the Motion complied with all applicable Bankruptcy Rules. Accordingly, the Motion should be granted and the Disclosure Statement approved.

Reply

The Debtors Have Provided Adequate Notice of the Disclosure Statement Hearing

6. Certain Objecting Parties allege that the Debtors have failed to comply with the notice requirement of Bankruptcy Rule 3017(a) by supplementing and amending the Disclosure Statement during the period up to and including the date hereof.⁸ This argument misinterprets the requirements of Bankruptcy Rule 3017(a) and is incompatible with the goals of

⁵ In addition, various parties filed reservations of rights with respect to the Motion, which also are identified in the Objection Summary. For convenience, the Objecting Parties and Objections are identified herein according to defined terms set forth in the Objection Summary.

⁶ See Notice of Withdrawal of Objection of the United Mine Workers of America to Debtors' Disclosure Statement and Reservation of Rights Regarding Confirmation Objections (Docket No. 2507).

⁷ The Debtors are continuing to discuss resolutions with certain of the Objecting Parties.

⁸ U.S. Trustee Objection, at ¶¶ 20-21; Supplemental U.S. Trustee Objection, at ¶ 24; Lexon Objection, at ¶ 23.

chapter 11 and the practical reality of many complex chapter 11 cases, and these cases in particular.

7. The Debtors first filed the Disclosure Statement on March 7, 2016, more than two months prior to the hearing thereon, as originally scheduled (and almost three months prior to the hearing, as currently scheduled). The Original Disclosure Statement expressly provided, in bold capitalized text on the first page, that "THIS DISCLOSURE STATEMENT MAY BE REVISED TO REFLECT EVENTS THAT OCCUR AFTER THE DATE HEREOF BUT PRIOR TO BANKRUPTCY COURT APPROVAL OF THE DISCLOSURE STATEMENT." Original Disclosure Statement, at 1. Since the filing of the Original Disclosure Statement, the Debtors have amended the Disclosure Statement and various supporting documents that: (a) reflect modifications to the Plan made during the interval, including the negotiation of the Global Settlement with several major creditor constituencies; and (b) provide further information on material developments in these chapter 11 cases, including the various settlements that the Debtors have obtained or are seeking with all of their key stakeholders. For example, the Debtors filed the Global Settlement Term Sheet and the Second Lien Noteholder Settlement Stipulation on May 14, 2016, and also filed the Amended Plan reflecting such terms on the same date. The Debtors strove to provide information regarding the Plan and the Disclosure Statement as expeditiously as possible and extended the date for the Disclosure Statement hearing and objection deadline by nine days to allow additional time for parties to review such information.

8. Nothing in Bankruptcy Rule 3017(a) requires that the Debtors provide a renewed 28-day notice period following the filing of every amendment or modification to a disclosure statement, as suggested by the U.S. Trustee. To the contrary, by its plain terms,

Bankruptcy Rule 3017(a) provides that "the court shall hold a hearing on at least 28 days' notice ... to consider the disclosure statement *and any objections or modifications thereto.*" Fed. R. Bankr. P. 3017(a) (emphasis added). Bankruptcy Rule 3017(a), thus, expressly contemplates that, during the required 28-day notice period, there may be objections and/or modifications to a disclosure statement that may be considered by the court at the hearing. See In re Kellogg Square P'ship, 160 B.R. 343, 347 n.1 (Bankr. D. Minn. 1993) (explaining that the term "modification" in Bankruptcy Rule 3017(a) refers to changes made after filing, and noting the court's approval of an amended disclosure statement on the same date as an amended plan was filed).

9. The Debtors, therefore, were not required by Bankruptcy Rule 3017(a) to provide a renewed 28-day notice period following every modification to the Disclosure Statement. In addition, the position advanced by the U.S. Trustee – *i.e.*, that solicitation of a chapter 11 plan cannot begin until almost a month after the most recent material development in the case – is unrealistic as a practical matter in many complex restructurings and potentially could discourage rather than encourage valuable settlements. For these reasons, it is common for bankruptcy courts in this and other districts to approve disclosure statements that have been modified up to and including the date of the hearing thereon. See, e.g., In re A.H. Robins Co., Inc., 88 B.R. 742, 748 (E.D. Va. 1988) (approving the debtor's sixth amended disclosure statement, which was filed one week following the disclosure statement hearing), aff'd, 880 F.2d 694 (4th Cir. 1989); In re Health Diagnostic Labs., No. 15-32919 (Bankr. E.D. Va. Feb. 11, 2016) (order approving the debtors' disclosure statement two days after it was most recently amended); In re James River Coal Co., No. 14-31848 (Bankr. E.D. Va. Jan. 26, 2016) (order approving the debtors' disclosure statement four days after it was most recently amended);

In re Molycorp, Inc., No. 15-11357 (Bankr. D. Del. Jan. 20, 2016) (order approving the debtors' disclosure statement on the same day that it was most recently amended); In re Xinerger Ltd., No. 15-70444 (Bankr. W.D. Va. Oct. 16, 2015) (order approving the debtors' disclosure statement two days after it was most recently amended); see also In re El Comandante Mgmt Co., 359 B.R. 410, 415 (Bankr. D.P.R. 2006) (stating that notice was proper with respect to a disclosure statement filed three days prior to the hearing to approve it); In re Landmark Park Plaza Ltd. P'ship, 167 B.R. 752, at 753, 758 (Bankr. D. Conn. 1994) (noting the approval of the debtor's disclosure statement three days after it was most recently amended).

10. The Debtors' restructuring need not and cannot await the passage of a fresh 28-day notice period following the filing of the latest modification to the Disclosure Statement. The Debtors are rapidly depleting their cash reserves as they attempt to restructure in a depressed market.⁹ The Debtors and other stakeholders have been working diligently since the Petition Date – and have continued to do so since the filing of the Original Disclosure Statement – to resolve a variety of significant obstacles to the Debtors' successful restructuring. To this end, the Debtors have negotiated the Global Settlement with the First Lien Lenders, the Second Lien Noteholders and the Creditors' Committee, among other parties, as well as a separate settlement with the *Ad Hoc* Committee of Second Lien Noteholders. The Debtors currently are in the process of negotiating settlements with the applicable environmental regulators for the states where the Debtors operate. In addition, the Debtors concurrently have restructured their legacy labor obligations and are in the process of selling (a) their natural gas

⁹ See, e.g., Declaration of Kevin M. Carmody in Support of Motion of Debtors and Debtors in Possession to (I) Reject Certain Collective Bargaining Agreements and (II) Modify Certain Retiree Benefit Obligations, Pursuant to Sections 1113(c) and 1114(g) of the Bankruptcy Code (a copy of which is attached as Ex. D to Docket No. 1873) (stating that, as a result of the "unrelenting negative pressures" on the Debtors' businesses, "[d]uring the first two months of this year ... the Debtors incurred a net book loss of \$126 million, compounding a further \$1.47 billion of losses during 2015. The Debtors are depleting their available cash at an ever increasing rate currently approaching \$10 million per week.").

assets for cash pursuant to section 363 of the Bankruptcy Code and (b) the remaining Reserve Price Assets pursuant to a credit bid by the First Lien Lenders in connection with confirmation of the Plan.

11. As acknowledged by the WVDEP, allowing the Debtors to solicit and proceed to confirmation of the Plan on the revised timeline proposed by the Debtors affords the best opportunity to capture maximum value from the Debtors' estates for the benefit of all creditors. Further delay, by contrast, may result in defaults under the DIP Credit Agreements, further cash losses and the forfeiture of valuable settlements achieved to date that are premised upon a prompt resolution of these chapter 11 cases. Ultimately, delay may jeopardize the Debtors' opportunity to complete a successful restructuring for the benefit of all stakeholders, despite all of their efforts and progress to date.

12. The suggestion of Lexon that the Debtors intentionally delayed filing the Plan and the Disclosure Statement in bad faith to deprive parties in interest of the opportunity to make an informed review is entirely groundless.¹⁰ To the contrary, the Debtors have filed amended versions of the Plan and the Disclosure Statement to provide parties in interest with the most up to date information available under the rapidly shifting circumstances of these chapter 11 cases. Most notably, the amendments to the Plan and the Disclosure Statement reflect the valuable settlements that have been achieved to date with key constituencies in these cases. In fact, the Amended Disclosure Statement reflecting the Global Settlement was filed on the same day that the Global Settlement was finalized. Far from demonstrating bad faith, these amendments reflect the Debtors' good faith – and successful – efforts to resolve issues in these cases consensually.

¹⁰ Lexon Objection, at ¶ 26.

13. Under the circumstances, the amendments to the Disclosure Statement promote the meaningful participation of parties in interest in these chapter 11 cases by providing them with valuable information regarding the various settlements contemplated by the Debtors with their key constituents and other matters prior to solicitation of the Plan.¹¹ Under the schedule currently contemplated by the Debtors,¹² parties in interest will have a full 28 days prior to the Voting Deadline to consider the Plan and the Disclosure Statement, as amended, and to determine whether or not to support the Debtors' Plan. The Debtors should not be penalized, and their restructuring jeopardized, for their efforts to complete settlements and provide parties in interest with the most complete information available in light of the facts and circumstances of these chapter 11 cases.

14. The Debtors also provided ample notice of the hearing on, and the deadline to object to, approval of the Disclosure Statement. Bankruptcy Rule 2002 requires that parties in interest receive at least 28 days' notice of any hearing on approval of a disclosure statement and the deadline to object thereto. Fed. R. Bankr. P. 2002(b). Notice of the hearing on the Disclosure Statement and the objection deadline originally were provided on April 5, 2016 (Docket No. 1950), which was more than 28 days prior to the objection deadline and hearing (as

¹¹ Indeed, the Debtors note that, all too frequently in complex chapter 11 cases, such developments are not contemplated or do not occur until after solicitation of a plan. By achieving settlements earlier in the process, the Debtors have been able to incorporate these developments into the Plan and the Disclosure Statement to provide parties in interest with the best information available.

¹² The Debtors currently contemplate the following schedule with respect to the solicitation and confirmation of the Plan:

June 1, 2016	Service of the Solicitation Packages;
June 8, 2016	Publication of the Confirmation Hearing Notice;
June 15, 2016	Deadline for motions for estimation of claims for purposes of voting pursuant to Bankruptcy Rule 3018;
June 29, 2016	Voting Deadline and Confirmation Objection Deadline;
July 6, 2016	Deadline for replies in support of confirmation of the Plan and the filing of the Tabulation Affidavit; and
July 7, 2016 (10:00 a.m.)	Confirmation Hearing

originally scheduled) of May 10, 2016 and May 17, 2016, respectively. These dates were subsequently extended to May 19, 2016 and May 26, 2016, respectively, which increased the amount of notice of the hearing and objection deadline. Because the Debtors have satisfied the requirements of Bankruptcy Rules 2002(b) and 3017(a), the Debtors request that the Court overrule the Objections asserting otherwise.

15. Out of an abundance of caution, to the extent the Court disagrees with the Debtors' position that they have complied with the requirements of Bankruptcy Rules 2002(b) and 3017(a), the Debtors request that the Court approve the notice of the hearing of the Disclosure Statement provided to parties in interest (as well as notice of the related objection deadline) pursuant to Bankruptcy Rule 9006(c), which authorizes the Court to shorten the notice requirements of Bankruptcy Rules 2002(b) and 3017(a) for cause. Fed. R. Bankr. P. 9006(c)(1).

16. There is ample cause justifying the shortening of the relevant notice periods in these cases (if applicable) because: (a) for the reasons previously stated, it is imperative that these chapter 11 cases be permitted to proceed to confirmation of the Debtors' proposed Plan as expeditiously as possible; (b) the Debtors indisputably began providing parties in interest with notice of the Disclosure Statement, the hearing on its approval and the related objection deadline beginning at least two months prior to the applicable deadline; and (c) the recent modifications to the Disclosure Statement serve the important purpose of providing parties in interest with helpful additional and updated information regarding the Plan and certain settlements that underpin it (and were filed the same day as the Global Settlement and the Second Lien Noteholder Settlement were finalized).

17. Because cause exists justifying a reduction in the notice requirements of Bankruptcy Rules 2002(b) and 3017(a), to the extent necessary, the Debtors request that the Court (a) consider the adequacy of the Disclosure Statement and the related relief requested in the Motion at the hearing scheduled for May 26, 2016 and (b) refrain from imposing an unnecessary (and harmful) 28-day delay on these proceedings.

Certain Objections Have Been Resolved or Addressed by Further Modifications to the Disclosure Statement

18. Certain Objections to the Disclosure Statement, as more fully discussed below, have been resolved, addressed or otherwise rendered moot, in whole or in part, as a result of revisions to the Disclosure Statement and other developments since the filing of the Original Disclosure Statement.

19. Several Objecting Parties observed that the Debtors had not filed the Liquidation Analysis contemplated by Section IX of the Disclosure Statement or the Financial Projections contemplated by Sections VII and IX of the Disclosure Statement as of the date such Objections were filed.¹³ The Debtors have worked diligently to prepare and present this information in support of the Plan and in a form that incorporates aspects of the Global Settlement and the results of the Debtors' sale process. On May 20, 2016, the Debtors filed (a) a comprehensive Liquidation Analysis and (b) Financial Projections for the period from the Effective Date through December 31, 2020 for both the Reorganized Debtors and NewCo (Docket No. 2488). Revised copies of these documents were attached to the Second Amended Disclosure Statement. Accordingly, the Debtors believe that these Objections have been

¹³ See, e.g., PRC/Holley Objection, at ¶ 20; U.S. Trustee Objection, at ¶¶ 15-16; Lexon Objection, at ¶ 36; Environmental Groups Objection, at ¶ 59; Supplemental Environmental Groups Objection, at ¶ 6; United States Objection, at ¶ 11.

addressed and that voting claimholders will have more than sufficient financial information to make an informed judgment on the Plan.

20. Similarly, the amended versions of the Disclosure Statement have resolved a number of additional Objections asserting a lack of sufficient disclosures of certain matters, as set forth below.

- PRC/Holley and Lexon argue that the Disclosure Statement lacks adequate information because the Debtors have not filed a copy of the ReorgCo Trust Agreement.¹⁴ Beginning with the Amended Plan, however, the concept of the ReorgCo Trust has been eliminated. Accordingly, this argument is now moot.
- The UMWA 1974 Plan argues that the Debtors should (a) acknowledge in the Disclosure Statement that a portion of its asserted \$782 million claim for withdrawal liability may be entitled to administrative expense status and (b) provide further information on the source of funding for payment of any such administrative expense. The Debtors disagree with the UMWA 1974 Plan's position that any portion of its claim for withdrawal liability is entitled to administrative expense status. Nevertheless, the Debtors have added a statement to the Disclosure Statement clarifying the UMWA 1974 Plan's position on this issue.¹⁵
- The United States argues that the Disclosure Statement should provide that the Debtors may not assign their leases to which the United States is a counterparty, as lessor, without its consent.¹⁶ The Debtors have included additional information in the Second Amended Disclosure Statement with respect to the United States' position on this issue.¹⁷
- The U.S. Trustee argued in its original Objection that the Disclosure Statement provided inadequate information with respect to the First Lien Settlement.¹⁸ The Debtors

¹⁴ PRC/Holley Objection, at ¶ 22; Lexon Objection, at ¶ 35.

¹⁵ Second Amended Disclosure Statement, at ¶ II.C.10.

¹⁶ United States Objection, at ¶¶ 16-23.

¹⁷ Second Amended Disclosure Statement, at ¶ II.C.3.

¹⁸ U.S. Trustee Objection, at ¶¶ 41-50.

provided further information on the terms of the First Lien Settlement in connection with the filing of the Amended Disclosure Statement, and the Debtors note that the U.S. Trustee did not reassert its argument in connection with the U.S. Trustee Supplemental Objection.¹⁹ Accordingly, the Debtors believe that this Objection is resolved.

***Confirmation Objections Should Be Asserted
in Connection with the Confirmation Hearing***

21. Certain Objections seek to elicit legal arguments regarding issues related to confirmation of the Plan (collectively, the "Plan Objections"). At this stage, however, the Debtors are charged only with providing voting claimholders with adequate information within the meaning of section 1125 of the Bankruptcy Code. They are not charged with demonstrating that the Plan is immune from all possible objections to confirmation. Accordingly, these Plan Objections should be addressed at the Confirmation Hearing (if necessary), and not at the hearing on approval of the Disclosure Statement.

22. Courts routinely warn against converting disclosure statement hearings into confirmation hearings. See, e.g., In re Scioto Valley Mortg. Co., 88 B.R. 168, 172 (Bankr. S.D. Ohio 1988) ("If the creditors oppose their treatment in the plan, but the Disclosure Statement contains adequate information, issues respecting the plan's confirmability will await the hearing on confirmation. Therefore, the Debtor need not obtain creditors' approval of the plan; it need only provide them with adequate information as that term is defined in 11 U.S.C. § 1125(a)(1)."); In re Adell, 325 B.R. 883, 886 (Bankr. D. Fla. 2005) (stating that confirmation issues should be considered at the plan confirmation hearing and not at the disclosure statement hearing); In re United States Brass Corp., 194 B.R. 420, 422 (Bankr. E.D. Tex. 1996) (a disclosure statement hearing should not be converted into a confirmation hearing);

¹⁹ See U.S. Trustee Supplemental Objection, at ¶¶ 11-60.

In re Copy Crafters Quickprint, Inc., 92 B.R. 973, 980 (Bankr. N.D.N.Y. 1988) (stating that "care must be taken to ensure that the hearing on the disclosure statement does not turn into a confirmation hearing").

23. Only in the most extreme circumstances, when a plan is patently unconfirmable, is it appropriate for a bankruptcy court to consider threshold confirmation issues at the hearing on approval of a disclosure statement. See In re Commonwealth Grp-Mocksville Partners, LP, No. 12-34319, 2013 WL 1728056, at *7 (Bankr. E.D. Tenn. Apr. 22, 2013) ("[W]hile it may, on occasion, be appropriate to consider issues at the disclosure hearing stage which could otherwise be raised at confirmation, if the described plan is fatally flawed so that confirmation would not be possible[,] ... [s]uch action is discretionary and must be used carefully so as not to convert the disclosure statement hearing into a confirmation hearing, and to insure that due process concerns are protected"). If a bankruptcy court exercises its discretion to consider threshold confirmation issues, such issues should not impede approval of the disclosure statement unless it is established that the plan of reorganization is "so fatally flawed that confirmation is impossible." In re Cardinal Congregate I, 121 B.R. 760, 764 (Bankr. S.D. Ohio 1990).

24. The Debtors disagree with all of the Plan Objections and intend to provide evidence and argument in support of their positions in connection with the Confirmation Hearing. Nevertheless, as more fully discussed below, none of the Plan Objections establishes that the Plan cannot be confirmed under any circumstances. Accordingly, such arguments should be reserved for the Confirmation Hearing.

25. Many of the Plan Objections asserted under the guise of objections to the Disclosure Statement relate to the Plan's releases and exculpation, injunction and discharge

provisions. Several Objecting Parties argue that the Debtors have not established sufficient basis for these provisions or that such provisions are overbroad.²⁰ None of the applicable Objecting Parties meets the high bar to demonstrate that there are *no circumstances* under which such provisions could be justified in a chapter 11 plan. The Debtors are entitled to present argument and evidence in support of these provisions in connection with confirmation of the Plan, which they intend to do. Moreover, the Disclosure Statement clarifies that the subject releases are to be granted solely to the fullest extent permissible under law. See Second Amended Disclosure Statement at §§ VIII.A.6.b-c. Accordingly, such Objections are Plan Objections that should be asserted in connection with the Confirmation Hearing.

26. The U.S. Trustee raises several additional Plan Objections in connection with approval of the Disclosure Statement. The U.S. Trustee argues that the Debtors have not specifically identified each of the Released Parties under the Plan because the Plan's definition of "DIP Lenders," for example, does not identify each DIP Lender by name.²¹ Although this Objection is a Plan Objection, which should be considered in connection with the Confirmation Hearing, the Debtors note that the release of the DIP Lenders applies only to such entities in their relevant capacities with respect to these chapter 11 cases. See Second Amended Plan, at § I.A.207 (defining "Released Parties" to include the DIP Lenders, among other parties, but "solely in their capacity as such"). Accordingly, because the releases relate to these parties based on their roles in the Chapter 11 Cases, as opposed to just the identity of these entities, the Disclosure Statement provides parties in interest with the most relevant information with respect to the Plan's releases.

²⁰ U.S. Trustee Objection, at ¶¶ 22, 31; Lexon Objection, at ¶ 51; Environmental Groups Objection, at ¶ 69.

²¹ U.S. Trustee Objection, at ¶ 25 n.6.

27. The U.S. Trustee also argues that the release and exculpation provisions in the Plan should not apply to governmental entities.²² The Debtors' disagree with the U.S. Trustee's position. The Debtors have made clear in the Second Amended Disclosure Statement that they intend to comply with all applicable laws following the Effective Date. The Debtors are not otherwise aware of any basis to carve out governmental entities from the Plan's release and exculpation provisions. In any event, this argument should be addressed in connection with the Confirmation Hearing.

28. The U.S. Trustee further argues that the releases in the Plan are unjustified to the extent that the Debtors are essentially liquidating.²³ Although, once again, this argument is a Plan Objection, the Debtors note that the Plan manifestly calls for a reorganization and not a liquidation, as reflected in the Financial Projections demonstrating that the Reorganized Debtors are expected to continue operating for the foreseeable future, through the end of 2020 and beyond.

29. Citing to nonbinding authority, the U.S. Trustee also argues that the Plan cannot be confirmed because (a) its provisions provide for the payment of the expenses of certain parties in interest, including certain members of the Creditors' Committee and the Second Lien Lenders; and (b) these payment provisions must be separately approved pursuant to section 503(b) of the Bankruptcy Code.²⁴ The U.S. Trustee acknowledges that this argument is a Plan Objection, even as it pursues it now. The Debtors disagree with the U.S. Trustee's position that this peripheral issue renders the Plan patently unconfirmable. In these chapter 11 cases, the contemplated expense payments are not merely the result of "permissive plan provisions" but

²² U.S. Trustee Objection, at ¶ 40.

²³ U.S. Trustee Objection, at ¶ 32.

²⁴ U.S. Trustee Supplemental Objection, at ¶¶ 27-36.

rather have been agreed upon by the Debtors, the Creditors' Committee, the *Ad Hoc* Committee of Second Lien Noteholders, the Second Lien Trustee and the First Lien Lenders – the real economic parties in interest – in connection with the Global Settlement, and these settlement terms have been fully disclosed in the Second Amended Plan and the Second Amended Disclosure Statement. Moreover, as to the Second Lien Lenders in particular, the contemplated payments are provided for under the Final DIP Order and, consequently, should raise no additional issues for Plan confirmation. See Final DIP Order, at ¶ 17(d). Under the circumstances, the Debtors believe that the expense reimbursements are appropriate and may be approved in connection with confirmation of the Plan.

30. Chubb, an insurer, argues that the provisions of the Plan and Disclosure Statement addressing Insured Claims should be modified extensively. The revisions requested by Chubb do not address the adequacy of information provided parties in interest by the Disclosure Statement but rather constitute substantive revisions to the Plan designed to protect the parochial interests of the Objecting Party. The Debtors' counsel has engaged in discussions with counsel to Chubb regarding the Chubb Objection, and the Debtors have agreed to make limited revisions to the Plan and the Disclosure Statement in response. Generally, however, the revisions requested by Chubb constitute Plan Objections that the Objecting Party is free to assert in connection with the Confirmation Hearing.

31. The Prepetition Litigants argue that (a) business torts should be excluded from the Plan's definition of Tort Claims, which may be liquidated or estimated in the Bankruptcy Court pursuant to the Plan and section 157(b)(2)(B) of title 28 of the United States Code and (b) the Disclosure Statement should be amended to clarify this point.²⁵ This is a Plan

²⁵ Prepetition Litigants' Objection, at ¶¶ 26-28.

Objection because the Disclosure Statement in no way provides inadequate information with respect to the liquidation or treatment of Tort Claims, and the Prepetition Litigants may assert any arguments they may have in connection with confirmation of the Plan or any attempt by the Debtors to liquidate their claims.

The Disclosure Statement Otherwise Provides Adequate Information

32. The remaining Objections assert arguments relating to the adequacy of information that the Debtors have provided in the Disclosure Statement. These Objections can broadly be categorized into Objections relating to the Debtors' environmental reclamation obligations (collectively, the "Reclamation Objections") and other Objections (collectively, the "Miscellaneous Objections").

Reclamation Objections

33. The Objecting Parties asserting Reclamation Objections include various sureties, certain environmental groups and the federal government, among others. These parties generally argue that the Disclosure Statement provides insufficient information on how the Reorganized Debtors and NewCo will satisfy their reclamation obligations following the Effective Date.²⁶ As described in the Disclosure Statement, the Reorganized Debtors intend to satisfy their reclamation obligations through compliance with the Resolution of Reclamation Obligations, which is expected to consist of separate agreements with the department of environmental protection of each of the states in which the Reorganized Debtors' mining complexes will be located, or other applicable regulator. See Second Amended Disclosure Statement, at IV.E. In response to the Objections, the Debtors have further supplemented the

²⁶ See, e.g., Sureties Objection, at Section III.C; Liberty Objection, at ¶¶ 9-11; Environmental Groups Objection, at ¶¶ 42-43; United States Objection, at ¶¶ 11-14; PRC/Holley Objection, at ¶¶ 25-26; Sureties Supplemental Objection, at Section III.C; Lexon Supplemental Objection, at ¶¶ 33-38; Environmental Groups Supplemental Objection, at ¶¶ 2-3(c).

information provided in the Disclosure Statement with respect to the Debtors' reclamation obligations and the anticipated reclamation settlement. See Second Amended Disclosure Statement, at §§ II.C.5, IV.E.

34. Several Objecting Parties argue that the Disclosure Statement does not provide adequate information because it fails to describe with specificity the terms of the Resolution of Reclamation Obligations or the funding of the Restricted Cash Reclamation Accounts.²⁷ In response, the Debtors have provided additional information on the structure of the contemplated Resolution of Reclamation Obligations in the Second Amended Disclosure Statement. In particular, the Second Amended Disclosure Statement provides that:

With respect to the Resolution of Reclamation Obligations, the Debtors have proposed a resolution that includes, among others, the following key terms: (a) establishing a process for the near-term replacement of their self bonds in West Virginia for all active and inactive sites with third-party surety bonds and other permitted collateral; (b) continuing to provide third-party surety bonds at amounts equal to their existing requirements; (c) creating restricted cash accounts dedicated solely to reclamation and water treatment obligations for each of the states of Illinois, Kentucky, Tennessee, West Virginia and Virginia, which will be funded through fixed periodic payments and contributions in the aggregate amount of at least \$209 million from NewCo and the Reorganized Debtors, as well as through contributions of a significant portion of free cash flow, return of collateral posted to support surety bonds upon release and certain proceeds of any asset sales, allocated based on asset retirement obligations in each State; (d) permitting West Virginia to retain the \$15 million Bonding Letter of Credit provided as part of the interim settlement discussed above and replacing the \$24 million Bonding Superpriority Claim with \$24 million in cash or letter of credit to, among other things, provide \$39 million of collateral for the Debtors' reclamation obligations with respect to reclamation only sites; (e) securing the Reorganized Debtors' funding and bonding obligations with a junior lien in certain inventory of the Reorganized Debtors within the applicable States; and (f) providing for certain releases. Although the terms of the Resolution of Reclamation Obligations continue to be negotiated, the Debtors believe that substantial progress has been made and that this proposal represents a substantially better outcome for the applicable States and regulators than could be achieved absent a consensual resolution of these issues. Additional details of the Resolution of Reclamation

²⁷ Liberty Objection, at ¶ 10; Environmental Groups Objection, at ¶¶ 54, 56-58; Environmental Groups Supplemental Objection, at ¶ 4.

Obligations will be disclosed when the Debtors seek Bankruptcy Court approval of any such settlements in connection with confirmation of the Plan.

Although Wyoming is not a party to the Resolution of Reclamation Obligations discussed above, the Debtors anticipate that NewCo will be able to replace all of its self-bonding obligations in the State of Wyoming with a combination of third-party surety bonds and permitted collateral.

Second Amended Disclosure Statement, at § IV.E.

35. Two of the Objecting Parties also argue that the Disclosure Statement provides inadequate information because it fails to describe how the Reorganized Debtors will fund reclamation in the absence of a Resolution of Reclamation Obligations.²⁸ This information cannot be provided, and is irrelevant, however, because the Plan is expressly contingent upon the Debtors' entry into the Resolution of Reclamation Obligations with the applicable state and federal agencies. See Second Amended Plan, at § III.A.4 (providing that the Debtors' entry into the Resolution of Reclamation Obligations is a condition precedent to confirmation of the Plan).²⁹ For the same reason, PRC/Holley's argument that the Plan is patently unconfirmable because the Debtors' estates allegedly would be administratively insolvent absent the Resolution of Reclamation Obligations must fail.³⁰

36. Certain sureties argue that the Disclosure Statement should provide further information on (a) the transfer of applicable mining permits to NewCo and (b) the provision by NewCo of security in support of its reclamation bonding obligations.³¹ NewCo is a purchaser of assets in these chapter 11 cases, not a Debtor. Accordingly, NewCo's satisfaction of its bonding

²⁸ Liberty Objection, at ¶¶ 11-12; Lexon Objection, at ¶ 46; Lexon Supplemental Objection, at ¶ 42.

²⁹ The United States further argues that the Plan and the Disclosure Statement can be interpreted to suggest that the Debtors may impose the Resolution of Reclamation Obligations on the applicable states. United States Objection, at ¶ 15. The Debtors have modified the Plan and the Disclosure Statement to clarify expressly that the contemplated Resolution of Reclamation Obligations will be a consensual arrangement. See Second Amended Plan, at §§ I.A.218, IV.D; Second Amended Disclosure Statement, at § VIII.E.

³⁰ PRC/Holley Objection, at ¶¶ 24-27.

³¹ Liberty Objection, at ¶¶ 14-18; Lexon Objection, at ¶¶ 39-40, 43-44; Supplemental Lexon Objection, at ¶¶ 35-36, 39-40.

obligations is not directly relevant to the Plan or matters discussed in the Disclosure Statement. Nevertheless, the transfer of mining permits to NewCo and NewCo's obligation to post appropriate security with respect to its reclamation obligations is addressed in detail in the Stalking Horse APA (Docket No. 1704). See Stalking Horse APA, at § 7.03. Under the Stalking Horse APA, permit transfer applications are to be executed in connection with the closing of the sale of the Reserve Price Assets and filed by no later than 30 days following the closing. Id. In addition, NewCo is required to use commercially reasonable efforts to put in place such financial assurances as the applicable governmental entity may require. Id.; see also id. at § 2.03 (assuming liabilities arising from the transferred permits). In practice, the Debtors understand that NewCo will satisfy its bonding obligations through a combination of third-party surety bonds and other forms of permitted collateral. Finally, and consistent with the observations of various Objecting Parties,³² the Stalking Horse APA does not contemplate the assignment of the Debtors' outstanding surety bonds to NewCo; instead, NewCo will obtain its own bonds. Disclosure of these issues is adequate.

37. The United States requests that the Debtors amend the Disclosure Statement to acknowledge the Debtors' obligations under other environmental laws, including the Clean Water Act.³³ The Debtors have provided further discussion of these obligations in the Second Amended Disclosure Statement. See Second Amended Disclosure Statement, at § II.C.5. The Debtors acknowledge the Reorganized Debtors' ongoing obligations under applicable environmental laws, and the Reorganized Debtors intend to continue to comply with such laws to the extent applicable.

³² Liberty Objection, at ¶¶ 16-17; Sureties Objection, at Section III.D; Supplemental Sureties Objection, at Section III.D; Lexon Objection, at ¶ 40; Supplemental Lexon Objection, at ¶36.

³³ United States Objection, at ¶¶ 25-27.

38. The United States and the Environmental Groups also argue that the Disclosure Statement should provide additional information regarding the Debtors' obligation to comply with the Consent Decrees and the Debtors' proposed means of funding such compliance.³⁴ Just as with respect to applicable environmental laws, the Debtors intend to continue complying with their Consent Decree obligations to the extent required by law absent further order of a court of competent jurisdiction. Moreover, the Financial Projections incorporated into the Second Amended Disclosure Statement provide for the payment of the Debtors' undisputed obligations under the Consent Decrees.³⁵ To the extent that the Environmental Groups or the United States dispute that the Debtors have made adequate provision for the satisfaction of Consent Decree obligations, any such Objection goes to the feasibility of the Plan and is properly reserved for the Confirmation Hearing.

Miscellaneous Objections

39. In addition to Objections regarding the Debtors' reclamation obligations, various Objecting Parties argue that the Disclosure Statement lacks adequate information for other reasons. The Objections are addressed below.

40. Description of Assets. Certain Objecting Parties argue that the assets that will be retained by the Reorganized Debtors are not identified with sufficient specificity.³⁶ The Financial Projections first filed by the Debtors on May 20, 2016, however, identify the active mining complexes that will be retained by the Reorganized Debtors.³⁷ In addition,

³⁴ United States Objection, at ¶ 24; Environmental Groups Objection, at ¶ 41; Environmental Groups Supplemental Objection, at ¶ 3.

³⁵ Second Amended Disclosure Statement, at ¶ II.C.8.

³⁶ U.S. Trustee Objection, at ¶ 9; Environmental Groups Objection, at ¶¶ 47-50.

³⁷ The Financial Projections attached to the Second Amended Disclosure Statement have been updated to provide a more complete schedule of the mining complexes that will be retained by the Reorganized Debtors.

extensive information regarding the division of assets between the Reorganized Debtors and NewCo, as successful bidder, is provided in the Non-Core Sale Motion, the Core Sale Motion, the Stalking Horse APA and the notices filed in connection therewith. See, e.g., Second Notice of Filing of Modified Asset Schedule in Connection with Bidding Procedures (Docket No. 1011) (identifying non-core and inactive assets that, if not sold, will be owned by the Reorganized Debtors); Core Sale Motion (Docket No. 1464) at Annex 1 (identifying (a) Reserve Price Assets that, other than the PLR Assets, will be owned by NewCo and (b) the Remaining Assets that, if not sold, will be owned by the Reorganized Debtors). Finally, by no later than one week prior to the Voting Deadline, the Debtors intend to file exhibits to the Plan containing comprehensive schedules of assets to be assigned to NewCo and assets to be retained by the Reorganized Debtors.³⁸

41. Bid Process Matters. The United States argues that the Disclosure Statement should include further information on the bids for the Reserve Price Assets that the Debtors did not designate as "Qualified Bids" under the Bidding Procedures and their reasons for not doing so.³⁹ As explained in the Second Amended Disclosure Statement:

ANR did not qualify any competing bids for the Reserve Price Assets other than the PLR Assets because, among other things, all of the alternative proposals that the Debtors received, as applicable: (a) provided no additional value to the Debtors' estates; (b) were not economically viable, in the Debtors' business judgment; (c) contained speculative financing or other unacceptable contingencies; and/or (d) represented a material increase in risk related to completing the Debtors' restructuring.

Second Amended Disclosure Statement, at § IV.B.5. Accordingly, the Debtors believe that the Disclosure Statement provides adequate information with respect to this narrow topic, particularly in light of the Disclosure Statement's purpose to provide information with respect to

³⁸ See Second Amended Plan, at § I.A.59; Second Amended Disclosure Statement, at Preamble.

³⁹ United States Objection, at ¶ 7.

the restructuring transactions actually contemplated by the Plan and not other potential transactions that are not being pursued.

42. Litigation Matters. The Prepetition Litigants argue that, to provide adequate information with respect to the Plan, the Disclosure Statement should include six pages of allegedly factual information relating to the almost 20-year history of a prepetition lawsuit involving a predecessor of the Debtors.⁴⁰ The Prepetition Litigants allege that, in June 2015, certain of the Debtors' senior managers delayed commencing a damages trial on the Prepetition Litigants' claims in the knowledge that they would shortly commence these chapter 11 cases.⁴¹ They attempt to portray this information as material to the Debtors' Plan by arguing that this unsupported allegation, if true, reflects on the potential management of the Reorganized Debtors.⁴²

43. The Prepetition Litigants do not dispute that they are general unsecured creditors of the Debtors' estates, just as they would have been had they succeeded in obtaining a judgment for damages against the Debtors prior to the Petition Date. As such, nothing in the winding history of their lawsuit implicates the feasibility of the Plan or other confirmation standards. The inclusion of the requested six pages of procedural history and factual allegations is, therefore, unnecessary and likely would distract parties in interest from the Disclosure Statement's material provisions. Under the circumstances, these additional disclosures would detract from, rather than improve, the adequacy of information provided. For this reason, the Prepetition Litigants' Objection should be overruled.

⁴⁰ Prepetition Litigants' Objection, at ¶¶ 30-32.

⁴¹ Id. at ¶ 17.

⁴² Id. at ¶ 31.

44. Mechanics' Lien Issues. Several Objecting Parties argue that the Disclosure Statement fails to include adequate information with respect to the treatment of mechanics' lien claims, and in particular if the underlying mechanics' liens represent "Permitted Encumbrances" that are subject to assumption under the Stalking Horse APA to the extent not satisfied pursuant to the Plan.⁴³

45. Valid mechanics' lien claims against the Debtors clearly constitute "Other Secured Claims" under the Plan. See Plan, at § I.A.176 (defining Other Secured Claims). The Plan provides the Debtors with the following alternatives with respect to the treatment of Other Secured Claims, at the Debtors' election: (a) the payment in Distribution Cash, on the Effective Date, of the Allowed Amount of the Other Secured Claim; (b) the Reinstatement of the Other Secured Claim; or (c) the release to the claimant of the collateral securing such Other Secured Claim. The fact that valid mechanics' lien claims against the Debtors are Other Secured Claims, and the treatment of such claims therefore is clear and adequately disclosed in the Plan and the Disclosure Statement. Plan, at §§ I.A.183, II.B.5; Disclosure Statement, at § II.B.5.

46. To the extent that valid mechanics' lien claims constitute Permitted Encumbrances under the Stalking Horse APA, however, these liens will follow the applicable assets to NewCo if the underlying claim is not paid. All of the rights of the mechanics' lienholders are preserved, including the right to adjudicate any claim asserted by such claimants in the Debtors' chapter 11 cases through the claims allowance process. See Second Amended Disclosure Statement, at §§ VIII.V.16-17 (regarding the treatment of disputed claims and the prosecution of objections to claims). If the applicable Objecting Parties believe that the Debtors

⁴³ Kanawha Objection, at ¶ 6; Micon Objection, at ¶¶ 7-9; Carbon Resources Objection, at ¶¶ 7-9; Swank Construction Objection, at ¶¶ 7-9.

are not justified in providing the proposed treatment to holders of Other Secured Claims, or oppose the treatment of Permitted Encumbrances in the NewCo Asset Sale, then any such objection is a Plan Objection that should be asserted in connection with the Confirmation Hearing.

47. Funding of the General Unsecured Asset Pool. Lexon asserts that the Disclosure Statement provides no discussion concerning the funding of the General Unsecured Claims Asset Pool.⁴⁴ This Objection is flawed. The components of the Category 1 General Unsecured Claims Asset Pool and the Category 2 General Unsecured Claims Asset Pool are clearly set forth in the Plan and thereby incorporated into the Disclosure Statement. For example, the Plan provides with respect to Category 1 General Unsecured Claims that:

"Category 1 General Unsecured Claims Asset Pool" means: (a) Distribution Cash in the total aggregate amount of \$2,500,000; and (b) either (i) if the Cash portion of the First Lien Lender Distribution does not equal or exceed the First Lien Lender Distributable Cash Recovery Threshold, the GUC Distribution Note or (ii) if the Cash portion of the First Lien Lender Distribution equals or exceeds the First Lien Lender Distributable Cash Recovery Threshold, Distribution Cash in the total aggregate amount of \$5,500,000; provided that if the total aggregate Distribution described in subsections (a) and (b) above is insufficient to provide a recovery to holders of Category 1 General Unsecured Claims that equals or exceeds the Category 1 Minimum Recovery Threshold, the Category 1 General Unsecured Claims Asset Pool shall also include the Reorganized ANR Contingent Revenue Payment Allocation.

Second Amended Plan, at § I.A.38. Each of the defined terms incorporated into the above definition is also defined in the Plan. Although the definitions of the General Unsecured Claims Asset Pools necessarily are complex because of the various forms of consideration contemplated for each pool, the Plan and the Disclosure Statement do not lack adequate information in this regard.

⁴⁴ Lexon Objection, at ¶ 33; Lexon Supplemental Objection, at ¶ 35.

48. Exit Funding. The Environmental Groups argue that the Disclosure Statement lacks adequate information on the terms of the Debtors' proposed Exit Funding.⁴⁵ The specific terms of the Exit Funding have not yet been determined and, therefore, are not available. Additional information regarding the Exit Funding and First Lien Exit Contribution will be disclosed as an exhibit to the Plan.

49. Treatment of Contracts and Leases. Finally, certain lessors argue that the Disclosure Statement lacks adequate information because they are unable to determine from the Plan and the Disclosure Statement whether their leases are being assumed, assumed and assigned or rejected pursuant to the Plan.⁴⁶ The Plan reserves the Debtors' rights to assume, assign or reject leases, as described in the Disclosure Statement. The applicable Objecting Parties, therefore, may vote in favor of or against the Plan in contemplation of these rights, and the applicable Objections – to the extent valid – constitute Plan Objections, not objections to the adequacy of information in the Disclosure Statement. Nevertheless, the Debtors have modified the Disclosure Statement to provide that the Debtors will file the exhibits of remaining leases to be assumed, assumed and assigned or rejected no later than seven days prior to the Voting Deadline.⁴⁷

Conclusion

50. The Second Amended Disclosure Statement contains adequate information with respect to the Debtors and the Second Amended Plan and has been proposed

⁴⁵ Environmental Groups Objection, at ¶¶ 51-56; Environmental Groups Supplemental Objection, at ¶ 3(d).

⁴⁶ PRC/Holley Objection, at ¶¶ 18-19; Big Sandy Objection, at ¶ 2.

⁴⁷ See Second Amended Plan, at § I.A.59; Second Amended Disclosure Statement, at Preamble. PNC also argues that there are no procedures in the Plan or the Disclosure Statement for counterparties to assumed unexpired leases and executory contracts to object to proposed cure amounts following the Effective Date or to request adequate assurance of future performance. PNC Objection, at § II. The Debtors intend to file a motion seeking to establish such procedures prior to the Confirmation Hearing, and have revised the Plan to reflect this. See Second Amended Plan, at §§ I.A.65, II.F.

with adequate notice in a manner consistent with the Bankruptcy Rules. To the extent not resolved or otherwise addressed by the provisions of the Second Amended Disclosure Statement, all other Objections to the Motion constitute Confirmation Objections that should be asserted in connection with the Confirmation Hearing. For the foregoing reasons, therefore, the Debtors request that the Court overrule the Objections and enter an order granting the relief requested in the Motion.

Dated: May 25, 2016
Richmond, Virginia

Respectfully submitted,

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ATTORNEYS FOR DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A

SUMMARY OF DISCLOSURE STATEMENT OBJECTIONS AND THE DEBTORS' RESPONSES THERETO¹

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>1. Objection of Kanawha Scales & Systems, Inc., Phillips Machine Service, Inc., Elite Coal Services, LLC and Superior Coal Services, LLC, to Motion of the Debtors for an Order Approving Disclosure Statement (Docket No. 2358) (the "<u>Kanawha Objection</u>")</p>	
<p>The Objecting Parties (collectively, "<u>Kanawha</u>"), who allegedly are holders of Claims secured by certain mechanics' liens, argue that the Disclosure Statement does not adequately describe (a) the treatment accorded mechanics' lien claims and (b) the treatment of "Other Secured Claims" under the Plan.</p>	<ul style="list-style-type: none"> • The Disclosure Statement provides adequate information with respect to the treatment of Kanawha's Claims. <u>See ¶¶ 44-45.</u> • Mechanics' lien claims constitute "Other Secured Claims" under the Plan, the treatment of which is clearly described therein. <u>See ¶¶ 44-45.</u>
<p>2. Limited Objection of Harman Mining Corporation, Harman Development Corporation, Sovereign Coal Sales, Inc. and Hugh M. Caperton to the Disclosure Statement With Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession (Docket No. 2364) (the "<u>Prepetition Litigants' Objection</u>"); Supplemental Limited Objection of Harman Mining Corporation, Harman Development Corporation, Sovereign Coal Sales, Inc. and Hugh M. Caperton to the Disclosure Statement with Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession (Docket No. 2471) ("<u>Prepetition Litigants' Supplemental Objection</u>")</p>	
<p>The Objecting Parties (collectively, the "<u>Prepetition Litigants</u>"), plaintiffs in a pending lawsuit against a predecessor of one of the Debtors, argue that the Disclosure Statement does not contain adequate information because (a) the definition of "Tort Claim" is ambiguous in that it does not expressly exclude business tort claims and (b) it omits the 20-year history of the Prepetition Litigants' lawsuit, which allegedly reflects on the Debtors' management.</p>	<ul style="list-style-type: none"> • The Disclosure Statement provides detailed information regarding the treatment of Tort Claims under the Plan. <u>See ¶ 31.</u> • Any objections to the definition of a Tort Claim may be addressed in connection with confirmation of the Plan. <u>See ¶ 31.</u> • The Objecting Parties are general unsecured creditors. An exhaustive description of their prepetition lawsuit is not necessary to determine the feasibility or confirmability of the Plan. <u>See ¶¶ 42-43.</u>

¹ Capitalized terms not defined herein have the meanings given to them in the *Consolidated Reply of the Debtors in Support of Motion of the Debtors for an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of Joint Plan of Reorganization and (IV) Approving Related Notice Procedures* (the "Reply"), filed contemporaneously herewith.

² Cross-references are to the applicable paragraphs of the Reply. The summaries of the Debtors' responses to the Objections provided herein are qualified in their entirety by the Reply. The Objections are summarized herein are organized by docket number except where an Objecting Party filed more than one Objection, in which case they are presented together as a single entry or sequentially, as appropriate.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>3. PRC/Holley's Objection to Motion of the Debtors for an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of Joint Plan of Reorganization and (IV) Approving Related Notice Procedures (Docket No. 2366) (the "<u>PRC/Holley Objection</u>")</p>	
<p>The Objecting Parties (collectively, "<u>PRC/Holley</u>") object to approval of the Disclosure Statement on the following grounds: (a) the Disclosure Statement does not provide adequate information to determine the treatment of PRC/Holley's leases with the Debtors and related reclamation and environmental obligations; (b) exhibits to the Plan detailing the treatment of executory contracts and unexpired leases have not been filed; (c) the Disclosure Statement does not include a Liquidation Analysis; (d) the Disclosure Statement does not include adequate information regarding the ReorgCo Trust; (e) the ReorgCo Trust Agreement will not be filed with sufficient time to review it; and (f) the Plan is not feasible because the Reorganized Debtors may be unable to pay reclamation obligations after the sale of certain core assets.</p>	<ul style="list-style-type: none"> • The Disclosure Statement adequately describes the Plan's terms with respect to unexpired leases and any Objections to such terms are Plan Objections. <u>See</u> ¶ 49. • The Debtors will file exhibits establishing which leases will be assumed, assumed and assigned or rejected prior to the Voting Deadline. <u>See</u> ¶ 49. • The Debtors have provided additional information regarding the anticipated Resolution of Reclamation Obligations in the Second Amended Disclosure Statement. <u>See</u> ¶ 34. • The Liquidation Analysis has been filed. <u>See</u> ¶ 19. • The concept of the ReorgCo Trust has been eliminated from the Plan. <u>See</u> ¶ 20. • The Plan is expressly contingent upon the Resolution of Reclamation Obligations, which is incorporated into the Financial Projections. <u>See</u> ¶ 35.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>4. The United States Trustee's Objection to Disclosure Statement with Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession Dated March 7, 2016 (Docket No. 2376) (the "<u>U.S. Trustee Objection</u>")</p>	<p>The Office of the United States Trustee for Region Four (the "<u>U.S. Trustee</u>") objects to the Disclosure Statement on the following grounds: (a) the Disclosure Statement lacks adequate information describing the Reorganized Debtors, including what assets they will retain, the business they will conduct and their projected income and expenses; (b) the Disclosure Statement lacks a Liquidation Analysis and Financial Projections; (c) pursuant to Bankruptcy Rule 3017(a), the Debtors must file the final version of the Disclosure Statement at least 28 days before the hearing to approve the Disclosure Statement; (d) the Disclosure Statement provides inadequate information regarding (i) the identity of Released Parties and (ii) the facts supporting the releases of such parties; (e) the exculpation provision is overly broad in the parties and suits it covers, particularly by (i) covering unidentified lenders, (ii) not creating an exception for suits approved by the Court and (iii) including governmental claims among the exculpated and released causes of action; and (f) the Disclosure Statement does not adequately describe the terms of the First Lien Lender Settlement despite the fact that the terms are not publically available and "nearly every aspect of the Plan is governed by the undisclosed terms of the First Lien Lender Settlement."</p>
	<ul style="list-style-type: none"> • The Financial Projections for the Reorganized Debtors and certain sale motions identify the assets that will be retained by the Reorganized Debtors. <u>See</u> ¶ 40. The Financial Projections and have been further updated to provide a more complete schedule of the assets to be retained. <u>See</u> ¶ 40 n.36. • The Liquidation Analysis and Financial Projections have been filed and are attached to the Second Amended Disclosure Statement. <u>See</u> ¶ 19. • Modifications to the Disclosure Statement within the 28-day notice period are expressly contemplated by Bankruptcy Rule 3017(a). <u>See</u> ¶¶ 8-11. • The Debtors provided sufficient notice of the hearing on, and deadline to object to, the Disclosure Statement. <u>See</u> ¶¶ 13-14. • The description of the Released Parties is adequate because they are being released solely in their respective capacities. <u>See</u> ¶ 26. • There is no basis to carve out governmental entities from the Plan's release and exculpation provisions. <u>See</u> ¶ 27. • Objections to the scope and justification of release provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25. • The Debtors have provided additional information regarding the First Lien Settlement. <u>See</u> ¶ 20.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>5. The United States Trustee's Objection to Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession Dated May 14, 2016 (Docket No. 2466) ("<u>U.S. Trustee Supplemental Objection</u>")</p> <p>The U.S. Trustee argues that the Disclosure Statement should not be approved for the following reasons: (a) the May 26, 2016 hearing date on the amended Disclosure Statement violates the notice and due process requirements of Bankruptcy Rules 2002(b)(1) and 3017(a); (b) the Disclosure Statement fails to provide a Liquidation Analysis or Financial Projections; and (c) the Amended Plan is patently unconfirmable because it (i) improperly provides for payment of certain Administrative Claims – specifically, fees and expenses of certain committees and committee members – without the need for applications or court review in violation of sections 503(b) and 1129(a)(4) of the Bankruptcy Code, (ii) contains expansive release provisions that have not been justified and lack an exception for actions approved by the Court, (iii) contains an impermissibly broad exculpation provision (which should exclude Governmental Claims) and (iv) fails to address the risks associated with leases that cannot be assigned without the consent of the United States.</p>	<ul style="list-style-type: none"> • Notice of the hearing on the Disclosure Statement was adequate and proper. <u>See</u> ¶¶ 7-16. • The Debtors have filed the Liquidation Analysis and Financial Projections. <u>See</u> ¶ 19. • The proposed payment of expenses of certain parties in interest does not render the Plan patently unconfirmable, and any Objections thereto should be reserved for the Confirmation Hearing. <u>See</u> ¶ 29. • Objections to the scope and justification of release and exculpation provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25. • The Debtors have included additional information in the Second Amended Disclosure Statement with respect to the assumption and assignment of federal leases. <u>See</u> ¶ 20.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>6. Objection of Liberty Insurance Company to the Motion of the Debtors for an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of Joint Plan of Reorganization and (IV) Approving Related Notice Procedures (Docket No. 2379) (the "<u>Liberty Objection</u>")</p>	
<p>The Objecting Party ("<u>Liberty Insurance</u>") argues that the Disclosure Statement should not be approved because it does not provide adequate information regarding: (a) the Debtors' reclamation obligations, including (i) the extent of the Debtors' reclamation obligations, (ii) how such obligations will be funded, (iii) which reclamation obligations may be transferred to NewCo and (iv) the nature of and funding for any reclamation settlement with the states; (b) how the Reorganized Debtors will be able to either retain their self-bonded status or provide sufficient financial security to maintain certain mining permits; (c) the assumption and assignment of real property leases to NewCo or the Reorganized Debtors and the replacement of bonds with respect to such leases; and (d) the transfer of mining permits and the operation of the mines after the Effective Date and prior to such transfer.</p>	<ul style="list-style-type: none"> • The Second Amended Disclosure Statement provides additional detail regarding the Reorganized Debtors' reclamation and bonding obligations and the transfer of mining permits. <u>See</u> ¶¶ 33-34. • The Second Amended Disclosure Statement describes the replacement of bonds associated with mining permits and the funding for the Resolution of Reclamation Obligations. <u>See</u> ¶ 34. • The Financial Projections filed by the Debtors incorporate the proposed terms of the Resolution of Reclamation Obligations. <u>See</u> ¶ 38. • The transfer of reclamation liabilities to NewCo is addressed in detail in the Stalking Horse APA. <u>See</u> ¶ 36.
<p>7. Limited Objection and Reservation of Rights with Respect to Debtors' Disclosure Statement (Filed by Big Sandy Coal Company, L.P.; Docket No. 2380) (the "<u>Big Sandy Objection</u>")</p>	
<p>The Objecting Party ("<u>Big Sandy</u>") requests additional information regarding: (a) whether the Debtors will assume its leases; and (b) the terms of assumption, including cure amounts and/or adequate assurance of curing defaults, particularly in light of the Debtors' reservation of the right to modify the treatment of leases, cure amounts and assignees.</p>	<ul style="list-style-type: none"> • The Debtors will file the exhibits of leases to be assumed, assumed and assigned or rejected no later than seven days prior to the Voting Deadline, and intend to file a motion to establish procedures for the assumption, assumption and assignment or rejection of unexpired leases and executory contracts following the Effective Date. <u>See</u> ¶ 40. • The Disclosure Statement adequately describes the treatment of unexpired leases under the Plan. Objections to such treatment are Plan Objections. <u>See</u> ¶ 49.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>8. Objection of Lexon Insurance Company and Bond Safeguard Insurance Company to Debtors' Motion for Entry of an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of the Joint Plan of Reorganization and (IV) Approving Related Notice Procedures (Docket No. 2384) (the "<u>Lexon Objection</u>")</p> <p>The Objecting Parties (collectively, "<u>Lexon</u>") argue that the Disclosure Statement: (a) lacks (i) a Liquidation Analysis, (ii) prospective financial information and (iii) details regarding the Global Settlement and the anticipated Resolution of Reclamation Obligations; (b) fails to demonstrate the feasibility of the Plan by, among other things, disclosing the proposed ReorgCo Trust Agreement or certain account funding details; (c) fails to provide adequate information regarding the transfer of mining permits to NewCo and the provision of new financial security as may be required under such permits; and (d) does not adequately justify the extent and scope of the release clauses. The Objecting Parties also note that Bankruptcy Rule 3017 requires at least 28 days from the date of filing the Disclosure Statement to the hearing on the Disclosure Statement and object to the delay in filing an amended Disclosure Statement, suggesting that the intentional delay is an act of bad faith intended to prejudice parties in interest.</p>	<ul style="list-style-type: none"> • The Second Amended Disclosure Statement incorporates a Liquidation Analysis, Financial Projections, the terms of the Global Settlement, the anticipated terms of the Resolution of Reclamation Obligations and additional detail regarding the funding of Restricted Cash Reclamation Accounts. <u>See</u> ¶¶ 19, 34. • The concept of the ReorgCo Trust has been eliminated from the Plan. <u>See</u> ¶ 20. • The transfer of mining permits to NewCo and NewCo's obligation to post appropriate security with respect to its reclamation obligations is addressed in detail in the Stalking Horse APA and need not be restated in the Disclosure Statement. <u>See</u> ¶ 36. • The release clauses do not make the Plan patently unconfirmable and therefore Objections to the release clauses should be reserved for the Confirmation Hearing. <u>See</u> ¶ 23-24. • The Debtors intend to continue to comply with environmental law to the extent applicable. <u>See</u> ¶ 37. • Notice of the hearing on the Disclosure Statement was adequate and proper. <u>See</u> ¶¶ 7-9. • The suggestion that the Debtors have intentionally delayed filing the Plan and Disclosure Statement in bad faith is entirely groundless. <u>See</u> ¶ 12.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>9. Supplemental Objection of Lexon Insurance Company and Bond Safeguard Insurance Company to the Debtors' Motion for Entry of an Order (I) Approving Disclosure Statement, (II) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Joint Plan of Reorganization, (III) Scheduling Hearing on Confirmation of Joint Plan of Reorganization and (IV) Approving Related Notice Procedures (Docket No. 2463, Duplicated at Docket No. 2469) (the "<u>Supplemental Lexon Objection</u>")</p>	<p>Lexon objects to approval of the Disclosure Statement because: (a) the Disclosure Statement fails to provide (i) a Liquidation Analysis and Financial Projections, (ii) information regarding the potential funding of the General Unsecured Claims Asset Pools and the Restricted Cash Reclamation Accounts, (iii) information regarding the reclamation obligations that will be assumed in the purchase of the Debtors' assets, (iv) a list of assets that will remain with the Reorganized Debtors and (v) details regarding how the Reorganized Debtors will consummate the transfer of permits and arrange for replacement of financial assurances; and (b) the Disclosure Statement provides overly broad and unreasonable releases and exculpation of the Debtors and third parties. In addition, the Objecting Parties suggest that they have not received sufficient notice of the hearing on the Disclosure Statement pursuant to Bankruptcy Rule 3017.</p>
	<ul style="list-style-type: none"> • The Debtors have filed the Liquidation Analysis and Financial Projections. <u>See</u> ¶ 19. • The Disclosure Statement adequately describe the components of the General Unsecured Claims Asset Pools. <u>See</u> ¶ 47. • The Debtors provided further details regarding the funding of the Restricted Cash Reclamation Accounts in the Second Amended Disclosure Statement. <u>See</u> ¶ 34. • Information regarding which obligations and permits NewCo plans to assume is available in the Stalking Horse APA and in the NewCo Financial Projections. <u>See</u> ¶ 36. • The Financial Projections identify the mining complexes to be retained by the Reorganized Debtors and have been updated to provide a more complete schedule of assets. <u>See</u> ¶ 40. • Further detail regarding the transfer of mining permits to NewCo and NewCo's obligation to post security is not necessary for approval of the Disclosure Statement and is addressed in detail in the Stalking Horse APA. <u>See</u> ¶ 36. • NewCo will not seek to take an assignment of the Debtors' surety bonds. <u>See</u> ¶ 36. • The Plan contemplates that the Reorganized Debtors will fulfill their reclamation obligations pursuant to the Resolution of Reclamation Obligations. <u>See</u> ¶ 33. • Objections to the scope and justification of release provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25. • The Debtors provided sufficient notice of the Disclosure Statement. <u>See</u> ¶¶ 8-9, 13-17.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>10. Sureties' Objection to the Disclosure Statement with Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession (Docket No. 2392) (the "<u>Sureties Objection</u>")</p>	<p>Aspen American Insurance Company, Fidelity & Deposit Company of Maryland, Indemnity National Insurance Company, Travelers Casualty & Surety Company of America and Zurich American Insurance Company (collectively, the "<u>Sureties</u>") object to the Disclosure Statement on the grounds that it does not adequately provide: (a) a fact-based calculation of the Reorganized Debtors' reclamation and other environmental, health and safety compliance obligations; (b) details regarding the source of funds to satisfy environmental, health and safety obligations; (c) the source of NewCo's financial assurances or surety contracts necessary for the transfer of mining permits and other reorganization efforts; and (d) information regarding amendments to the Plan. In addition, the Sureties assert that the Plan: (a) is not feasible; (b) does not provide for environmental, health and safety obligations; and (c) unlawfully limits the Sureties' indemnity rights and other surety rights. Last, the Sureties object to the fact that the Debtors had not yet filed an amended Plan or amended Disclosure Statement and, therefore, the objection addresses an incomplete Disclosure Statement and Plan.</p>
	<ul style="list-style-type: none"> • The Financial Projections filed by the Debtors set forth the projected cost of the Debtors' reclamation and environmental obligations. <u>See</u> ¶ 38. • The Financial Projections and the Disclosure Statement describe how the Debtors will complete and fund their environmental obligations. <u>See</u> ¶¶ 33, 38. • NewCo is a purchaser of assets, not a Debtor, so its bonding obligations are not directly relevant to the Disclosure Statement. Nonetheless, the Disclosure Statement provides adequate information regarding the transfer of mining permits to NewCo. <u>See</u> ¶ 36. • The Debtors have filed the Amended Plan and the Second Amended Plan and their related Disclosure Statements reflecting changes to the Plan. <u>See</u> ¶ 1. • The Plan is not patently unconfirmable, so any objections to feasibility should be addressed at the Confirmation Hearing. <u>See</u> ¶ 23. • The Plan provides for fulfillment of the Debtors' environmental, health and safety obligations. <u>See</u> ¶¶ 33, 37-38. • Objections to the scope of the release provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>11. Sureties' Objection to the Amended Disclosure Statement with Respect to Joint Plan of Reorganization of Debtors and Debtors in Possession (Docket No. 2470; Duplicated at Docket No. 2482) (the "<u>Supplemental Sureties Objection</u>")</p> <p>The Sureties maintain that the Amended Disclosure Statement does not adequately describe (a) the full extent and costs of the Reorganized Debtors' necessary compliance with environmental, health and safety obligations, (b) the source of funding available to meet the aforementioned obligations, (c) the process through which NewCo or the Reorganized Debtors will secure the financial assurances required to continue mining operations and (d) the anticipated timeline or terms of the proposed Resolution of Reclamation Obligations. Further, they maintain that the proposed Plan is not confirmable, because it (a) does not comply with applicable environmental law and (b) is not feasible.</p>	<ul style="list-style-type: none"> • The Debtors have filed Financial Projections that detail the Reorganized Debtors' projected reclamation and environmental obligations. <u>See</u> ¶ 38. • The Debtors have added further detail regarding the proposed funding of reclamation obligations into the Second Amended Disclosure Statement. <u>See</u> ¶ 34. • Further disclosures regarding the process by which NewCo will secure financial assurances is not necessary. <u>See</u> ¶ 36. The Debtors have provided additional information in the Second Amended Disclosure Statement regarding the replacement of financial assurances pursuant to the Resolution of Reclamation Obligations. <u>See</u> ¶ 34. • The Plan and Disclosure Statement make clear that the Resolution of Reclamation Obligations is a condition precedent to confirmation of the Plan. <u>See</u> ¶ 35. • The Plan provides for fulfillment of the Debtors' environmental obligations. <u>See</u> ¶¶ 33, 37-38. • The Plan is not patently unconfirmable, so any objections to feasibility should be addressed at the Confirmation Hearing. <u>See</u> ¶ 23.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>12. Objection of Sierra Club, West Virginia Highlands Conservancy and Ohio Valley Environmental Coalition to Disclosure Statement with Respect to Joint Plan of Reorganization Dated March 7, 2016 (Docket No. 2395) (the "<u>Environmental Groups Objection</u>")</p>	<p>The Objecting Parties (collectively, the "<u>Environmental Groups</u>") contend that the Disclosure Statement should not be approved because: (a) the Disclosure Statement does not provide sufficient information regarding the Reorganized Debtors, including (i) which assets they will own, (ii) the source of their financing, (iii) the estimated costs of all of their environmental and reclamation obligations and (iv) a Liquidation Analysis; (b) the Plan and the Disclosure Statement are inadequate because they do not address whether or how the Reorganized Debtors will comply with certain environmental obligations after the Effective Date, including those arising from consent decrees with the Objecting Parties; (c) the Plan impermissibly vests certain assets free and clear of court-ordered obligations, including environmental and reclamation obligations; and (d) the Plan contains overly broad discharge, exculpation, injunction and release provisions that could undermine compliance with environmental obligations.</p>
	<ul style="list-style-type: none"> • The Financial Projections provide information regarding the assets that the Reorganized Debtors will own, their anticipated environmental obligations and their projected sources of funding. <u>See</u> ¶¶ 38, 40. • The Financial Projections have been updated to provide further detail regarding the retained assets, and the Debtors intend to file exhibits to the Plan containing comprehensive schedules of assets to be retained by the Reorganized Debtors. <u>See</u> ¶ 40. • The Disclosure Statement describes the Reorganized Debtors' anticipated reclamation obligations, the proposed Resolution of Reclamation Obligations and the sources of funding to fulfill such obligations. <u>See</u> ¶¶ 33-34. • The Debtors have filed the Liquidation Analysis. <u>See</u> ¶ 19. • The Financial Projections incorporated into the Second Amended Disclosure Statement provide for the payment of the Reorganized Debtors' undisputed obligations under the Consent Decrees. <u>See</u> ¶ 38. • Objections to the sale of assets free and clear of certain liabilities are Plan Obligations that are more appropriately addressed at the Confirmation Hearing. <u>See</u> ¶¶ 21-24. • Objections to the scope of the release provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>13. Supplement to Disclosure Statement Objection of Sierra Club, West Virginia Highlands Conservancy, and Ohio Valley Environmental Coalition in Light of Filing of Amended Disclosure Statement Dated May 14, 2016 (Docket No. 2475) (the "<u>Supplemental Environmental Groups Objection</u>")</p> <p>The Environmental Groups contend that the Amended Disclosure Statement fails to provide: (a) Financial Projections and a Liquidation Analysis, (b) details regarding how obligations associated with prepetition Consent Decrees will be satisfied and (c) clarity concerning the funding of the Plan. Further, the Objecting Parties contend that the Plan is not confirmable because it (a) contains impermissibly broad discharge, release, exculpation and injunction provisions that could be deemed to release non-dischargeable environmental obligations, (b) fails to provide for compliance with the Debtors' environmental obligations under the Consent Decrees and (c) is not feasible.</p>	<ul style="list-style-type: none"> • The Debtors have filed the Financial Projections and Liquidation Analysis. <u>See</u> ¶ 19. • The Financial Projections incorporated into the Second Amended Disclosure Statement provide for the payment of the Reorganized Debtors' undisputed obligations under the Consent Decrees. <u>See</u> ¶ 38. • The Financial Projections and additional information included in the Second Amended Disclosure Statement provide detailed information regarding the funding of the Plan. <u>See</u> ¶¶ 34, 47. • Objections to the scope of the discharge, release, exculpation and injunction provisions are Plan Objections that should be addressed at the Confirmation Hearing. <u>See</u> ¶ 25. • Because the Plan is not patently unconfirmable, Objections to the Plan's feasibility are more appropriately reserved for the Confirmation Hearing. <u>See</u> ¶ 23.
<p>14. Objection of the United Mine Workers of America 1974 Pension Plan and Trust to the Debtors' Motion for Order Approving Disclosure Statement and Granting Related Relief (Docket No. 2459) (the "<u>UMWA 1974 Plan Objection</u>")</p> <p>The Objecting Party (the "<u>UMWA 1974 Plan</u>") contends that the Disclosure Statement lacks adequate information because it fails to: (a) notify parties in interest of "the nature and scope of the Debtors' obligations to the 1974 Pension Plan," including potential joint and several withdrawal liability estimated at \$782 million, a portion of which may be entitled to administrative priority; and (b) describe how the Debtors intend to satisfy the withdrawal liability if it is triggered by withdrawal from the pension plan.</p>	<ul style="list-style-type: none"> • The Debtors disagree with the UMWA 1974 Plan's position that any portion of its claim for withdrawal liability is entitled to administrative expense status. <u>See</u> ¶ 20. • Nevertheless, the Debtors have added a statement to the Disclosure Statement clarifying the UMWA 1974 Plan's position on this issue. <u>See</u> ¶ 20.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>15. Objection of the Chubb Companies to the Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (Docket No. 2462) (the "<u>Chubb Objection</u>")</p> <p>The Objecting Parties (collectively, "<u>Chubb</u>") assert that the Disclosure Statement lacks adequate information because: (a) it is unclear whether the Debtors intend to assume the Objecting Parties' insurance contracts and to whom they may assign such contracts; (b) the provisions in the Plan and the Disclosure Statement related to (i) the assumption of insurance contracts, (ii) the treatment of disputed claims and (iii) limitations on distributions on account of Insured Claims are unclear and ambiguous; (c) insurance claims that may be asserted directly against an insurer cannot be Tort Claims pursuant to certain state regulations; (d) the Plan and the Disclosure Statement lack details regarding treatment of assumed insurance policies, including (i) treatment of insurers' claims, (ii) the handling of claims covered by the insurance programs, (iii) the collateral held by insurers, (iv) the treatment of contracts related to insurance policies and (v) any continuing liability of the Debtors; and (e) the Plan and the Disclosure Statement do not clearly specify that nothing in their terms will modify, alter or impair the Objecting Parties' insurance program or related collateral.</p>	<ul style="list-style-type: none"> • The Debtors' counsel has engaged in discussions with counsel to Chubb regarding the Chubb Objection, and have agreed to make limited revisions to the Disclosure Statement in response. <u>See</u> ¶ 30. • The remaining revisions requested by Chubb constitute Plan Objections, which are more appropriately asserted in connection with the Confirmation Hearing. <u>See</u> ¶ 30.
<p>16. PNC Equipment Finance, LLC's Limited Objection to Debtors' Amended Disclosure Statement (Docket No. 2465) (the "<u>PNC Objection</u>")</p> <p>The Objecting Party ("<u>PNC</u>") asserts that the Amended Disclosure Statement lacks adequate information because it fails to (a) specify the treatment of specific unexpired leases, (b) provide information regarding proposed cure amounts for assumed leases and (c) denote how disputes over treatment of unexpired leases will be resolved.</p>	<ul style="list-style-type: none"> • The Debtors have modified the Disclosure Statement to clarify that the Debtors will file the exhibits of remaining leases to be assumed, assumed and assigned or rejected no later than seven days prior to the Voting Deadline. <u>See</u> ¶ 49. • The Debtors intend to file a motion seeking to establish objection procedures related to cure amounts prior to the Confirmation Hearing, and have revised the Plan to reflect this. <u>See</u> ¶ 49 n.46.

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>17. Objection to Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (Filed by Earth Support Services, Inc. d/b/a Micon; Docket No. 2477) (the "<u>Micon Objection</u>"); Objection to Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (Filed by Carbon Resources, Inc.; Docket No. 2478) (the "<u>Carbon Resources Objection</u>"); Objection to Amended Disclosure Statement with Respect to Amended Joint Plan of Reorganization of Debtors and Debtors in Possession (Filed by Swank Construction Company, LLC; Docket No. 2480) (the "<u>Swank Construction Objection</u>")</p>	
<p>The Objecting Parties argue that the Disclosure Statement lacks adequate information because it: (a) does not clarify whether the Objecting Party's asserted mechanics' liens will be administered under the Plan as an "Other Secured Claim" or, alternatively, will be transferred to NewCo as a "Permitted Encumbrance;" and (b) fails to describe, in the event the liens are transferred to NewCo, (i) when NewCo would satisfy the liens or (ii) whether NewCo will have the financial means to do so.</p>	<ul style="list-style-type: none"> • The Disclosure Statement and the Plan provide adequate information with respect to treatment of valid mechanics' lien Claims. <u>See ¶¶ 44-45.</u> • Mechanics' lien claims constitute "Other Secured Claims" under the Plan, the treatment of which is clearly described therein. <u>See ¶¶ 44-45.</u> • Financial Projections for NewCo reflect the ability of NewCo to satisfy any obligations it assumes pursuant to the sale. <u>See ¶ 19.</u>

OBJECTION	SUMMARY OF DEBTORS' RESPONSE ²
<p>18. United States' Objection to Debtors' Amended Disclosure Statement Dated May 14, 2016 (Docket No. 2486) (the "<u>United States Objection</u>")</p>	
<p>The Objecting Party (the "<u>United States</u>") objects to the Disclosure Statement on the grounds that it contains inadequate information with respect to (a) the anticipated future income of the Debtors, (b) a Liquidation Analysis, (c) the condition and performance of the Debtors during the Chapter 11 Cases, (d) financial information relevant to the determination of whether to accept or reject the Plan, (e) a description of the accounting and valuation methods by which the Financial Projections were formulated and (f) a description of the bids received for the Reserve Price Assets and the reasons they were not qualified. In addition, the United States objects that the Disclosure Statement does not adequately describe (a) the nature and cost of the Debtors' reclamation and environmental compliance obligations, including those related to consent decrees and the Clean Water Act, and (b) how NewCo and the Reorganized Debtors will comply with, and post financial assurance for, such obligations. The United States further requests that the Disclosure Statement describe (a) current bonding requirements for each of the Debtors' mines, (b) which entity will be responsible for the bonding requirements upon the Effective Date and (c) how that entity will fund the bonds or otherwise post adequate financial assurance for its reclamation obligations, which information it deems necessary to determine the feasibility of the Plan absent a confirmed settlement with the states. The United States further objects that the Disclosure Statement does not specify how the Debtors will comply with their stipulations with West Virginia and Wyoming. The United States asserts that the Bankruptcy Court lacks authority to excuse the Debtors' compliance with environmental laws and any allusion to such authority should be removed from the Disclosure Statement. The Disclosure Statement should also note that the United States may withhold its consent regarding the assumption and assignment of the Debtors' federal coal leases, since withholding such consent may make the Plan unconfirmable.</p>	<ul style="list-style-type: none"> • The Debtors have filed Financial Projections that describe the Debtors' anticipated future income, the feasibility of the Plan and the assumptions and methodology underlying the projections. <u>See</u> ¶ 19. • The Debtors have filed a Liquidation Analysis. <u>See</u> ¶ 19. • The Disclosure Statement contains adequate information regarding the condition and performance of the Debtors throughout the Chapter 11 Cases. <u>See</u> ¶¶ 2, 7. • The description in the Second Amended Disclosure Statement of the general reasons for not qualifying additional bids for the Reserve Price Assets is adequate. <u>See</u> ¶ 41. • The Debtors have further described Clean Water Act obligations in the Second Amended Disclosure Statement. <u>See</u> ¶ 37. • The Financial Projections describe how the Reorganized Debtors and NewCo will comply with environmental obligations. <u>See</u> ¶¶ 19, 37-38. • The Debtors have provided further information regarding the Debtors' reclamation obligations and Resolution of Reclamation Obligations, including financial assurances and negotiations with West Virginia and Wyoming. <u>See</u> ¶¶ 33-34. • NewCo will obtain its own bonds, as described in the Stalking Horse APA. <u>See</u> ¶ 36. • The Debtors have modified the Plan and the Disclosure Statement to clarify that the contemplated Resolution of Reclamation Obligations will be a consensual arrangement. <u>See</u> ¶ 35 n.28. • The Debtors have included information in the Second Amended Disclosure Statement describing the United States' position on the assignment of federal leases. <u>See</u> ¶ 20.

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IN RE ALPHA NATURAL RESOURCES, INC.
CASE NO. 15-33896 (BANKR. E.D. VA.)

OBJECTION		SUMMARY OF DEBTORS' RESPONSE ²
19. Objection of the United Mine Workers of America to Debtors' Disclosure Statement (Docket No. 2491) (the "<u>UMWA Objection</u>")		
	<p>This Objection has been withdrawn. <i>See Notice of Withdrawal of Objection of the United Mine Workers of America to Debtors' Disclosure Statement and Reservation of Rights Regarding Confirmation Objections</i> (Docket No. 2507).</p>	<p>This Objection has been withdrawn.</p>
20. Filings (a) reserving rights, (b) raising non-specific concerns or objecting generally to the Disclosure Statement or the Plan or (c) requesting other relief unrelated to the adequacy of the Disclosure Statement or confirmability of the Plan.		
	<p>H.C. Dickinson, LLC (Docket No. 2377); Caterpillar Financial Services Corporation (Docket No. 2378); SLS West, Inc. (Docket No. 2385); Strata Safety Products, LLC (Docket No. 2387); Rowland Land Company, LLC (Docket No. 2388); Kentucky River Properties LLC and Timberlands, LLC (Docket No. 2389); Shonk Land Company, LLC (Docket No. 2391); Engineered Fluid, Inc. (Docket No. 2393); Honey Island Coal Co., LLC, d/b/a Federal Coal Company (Docket No. 2394); Natural Resource Partners L.P., WPP LLC, ACIN LLC, WBRD, LLC and Western Pocahontas Properties, LP (Docket No. 2396); Ricky Preece (Docket No. 2406); Connie Howard Brown (Docket No. 2407); The West Virginia Department of Environmental Protection (the "<u>WVDEP</u>") (Docket No. 2473; Duplicated at Docket No. 2481); Nina G. Preece (Docket No. 2483); and Gilbert Ray McDonald (not filed with the Court).</p>	<p>These Objections reserve rights to object to the Disclosure Statement at a later date, object generally to the Plan or certain features of the Plan, object to impairment of the Objecting Party's Claim pursuant to the Plan, raise nonspecific concerns regarding the Disclosure Statement or the Plan, note a lack of objection to the Disclosure Statement or request other relief unrelated to the adequacy of the Disclosure Statement or confirmability of the Plan. To the extent that any discernible issues have been raised, they are addressed in the Reply in connection with the Debtors' response to the Objections.</p>