ALPHA NATURAL RESOURCES, INC.

FORM 10-Q
(Quarterly Report)

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Industry	Coal
Sector	Energy
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File No. 001-32331

ALPHA NATURAL RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Delaware	**42-1638663**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification Number)*
One Alpha Place, P.O. Box 2345, Abingdon, Virginia	**24212**
(Address of principal executive offices)	*(Zip Code)*

Registrant's telephone number, including area code:
(276) 619-4410

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☑ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Sec.232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). ☑ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

☑ Large accelerated filer ☐ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☑ No

Number of shares of the registrant’s Common Stock, $0.01 par value, outstanding as of May 4, 2010 – 121,067,302

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Item 1. ***Financial Statements***

ALPHA NATURAL RESOURCES INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Operations (Unaudited)
(Dollars in thousands, except per share data)

	Three Months Ended March 31,	
	2010	**2009**
Revenues:		
Coal revenues	$ 831,266	$ 425,803
Freight and handling revenues	64,788	46,054
Other revenues	25,950	14,102
Total revenues	922,004	485,959
Costs and expenses:		
Cost of coal sales (exclusive of items shown separately below)	575,067	303,025
Freight and handling costs	64,788	46,054
Other expenses	15,684	10,849
Depreciation, depletion and amortization	95,127	40,205
Amortization of acquired coal supply agreements, net	65,957	-
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	47,789	16,466
Total costs and expenses	864,412	416,599
Income from operations	57,592	69,360
Other income (expense):		
Interest expense	(22,120)	(9,853)
Interest income	680	625
Miscellaneous income (expense), net	(204)	116
Total other expense, net	(21,644)	(9,112)
Income from continuing operations before income taxes	35,948	60,248
Income tax expense	(21,278)	(13,627)
Income from continuing operations	14,670	46,621
Discontinued operations:		
Loss from discontinued operations before income taxes	(1,047)	(7,251)
Income tax benefit	418	1,594
Loss from discontinued operations	(629)	(5,657)
Net income	$ 14,041	$ 40,964
Basic earnings per common share:		
Income from continuing operations	$ 0.12	$ 0.67
Loss from discontinued operations	-	(0.08)
Net income	$ 0.12	$ 0.59
Diluted earnings per common share:		
Income from continuing operations	$ 0.12	$ 0.66
Loss from discontinued operations	-	(0.08)
Net income	$ 0.12	$ 0.58
Weighted average shares-basic	119,892,529	69,884,930
Weighted average shares-diluted	121,876,328	70,696,455

See accompanying Notes to Condensed Consolidated Financial Statements.

ALPHA NATURAL RESOURCES INC. AND SUBSIDIARIES
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share and per share data)

	March 31, 2010 (Unaudited)	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 493,835	$ 465,869
Trade accounts receivable, net	307,381	232,631
Inventories, net	206,604	176,372
Prepaid expenses and other current assets	194,069	176,953
Total current assets	1,201,889	1,051,825
Property, equipment and mine development costs, net	1,077,198	1,082,446
Owned and leased mineral rights, net	1,955,790	1,985,855
Owned lands	92,132	91,262
Goodwill	357,868	357,868
Acquired coal supply agreements, net	328,700	396,491
Other non-current assets	147,320	157,024
Total assets	$ 5,160,897	$ 5,122,771
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt	$ 33,500	$ 33,500
Trade accounts payable	151,236	143,400
Accrued expenses and other current liabilities	246,632	258,293
Total current liabilities	431,368	435,193
Long-term debt	751,637	756,753
Pension and postretirement medical benefit obligations	690,159	682,991
Asset retirement obligations	194,835	190,724
Deferred income taxes	322,798	316,464
Other non-current liabilities	162,900	149,357
Total liabilities	2,553,697	2,531,482
Commitments and Contingencies (Note 13)		
Stockholders' equity		
Preferred stock - par value $0.01, 10.0 million shares authorized, none issued	-	-
Common stock - par value $0.01, 200.0 million shares authorized, 121.6 million issued and 121.0 million outstanding at March 31, 2010 and 120.8 million issued and 120.5 million outstanding at December 31, 2009	1,216	1,208
Additional paid-in capital	2,212,856	2,194,305
Accumulated other comprehensive income	4,799	5,812
Treasury stock, at cost: 0.6 million and 0.3 million shares at March 31, 2010 and December 31, 2009, respectively	(24,550)	(8,874)
Retained earnings	412,879	398,838
Total stockholders' equity	2,607,200	2,591,289
Total liabilities and stockholders' equity	$ 5,160,897	$ 5,122,771

See accompanying Notes to Condensed Consolidated Financial Statements.

ALPHA NATURAL RESOURCES INC. AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows (Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2010	**2009**
Operating activities:		
Net income	$ 14,041	$ 40,964
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation, depletion, accretion and amortization	104,538	46,066
Amortization of acquired coal supply agreements, net	65,957	-
Mark-to-market adjustments for derivatives	885	(238)
Stock-based compensation	8,706	3,225
Employee benefit plans, net	15,437	2,141
Deferred income taxes	(6,853)	3,791
Other, net	(321)	110
Changes in operating assets and liabilities:		
Trade accounts receivable, net	(74,750)	1,466
Notes and other receivables	11,859	671
Inventories, net	(30,232)	(18,777)
Prepaid expenses and other current assets	21,481	(3,187)
Other non-current assets	3,346	2,822
Trade accounts payable	8,389	(10,576)
Accrued expenses and other current liabilities	935	(24,692)
Pension and postretirement medical benefit obligations	(6,773)	149
Asset retirement obligations	(1,063)	(802)
Other non-current liabilities	7,668	617
Net cash provided by operating activities	143,250	43,750
Investing activities:		
Capital expenditures	(60,879)	(18,136)
Purchase of acquired company	-	(1,750)
Purchases of marketable securities	(50,560)	-
Sales of marketable securities	12,320	-
Purchase of equity-method investment	(3,000)	-
Other, net	819	124
Net cash used in investing activities	(101,300)	(19,762)
Financing activities:		
Principal repayments of note payable	-	(5,416)
Principal repayments on long-term debt	(8,375)	(54)
Proceeds from exercise of stock options	3,332	-
Excess tax benefit from stock-based awards	6,735	-
Common stock repurchases	(15,676)	(2,022)
Net cash used in financing activities	(13,984)	(7,492)
Net increase in cash and cash equivalents	27,966	16,496
Cash and cash equivalents at beginning of period	465,869	676,190
Cash and cash equivalents at end of period	$ 493,835	$ 692,686
Supplemental cash flow information:		
Cash paid for interest	$ 16,234	$ 6,579
Cash paid for income taxes	$ -	$ 13,630

See accompanying Notes to Condensed Consolidated Financial Statements.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)

(1) Business and Basis of Presentation

Business

Alpha Natural Resources, Inc. and its consolidated subsidiaries (the "Company" or "Alpha") are primarily engaged in the business of extracting, processing and marketing steam and metallurgical coal from surface and deep mines, and mainly sell to electric utilities, steel and coke producers, and industrial customers. The Company, through its subsidiaries, is also involved in marketing coal produced by others to supplement its own production and, through blending, provides its customers with coal qualities beyond those available from its own production.

On July 31, 2009, Alpha Natural Resources, Inc. ("Old Alpha") and Foundation Coal Holdings, Inc. ("Foundation") merged (the "Merger") with Foundation continuing as the surviving legal corporation of the Merger. Subsequent to the Merger, Foundation was renamed Alpha Natural Resources, Inc. For financial accounting purposes, the Merger was treated as a reverse acquisition and Old Alpha was treated as the accounting acquirer. As a result, Foundation's financial results are not included in the three months ended March 31, 2009.

Basis of Presentation

The accompanying interim condensed consolidated financial statements of the Company are unaudited and prepared in accordance with the rules and regulations of the United States Securities and Exchange Commission ("SEC") for Form 10-Q. Such rules and regulations allow the omission of certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America as long as the statements are not misleading. In the opinion of management, these interim condensed consolidated financial statements reflect all normal and recurring adjustments necessary for a fair presentation of the results for the periods presented. Results of operations for the three months ended March 31, 2010 are not necessarily indicative of the results to be expected for the year ending December 31, 2010. These interim condensed consolidated financial statements should be read in conjunction with the consolidated financial statements of the Company included in its Annual Report on Form 10-K for the twelve months ended December 31, 2009, filed March 1, 2010 and included on Form 8-K filed on March 15, 2010.

The Company's condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The preparation of the Company's condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Condensed Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include inventories; mineral reserves; allowance for non-recoupable advanced mining royalties; asset impairments; environmental and reclamation obligations; acquisition accounting; pensions, postemployment, postretirement medical and other employee benefit obligations; useful lives for depreciation, depletion, and amortization; reserves for workers' compensation and black lung claims; current and deferred income taxes; reserves for contingencies and litigation; revenue recognized using the percentage of completion method; and fair value of financial instruments. Estimates are based on facts and circumstances believed to be reasonable at the time; however, actual results could differ from those estimates.

Reclassifications

Prior period *Coal revenues* , *Other revenues* and *Other expenses* have been adjusted due to the reclassification of mark-to-market gains and losses on derivative swap and option agreements; forward coal sale and purchase contracts that are accounted for as derivatives; and financial settlements of coal contracts. Mark-to-market gains and losses for all derivative instruments were previously reported in *(Increase) Decrease in fair value of derivative instruments, net* in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2009. Mark-to-market gains and losses on commodity swap and diesel fuel option agreements are reported in *Other expenses* and mark-to-market gains and losses on forward coal sale and purchase contracts and coal option agreements are reported in *Other revenues* . Contract settlements, which previously were reported in *Coal revenues* , are reported in *Other revenues* . As a result of the change in presentation, the following reclassifications have been made in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2009:

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

	Three Months Ended March, 31 2009	
	Previously reported	As Reported
Coal revenues	$ 424,416	$ 425,803
Other revenues	$ 16,265	$ 14,102
Other expenses	$ 11,863	$ 10,849
(Increase) decrease in fair value of derivative instruments, net	$ (238)	$ -

(2) New Accounting Pronouncements

New Accounting Pronouncements Adopted

In June 2009, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 167, *Amendments to FASB Interpretation No. 46(R)* , which modifies how a company determines when an entity that is insufficiently capitalized or is not controlled through voting (or similar rights) should be consolidated. The guidance clarifies that the determination of whether a company is required to consolidate an entity is based on, among other things, an entity's purpose and design and a company's ability to direct the activities of the entity that most significantly impacts the entity's economic performance. The guidance requires an ongoing reassessment of whether a company is the primary beneficiary of a variable interest entity. It also requires additional disclosures about a company's involvement in variable interest entities and any significant changes in risk exposure due to that involvement. In December 2009, the FASB issued Accounting Standards Update ("ASU") 2009-17 ("ASU 2009-17"), which codified the guidance of Statement 167. The Company adopted the guidance on January 1, 2010. As of March 31, 2010, the Company did not have material interests in any variable interest entity.

In January 2010, the FASB issued ASU 2010-6, *Improving Disclosures About Fair Value Measurements* ("ASU 2010-6"), which requires reporting entities to make new disclosures about recurring or nonrecurring fair-value measurements including significant transfers into and out of Level 1 and Level 2 fair-value measurements and information on purchases, sales, issuances, and settlements on a gross basis in the reconciliation of Level 3 fair- value measurements. ASU 2010-6 is effective for annual reporting periods beginning after December 15, 2009, except for Level 3 reconciliation disclosures which are effective for annual periods beginning after December 15, 2010. ASU 2010-6 relates solely to disclosures in the financial statement notes and will not have an effect on the Company's financial position or results of operations. See Note 8 regarding the Company's fair value disclosures.

(3) Earnings Per Share

The number of shares used to calculate basic earnings per common share is based on the weighted average number of the Company's outstanding common shares during the respective periods. The number of shares used to calculate diluted earnings per common share is based on the number of common shares used to calculate basic earnings per share plus the dilutive effect of stock options and other stock-based instruments held by the Company's employees and directors during each period and the Company's outstanding 2.375% convertible senior notes due 2015 ("the Convertible Notes") when these are convertible into the Company's common stock. The Convertible Notes, which were issued in April 2008, become dilutive for earnings per common share calculations when the average share price for the quarter exceeds the conversion price of $54.66. The shares that would be issued to settle the conversion spread are included in the diluted earnings per common share calculation when the conversion option is in the money. For the three months ended March 31, 2010 and 2009, the conversion option for the Convertible Notes was not in the money, and therefore there was no dilutive earnings per common share impact.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

The following table provides a reconciliation of the weighted-average shares outstanding used in the basic and diluted earnings per share computations for the periods presented:

	Three Months Ended March 31,	
	2010	2009
Weighted average shares - basic	119,892,529	69,884,930
Dilutive impact of stock options and restricted stock plans	1,983,799	811,525
Weighted average shares - diluted	121,876,328	70,696,455

(4) Inventories, net

Inventories, net consisted of the following:

	March 31, 2010	December 31, 2009
Raw coal	$ 23,447	$ 19,180
Saleable coal	137,160	112,004
Equipment purchased for resale	1,910	1,489
Materials and supplies, net	44,087	43,699
Total inventories, net	$ 206,604	$ 176,372

(5) Marketable Securities

Short-term marketable securities, included in *Prepaid expenses and other current assets,* consisted of the following:

	March 31, 2010			
		Unrealized		
	Cost	Gain	Loss	Fair Value
Short-term marketable securities:				
US treasury and agency securities	$ 40,908	$ 2	$ (7)	$ 40,903
Corporate debt securities	34,376	7	-	34,383
Total short-term marketable securities:	$ 75,284	$ 9	$ (7)	$ 75,286

	December 31, 2009			
		Unrealized		
	Cost	Gain	Loss	Fair Value
Short-term marketable securities:				
US treasury and agency securities	$ 22,338	$ -	$ (15)	$ 22,323
Corporate debt securities	7,180	-	(2)	7,178
Total short-term marketable securities:	$ 29,518	$ -	$ (17)	$ 29,501

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Long-term marketable securities, with maturity dates between one and two years, included in *Other non-current assets*, consisted of the following:

	March 31, 2010			
		Unrealized		
	Cost	Gain	Loss	Fair Value
Long-term marketable securities:				
US treasury and agency securities	$ 82,199	$ -	$ (96)	$ 82,103

	December 31, 2009			
		Unrealized		
	Cost	Gain	Loss	Fair Value
Long-term marketable securities:				
US treasury and agency securities	$ 89,828	$ -	$ (343)	$ 89,485

(6) Long-Term Debt

Long-term debt consisted of the following:

	March 31, 2010	December 31, 2009
Term loan due 2011	$ 276,375	$ 284,750
7.25% senior notes due 2014	298,285	298,285
2.375% convertible senior notes due 2015	287,500	287,500
Debt discount	(77,023)	(80,282)
Total long-term debt	785,137	790,253
Less current portion	33,500	33,500
Long-term debt, net of current portion	$ 751,637	$ 756,753

Alpha Credit Facility

The Company has a credit facility consisting of a $650,000 secured revolving credit line and a $335,000 secured term loan due 2011 (the "Alpha Credit Facility"). As of March 31, 2010, letters of credit in the amount of $93,633 were outstanding under the revolving credit line, and the Company's term loans due 2011 had a carrying value of $274,690, net of debt discount of $1,685, with $33,500 classified as current portion of long-term debt.

On April 15, 2010, the Company and its lenders amended and restated the Alpha Credit Facility (the "Amend and Extend"). The Amend and Extend, among other things, extends the maturity of $236,800 of the then outstanding term loans and $554,000 of existing revolving credit facility commitments from July 7, 2011 to July 31, 2014. The Amend and Extend added $300,400 of additional revolving credit facility borrowing capacity with a maturity of July 31, 2014, to increase the aggregate principal amount available to be drawn under the revolving credit facility at the close of the Amend and Extend to $950,400, of which $96,000 was not extended and will mature on July 7, 2011. Additionally, the Amend and Extend increases the amount of the "accordion" feature of the Alpha Credit Facility to $400,000, all of which will be available for the Company to exercise following the closing of the Amend and Extend. Furthermore, the Amend and Extend makes other changes to the Alpha Credit Facility, including increases to certain baskets under the negative covenants to provide the Company greater financial and operating flexibility.

Accounts Receivable Securitization

As of March 31, 2010, letters of credit in the amount $143,474 were outstanding under the A/R Facility and no cash borrowing transactions had taken place. As outstanding letters of credit exceeded borrowing capacity as of March 31, 2010, the Company was required to provide additional collateral in the form of $35 of restricted cash, which is included in *Prepaid expenses and other current assets* , to secure outstanding letters of credit.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

(7) Asset Retirement Obligations

As of March 31, 2010 and December 31, 2009, the Company had recorded asset retirement obligation accruals for mine reclamation and closure costs (including perpetual water treatment) totaling $208,816 and $205,632, respectively. The portion of the costs expected to be paid within a year of $13,981 and $14,908, as of March 31, 2010 and December 31, 2009, respectively, is included in *Accrued expenses and other current liabilities* . There were no assets that were legally restricted for purposes of settling asset retirement obligations at March 31, 2010 or December 31, 2009. These regulatory obligations are secured by surety bonds.

Changes in the asset retirement obligations were as follows:

Total asset retirement obligations at December 31, 2009	$ 205,632
Accretion for the period	4,357
Revisions in estimated cash flows	53
Expenditures for the period	(1,226)
Total asset retirement obligations at March 31, 2010	$ 208,816
Less current portion	13,981
Long-term portion	$ 194,835

(8) Fair Value of Financial Instruments and Fair Value Measurements

The estimated fair values of financial instruments are determined based on relevant market information. These estimates involve uncertainty and cannot be determined with precision. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

The carrying amounts for *Cash and cash equivalents, Trade accounts receivable, net, Prepaid expenses and other current assets, Trade accounts payable, Accrued expenses and other current liabilities* approximate fair value due to the short maturity of these instruments.

Long-term Debt: The fair value of the Convertible Notes was estimated using observable market prices as these securities are traded. The fair value of the 2014 Notes and the term loan due 2011 is estimated based on a current market rate of interest offered to the Company for debt of similar maturities.

The estimated fair values of long-term debt were as follows:

	March 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Term loan due 2011 (1)	$ 274,690	$ 270,848	$ 282,739	$ 279,055
7.25% senior notes due 2014 (2)	297,060	304,996	296,990	302,014
2.375% convertible senior notes due 2015 (3)	213,387	336,964	210,524	325,953
Total long-term debt	$ 785,137	$ 912,808	$ 790,253	$ 907,022

(1) Net of debt discount of $1,685 and $2,011 as of March 31, 2010 and December 31, 2009, respectively.
(2) Net of debt discount of $1,225 and $1,295 as of March 31, 2010 and December 31, 2009, respectively.
(3) Net of debt discount of $74,113 and $76,976 as of March 31, 2010 and December 31, 2009, respectively.

ASC 820 requires disclosures about how fair value is determined for assets and liabilities and a hierarchy for which these assets and liabilities must be grouped, based on significant levels of inputs as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities;
Level 2 – Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Level 3 – Unobservable inputs in which there is little or no market data which require the reporting entity to develop its own assumptions.

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The following tables set forth by level, within the fair value hierarchy, the Company's financial and non-financial assets and liabilities that were accounted for at fair value on a recurring and non-recurring basis as of March 31, 2010 and December 31, 2009, respectively. As required by ASC 820, financial and non-financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy levels.

	March 31, 2010			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets (liabilities):				
U.S. treasury and agency securities	$ 123,006	$ 123,006	$ -	$ -
Corporate debt securities	$ 34,383	$ 34,383	$ -	$ -
Forward coal sales	$ 2,166	$ -	$ 2,166	$ -
Forward coal purchases	$ (511)	$ -	$ (511)	$ -
Commodity swaps	$ (2,088)	$ -	$ (2,088)	$ -
Commodity options	$ (946)	$ -	$ (946)	$ -
Interest rate swaps	$ (25,179)	$ -	$ (25,179)	$ -

	December 31, 2009			
	Total Fair Value	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets (liabilities):				
U.S. treasury and agency securities	$ 111,808	$ 111,808	$ -	$ -
Corporate debt securities	$ 7,178	$ 7,178	$ -	$ -
Forward coal sales	$ 3,414	$ -	$ 3,414	$ -
Forward coal purchases	$ (2,861)	$ -	$ (2,861)	$ -
Commodity swaps	$ (8,691)	$ -	$ (8,691)	$ -
Commodity options	$ (255)	$ -	$ (255)	$ -
Interest rate swaps	$ (24,232)	$ -	$ (24,232)	$ -

The following methods and assumptions were used to estimate the fair values of the assets and liabilities in the tables above.

Level 1 Fair Value Measurements

U.S. Treasury and Agency Securities and Corporate Debt Securities: The fair value of marketable securities is based on observable market data.

Level 2 Fair Value Measurements

Forward Coal Purchases and Sales – The fair values of the forward coal purchase and sale contracts were estimated using discounted cash flow calculations based upon actual contract prices and forward commodity price curves. The curves were obtained from independent pricing services reflecting broker market quotes. The fair values are adjusted for counter party risk, when applicable.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Commodity Swaps – Since the Company's commodity swaps are not traded on a market exchange, the fair values are determined using valuation models which include assumptions about commodity prices based on those observed in the underlying markets.

Coal Options – The fair values of the coal options were estimated using discounted cash flow calculations based upon forward commodity price curves. The curves were obtained from independent pricing services reflecting broker market quotes.

Interest Rate Swaps – The fair values of the interest rate swaps were estimated using discounted cash flow calculations based upon forward interest-rate yield curves. The curves were obtained from independent pricing services reflecting broker market quotes.

(9) Derivative Financial Instruments

Forward Contracts

The Company manages price risk for coal sales and purchases through the use of coal supply agreements. The Company evaluates each of its coal sales and coal purchase forward contracts to determine whether they meet the definition of a derivative and if so, whether they qualify for the normal purchase normal sale ("NPNS") exception prescribed by ASC 815-10-10. The majority of the Company's forward contracts do not qualify as derivatives. The majority of contracts that do qualify as derivatives also qualify for the NPNS exception based on management's intent and ability to physically deliver or take physical delivery of the coal. Contracts that qualify as derivatives and do not qualify for the NPNS exception are accounted for at fair value and accordingly, the Company includes the unrealized gains and losses in current period earnings or losses.

Swap Agreements

Commodity Swaps

The Company uses diesel fuel and explosives in its production process and incurs significant expenses for the purchase of these commodities. Diesel fuel and explosives expenses represented approximately 7% of cost of coal sales for the three months ended March 31, 2010. The Company is subject to the risk of price volatility for these commodities and as a part of its risk management strategy, the Company enters into swap agreements with financial institutions to mitigate the risk of price volatility for both diesel fuel and explosives. The terms of the swap agreements allow the Company to pay a fixed price and receive a floating price, which provides a fixed price per unit for the volume of purchases being hedged. As of March 31, 2010, the Company had swap agreements outstanding to hedge the variable cash flows related to 70% and 49% of anticipated diesel fuel usage for calendar year 2010 and 2011, respectively. The average fixed price per swap for diesel fuel hedges is $2.33 per gallon and $2.39 per gallon for calendar year 2010 and 2011, respectively. As of March 31, 2010, the Company had swap agreements outstanding to hedge the variable cash flows related to approximately 74% of anticipated explosives usage in the Powder River Basin for calendar year 2010. All cash flows associated with derivative instruments are classified as operating cash flows in the Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2010 and 2009.

The Company sells coalbed methane through its Coal Gas Recovery business. The revenues derived from the sale of coalbed methane are subject to volatility based on the changes in natural gas prices. In order to reduce that risk, the Company enters into "pay variable, receive fixed" natural gas swaps for a portion of its anticipated gas production in order to fix the selling price for a portion of its production. The natural gas swaps have been designated as qualifying cash flow hedges. As of March 31, 2010, the Company had swap agreements outstanding to hedge the variable cash flows related to approximately 80% of anticipated natural gas production in 2010.

Interest Rate Swap

The Company has variable rate debt outstanding and is subject to interest rate risk based on volatility in underlying interest rates. The Company previously entered into a pay fixed, receive variable interest rate swap to convert the Company's previous variable-rate term loan into fixed-rate debt. The interest rate swap was designated as a qualifying cash flow hedge. During the year ended December 31, 2009, the Company repaid the related term loan and de-designated the swap as a cash flow hedge. The Company did not terminate the interest rate swap due to the swap's potential benefit in offsetting a portion of the effect of interest rate changes in the Company's other variable rate debt. Subsequent changes in fair value are recorded in *Interest expense* .

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The following tables present the fair values and location of the Company's derivative instruments within the Condensed Consolidated Balance Sheets:

	Asset Derivatives	
Derivatives designated as cash flow hedging instruments	March 31, 2010	December 31, 2009
Commodity swaps [1]	$ 9,891	$ 2,222

Derivatives not designated as cash flow hedging instruments	March 31, 2010	December 31, 2009
Forward coal sales [2]	$ 2,166	$ 3,414
Commodity swaps [3]	72	5,066
Total	$ 2,238	$ 8,480
Total asset derivatives	$ 12,129	$ 10,702

(1) As of March 31, 2010, $7,218 is recorded in *Prepaid and other current assets* and $2,673 is recorded in *Other non-current assets* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $390 is recorded in *Prepaid and other current assets* and $1,832 is recorded in *Other non-current assets* in the Condensed Consolidated Balance Sheets.
(2) As of March 31, 2010, $1,576 is recorded in *Prepaid and other current assets* and $590 is recorded in *Other non-current assets* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $3,216 is recorded in *Prepaid and other current assets* and $198 is recorded in *Other non-current assets* in the Condensed Consolidated Balance Sheets.
(3) As of March 31, 2010, $72 is recorded in *Prepaid and other current assets* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $4,333 is recorded in *Prepaid and other current assets* and $733 is recorded in *Other non-current assets* in the Condensed Consolidated Balance Sheets.

	Liability Derivatives	
Derivatives designated as cash flow hedging instruments	March 31, 2010	December 31, 2009
Commodity swaps [1]	$ 11,270	$ 1,148

Derivatives not designated as cash flow hedging instruments	March 31, 2010	December 31, 2009
Forward coal purchases [2]	$ 511	$ 2,861
Commodity swaps [3]	781	14,831
Commodity options-coal [4]	946	255
Interest rate swap [5]	25,179	24,232
Total	$ 27,417	$ 42,179
Total liability derivatives	$ 38,687	$ 43,327

(1) As of March 31, 2010, $8,682 is recorded in *Accrued expenses and other current liabilities* and $2,588 is recorded in *Other non-current liabilities* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $1,148 is recorded in *Accrued expenses and other current liabilities* in the Condensed Consolidated Balance Sheets.
(2) As of March 31, 2010 and December 31, 2009, $511 and $2,861 is recorded in *Accrued expenses and other current liabilities*, respectively, in the Condensed Consolidated Balance Sheets.
(3) As of March 31, 2010, $781 is recorded in *Accrued expenses and other current liabilities* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $10,833 is recorded in *Accrued expenses and other current liabilities* and $3,998 in *Other non-current liabilities* in the Condensed Consolidated Balance Sheets.
(4) As of March 31, 2010, $63 is recorded in *Accrued expenses and other current liabilities* and $883 in *Other non-current liabilities* in the Condensed Consolidated Balance Sheets.
As of December 31, 2009, $119 is recorded in *Accrued expenses and other current liabilities* and $136 in *Other non-current liabilities* in the Condensed Consolidated Balance Sheets.
(5) As of March 31, 2010 and December 31, 2009, $25,179 and $24,232, respectively, is recorded in *Other non-current liabilities* in the Condensed Consolidated Balance Sheets.

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The following tables present the gains and losses from derivative instruments for the three months ended March 31, 2010 and 2009 and their location within the Condensed Consolidated Financial Statements:

Derivatives designated as cash flow hedging instruments	Gain (loss) reclassified from accumulated other comprehensive income to earnings		Gain (loss) recorded in accumulated other comprehensive income	
	2010	2009	2010	2009
Commodity swaps [2]	$ 268	$ -	$ 2,252	$ (6)
Interest rate swap [1]	-	2,408	-	(24)
	$ 268	$ 2,408	$ 2,252	$ (30)

(1) Amounts related to the interest rate swap were recorded as a component of *Interest expense* in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2010.
(2) The ineffectiveness recorded for commodity swaps is included in *Other Expense* in the Condensed Consolidated Statements of Operations for the three months ended March 31, 2010. There was no ineffectiveness recorded for the interest rate swap for the three months ended March 31, 2009.

Derivatives not designated as cash flow hedging instruments	Gain (loss) recorded in earnings	
	2010	2009
Forward coal sales [1]	$ (1,248)	$ 1,714
Forward coal purchases [1]	2,350	(2,575)
Commodity swaps [2]	(349)	1,724
Commodity options-diesel fuel [2]	-	(625)
Commodity options-coal [1]	(691)	-
Interest rate swap [3]	(947)	-
	$ (885)	$ 238

(1) Amounts are recorded as a component of *Other revenues* in the Condensed Consolidated Statements of Operations.
(2) Amounts are recorded as a component of *Other expenses* in the Condensed Consolidated Statements of Operations.
(3) Amounts are recorded as a component of *Interest expense* in the Condensed Consolidated Statements of Operations.

The following table summarizes the changes to *Accumulated other comprehensive income (loss)* related to hedging activities during the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Balance at beginning of period	$ 899	$ (20,961)
Net change associated with current year hedging transactions	2,252	(24)
Net amounts reclassified to earnings	268	48
Balance at end of period	$ 3,419	$ (20,937)

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(10) Income Taxes

The total income tax expense (benefit) provided on pretax income was allocated as follows:

	Three Months Ended March 31,	
	2010	2009
Continuing operations	$ 21,278	$ 13,627
Discontinued operations	(418)	(1,594)
Total	$ 20,860	$ 12,033

A reconciliation of the statutory federal income tax expense at 35% to income from continuing operations before income taxes and the actual income tax expense from continuing operations is as follows:

	Three Months Ended March 31,	
	2010	2009
Federal statutory income tax expense	$ 12,582	$ 21,086
Increases (reductions) in taxes due to:		
Percentage depletion allowance	(15,469)	(7,667)
State taxes, net of federal tax impact	(210)	1,490
Deduction for domestic production activities	(1,887)	(569)
Change in valuation allowance	-	(839)
Change in law - Medicare Part D Subsidy	25,566	-
Other, net	696	126
Income tax expense from continuing operations	$ 21,278	$ 13,627

The Patient Protection and Affordable Care Act ("PPACA") and the Reconciliation Act were signed into law in March 2010. As a result of these two acts, tax benefits available to employers that receive the Medicare Part D subsidy will be eliminated beginning in years ending after December 31, 2012. Since the acts were signed into law in the current quarter, ASC 740 – *Income Taxes*, requires that the effect of the tax law change be recorded immediately as a component of tax expense. During the three months ended March 31, 2010, the income tax effect related to the acts was a reduction of $25,566 to the deferred tax asset related to the postretirement prescription drug benefits.

(11) Employee Benefit Plans

The Company sponsors or participates in several benefit plans for its employees, including postemployment health care and life insurance, defined benefit and defined contribution pension plans, and workers' compensation and black lung benefits. In connection with the Merger, the Company assumed all of the employee benefit plans of Foundation (the "Foundation Plans") and is contractually obligated to continue to provide similar or improved benefits to those Foundation Plans for a period of eighteen months after the Merger date.

Components of Net Periodic Pension Costs

The components of net periodic benefit costs are as follows:

	Three Months Ended March 31,	
	2010	2009
Service cost	$ 2,074	$ -
Interest cost	3,656	-
Expected return on plan assets	(3,239)	-
Net periodic benefit cost	$ 2,491	$ -

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Components of Net Periodic Costs of Other Postretirement Benefit Plans and Black Lung

The components of net periodic benefit costs are as follows:

	Three Months Ended March 31,	
	2010	2009
Service cost	$ 3,087	$ 694
Interest cost	9,302	855
Expected return on plan assets	(20)	-
Amortization of prior service cost	550	592
Amortization of net actuarial gain	29	-
Net periodic benefit cost	$ 12,948	$ 2,141

In March 2010, the PPACA was enacted, potentially impacting the costs to provide healthcare benefits to the Company's eligible active and certain retired employees and workers' compensation benefits related to occupational disease resulting from coal workers' pneumoconiosis ("Black Lung") . The PPACA has both short-term and long-term implications on healthcare benefit plan standards. Implementation of this legislation is planned to occur in phases, with plan standard changes taking effect beginning in 2010, but to a greater extent with the 2011 benefit plan year and extending through 2018.

Plan standard changes that could affect the Company in the short term include raising the maximum age for covered dependents to receive benefits, the elimination of lifetime dollar limits per covered individual and restrictions on annual dollar limits per covered individual, among other standard requirements. Plan standard changes that could affect the Company in the long term include an excise tax on "high cost" plans and the elimination of annual dollar limits per covered individual, among other standard requirements.

The Company is currently analyzing this legislation to determine the full extent of the impact of the required plan standard changes on employee healthcare plans and the resulting costs. Beginning in 2018, the PPACA will impose a 40% excise tax on employers to the extent that the value of their healthcare plan coverage exceeds certain dollar thresholds. The Company anticipates that certain government agencies will provide additional regulations or interpretations concerning the application of this excise tax. Until these regulations or interpretations are published, it is impractical to reasonably estimate the impact of the excise tax on future healthcare costs or postretirement benefit obligations. Accordingly, as of March 31, 2010, the Company has not made any changes to the assumptions used to determine postretirement benefit obligations. The Company will need to continue to evaluate the impact of the PPACA in future periods as additional information and guidance becomes available.

The PPACA also amended previous legislation related to coal workers' Black Lung, providing automatic extension of awarded lifetime benefits to surviving spouses and providing changes to the legal criteria used to assess and award claims. The Company evaluated the impact of these changes to its current population of beneficiaries and possible future claimants, and as a result re-measured the obligations for its self insured black lung plans as of March 31, 2010. The re-measurement resulted in an estimated $6,658 increase to the obligation as of March 31, 2010 included in *Other non-current liabilities* in the accompanying Condensed Consolidated Balance Sheets , with an offset to other comprehensive income.

(12) Stock-Based Compensation Awards

At March 31, 2010, the Company had three types of stock-based awards outstanding: restricted stock, restricted share units (both time-based and performance-based), and stock options. Stock-based compensation expense from continuing operations totaled $8,706 and $3,225, for the three months ended March 31, 2010 and 2009, respectively. For the three months ended March 31, 2010 and 2009, approximately 70% and 72%, respectively, of stock-based compensation expense from continuing operations is reported as *Selling, general and administrative expenses* and approximately 30% and 28%, respectively, of stock-based compensation expense from continuing operations was recorded as a component of *Cost of coal sales* .

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During the three months ended March 31, 2010, the Company awarded certain of its executives and key employees 336,529 time-based restricted share units and 265,636 performance-based restricted share units. The time-based share units vest, subject to continued employment, ratably over three-years or cliff vest after three years (with accelerated vesting upon a change of control and certain retirement scenarios). The performance-based share units awarded under the Plans cliff vest after three years, subject to continued employment and the satisfaction of the performance criteria (with accelerated vesting upon a change of control and certain retirement scenarios). The 265,636 performance-based restricted share units awarded during the three months ended March 31, 2010 have the potential to be distributed from 0% to 200% of the awarded amount, depending on the actual results versus the pre-established performance criteria over the three-year period.

On March 30, 2010, the Company filed its Notice of Annual Meeting of Stockholders and Proxy Statement, to be held on May 19, 2010, which includes a proposal to approve the 2010 Long-Term Incentive Plan (the “2010 LTIP”). The principal purpose of the 2010 LTIP is to advance the interests of the Company and its stockholders by providing incentives to certain eligible persons who contribute significantly to the strategic and long-term performance objectives and growth of the Company. The 2010 LTIP provides for a variety of awards, including options, stock appreciation rights, restricted stock, restricted share units (both time-based and performance-based), and any other type of award deemed by the Compensation Committee in its discretion to be consistent with the purposes of the 2010 LTIP.

In November 2008, the Board of Directors authorized the Company to repurchase common shares from employees (upon the election by the employee) to satisfy the employees’ minimum statutory tax withholdings upon the vesting of restricted stock and restricted share units (both time-based and performance-based). Shares that are repurchased to satisfy the employees’ minimum statutory tax withholdings are recorded in *Treasury stock* at cost, and these shares are not added back into the pool of shares available for grant of the respective plans the shares were granted from. During the three months ended March 31, 2010 and 2009, the Company repurchased 344,250 and 106,739, respectively, of common shares from employees at an average price paid per share of $45.54 and $18.96, respectively. As of March 31, 2010 and December 31, 2009, the Company had repurchased 653,707 and 309,457, respectively, shares of common stock in the amount of $24,550 and $8,874, respectively, which was recorded in *Treasury stock* in the Condensed Consolidated Balance Sheets.

(13) Commitments and Contingencies

(a) General

Estimated losses from loss contingencies and legal expenses associated with contingencies are accrued by a charge to income when information available indicates that it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. If a loss contingency is not probable or reasonably estimable, disclosure of the loss contingency is made in the consolidated financial statements when it is at least reasonably possible that a loss will be incurred and the loss is material.

(b) Commitments

In connection with the Merger, the Company assumed the obligations for a federal coal lease, which contains an estimated 224.0 million tons of proven and probable coal reserves in the Powder River Basin. The lease bid was $180,500, payable in five equal annual installments of $36,108. The first two installments were paid in 2009 and 2008 by Foundation. The three remaining annual installments of $36,108 each are due on May 1, the anniversary date of the lease in 2010, 2011 and 2012.

(c) Contingencies

Extensive regulation of the impacts of mining on the environment and of maintaining workplace safety, and related litigation, has had or may have a significant effect on the Company’s costs of production and results of operations. Further regulations, legislation or litigation in these areas may also cause the Company’s sales or profitability to decline by increasing costs or by hindering the Company’s ability to continue mining at existing operations or to permit new operations.

(d) Guarantees and Financial Instruments with Off-Balance Sheet Risk

In the normal course of business, the Company is a party to certain guarantees and financial instruments with off-balance sheet risk, such as bank letters of credit, performance or surety bonds, and other guarantees and indemnities related to the obligations of affiliated entities which are not reflected in the Company's Condensed Consolidated Balance Sheets. Management does not expect any material losses to result from these guarantees or other off-balance sheet financial instruments.

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In connection with the Merger, Neweagle Industries, Inc., Neweagle Coal Sales Corp., Laurel Creek Co., Inc. and Rockspring Development, Inc. (collectively, "Sellers") became indirect wholly owned subsidiaries of the Company. The Sellers sell coal to Birchwood Power Partners, L.P. ("Birchwood") under a Coal Supply Agreement dated July 22, 1993 ("Birchwood Contract"). Laurel Creek Co., Inc. and Rockspring Development, Inc. were parties to the Birchwood Contract since its inception, at which time those entities were not affiliated with Neweagle Industries, Inc., Neweagle Coal Sales Corp. or Foundation. Effective January 31, 1994, the Birchwood Contract was assigned to Neweagle Industries, Inc. and Neweagle Coal Sales Corp. by AgipCoal Holding USA, Inc. and AgipCoal Sales USA, Inc., which at the time were affiliates of Arch Coal, Inc. Despite this assignment, Arch Coal, Inc. ("Arch") and its affiliates have separate contractual obligations to provide coal to Birchwood if Sellers fail to perform. Pursuant to an Agreement & Release dated September 30, 1997, Foundation agreed to defend, indemnify and hold harmless Arch and its subsidiaries from and against any claims arising out of any failure of Sellers to perform under the Birchwood Contract. By acknowledgement dated February 16, 2005, Foundation and Arch acknowledged the continuing validity and effect of this Agreement & Release.

Letters of Credit

The amount of outstanding bank letters of credit issued under the Company's accounts receivable securitization program as of March 31, 2010 is presented in Note 6. As of March 31, 2010, the Company had $93,633 of additional letters of credit outstanding under its revolving credit facility.

(e) Legal Proceedings

The Company is a party to a number of legal proceedings incident to its normal business activities. While the Company cannot predict the outcome of these proceedings, the Company does not believe that any liability arising from these matters individually or in the aggregate should have a material impact upon its consolidated cash flows, results of operations or financial condition.

Nicewonder Litigation

In December 2004, prior to the Company's Nicewonder acquisition in October 2005, the Affiliated Construction Trades Foundation brought an action against the West Virginia Department of Transportation, Division of Highways ("WVDOH") and Nicewonder Contracting, Inc. ("NCI"), which became the Company's wholly-owned indirect subsidiary as a result of the Nicewonder acquisition, in the United States District Court in the Southern District of West Virginia. The plaintiff sought a declaration that the contract between NCI and the State of West Virginia related to NCI's road construction project was illegal as a violation of applicable West Virginia and federal competitive bidding and prevailing wage laws. The plaintiff also sought an injunction prohibiting performance of the contract but has not sought monetary damages.

In September 2007, the Court ruled that the WVDOH and the Federal Highway Administration (which is now a party to the suit) could not, under the circumstances of this case, enter into a contract that did not require the contractor to pay the prevailing wages as required by the Davis-Bacon Act. In anticipation of a potential Court directive that the contract be renegotiated for such payment, for which the WVDOH had committed to reimburse NCI, the Company recorded a $9,000 long-term liability for the potential obligations under the ruling and an offsetting $9,000 long-term receivable for the recovery of these costs from the WVDOH.

On September 30, 2009, the Court issued an order that dismissed or denied for lack of standing all of the plaintiff's claims under federal law and remanded the remaining state claims to circuit court in Kanawha County, WV for resolution. The Court also vacated portions of its September 2007 order, and held that the plaintiff lacked standing to pursue the Davis-Bacon Act claim and further concluded that no private right of action exists to challenge the absence of a provision in a contract for highway construction requiring payment of prevailing wages established by the Davis-Bacon Act. As a result of the September 30, 2009 ruling, the Company's previously established long-term liability and offsetting long-term receivable of $9,000 have been reversed.

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(14) Comprehensive Income

Total comprehensive income is as follows for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Net income	$ 14,041	$ 40,964
Change in fair value of cash flow hedge related to interest rate swaps, net of tax effect of $0 and ($8) for the three months ended March 31, 2010 and 2009, respectively	-	24
Adjustments to unrecognized losses and amortization of employee benefit costs, net of tax effect of $2,319 and ($153) for the three months ended March 31, 2010 and 2009, respectively	(3,696)	462
Change in fair value of cash flow hedges, net of tax effect of ($1,564) and ($2) for the three months ended March 31, 2010 and 2009, respectively	2,520	6
Change in fair value of available-for-sale marketable securities, net of income tax of ($103) and $0 for the three months ended March 31, 2010 and 2009, respectively	163	-
Total comprehensive income	$ 13,028	$ 41,456

The following table summarizes the components of accumulated other comprehensive income at March 31, 2010 and December 31, 2009:

	March 31, 2010	December 31, 2009
Adjustments to unrecognized gains and losses and amortization of employee benefit costs, net of taxes of ($3,783) and ($6,102) as of March 31, 2010 and December 31, 2009, respectively	1,437	5,133
Unrealized losses on cash flow hedges, net of taxes of ($2,116) and ($552) as of March 31, 2010 and December 31, 2009, respectively	3,419	899
Change in fair value of available-for-sale marketable securities, net of income tax benefit of $37 and $140 as of March 31, 2010 and December 31, 2009, respectively	(57)	(220)
Total accumulated other comprehensive income	$ 4,799	$ 5,812

(15) Segment Information

The Company discloses information about operating segments using the management approach, where segments are determined and reported based on the way that management organizes the enterprise for making operating decisions and assessing performance. The Company periodically evaluates its application of accounting guidance for reporting its segments.

The Company extracts, processes and markets steam and metallurgical coal from surface and deep mines for sale to electric utilities, steel and coke producers, and industrial customers. The Company operates only in the United States with mines in Central Appalachia, Northern Appalachia, and the Powder River Basin. Prior to the Merger, Old Alpha had only one reportable segment, Coal Operations, which included operations in Central and Northern Appalachia. As a result of the Merger, the Company changed its organizational structure and re-evaluated its reportable segments. Based on a review of the required economic characteristics, the Company aggregated its operating segments into two reportable segments: Western Coal Operations, which consists of two Powder River Basin surface mines as of March 31, 2010 and Eastern Coal Operations, which consists of 38 underground mines and 22 surface mines in Central and Northern Appalachia as of March 31, 2010, as well as the Company's road construction business which operates in Central Appalachia and its coal brokerage activities.

In addition to the two reportable segments, the All Other category includes an idled underground mine in Illinois; expenses associated with closed mines; Dry Systems Technologies; revenues and royalties from the sale of coalbed methane and natural gas extraction; equipment sales and repair operations; terminal services; general corporate overhead and corporate assets and liabilities. The Company evaluates the performance of its segments based on EBITDA from continuing operations, which the Company defines as *Income from continuing operations* plus *Interest expense* , *Income tax expense* , *Amortization of acquired coal supply agreements, net* and *Depreciation, depletion and amortization* , less *Interest income* and *Income tax benefit* . All prior period segment information has been reclassified to conform to the current presentation.

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Segment operating results and capital expenditures from continuing operations for the three months ended March 31, 2010 and total assets as of December 31, 2009 were as follows:

	Eastern Coal Operations	Western Coal Operations	All Other	Consolidated
Total Revenues	$ 777,009	$ 134,091	$ 10,904	$ 922,004
Amortization of acquired coal supply agreements, net	$ 44,137	$ 21,820	$ -	$ 65,957
Depreciation, depletion, and amortization	$ 76,871	$ 14,854	$ 3,402	$ 95,127
EBITDA from continuing operations	$ 209,469	$ 20,727	$ (11,724)	$ 218,472
Capital expenditures	$ 49,801	$ 5,950	$ 5,128	$ 60,879
Goodwill	$ 304,900	$ 47,681	$ 5,287	$ 357,868
Total assets	$ 3,654,956	$ 716,454	$ 751,361	$ 5,122,771

The following table presents a reconciliation of EBITDA from continuing operations to *Income from continuing operations* for the three months ended March 31, 2010:

	Eastern Coal Operations	Western Coal Operations	All Other	Consolidated
EBITDA from continuing operations	$ 209,469	$ 20,727	$ (11,724)	$ 218,472
Interest expense	(11,677)	(941)	(9,502)	(22,120)
Interest income	(1,862)	17	2,525	680
Income tax benefit (expense)	-	-	(21,278)	(21,278)
Depreciation, depletion and amortization	(76,871)	(14,854)	(3,402)	(95,127)
Amortization of acquired coal supply agreements, net	(44,137)	(21,820)	-	(65,957)
Income from continuing operations	$ 74,922	$ (16,871)	$ (43,381)	$ 14,670

Segment operating results and capital expenditures from continuing operations for the three months ended March 31, 2009, and total assets as of December 31, 2009 were as follows:

	Eastern Coal Operations	Western Coal Operations	All Other	Consolidated
Total Revenues	$ 479,875	$ -	$ 6,084	$ 485,959
Depreciation, depletion, and amortization	$ 39,527	$ -	$ 678	$ 40,205
EBITDA from continuing operations	$ 100,847	$ -	$ 8,834	$ 109,681
Capital expenditures	$ 17,133	$ -	$ 1,003	$ 18,136
Goodwill	$ 304,900	$ 47,681	$ 5,287	$ 357,868
Total assets	$ 3,654,956	$ 716,454	$ 751,361	$ 5,122,771

The following table presents a reconciliation of EBITDA from continuing operations to *Income from continuing operations* for the three months ended March 31, 2009:

	Eastern Coal Operations	Western Coal Operations	All Other	Consolidated
EBITDA from continuing operations	$ 100,847	$ -	$ 8,834	$ 109,681
Interest expense	(21)	-	(9,832)	(9,853)
Interest income	(126)	-	751	625
Income tax benefit (expense)	-	-	(13,627)	(13,627)
Depreciation, depletion and amortization	(39,527)	-	(678)	(40,205)
Income from continuing operations	$ 61,173	$ -	$ (14,552)	$ 46,621

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The Company markets produced, processed, and purchased coal to customers in the United States and in international markets. Export revenues totaled $254,846 or approximately 28% of total coal and freight revenues for the three months ended March 31, 2010. Export revenues totaled $195,097 or approximately 41% of total coal and freight revenues for the three months ended March 31, 2009.

(16) Discontinued Operations

Kingwood Mining Company, LLC

On December 3, 2008, the Company announced the permanent closure of Kingwood. The decision was a result of adverse geologic conditions and regulatory requirements that rendered the coal seam unmineable at this location. The mine stopped producing coal in early January 2009 and Kingwood ceased equipment recovery operations at the end of April 2009. Beginning in the first quarter of 2009, the results of operations for the current and prior periods have been reported as discontinued operations.

The following table reflects the activities for Kingwood's discontinued operations for the three months ended March 31, 2010 and 2009:

	Three Months Ended March 31,	
	2010	2009
Total revenues	$ -	$ 2,907
Costs and expenses	(1,047)	(10,158)
Loss from operations	(1,047)	(7,251)
Income tax benefit from discontinued operations	418	1,594
Loss from discontinued operations	$ (629)	$ (5,657)

The assets and liabilities of Kingwood Mining Company, LLC as of March 31, 2010 and December 31, 2009 are shown below:

	March 31, 2010	December 31, 2009
Current assets	$ -	$ -
Property, plant, and equipment, net	1,156	1,636
Other assets	440	442
Total assets of discontinued operations	1,596	2,078
Current liabilities	3,589	4,830
Noncurrent liabilities	10,996	10,166
Total liabilities of discontinued operations	14,585	14,996
Net liability	$ (12,989)	$ (12,918)

(17) Mergers and Acquisitions

Merger with Foundation Coal Holdings, Inc.

On May 11, 2009, Old Alpha and Foundation executed an agreement and plan of merger pursuant to which Old Alpha was to be merged with and into Foundation, with Foundation continuing as the surviving corporation of the Merger. On July 31, 2009, the Merger was completed and Foundation was renamed Alpha Natural Resources, Inc.

The fair value of common stock issued was determined by the closing price of Old Alpha's common stock on the day of the Merger. The total purchase price has been preliminarily allocated to the net tangible and intangible assets of Foundation. The allocation of the purchase price has not been finalized due to the final calculation of deferred taxes, therefore, the amounts that have been recorded are provisional and will remain as such until a final tax return is filed for Foundation, which is anticipated to occur by the end of the second quarter of 2010.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

The following unaudited pro forma information has been prepared for illustrative purposes only and assumes the Merger occurred at the beginning of the period being presented. The unaudited pro forma results have been prepared based on estimates and assumptions, which the Company believes are reasonable; however, they are not necessarily indicative of the consolidated results of operations had the Merger occurred at the beginning of the period presented, or of future results of operations.

The unaudited pro forma results for the three months ended March 31, 2009 are as follows:

	Three Months Ended March 31, 2009	
Total revenues		
As reported	$	485,959
Pro forma	$	880,511
Income (loss) from continuing operations		
As reported	$	46,621
Pro forma	$	(11,954)
Earnings per share from continuing operations-basic		
As reported	$	0.67
Pro forma	$	(0.10)
Earnings per share from continuing operations-diluted		
As reported	$	0.66
Pro forma	$	(0.10)

(18) Supplemental Guarantor and Non-Guarantor Financial Information

On July 30, 2004, Foundation's subsidiary, Foundation PA (the "2014 Notes Issuer"), issued the 2014 Notes. The 2014 Notes were guaranteed on a senior unsecured basis by Foundation Coal Corporation ("FCC"), an indirect parent of Foundation PA, and certain of its subsidiaries. As a result of the Merger, Foundation PA and FCC became subsidiaries of the Company.

On August 1, 2009, in connection with the Merger, Foundation PA, the Company and certain of its subsidiaries (which were also former subsidiaries of Old Alpha) (the "New Subsidiaries") executed a supplemental indenture (the "Third Supplemental Indenture"), which supplements the indenture dated as of July 30, 2004 as supplemented, governing the 2014 Notes.

Pursuant to the Third Supplemental Indenture, the Company assumed the obligations of FCC in respect of the 2014 Notes and, along with the New Subsidiaries, became obligated as guarantors on the indenture governing the 2014 Notes. On August 1, 2009, in connection with the Merger, FCC merged with and into the Company. In accordance with the indenture governing the 2014 Notes, the "Guarantor Subsidiaries" under the 2014 Notes, referred to as the "2014 Notes Guarantor Subsidiaries," are each of the direct and indirect wholly owned subsidiaries of the Company, other than the Issuer Subsidiary and the Non-Guarantor Subsidiary. The Company and the 2014 Notes Guarantor Subsidiaries have fully and unconditionally guaranteed the 2014 Notes, jointly and severally, on a senior unsecured basis.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Presented below are condensed consolidating financial statements as of March 31, 2010 and December 31, 2009 and for the three months ended March 31, 2010 and 2009, based on the guarantor structure that was in place at March 31, 2010. As the Merger was treated as a “reverse acquisition” and Old Alpha was treated as the accounting acquirer, Old Alpha’s historical financial statements are the historical financial statements of the Company for comparative purposes. As a result, “Parent” in the tables below refers to Old Alpha in reference to dates prior to the Merger and to the Company in reference to dates following the Merger, and refers to the Company as a guarantor of the 2014 Notes; information is presented for “2014 Notes Issuer” only for dates following the Merger because the 2014 Notes Issuer was a subsidiary of Foundation prior to the Merger; and information for “2014 Notes Guarantor Subsidiaries” prior to the Merger includes only those 2014 Notes Guarantor Subsidiaries that were subsidiaries of Old Alpha prior to the Merger. "Non-Guarantor Subsidiary" refers, for the tables below dated as of and for the periods ended March 31, 2010, to ANR Receivables Funding LLC, a wholly-owned indirect subsidiary of the Company formed on March 25, 2009 in connection with the A/R Facility, that was not and is not a guarantor of the 2014 Notes. Separate consolidated financial statements and other disclosures concerning the 2014 Notes Guarantor Subsidiaries are not presented because management believes that such information is not material to holders of the 2014 Notes or related guarantees.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Balance Sheet
March 31, 2010

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 64,045	$ -	$ 429,790	$ -	$ -	$ 493,835
Trade accounts receivable, net	-	-	18,600	288,781	-	307,381
Inventories, net	-	-	206,604	-	-	206,604
Prepaid expenses and other current assets	-	-	194,034	35	-	194,069
Total current assets	64,045	-	849,028	288,816	-	1,201,889
Property, equipment and mine development costs, net	-	-	1,077,198	-	-	1,077,198
Owned and leased mineral rights, net	-	-	1,955,790	-	-	1,955,790
Owned lands	-	-	92,132	-	-	92,132
Goodwill	-	-	357,868	-	-	357,868
Acquired coal supply agreements, net	-	-	328,700	-	-	328,700
Other non-current assets	4,694,356	1,655,175	3,121,623	55,256	(9,379,090)	147,320
Total assets	$ 4,758,401	$ 1,655,175	$ 7,782,339	$ 344,072	$ (9,379,090)	$ 5,160,897
Liabilities and Stockholders' Equity						
Current liabilities:						
Current portion of long-term debt	$ -	$ 33,500	$ -	$ -	$ -	$ 33,500
Trade accounts payable	1,623	3	149,595	15	-	151,236
Accrued expenses and other current liabilities	3,130	5,206	238,230	66	-	246,632
Total current liabilities	4,753	38,709	387,825	81	-	431,368
Long-term debt	213,387	538,250	-	-	-	751,637
Pension and postretirement medical benefit obligations	-	-	690,159	-	-	690,159
Asset retirement obligations	-	-	194,835	-	-	194,835
Deferred income taxes	-	-	322,798	-	-	322,798
Other non-current liabilities	1,933,061	671,273	1,086,234	338,454	(3,866,122)	162,900
Total liabilities	2,151,201	1,248,232	2,681,851	338,535	(3,866,122)	2,553,697
Stockholders' Equity						
Total stockholders' equity	2,607,200	406,943	5,100,488	5,537	(5,512,968)	2,607,200
Total liabilities and stockholders' equity	$ 4,758,401	$ 1,655,175	$ 7,782,339	$ 344,072	$ (9,379,090)	$ 5,160,897

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Balance Sheet
December 31, 2009

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Assets						
Current assets:						
Cash and cash equivalents	$ 69,410	$ -	$ 396,459	$ -	$ -	$ 465,869
Trade accounts receivable, net	-	-	18,541	214,090	-	232,631
Inventories, net	-	-	176,372	-	-	176,372
Prepaid expenses and other current assets	-	-	176,953	-	-	176,953
Total current assets	69,410	-	768,325	214,090	-	1,051,825
Property, equipment and mine development costs, net	-	-	1,082,446	-	-	1,082,446
Owned and leased mineral rights, net	-	-	1,985,855	-	-	1,985,855
Owned lands	-	-	91,262	-	-	91,262
Goodwill	-	-	357,868	-	-	357,868
Acquired coal supply agreements, net	-	-	396,491	-	-	396,491
Other non-current assets	4,121,982	1,659,341	2,560,143	49,472	(8,233,914)	157,024
Total assets	$ 4,191,392	$ 1,659,341	$ 7,242,390	$ 263,562	$ (8,233,914)	$ 5,122,771
Liabilities and Stockholders' Equity						
Current liabilities:						
Current portion of long-term debt	$ -	$ 33,500	$ -	$ -	$ -	$ 33,500
Trade accounts payable	1,469	-	141,931	-	-	143,400
Accrued expenses and other current liabilities	1,423	9,552	247,250	68	-	258,293
Total current liabilities	2,892	43,052	389,181	68	-	435,193
Long-term debt	210,524	546,229	-	-	-	756,753
Pension and postretirement medical benefit obligations	-	-	682,991	-	-	682,991
Asset retirement obligations	-	-	190,724	-	-	190,724
Deferred income taxes	-	-	316,464	-	-	316,464
Other non-current liabilities	1,386,687	671,273	605,599	259,172	(2,773,374)	149,357
Total liabilities	1,600,103	1,260,554	2,184,959	259,240	(2,773,374)	2,531,482
Stockholders' Equity						
Total stockholders' equity:	2,591,289	398,787	5,057,431	4,322	(5,460,540)	2,591,289
Total liabilities and stockholders' equity	$ 4,191,392	$ 1,659,341	$ 7,242,390	$ 263,562	$ (8,233,914)	$ 5,122,771

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Operations
For the Three Months Ended March 31, 2010

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Revenues:						
Coal revenues	$ -	$ -	$ 831,266	$ -	$ -	$ 831,266
Freight and handling revenues	-	-	64,788	-	-	64,788
Other revenues	-	-	23,852	2,098	-	25,950
Total revenues	-	-	919,906	2,098	-	922,004
Costs and expenses:						
Cost of coal sales (exclusive of items shown separately below)	-	-	575,067	-	-	575,067
Freight and handling costs	-	-	64,788	-	-	64,788
Other expenses	-	-	15,684	-	-	15,684
Depreciation, depletion and amortization	-	-	95,127	-	-	95,127
Amortization of acquired coal supply agreements, net	-	-	65,957	-	-	65,957
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	-	-	47,121	668	-	47,789
Total costs and expenses	-	-	863,744	668	-	864,412
Income from operations	-	-	56,162	1,430	-	57,592
Other income (expense):						
Interest expense	(4,783)	(11,343)	(5,255)	(739)	-	(22,120)
Interest income	-	-	680	-	-	680
Miscellaneous expense, net	-	-	(204)	-	-	(204)
Total other expense, net	(4,783)	(11,343)	(4,779)	(739)	-	(21,644)
Income (loss) from continuing operations before income taxes and equity in earnings of investments in Issuer and Guarantor Subsidiaries	(4,783)	(11,343)	51,383	691	-	35,948
Income tax benefit (expense)	1,865	4,424	(27,298)	(269)	-	(21,278)
Equity in earnings of investments in Issuer and Guarantor Subsidiaries	16,959	36,987	-	-	(53,856)	-
Income from continuing operations	14,041	29,978	24,085	422	(53,856)	14,670
Discontinued operations:						
Loss from discontinued operations	-	-	(1,047)	-	-	(1,047)
Income tax benefit	-	-	418	-	-	418
Loss from discontinued operations	-	-	(629)	-	-	(629)
Net income	$ 14,041	$ 29,978	$ 23,456	$ 422	$ (53,856)	$ 14,041

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Operations
For the Three Months Ended March 31, 2009

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Revenues:						
Coal revenues	$ -	$ -	$ 425,803	$ -	$ -	$ 425,803
Freight and handling revenues	-	-	46,054	-	-	46,054
Other revenues	-	-	13,726	376	-	14,102
Total revenues	-	-	485,583	376	-	485,959
Costs and expenses:						
Cost of coal sales (exclusive of items shown separately below)	-	-	303,025	-	-	303,025
Freight and handling costs	-	-	46,054	-	-	46,054
Other expenses	-	-	10,849	-	-	10,849
Depreciation, depletion and amortization	-	-	40,205	-	-	40,205
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	134	-	16,299	33	-	16,466
Total costs and expenses	134	-	416,432	33	-	416,599
Income (loss) from operations	(134)	-	69,151	343	-	69,360
Other income (expense):						
Interest expense	(4,553)	-	(5,261)	(39)	-	(9,853)
Interest income	-	-	625	-	-	625
Miscellaneous income, net	-	-	116	-	-	116
Total other expense, net	(4,553)	-	(4,520)	(39)	-	(9,112)
Income (loss) from continuing operations before income taxes and equity in earnings of investments in Issuer and Guarantor Subsidiaries	(4,687)	-	64,631	304	-	60,248
Income tax benefit (expense)	1,828	-	(15,336)	(119)	-	(13,627)
Equity in earnings of investments in Issuer and Guarantor Subsidiaries	43,823	-	-	-	(43,823)	-
Income from continuing operations	40,964	-	49,295	185	(43,823)	46,621
Discontinued operations:						
Loss from discontinued operations	-	-	(7,251)	-	-	(7,251)
Income tax benefit	-	-	1,594	-	-	1,594
Loss from discontinued operations	-	-	(5,657)	-	-	(5,657)
Net income	$ 40,964	$ -	$ 43,638	$ 185	$ (43,823)	$ 40,964

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Cash Flow
Three Months Ended March 31, 2010

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Total Consolidated
Net cash (used in) provided by operating activities	$ (3,076)	$ (16,690)	$ 160,918	$ 2,098	$ 143,250
Investing activities:					
Capital expenditures	$ -	$ -	$ (60,879)	$ -	$ (60,879)
Purchases of marketable securities, net	-	-	(38,240)	-	(38,240)
Purchase of equity method investment	-	-	(3,000)	-	(3,000)
Other, net	-	-	819	-	819
Net cash used in investing activities	$ -	$ -	$ (101,300)	$ -	$ (101,300)
Financing activities:					
Principal repayments on long-term debt	$ -	$ (8,375)	$ -	$ -	$ (8,375)
Proceeds from exercise of stock options	3,332	-		-	3,332
Excess tax benefit from stock-based awards	-	-	6,735	-	6,735
Common stock repurchases	(15,676)	-	-	-	(15,676)
Transactions with affiliates	10,055	25,065	(33,022)	(2,098)	-
Net cash (used in) provided by financing activities	$ (2,289)	$ 16,690	$ (26,287)	$ (2,098)	$ (13,984)
Net (decrease) increase in cash and cash equivalents	$ (5,365)	$ -	$ 33,331	$ -	$ 27,966
Cash and cash equivalents at beginning of period	69,410	-	396,459	-	465,869
Cash and cash equivalents at end of period	$ 64,045	$ -	$ 429,790	$ -	$ 493,835

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Cash Flow
Three Months Ended March 31, 2009

	Parent	2014 Notes Issuer	2014 Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Total Consolidated
Net cash (used in) provided by operating activities	$ (2,846)	$ -	$ 46,220	$ 376	$ 43,750
Investing activities:					
Capital expenditures	$ -	$ -	$ (18,136)	$ -	$ (18,136)
Purchase of acquired companies	-	-	(1,750)	-	(1,750)
Other, net	-	-	124	-	124
Net cash used in investing activities	$ -	$ -	$ (19,762)	$ -	$ (19,762)
Financing activities:					
Principal repayments of note payable	$ -	$ -	$ (5,416)	$ -	$ (5,416)
Principal repayments on long-term debt	-	-	(54)	-	(54)
Common stock repurchases	(2,022)	-	-	-	(2,022)
Transactions with affiliates	957	-	(581)	(376)	-
Net cash used in financing activities	$ (1,065)	$ -	$ (6,051)	$ (376)	$ (7,492)
Net (decrease) increase in cash and cash equivalents	$ (3,911)	$ -	$ 20,407	$ -	$ 16,496
Cash and cash equivalents at beginning of period	73,321	-	602,869	-	676,190
Cash and cash equivalents at end of period	$ 69,410	$ -	$ 623,276	$ -	$ 692,686

The Company may issue new registered debt securities (the “New Notes”) in the future that will be fully and unconditionally guaranteed, jointly and severally, on a senior or subordinated unsecured basis by the 2014 Notes Guarantor Subsidiaries and the 2014 Notes Issuer (collectively, the “New Notes Guarantor Subsidiaries”).

Presented below are condensed consolidating financial statements as of March 31, 2010 and December 31, 2009 and for the three months ended March 31, 2010 and 2009, respectively, based on the guarantor structure that would be in place in the event the Company issues New Notes in the future. As the Merger is treated as a “reverse acquisition” and Old Alpha is treated as the accounting acquirer, Old Alpha’s historical financial statements became the historical financial statements of the Company for comparative purposes. As a result, “Parent” in the tables below refers to Old Alpha in reference to dates prior to the Merger and to the Company in reference to dates following the Merger, and refers to the Company as the issuer of any New Notes that may be issued in the future; and information for “New Notes Guarantor Subsidiaries” prior to the Merger includes only those New Notes Guarantor Subsidiaries that were subsidiaries of Old Alpha prior to the Merger. "Non-Guarantor Subsidiary" refers, for the tables below dated as of and for the periods ended March 31, 2010, to ANR Receivables Funding LLC, a wholly-owned indirect subsidiary of the Company formed on March 25, 2009 in connection with the A/R Facility, that was not and would notbe a guarantor of the New Notes. Separate consolidated financial statements and other disclosures concerning the New Notes Guarantor Subsidiaries are not presented because management believes that such information would not be material to holders of any New Notes or related guarantees that may be issued by the Company.

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Balance Sheet
March 31, 2010

	Parent (Issuer)	New Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 64,045	$ 429,790	$ -	$ -	$ 493,835
Trade accounts receivable, net	-	18,600	288,781	-	307,381
Inventories, net	-	206,604	-	-	206,604
Prepaid expenses and other current assets	-	194,034	35	-	194,069
Total current assets	64,045	849,028	288,816	-	1,201,889
Property, equipment and mine development costs, net	-	1,077,198	-	-	1,077,198
Owned and leased mineral rights, net	-	1,955,790	-	-	1,955,790
Owned lands	-	92,132	-	-	92,132
Goodwill	-	357,868	-	-	357,868
Acquired coal supply agreements, net	-	328,700	-	-	328,700
Other non-current assets	4,694,356	4,776,798	55,256	(9,379,090)	147,320
Total assets	$ 4,758,401	$ 9,437,514	$ 344,072	$ (9,379,090)	$ 5,160,897
Liabilities and Stockholders' Equity					
Current liabilities:					
Current portion of long-term debt	$ -	$ 33,500	$ -	$ -	$ 33,500
Trade accounts payable	1,623	149,598	15	-	151,236
Accrued expenses and other current liabilities	3,130	243,436	66	-	246,632
Total current liabilities	4,753	426,534	81	-	431,368
Long-term debt	213,387	538,250	-	-	751,637
Pension and postretirement medical benefit obligations	-	690,159	-	-	690,159
Asset retirement obligations	-	194,835	-	-	194,835
Deferred income taxes	-	322,798	-	-	322,798
Other non-current liabilities	1,933,061	1,757,507	338,454	(3,866,122)	162,900
Total liabilities	2,151,201	3,930,083	338,535	(3,866,122)	2,553,697
Stockholders' Equity					
Total stockholders' equity	2,607,200	5,507,431	5,537	(5,512,968)	2,607,200
Total liabilities and stockholders' equity	$ 4,758,401	$ 9,437,514	$ 344,072	$ (9,379,090)	$ 5,160,897

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Balance Sheet
December 31, 2009

	Parent (Issuer)	New Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 69,410	$ 396,459	$ -	$ -	$ 465,869
Trade accounts receivable, net	-	18,541	214,090	-	232,631
Inventories, net	-	176,372	-	-	176,372
Prepaid expenses and other current assets	-	176,953	-	-	176,953
Total current assets	69,410	768,325	214,090	-	1,051,825
Property, equipment and mine development costs, net	-	1,082,446	-	-	1,082,446
Owned and leased mineral rights, net	-	1,985,855	-	-	1,985,855
Owned lands	-	91,262	-	-	91,262
Goodwill	-	357,868	-	-	357,868
Acquired coal supply agreements, net	-	396,491	-	-	396,491
Other non-current assets	4,121,982	4,219,484	49,472	(8,233,914)	157,024
Total assets	$ 4,191,392	$ 8,901,731	$ 263,562	$ (8,233,914)	$ 5,122,771
Liabilities and Stockholders' Equity					
Current liabilities:					
Current portion of long-term debt	$ -	$ 33,500	$ -	$ -	$ 33,500
Trade accounts payable	1,469	141,931	-	-	143,400
Accrued expenses and other current liabilities	1,423	256,802	68	-	258,293
Total current liabilities	2,892	432,233	68	-	435,193
Long-term debt	210,524	546,229	-	-	756,753
Pension and postretirement medical benefit obligations	-	682,991	-	-	682,991
Asset retirement obligations	-	190,724	-	-	190,724
Deferred income taxes	-	316,464	-	-	316,464
Other non-current liabilities	1,386,687	1,276,872	259,172	(2,773,374)	149,357
Total liabilities	1,600,103	3,445,513	259,240	(2,773,374)	2,531,482
Stockholders' Equity					
Total stockholders' equity	2,591,289	5,456,218	4,322	(5,460,540)	2,591,289
Total liabilities and stockholders' equity	$ 4,191,392	$ 8,901,731	$ 263,562	$ (8,233,914)	$ 5,122,771

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Operations
For the Three Months Ended March 31, 2010

	Parent (Issuer)	New Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Revenues:					
Coal revenues	$ -	$ 831,266	$ -	$ -	$ 831,266
Freight and handling revenues	-	64,788	-	-	64,788
Other revenues	-	23,852	2,098	-	25,950
Total revenues	-	919,906	2,098	-	922,004
Costs and expenses:					
Cost of coal sales (exclusive of items shown separately below)	-	575,067	-	-	575,067
Freight and handling costs	-	64,788	-	-	64,788
Other expenses	-	15,684	-	-	15,684
Depreciation, depletion and amortization	-	95,127	-	-	95,127
Amortization of acquired coal supply agreements, net	-	65,957	-	-	65,957
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	-	47,121	668	-	47,789
Total costs and expenses	-	863,744	668	-	864,412
Income from operations	-	56,162	1,430	-	57,592
Other income (expense):					
Interest expense	(4,783)	(16,598)	(739)	-	(22,120)
Interest income	-	680	-	-	680
Miscellaneous expense, net	-	(204)	-	-	(204)
Total other expense, net	(4,783)	(16,122)	(739)	-	(21,644)
(Loss) income from continuing operations before income taxes and equity in earnings of investments in Issuer and Guarantor Subsidiaries	(4,783)	40,040	691	-	35,948
Income tax benefit (expense)	1,865	(22,874)	(269)	-	(21,278)
Equity in earnings of investments in Issuer and Guarantor Subsidiaries	16,959	36,897	-	(53,856)	-
Income from continuing operations	14,041	54,063	422	(53,856)	14,670
Discontinued operations:					
Loss from discontinued operations	-	(1,047)	-	-	(1,047)
Income tax benefit	-	418	-	-	418
Loss from discontinued operations	-	(629)	-	-	(629)
Net income	$ 14,041	$ 53,434	$ 422	$ (53,856)	$ 14,041

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Operations
For the Three Months Ended March 31, 2009

	Parent (Issuer)	New Notes Guarantor Subsidiaries	Non-Guarantor Subsidiary	Eliminations	Total Consolidated
Revenues:					
Coal revenues	$ -	$ 425,803	$ -	$ -	$ 425,803
Freight and handling revenues	-	46,054	-	-	46,054
Other revenues	-	13,726	376	-	14,102
Total revenues	-	485,583	376	-	485,959
Costs and expenses:					
Cost of coal sales (exclusive of items shown separately below)	-	303,025	-	-	303,025
Freight and handling costs	-	46,054	-	-	46,054
Other expenses	-	10,849	-	-	10,849
Depreciation, depletion and amortization	-	40,205	-	-	40,205
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	134	16,299	33	-	16,466
Total costs and expenses	134	416,432	33	-	416,599
Income (loss) from operations	(134)	69,151	343	-	69,360
Other income (expense):					
Interest expense	(4,553)	(5,261)	(39)	-	(9,853)
Interest income	-	625	-	-	625
Miscellaneous income, net	-	116	-	-	116
Total other expense, net	(4,553)	(4,520)	(39)	-	(9,112)
Income (loss) from continuing operations before income taxes and equity in earnings of investments in Issuer and Guarantor Subsidiaries	(4,687)	64,631	304	-	60,248
Income tax benefit (expense)	1,828	(15,336)	(119)	-	(13,627)
Equity in earnings of investments in Issuer and Guarantor Subsidiaries	43,823	-	-	(43,823)	-
Income from continuing operations	40,964	49,295	185	(43,823)	46,621
Discontinued operations:					
Loss from discontinued operations	-	(7,251)	-	-	(7,251)
Income tax benefit	-	1,594	-	-	1,594
Loss from discontinued operations	-	(5,657)	-	-	(5,657)
Net income	$ 40,964	$ 43,638	$ 185	$ (43,823)	$ 40,964

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Cash Flow
Three Months Ended March 31, 2010

	Parent (Issuer)	New Notes Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total Consolidated
Net cash (used in) provided by operating activities	$ (3,076)	$ 144,228	$ 2,098	$ 143,250
Investing activities:				
Capital expenditures	$ -	$ (60,879)	$ -	$ (60,879)
Purchases of marketable securities, net	-	(38,240)	-	(38,240)
Purchase of equity method investment	-	(3,000)	-	(3,000)
Other, net	-	819	-	819
Net cash used in investing activities	$ -	$ (101,300)	$ -	$ (101,300)
Financing activities:				
Principal repayments on long-term debt	-	(8,375)	-	(8,375)
Proceeds from exercise of stock options	3,332	-	-	3,332
Excess tax benefit from stock-based awards	-	6,735	-	6,735
Common stock repurchases	(15,676)	-	-	(15,676)
Transactions with affiliates	10,055	(7,957)	(2,098)	-
Net cash used in financing activities	$ (2,289)	$ (9,597)	$ (2,098)	$ (13,984)
Net (decrease) increase in cash and cash equivalents	$ (5,365)	$ 33,331	$ -	$ 27,966
Cash and cash equivalents at beginning of period	69,410	396,459	-	465,869
Cash and cash equivalents at end of period	$ 64,045	$ 429,790	$ -	$ 493,835

ALPHA NATURAL RESOURCES, INC. AND SUBSIDIARIES
NOTES to CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited, dollars in thousands)
(Continued)

Alpha Natural Resources, Inc. and Subsidiaries
Supplemental Condensed Consolidating Statement of Cash Flow
Three Months Ended March 31, 2009

	Parent (Issuer)	New Notes Guarantor Subsidiary	Non-Guarantor Subsidiaries	Total Consolidated
Net cash (used in) provided by operating activities	$ (2,846)	$ 46,220	$ 376	$ 43,750
Investing activities:				
Capital expenditures	$ -	$ (18,136)	$ -	$ (18,136)
Purchase of acquired company	-	(1,750)	-	(1,750)
Other, net	-	124	-	124
Net cash used in investing activities	$ -	$ (19,762)	$ -	$ (19,762)
Financing activities:				
Principal repayments of note payable	$ -	$ (5,416)	$ -	$ (5,416)
Principal repayments on long-term debt	-	(54)	-	(54)
Common stock repurchases	(2,022)	-	-	(2,022)
Transactions with affiliates	957	(581)	(376)	-
Net cash used in financing activities	$ (1,065)	$ (6,051)	$ (376)	$ (7,492)
Net increase (decrease) in cash and cash equivalents	$ (3,911)	$ 20,407	$ -	$ 16,496
Cash and cash equivalents at beginning of period	73,321	602,869	-	676,190
Cash and cash equivalents at end of period	$ 69,410	$ 623,276	$ -	$ 692,686

(19) Subsequent Events

On April 15, 2010, the Company amended and extended the maturity of its secured credit facility. See Note 6.

Item 2. ***Management's Discussion and Analysis of Financial Condition and Results of Operations***

Explanatory Note

On July 31, 2009, Alpha Natural Resources, Inc. ("Old Alpha") and Foundation Coal Holdings, Inc. ("Foundation") merged (the "Merger") with Foundation continuing as the surviving legal corporation of the Merger which was renamed Alpha Natural Resources, Inc. ("Alpha"). For accounting purposes, the Merger is treated as a "reverse acquisition" with Old Alpha considered the accounting acquirer. Accordingly, Old Alpha's historical financial statements are included in periodic filings of Alpha subsequent to the Merger. The results of operations for the quarter ending March 31, 2010 contain the combined results of both companies. The results of operations for the quarter ending March 31, 2009 only include the historical results of Old Alpha.

Unless we have indicated otherwise, or the context otherwise requires, references in this report to "Alpha," "we," "us" and "our" or similar terms are to Alpha and its consolidated subsidiaries in reference to dates subsequent to the Merger and to Old Alpha and its consolidated subsidiaries in reference to dates prior to the Merger.

You should read the following discussion and analysis in conjunction with our financial statements and related notes included elsewhere in this report and our Annual Report on Form 10-K for the year ended December 31, 2009.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This report includes statements of our expectations, intentions, plans and beliefs that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and are intended to come within the safe harbor protection provided by those sections. These statements, which involve risks and uncertainties, relate to analyses and other information that are based on forecasts of future results and estimates of amounts not yet determinable and may also relate to our future prospects, developments and business strategies. We have used the words "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "predict," "project," "should" and similar terms and phrases, including references to assumptions, in this report to identify forward-looking statements. These forward-looking statements are made based on expectations and beliefs concerning future events affecting us and are subject to uncertainties and factors relating to our operations and business environment, all of which are difficult to predict and many of which are beyond our control, that could cause our actual results to differ materially from those matters expressed in or implied by these forward-looking statements.

The following factors are among those that may cause actual results to differ materially from our forward-looking statements:

- worldwide market demand for coal, electricity and steel;
- global economic, capital market or political conditions, including a prolonged economic recession in the markets in which we operate;
- decline in coal prices;
- our liquidity, results of operations and financial condition;
- regulatory and court decisions;
- competition in coal markets;
- changes in environmental laws and regulations, including those directly affecting our coal mining and production, and those affecting our customers' coal usage, including potential carbon or greenhouse gas related legislation;
- changes in safety and health laws and regulations and the ability to comply with such changes;
- availability of skilled employees and other employee workforce factors, such as labor relations;
- the inability of our third-party coal suppliers to make timely deliveries and our customers refusing to receive coal under agreed contract terms;
- potential instability and volatility in worldwide financial markets;
- future legislation and changes in regulations, governmental policies or taxes or changes in interpretation thereof;
- inherent risks of coal mining beyond our control;
- disruption in coal supplies;
- the geological characteristics of the Powder River Basin, Central and Northern Appalachian coal reserves;
- our production capabilities and costs;
- our ability to successfully integrate operations that we may acquire or develop in the future;
- our plans and objectives for future operations and expansion or consolidation;
- the consummation of financing transactions, acquisitions or dispositions and the related effects on our business;

- our relationships with, and other conditions affecting, our customers;
- reductions or increases in customer coal inventories and the timing of those changes;
- changes in and renewal or acquisition of new long-term coal supply arrangements;
- railroad, barge, truck and other transportation availability, performance and costs;
- availability of mining and processing equipment and parts;
- disruptions in delivery or changes in pricing from third party vendors of goods and services which are necessary for our operations, such as fuel, steel products, explosives and tires;
- our assumptions concerning economically recoverable coal reserve estimates;
- our ability to obtain, maintain or renew any necessary permits or rights, and our ability to mine properties due to defects in title on leasehold interests;
- changes in postretirement benefit obligations, pension obligations and federal black lung obligations;
- increased costs and obligations potentially arising from the recently enacted Patient Protection and Affordable Care Act;
- fair value of derivative instruments not accounted for as hedges that are being marked to market;
- indemnification of certain obligations not being met;
- continued funding of the road construction business, related costs, and profitability estimates;
- restrictive covenants in our secured credit facility and the indentures governing the 7.25% notes due 2014 and the 2.375% convertible senior notes due 2015;
- certain terms of the 7.25% notes due 2014 and the 2.375% convertible senior notes due 2015, including any conversions, that may adversely impact our liquidity;
- weather conditions or catastrophic weather-related damage; and
- other factors, including the other factors discussed in “-Overview - Coal Pricing Trends, Uncertainties and Outlook” below, Part II, Item 1A, “Risk Factors” below and Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2009.

When considering these forward-looking statements, you should keep in mind the cautionary statements in this report and the documents incorporated by reference. We do not undertake any responsibility to release publicly any revisions to these forward-looking statements to take into account events or circumstances that occur after the date of this report. Additionally, we do not undertake any responsibility to update you on the occurrence of any unanticipated events, which may cause actual results to differ from those expressed or implied by the forward-looking statements contained in this report.

Overview

We are one of America’s premier coal suppliers, operating 62 mines and 14 coal preparation and load-out facilities in Northern and Central Appalachia and the Powder River Basin, with approximately 6,200 employees.

We produce, process, and sell steam and metallurgical coal from six business units located throughout Virginia, West Virginia, Kentucky, Pennsylvania, and Wyoming. We also sell coal produced by others, the majority of which we process and/or blend with coal produced from our mines prior to resale, providing us with a higher overall margin for the blended product than if we had sold the coals separately. Our sales of steam coal for the three months ended March 31, 2010 and 2009 accounted for approximately 88% and 61%, respectively, of our coal sales volume. Our sales of metallurgical coal for the three months ended March 31, 2010 and 2009, which generally sells at a premium over steam coal, accounted for approximately 12% and 39%, respectively, of our coal sales volume. The effect of the Merger on the relative percentages of coal sales volumes for three months ended March 31, 2010 is discussed below in “ Results of Operations-Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009 ” .

Our sales of steam coal for the three months ended March 31, 2010 and 2009 were made primarily to large utilities and industrial customers throughout the United States, and our sales of metallurgical coal were made primarily to steel companies in the Northeastern and Midwestern regions of the United States and in several countries in Europe, Asia and South America. Approximately 28% and 41% of our coal revenues combined with freight and handling revenues for the three months ended March 31, 2010 and 2009, respectively, were derived from sales made outside the United States, primarily in Brazil, Italy, Turkey, France, United Kingdom, Poland, and Canada.

In addition, we generate other revenues from equipment and parts sales and repair, Dry Systems Technologies equipment and filters, road construction, rentals, commissions, coal handling, terminal and processing fees, coal and environmental analysis fees, royalties, override royalty payments from a coal supply agreement now fulfilled by another producer and the sale of coalbed methane and natural gas. We also record revenue for freight and handling charges incurred in delivering coal to certain customers, for which we are reimbursed by our customers. As such, freight and handling revenues are offset by equivalent freight and handling costs and do not contribute to our profitability.

Our primary expenses are for operating supply costs, repair and maintenance expenditures, cost of purchased coal, royalties, current wages and benefits, postretirement and post employment benefits, freight and handling costs, and taxes incurred in selling our coal. Historically, our cost of coal sales per ton is lower for sales of our produced and processed coal than for sales of purchased coal that we do not process prior to resale.

We have two reportable segments, Eastern Coal Operations and Western Coal Operations. Eastern Coal Operations consists of our operations in Northern and Central Appalachia, our coal brokerage activities and our road construction business. Western Coal Operations consists of two Powder River Basin mines in Wyoming. Our All Other category includes an idled underground mine in Illinois; expenses associated with closed mines; Dry Systems Technologies; Coal Gas Recovery; equipment sales and repair operations; terminal services; the leasing of mineral rights and general corporate overhead.

Coal Pricing Trends, Uncertainties and Outlook

Our long-term outlook for the coal markets in the U.S. remains positive. The Energy Information Administration ("EIA") in its 2010 Annual Energy Outlook forecasts that coal-fired electrical generation will increase by an average annual growth rate of 2.2% through 2015. In 2010, however, the EIA estimates that electric power generation from coal will begin to recover from 2009 levels and grow at a rate of 1.0%. Long-term demand for coal and coal-based electricity generation in the U.S. will likely be driven by various factors such as the economy, increasing population, increasing demand to power residential electronics and plug-in hybrid electric vehicles, public demands for affordable electricity, the inability of renewable energy sources such as wind and solar to become the base load source of electric power, geopolitical risks associated with importing large quantities of global oil and natural gas resources, increasing demand for coal outside the U.S. resulting in increased exports and the relatively abundant steam coal reserves located within the United States. Despite the recent downturn to the U.S. and global economies, the International Monetary Fund's January 2010 World Economic Outlook forecasts U.S. annual GDP to grow 2.7% and 2.4% in 2010 and 2011, respectively.

According to the National Energy Technology Laboratory's ("NETL") January 2010 report on new coal-fired power plants, there are 13,755 megawatts of new coal-fired electrical generation under construction in the United States and 320 megawatts of new coal-fired electrical generation capacity near construction. This total new capacity will increase the annual coal consumption for electrical generation by an estimated 46 million tons, much of which is expected to be supplied from the Powder River Basin in Wyoming. Additionally, approximately 3,280 megawatts of coal-fired electrical generation are in the permitting phase and 26,233 megawatts of coal-fired electrical generation have been announced and are in the early stages of permitting and development.

Coal exports from the U.S. decreased from approximately 82 million tons in 2008 to approximately 59 million tons in 2009 in response to the worldwide economic downturn. Despite the decline in U.S. coal exports in 2009, export volumes were similar to 2007 levels due to the number of committed tons under contract. According to the EIA's 2009 International Energy Outlook ("IEO"), global primary energy demand will grow by 33% between 2010 and 2030, with coal demand rising most in absolute terms and fossil fuels accounting for most of the increase in demand between now and 2030. China and India have contributed more than half the increase in global demand for energy, and over 80% for coal, since 2000. The IEO estimates these two growing economies will contribute more than 50% of the increase in global energy demand and nearly 80% of the increase in global coal demand through 2030. The IEO has reached a general conclusion that dependence on coal for power rises strongly in countries with emerging economies and relatively large coal reserves, while it stagnates in the more developed nations and nations with smaller coal reserves.

Ultimately, the global demand for and use of coal may be limited by any global treaties which place restrictions on carbon dioxide emissions. As part of the United Nations Framework Convention on Climate Change, representatives from 187 nations, including the U.S., met in Bali, Indonesia in December 2007 to discuss a program to limit greenhouse gas emissions after 2012. The convention adopted the "Bali Road Map" that detailed a two-year process to finalizing a binding agreement in Copenhagen in 2009. In December 2009 participants gathered in Copenhagen to develop a framework for climate change mitigation beyond 2012. The principal output of the Copenhagen summit was the Copenhagen Accord, a document that is neither legally binding nor voted upon nor signed, but was simply "noted" by the 194 participating countries. Although the results from the Copenhagen summit were considered modest by many participants, the ultimate outcome of future summits, and any treaty or other arrangement ultimately adopted by the United States or other countries, may have a material adverse impact on the global demand for and supply of coal. This is particularly true if cost effective technology for the capture and storage of carbon dioxide is not sufficiently developed.

Proposed coal-fired electricity generating facilities that do not include technologies to capture and store carbon dioxide are facing increasing opposition from environmental groups as well as state and local governments who are concerned with global climate change and uncertain financial impacts of potential greenhouse gas regulations. Coal-fired generating plants incorporating carbon dioxide capture and storage technologies will be more expensive to build than conventional pulverized coal generating plants and the technologies are still in the developmental stages. This dynamic may cause power generating companies to cut back on plans to build coal-fired plants in the near term. Nevertheless, the desire to attain U.S. energy independence suggests the construction of new coal-fired generating facilities is likely to remain a viable option. This desire, coupled with heightened interest in coal gasification and coal liquefaction, is a potential indicator of increasing demand for coal in the United States.

Based on weekly production reporting through March 31, 2010 from the EIA, first quarter 2010 Appalachian production had declined by approximately 1.8% from the fourth quarter 2009. Compared to fourth quarter 2009, Western coal production decreased by approximately 2.5% in the first quarter of 2010. In Central Appalachia, delays with respect to permits to construct valley fills at surface mines and maintain water quality standards are likely to slow the permitting process for mining in that region with resultant uncertainties for producers. Average spot market prices for 2009 for Central Appalachian and Northern Appalachian coals decreased by approximately 51% and 50%, respectively, compared to 2008 prices. So far during 2010 prices for Central Appalachian coal have increased 5% while Northern Appalachian coal prices have increased 11%. Average spot market prices for Powder River Basin coal were down approximately 21% in 2009 from 2008, with the basin offering the least expensive fossil fuel on a dollar per Btu basis. Powder River Basin coal prices have rebounded from their 2009 lows and increased 23% in the first quarter of 2010. Long-term, the delicate balance of coal supply and increasing coal demand is expected to result in strong, but potentially volatile fundamentals for the U.S. coal industry.

Our revenues depend on the price at which we are able to sell our coal. The pricing environment for U.S. steam coal production in 2009 fell significantly below the high levels seen during 2008. However, recent steam coal market conditions indicate that supply and demand have largely come into balance and the forecasted upswing in demand may result in improved prices for suppliers. Prices for high quality metallurgical coal, used to manufacture coke for steelmaking, had deteriorated in 2009 in response to decreased worldwide demand for steel. However, strong global demand for steel, particularly in China and limited metallurgical coal supply, have created market conditions that have signaled increasing prices in 2010.

The worldwide economic slowdown and the volatility and uncertainty in the credit markets have had an impact on the demand for and price of coal. Global energy fundamentals, including the relative decline in demand and prices for both natural gas and crude oil have driven spot prices of coal lower in the marketplace. Steel manufacturers had shut-in significant capacity in the early part of 2009 due to the lack of near-term visibility around demand for steel for construction, automobile manufacturing and other down-stream products. Steel manufacturers appear to have completed destocking their inventories and steel plant utilization has steadily increased since the early part of 2009, which may signal strengthening demand for metallurgical coal in 2010. The relatively low price of natural gas is creating further competitive pressure on the demand for steam coal. A weak economic recovery could slacken demand for metallurgical and steam coals and could negatively influence pricing in the near-term. Longer-term, coal industry fundamentals remain intact. Coal has been the fastest growing fossil fuel for six consecutive years, and significant additional growth is expected worldwide. Seaborne coal has grown to nearly 1 billion tons annually, and U.S. exports will be needed to meet worldwide demand, particularly in China and India. In addition, the idling of coal mines due to weakened market conditions, and the resulting decrease in production, particularly in Central Appalachia, should better match production to demand. These factors should lead to a tighter market for coal, both globally and in the United States, in the coming years.

Our results of operations are dependent upon the prices we obtain for our coal as well as our ability to improve productivity and control costs. Principal goods and services include maintenance and repair parts and services, electricity, fuel, roof control and support items, explosives, tires, conveyance structure, ventilation supplies and lubricants.

Our management continues to aggressively control costs and strives to improve operating performance to mitigate external cost pressures. As is common in the current economic environment, we are experiencing volatility in operating costs related to fuel, explosives, steel, tires, contract services and healthcare and have taken measures to mitigate the increases in these costs at all operations. We have a centralized sourcing group for major supplier contract negotiation and administration, for the negotiation and purchase of major capital goods, and to support the business units. The supplier base has been relatively stable for many years, but there has been some consolidation. We are not dependent on any one supplier in any region. We promote competition between suppliers and seek to develop relationships with suppliers that focus on lowering our costs. We seek suppliers who identify and concentrate on implementing continuous improvement opportunities within their area of expertise. To the extent upward pressure on costs exceeds our ability to realize sales increases, or if we experience unanticipated operating or transportation difficulties, our operating margins would be negatively impacted. Employee labor costs have historically increased primarily due to the demands associated with attracting and retaining a workforce; however, recent stability in the marketplace has helped ease this situation. We may also continue to experience difficult geologic conditions, delays in obtaining permits, labor shortages, unforeseen equipment problems and shortages of critical materials such as tires and explosives that may result in adverse cost increases and limit our ability to produce at forecasted levels.

In March 2010, the Patient Protection and Affordable Care Act (“PPACA”) was enacted, potentially impacting the costs to provide healthcare benefits to our eligible active and certain retired employees and workers’ compensation benefits related to occupational disease resulting from coal workers’ pneumoconiosis (“Black Lung”). The PPACA has both short-term and long-term implications on healthcare benefit plan standards. Implementation of this legislation is planned to occur in phases, with plan standard changes taking effect beginning in 2010, but to a greater extent with the 2011 benefit plan year and extending through 2018.

In the short term, the PPACA eliminated the tax benefits available to employers that receive Medicare Part D subsidies beginning in years ending after December 31, 2012. As a result of this change in law, we reduced our deferred tax assets by $25.6 million, which was included in our total income tax expense for the three months ended March 31, 2010. Other plan standard changes that could affect us in the short term include raising the maximum age for covered dependents to receive benefits, the elimination of lifetime dollar limits per covered individual and restrictions on annual dollar limits per covered individual, among other standard requirements. Plan standard changes that could affect the Company in the long term include an excise tax on “high cost” plans and the elimination of annual dollar limits per covered individual, among other standard requirements.

We are currently analyzing this legislation to determine the full extent of the impact of the required plan standard changes on employee healthcare plans and the resulting costs. Beginning in 2018, the PPACA will impose a 40% excise tax on employers to the extent that the value of their healthcare plan coverage exceeds certain dollar thresholds for individuals and families. We anticipate that certain government agencies will provide additional regulations or interpretations concerning the application of this excise tax. Until these regulations or interpretations are published, it is impractical to reasonably estimate the impact of the excise tax on future healthcare costs or postretirement benefit obligations. Accordingly, as of March 31, 2010, we had not made any changes to the assumptions used to determine postretirement benefit obligations. With the exception of the excise tax, we do not believe any other plan standard changes will be significant to future healthcare costs for eligible active employees and postretirement benefit obligations for certain retired employees. However, we will need to continue to evaluate the impact of the PPACA in future periods as additional information and guidance becomes available.

The PPACA also amended previous legislation related to coal workers' pneumoconiosis, providing automatic extension of awarded lifetime benefits to surviving spouses and providing changes to the legal criteria used to assess and award claims. We evaluated the impact of these changes to our current population of beneficiaries and possible future claimants, and as a result re-measured the obligations for our self insured black lung plans as of March 31, 2010. The re-measurement resulted in an estimated $6.7 million increase to the obligation as of March 31, 2010 and included in Other non-current liabilities on the accompanying Condensed Consolidated Balance Sheets, with an offset to other comprehensive income.

For additional information regarding some of the risks and uncertainties that affect our business, see Item 1A "Risks Factors."

Results of Operations

As a result of the Merger, the quarterly results for the three months ended March 31, 2010 are not comparable to the three months ended March 31, 2009 due to the fact that the quarterly results for March 31, 2009 do not include the results of Foundation. To help understand the operating results for the quarter, the term "Foundation operations" refers to the results of Foundation on a stand-alone basis for the quarter ended March 31, 2010 and the term "legacy Alpha operations" refers to the results of Old Alpha on a stand-alone basis for quarter ended March 31, 2010. Additionally, the calculation of *Selling, general and administrative expenses* for both companies are not comparable calculations to the expenses that would have been calculated as separate entities due to certain intercompany allocations of the combined company. Unless specifically indicated otherwise, all amounts discussed in the following analysis of results of operations relate to amounts from continuing operations and do not include any amounts related to discontinued operations unless specifically identified. As previously reported, we closed our Kingwood operations in April 2009 and those operating results have been reported as discontinued operations for all periods. Unless specifically indicated otherwise, all amounts discussed in the following analysis of results of operations relate to amounts from continuing operations and do not include any amounts related to Kingwood.

EBITDA from continuing operations is defined as income from continuing operations plus interest expense, income tax expense, depreciation, depletion and amortization and amortization of acquired coal supply agreements, net, less interest income and income tax benefit. EBITDA from continuing operations is a non-GAAP measure used by management to measure operating performance, and management also believes it is a useful indicator of our ability to meet debt service and capital expenditure requirements. Because EBITDA from continuing operations is not calculated identically by all companies, our calculation may not be comparable to similarly titled measures of other companies.

The following table reconciles EBITDA from continuing operations to income from continuing operations, the most directly comparable GAAP measure:

	Three Months Ended March 31,	
	2010	2009
	(in thousands)	
Income from continuing operations	$ 14,670	$ 46,621
Interest expense	22,120	9,853
Interest income	(680)	(625)
Income tax expense	21,278	13,627
Depreciation, depletion and amortization	95,127	40,205
Amortization of acquired coal supply agreements, net	65,957	-
EBITDA from continuing operations	$ 218,472	$ 109,681

Three Months Ended March 31, 2010 Compared to the Three Months Ended March 31, 2009

Summary

Total revenues increased $436.0 million, or 90% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in total revenues consisted of the addition of $460.3 million in revenues from the Foundation operations, partially offset by a decrease of $24.3 million in revenues from the legacy Alpha operations. The decrease in revenues from the legacy Alpha operations was due to a decrease in coal revenues of $44.2 million, or 10%, partially offset by an increase in freight and handling revenues of $17.7 million, which are offset by an equivalent increase in freight and handling costs and a $2.2 million increase in other revenues.

Income from continuing operations decreased $32.0 million, or 69% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The decrease was largely due to an increase in operating costs and expenses of $447.8 million, increased interest expense of $12.3 million and $7.7 million in additional income tax expense. The increases in the expense items noted above were largely offset by the increase in total revenues of $436.0 million.

The increase in operating costs and expenses of $447.8 million consisted of the addition of $427.7 million in operating costs and expenses from the Foundation operations and an increase of $20.1 million in operating costs and expenses related to the legacy Alpha operations. The increase in operating costs and expenses of $20.1 million related to the legacy Alpha operations was due to increased freight and handling costs and other expenses of $18.9 million and increased selling, general and administrative expenses of $15.0 million, partially offset by decreases in cost of coal sales and depreciation, depletion and amortization of $6.6 million and $7.2 million, respectively. Operating costs and expenses related to the Foundation operations of $427.7 million consisted of $278.6 million of cost of coal sales, $66.0 million of amortization of acquired coal supply agreements, $62.1 million of depreciation, depletion and amortization expenses, $16.3 million of selling, general and administrative expenses, and $4.7 million of other miscellaneous expenses.

We sold 21.4 million tons of coal during the three months ended March 31, 2010 compared to 5.2 million tons in the prior year period, an increase of 16.2 million tons, or 313%. The 21.4 million tons sold during the three months ended March 31, 2010 consisted of 16.7 million tons from the Foundation operations and 4.7 million tons from the legacy Alpha operations. Total coal sales volume from the legacy Alpha operations decreased 0.5 million tons, or 11%, during the three months ended March 31, 2010 compared to the prior year period. The decrease in coal sales volume from the legacy Alpha operations consisted of a decrease in eastern steam coal sales volume of 0.8 million tons, or 25%, partially offset by an increase in metallurgical coal sales volume of 0.3 million tons, or 13%. The 16.7 million tons sold by the Foundation operations included 12.2 million tons of steam coal from our Western Coal Operations and 4.1 million tons of steam coal and 0.4 million tons of metallurgical coal from our Eastern Coal Operations, respectively.

The consolidated weighted average coal sales realization per ton for the three months ended March 31, 2010 was $38.91 compared to $82.36 for the three months ended March 31, 2009. The decrease was largely attributable to the inclusion of coal sales from our Western Coal Operations, which has a substantially lower coal sales realization per ton due to the difference in pricing for coal in the Powder River Basin and in the eastern coal basins. The difference in pricing between Powder River Basin coal and eastern basin coal is more fully explained in our segment analysis below. The weighted average coal sales realization per ton for the legacy Alpha operations was $82.53 for the three months ended March 31, 2010 compared to $82.36 for the three months ended March 31, 2009. The consolidated weighted average sales per ton during the three months ended March 31, 2010 reflects a higher proportion of metallurgical coal sales volumes to total coal sales volumes for the legacy Alpha operations compared to the prior year period. The weighted average coal sales realization per ton for the Foundation operations was $26.86, which reflects a high proportion of coal sales volumes from the Western Coal Operations at an average coal sales realization per ton of $10.81. Coal sales realization per ton for eastern steam coal was $65.28 and coal sales realization per ton for eastern metallurgical coal was $126.86 for the Foundation operations for the three months ended March 31, 2010.

Consolidated coal margin percentage, calculated as consolidated coal revenues less consolidated cost of coal sales (excluding closed or idled mines), divided by consolidated coal revenues, was 31% for the three months ended March 31, 2010 compared to 28% for the three months ended March 31, 2009. Coal margin percentage for the Foundation operations was 38% and coal margin percentage for the legacy Alpha operations was 22% for the three months ended March 31, 2010. Consolidated coal margin per ton, calculated as consolidated coal sales realization per ton less consolidated cost of coal sales per ton, was $12.15 for the three months ended March 31, 2010 compared to $23.02 for the three months ended March 31, 2009. Coal margin per ton for the Foundation operations was $10.22 per ton and coal margin per ton for the legacy Alpha operations was $18.42 per ton for the three months ended March 31, 2010.

Revenues

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009 [1]	Increase (Decrease) $ or Tons	Increase (Decrease) %
	(in thousands, except per ton data)			
Revenues from continuing operations:				
Coal revenues:				
Eastern steam	$ 439,012	$ 214,335	$ 224,677	105%
Western steam	132,076	-	132,076	NM
Metallurgical	260,178	211,468	48,710	23%
Freight and handling revenues	64,788	46,054	18,734	41%
Other revenues	25,950	14,102	11,848	84%
Total revenues	$ 922,004	$ 485,959	$ 436,045	90%
Tons sold from continuing operations:				
Eastern steam	6,514	3,146	3,368	107%
Western steam	12,215	-	12,215	NM
Metallurgical	2,636	2,024	612	30%
Total	21,365	5,170	16,195	313%
Coal sales realization per ton from continuing operations:				
Eastern steam	$ 67.40	$ 68.13	$ (0.73)	(1)%
Western steam	$ 10.81	$ -	$ 10.81	NM
Metallurgical	$ 98.70	$ 104.48	$ (5.78)	(6)%
Average	$ 38.91	$ 82.36	$ (43.45)	(53)%

1 - Adjusted from amounts reported in prior periods for the reclassification of the change in fair value of derivative instruments and contract settlements. See Note 1 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.

Coal revenues. Coal revenues increased $405.5 million, or 95% for the three months ended March 31, 2010 compared to the prior year period. The increase in coal revenues consisted of the addition of $449.7 million related to the Foundation operations, partially offset by a decrease of $44.2 million related to the legacy Alpha operations. The decrease of $44.2 million, or 10%, in coal revenues related to the legacy Alpha operations was due to a $47.3 million decrease in eastern steam coal revenue partially offset by a $3.1 million increase in metallurgical coal revenue. The decrease in eastern steam coal revenue related to the legacy Alpha operations was due to lower coal sales volumes of 0.8 million tons primarily related to lower brokered coal activity. Metallurgical coal revenues related to legacy Alpha operations increased $3.2 million as a result of a 0.3 million ton increase in coal sales volumes due to strengthening demand for coking coal from steel producers and a more recent rise in demand in the export market. The $449.7 million in coal revenues from the Foundation operations included $272.0 million in eastern steam coal revenues, $132.1 million in western steam coal revenues and $45.6 million in metallurgical coal revenues.

Our sales mix of metallurgical coal and steam coal based on volume for the three months ended March 31, 2010 was 12% and 88%, respectively, compared with 39% and 61%, respectively, for the three months ended March 31, 2009. The sales mix of metallurgical coal and steam coal based on volume for the legacy Alpha operations for the three months ended March 31, 2010 was 49% and 51%, respectively, compared to 39% and 61%, respectively, in the prior year period. The sales mix of metallurgical coal and steam coal for the Foundation operations was 2% and 98%, respectively, for the three months ended March 31, 2010. For the three months ended March 31, 2010, approximately 31% of consolidated coal revenues were derived from the sale of metallurgical coal compared with 50% in the prior year period.

Freight and handling revenues. Freight and handling revenues were $64.8 million for the three months ended March 31, 2010, an increase of $18.7 million compared to the three months ended March 31, 2009. The increase was due to higher export and domestic shipments combined with higher export shipping rates, partially offset by lower domestic shipment rates from the prior year period. These revenues are primarily related to the legacy Alpha operations and are offset by equivalent costs and do not contribute to our profitability.

Other revenues. Other revenues increased $11.8 million, or 84% for the three month period ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in other revenue consisted of the addition of $9.7 million from the Foundation operations and an increase of $2.1 million from the legacy Alpha operations. The increase of $2.1 million from the legacy Alpha operations was due to increased coal processing fees and increased revenues on contract settlements. Other revenues of $9.7 million from the Foundation operations consisted of revenues related to our Dry Systems Technology of $2.2 million, Coal Gas Recovery businesses of $2.3 million, $1.9 million in royalties and $3.3 million of other miscellaneous revenues.

Costs and Expenses

	Three Months Ended March 31,		Increase (Decrease)	
	2010	2009 [1]	$ or Tons	%
	(in thousands, except per ton data)			
Cost of coal sales (exclusive of items shown separately below)	$ 575,067	$ 303,025	$ 272,042	90%
Freight and handling costs	64,788	46,054	18,734	41%
Other expenses	15,684	10,849	4,835	45%
Depreciation, depletion and amortization	95,127	40,205	54,922	137%
Amortization of acquired coal supply agreements, net	65,957	-	65,957	NM
Selling, general and administrative expenses (exclusive of depreciation, depletion and amortization shown separately above)	47,789	16,466	31,323	190%
Total costs and expenses	$ 864,412	$ 416,599	$ 447,813	107%
Cost of coal sales per ton:				
Eastern coal operations [(1)]	$ 50.64	$ 59.34	$ (8.70)	(15)%
Western coal operations [(2)]	$ 8.86	$ -	$ 8.86	NM
Average	$ 26.76	$ 59.34	$ (32.58)	(55)%

1 - Adjusted from amounts reported in prior periods for the reclassification of the change in fair value of derivative instruments and contract settlements. See Note 1 to the Condensed Consolidated Financial Statements included elsewhere in this Quarterly Report on Form 10-Q.
2 - Cost of coal sales per ton for Eastern and Western coal operations includes only costs associated with active mines.

Cost of coal sales. Cost of coal sales increased $272.0 million, or 90% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in cost of coal sales for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 consisted of the inclusion of $278.6 million from the Foundation operations, partially offset by a decrease of $6.6 million from the legacy Alpha operations. The decrease of $6.6 million in cost of coal sales related to the legacy Alpha operations was primarily due to a decrease in purchased coal expense, lower repairs and maintenance, lower operating supplies and a decrease in other variable expenses due to lower eastern steam coal sales volumes. The weighted average total cost of coal sales per ton was $26.76 for the three months ended March 31, 2010 a decrease of 55% compared to $59.34 for the three months ended March 31, 2009. Cost of coal sales per ton for the legacy Alpha operations increased approximately 8% to $64.11 per ton primarily related to the higher percentage of metallurgical coal sales mix in the three months ended March 31, 2010 compared to the prior year period.

The weighted average cost of coal sales per ton for three months ended March 31, 2010 for the Foundation operations was $19.00, which reflects a high proportion of coal sales volumes from the Western Coal Operations, which had an average cost of coal sales per ton of $8.86. Cost of coal sales per ton for the Eastern Coal Operations related to the Foundation operations was $48.71 for the three months ended March 31, 2010.

Freight and handling costs. Freight and handling costs were $64.8 million for the three months ended March 31, 2010, an increase of $18.7 million compared to the three months ended March 31, 2009. The increase was due to higher export and domestic shipments combined with higher export shipping rates, partially offset by lower domestic shipment rates from the prior year comparable period. These costs are primarily related to the legacy Alpha operations and are offset by equivalent revenue and do not contribute to our profitability.

Other expenses. Other expenses increased $4.8 million, or 45%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase consisted of $3.6 million from the Foundation operations and a $1.2 million increase in other expenses related to the legacy Alpha operations. Other expenses of $3.6 million related to the Foundation operations consisted of mark-to-market gains on our derivative swap agreements and expenses for our Dry Systems Technology and Coal Gas Recovery businesses.

Depreciation, depletion and amortization. Depreciation, depletion, and amortization increased $54.9 million, or 137% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase consisted of $62.1 million of depreciation, depletion and amortization expense from the Foundation operations, partially offset by a $7.2 million decrease in depreciation, depletion and amortization expense from the legacy Alpha operations. The decrease of $7.2 million from the legacy Alpha operations was due to lower depletion expense of $2.3 million due to lower tons produced and lower depreciation and amortization expense on property, equipment and mine development costs. Depreciation, depletion, and amortization of $62.1 million related to the Foundation operations consisted of $38.6 million of depreciation and amortization of property, equipment and mine development costs and $23.5 million of depletion expense.

Amortization of acquired coal supply agreements, net. Application of acquisition accounting in connection with the Merger resulted in the recognition of a significant asset for above market-priced coal supply agreements and a liability for below market-priced coal supply agreements on the date of the acquisition. The coal supply agreement assets and liabilities are being amortized over the actual amount of tons shipped under each contract. Amortization of acquired coal supply agreements, net was $66.0 million for the three months ended March 31, 2010.

Selling, general and administrative expenses. Selling, general and administrative expenses increased $31.3 million, or 190% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in selling, general and administrative expenses consisted of the addition of $16.3 million in expenses from the Foundation operations and an increase of $15.0 million related to the legacy Alpha operations. The increase of $15.0 million related to the legacy Alpha operations was due to legal and professional fees of $4.5 million primarily related to consulting and integration costs, increased employee compensation of $6.2 million, including a $2.2 million increase in non-cash stock-based compensation and $4.3 million of other miscellaneous expenses including severance and relocation-related costs. Consolidated selling, general and administrative expenses for the three months ended March 31, 2010 included approximately $4.2 million of expenses related to the Merger.

Interest expense. Interest expense increased $12.3 million, or 125% during the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in interest expense consisted of the addition of $12.6 million from the Foundation operations, partially offset by a decrease of $0.3 million from the legacy Alpha operations. The decrease of $0.3 million from the legacy Alpha operations was primarily due to the decrease in cash interest expense and amortization of deferred loan fees associated with the legacy Alpha term loan that was paid off subsequent to the Merger, partially offset by an increase in interest expense associated with the realized losses due to the changes in fair value of the legacy Alpha interest rate swap that was de-designated as a cash flow hedge as a result of paying off the legacy Alpha term loan. Interest expense related to the Foundation operations primarily consisted of interest expense from the outstanding term loan due 2011, the outstanding 7.25% notes due 2014 and accretion of debt discount.

Interest income. Interest income increased by $0.1 million, or 9% for the three months ended March 31, 2010 compared to the three months ended March 31, 2009.

Miscellaneous income (expense), net. Miscellaneous income (expense), net was ($0.2) million for the three months ended March 31, 2010 and $0.1 million for the three months ended March 31, 2009.

Income tax expense. Income tax expense from continuing operations of $21.3 million was recorded for the three months ended March 31, 2010 on income from continuing operations before income taxes of $35.9 million, which equates to an effective tax rate of 59.3%. This rate is higher than the federal statutory rate of 35% due primarily to a $25.6 million deferred tax charge required for the legislative change related to the deductibility of retiree prescription drug expenses (Medicare Part D), partially offset by the tax benefits associated with percentage depletion and the domestic production activities deduction. Income tax expense from continuing operations of $13.6 million was recorded for the three months ended March 31, 2009 on income from continuing operations before income taxes of $60.2 million, which equates to an effective tax rate of 22.6%. This rate is lower than the federal statutory rate of 35% due primarily to the tax benefits associated with percentage depletion.

Discontinued operations . Loss from discontinued operations for the three months ended March 31, 2010 was $0.6 million, net of tax, compared to a loss from discontinued operations of $5.7 million, net of tax, for the three months ended March 31, 2009.

Segment Analysis

The price of coal is influenced by many factors that vary by region. Such factors include, but are not limited to: (1) coal quality, which includes energy (heat content), sulfur, ash, volatile matter and moisture content; (2) transportation costs; (3) regional supply and demand; (4) available competitive fuel sources such as natural gas, nuclear or hydro; and (5) production costs, which vary by mine type, available technology and equipment utilization, productivity, geological conditions, and mine operating expenses.

The energy content or heat value of coal is a significant factor influencing coal prices as higher energy coal is more desirable to consumers and typically commands a higher price in the market. The heat value of coal is commonly measured in British thermal units or the amount of heat needed to raise the temperature of one pound of water by one degree Fahrenheit. Coal from the Eastern and Midwest regions of the United States tends to have a higher heat value than coal found in the Western United States.

Powder River Basin coal, with its lower energy content, lower production cost and often greater distance to travel to the consumer, typically sells at a lower price than Northern and Central Appalachian coal that has a higher energy content and is often located closer to the end user.

	Three Months Ended March 31,		Increase (Decrease)	
	2010	2009	$ or Tons	%
	(in thousands, except per ton data)			
Western Coal Operations				
Steam tons sold	12,215	-	12,215	NM
Steam coal sales realization per ton	$ 10.81	$ -	$ 10.81	NM
Total revenues	$ 134,091	$ -	$ 134,091	NM
EBITDA from continuing operations	$ 20,727	$ -	$ 20,727	NM
Eastern Coal Operations				
Steam tons sold	6,514	3,146	3,368	107%
Metallurgical tons sold	2,636	2,024	612	30%
Steam coal sales realization per ton	$ 67.40	$ 68.13	$ (0.73)	(1)%
Metallurgical coal sales realization per ton	$ 98.70	$ 104.48	$ (5.78)	(6)%
Total revenues	$ 777,009	$ 479,875	$ 297,134	62%
EBITDA from continuing operations	$ 209,469	$ 100,847	$ 108,622	108%

Western Coal Operations – Our Western Coal Operations are located in the southern Powder River Basin of Wyoming and were acquired in the Merger and therefore, we do not have reported comparative results. We operate two large open-pit mines at Belle Ayr and Eagle Butte and produce steam coal for shipment primarily to utilities. EBITDA from continuing operations for our Western Coal Operations was $20.7 million for the three months ended March 31, 2010, which included $132.1 million in coal revenues and $108.3 million in cost of coal sales. Coal sales realization per ton was $10.81 and coal sales volumes were 12.2 million tons.

Eastern Coal Operations – Our Eastern Coal Operations are located in Pennsylvania, West Virginia, Virginia and Kentucky and produce steam coal that is sold primarily to electric utilities and industrial customers. Our Eastern Coal Operations also produces metallurgical coal that is sold primarily to steel producers. Steam coal sales volumes from our Eastern Coal Operations increased 3.4 million tons, or 107%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in steam coal sales volumes consisted of 4.2 million tons from the Foundation operations, partially offset by a decrease of 0.8 million tons from the legacy Alpha operations. The 0.8 million decrease in steam coal sales volumes from the legacy Alpha operations is primarily due to lower brokered coal activity. The Foundation operations shipped 4.2 million tons of steam coal for the three months ended March 31, 2010, which included 3.5 million tons from our Pennsylvania Services business unit and 0.7 million tons from the Foundation mines included in our Northern West Virginia business unit.

Steam coal sales realization per ton at our Eastern Coal Operations slightly decreased $0.73, or 1%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. Steam coal sales realization per ton for the legacy Alpha operations was $71.15, an increase of $3.02 per ton, or 4%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009 reflecting shipments on higher priced contracts compared to the prior year. The average steam coal sales realization per ton for the Foundation operations was $65.28 per ton, which included coal sales realization per ton of $63.65 from our Pennsylvania Services business unit and $72.74 from the Foundation mines included in our Northern West Virginia business unit.

Metallurgical coal sales volumes from our Eastern Coal Operations increased 0.6 million tons, or 30%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The increase in metallurgical coal sales volumes consisted of an increase of 0.3 million tons from the legacy Alpha operations combined with 0.3 million tons shipped from the Foundation operations. The 0.3 million increase in metallurgical coal sales volumes from the legacy Alpha operations is due primarily to a recent increase in demand for coking coal from steel producers and a recent rise in demand in the export markets. The Foundation operations shipped 0.3 million tons for the three months ended March 31, 2010, all of which was shipped from Foundation mines included in our Northern West Virginia business unit.

Metallurgical coal sales realization per ton at our Eastern Coal Operations decreased $5.78, or 6%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The decrease was due to a decrease in coal sales realization per ton for the legacy Alpha operations, partially offset by higher relative coal sales realization per ton from the Foundation operations. Coal sales realization per metallurgical ton for the legacy Alpha operations was $94.26, a decrease of $10.22 per ton, or 10%, for the three months ended March 31, 2010 compared to the three months ended March 31, 2009. The average coal sales realization per metallurgical ton for the Foundation operations was $126.86 per ton.

EBITDA from continuing operations for the three months ended March 31, 2010 for our Eastern Coal Operations increased $108.6 million, or 108% compared to the three months ended March 31, 2009. The increase was primarily due to increased total revenues of $297.1 million, partially offset by increased cost of coal sales of $156.6 million, higher selling, general and administrative expenses of $9.5 million, and increased freight and handling expenses of $18.7 million which are offset by an equivalent amount of freight and handling revenues, and increased other expenses of $3.7 million. The increase in total revenues was largely due to the increase in coal sales volumes of both metallurgical coal and steam coal of 0.6 million and 3.4 million tons, respectively.

Liquidity and Capital Resources

Our primary liquidity and capital resource requirements stem from the cost of our coal production and purchases, our annual capital expenditures, our income taxes, and our debt service and reclamation obligations. Our primary sources of liquidity have been from sales of our coal production; borrowings under our credit facility (see "—Credit Agreement and Long-term debt"), note issuances, sales of our common stock; and to a much lesser extent, sales of purchased coal to customers, cash from sales of non-core assets and miscellaneous revenues.

We believe that cash on hand, cash generated from our operations and borrowings available under our credit facility will be sufficient to meet our working capital requirements, anticipated capital expenditures, debt service requirements and reclamation obligations for at least the next twelve months.

At March 31, 2010, we had available liquidity of $1,207.6 million, including cash and cash equivalents of $493.8 million, marketable securities of $157.4 million and $556.4 million of unused revolving credit facility commitments available under the Alpha Credit Facility (after giving effect to $93.6 million of letters of credit outstanding as of March 31, 2010), subject to limitations described in that agreement. Our total long-term debt, including discount, was $785.1 million at March 31, 2010.

We sponsor pension plans in the United States for salaried and non-union hourly employees. For these plans, the Pension Protection Act of 2006 ("Pension Act") requires a funding target of 100% of the present value of accrued benefits. The Pension Act includes a funding target phase-in provision that establishes a funding target of 92% in 2008, 94% in 2009, 96% in 2010 and 100% thereafter for defined benefit pension plans. Generally, any such plan with a funding ratio of less than 80% will be deemed at risk and will be subject to additional funding requirements under the Pension Act. Annual funding contributions to the plans are made as recommended by consulting actuaries based upon the ERISA funding standards. Plan assets consist of equity and fixed income funds, real estate funds, private equity funds and alternative investment funds. We are required to measure plan assets and benefit obligations as of the date of our fiscal year-end balance sheet and recognize the overfunded or underfunded status of a defined benefit pension and other postretirement plans (other than a multi-employer plan) as an asset or liability in our balance sheet and recognize changes in that funded status in the year in which the changes occur through other comprehensive (loss) income. The recent economic downturn caused investment income and the value of investment assets held in our pension trust to decline and lose value. As a result, depending on economic recovery and growth in the value of our invested assets, we may be required to increase the amount of cash contributions into the pension trust in order to comply with the funding requirements of the Pension Act. We currently expect to make contributions in 2010 of approximately $30.0 million to maintain at least an 80% funding ratio.

In connection with the Merger, we assumed the obligations for a federal coal lease, which contains an estimated 224.0 million tons of proven and probable coal reserves in the Powder River Basin. The original lease bonus bid was $180.5 million, payable in five equal annual installments of $36.1 million. The three remaining annual installments of $36.1 million each are due on May 1, the anniversary date of the lease in 2010, 2011 and 2012.

With respect to global economic events, there continues to be uncertainty in the financial markets and this uncertainty brings potential liquidity risks to the Company. Such risks include additional declines in our stock value, less availability and higher costs of additional credit, potential counterparty defaults and further commercial bank failures. Although the majority of the financial institutions in our bank credit facility appear to be strong, there are no assurances of their continued existence. However, we have no current indication that any such uncertainties would impact our current credit facility, and in April 2010, we increased the amount available under our revolver by $300.4 million as a result of amending and extending our credit facility (See Note 6). The credit worthiness of our customers is constantly monitored by us. We believe that our current group of customers are sound and represent no abnormal business risk.

In March 2010, we filed a shelf registration statement on Form S-3 with the Securities and Exchange Commission that provides us the flexibility to raise additional debt and/or equity capital through the sale or issuance of a number of different classes of securities. Any such transaction would be accompanied by the filing of a prospectus supplement and other documents describing the material terms of the offering as required by the rules and regulations of the Securities and Exchange Commission.

Accounts Receivable Securitization

As of March 31, 2010, letters of credit in the amount $143.5 million were outstanding under the A/R Facility and no cash borrowing transactions had taken place. As outstanding letters of credit exceeded borrowing capacity as of March 31, 2010, the Company was required to provide additional collateral in the form of less than $0.1 million of restricted cash, which is included in prepaid expenses and other current assets, to secure outstanding letters of credit.

Cash Flows

Cash and cash equivalents increased by $28.0 million for the three months ended March 31, 2010. The net change in cash and cash equivalents was attributable to the following:

	Three Months Ended March 31,	
	2010	**2009**
Cash Flows (in thousands)		
Net cash provided by operating activities	$ 143,250	$ 43,750
Net cash used in investing activities	(101,300)	(19,762)
Net cash used in financing activities	(13,984)	(7,492)
Net increase in cash and cash equivalents	$ 27,966	$ 16,496

Our primary sources of liquidity have been from sales of our coal production; borrowings under our credit facility, sales of our common stock, and to a much lesser extent, sales of purchased coal to customers, sales of non-core assets and miscellaneous revenues.

Our primary uses of cash have been our cash production costs, capital expenditures, interest costs, cash payments for employee benefit obligations such as retiree health care benefits, cash payments related to our reclamation obligations and support of working capital requirements such as trade accounts receivable, coal inventories and trade accounts payable. Our ability to service debt and acquire new productive assets for use in our operations has been and will be dependent upon our ability to generate cash from our operations. We generally fund all of our capital expenditure requirements with cash generated from operations. Historically, we have engaged in minimal financing of assets such as through operating leases.

Net cash provided by operating activities, including discontinued operations for the three months ended March 31, 2010, was $143.3 million, an increase of $99.5 million from the $43.8 million of net cash provided by operations for the three months ended March 31, 2009. Non-cash amounts included in net income for the three months ended March 31, 2010 increased $133.3 million over the three months ended March 31, 2009. The decrease in operating assets and liabilities of $33.8 million for the three months ended March 31, 2010 as compared to the same period in 2009 primarily related to the $76.2 million increase in trade accounts receivable, the increase of $11.5 million in inventories, the $6.9 million decrease in pension and postretirement medical benefit obligations, partially offset by a decrease in prepaid expenses and other current assets of $24.7 million, an increase of accrued expenses and other current liabilities of $25.6 million, and an increase of $19.0 million for trade accounts payable.

Net cash used in investing activities, including discontinued operations, for the three months ended March 31, 2010 was $101.3 million , which included $60.9 million in capital expenditures, $38.2 million in net purchases of marketable securities and a $3.0 million investment in a joint venture that is accounted for using the equity-method of accounting. Net cash used in investing activities for the three months ended March 31, 2009 included $18.1 million in capital expenditures and $1.8 million used to acquire a company. Capital expenditures in the three months ended March 31, 2010 increased primarily due to $35.2 million in capital expenditures related to the Foundation operations and an increase of $7.6 million related to the legacy Alpha operations.

Net cash used in financing activities, including discontinued operations, for the three months ended March 31, 2010 was $14.0 million, which included $15.7 million in common stock repurchases related to the withholding of the minimum statutory tax due for the vesting of stock-based awards, $3.3 million in proceeds from the exercise of stock options, $6.7 million of excess tax benefits related to stock-based awards and a principal payment of $8.3 million on our term loan. Net cash used in financing activities for the three months ended March 31, 2009 included $5.4 million principal payments of notes payable and $2.0 million in common stock repurchases related to the withholding of the minimum tax due for the vesting of stock-based awards.

Credit Agreement and Long-term Debt

As of March 31, 2010, our total long-term indebtedness consisted of the following (in thousands):

	March 31, 2010
Term loan due 2011	$ 276,375
7.25% senior notes due 2014	298,285
2.375% convertible senior note due 2015	287,500
Debt discount	(77,023)
Total long-term debt	785,137
Less current portion	(33,500)
Long-term debt, net of current portion	$ 751,637

Alpha Credit Facility

We have a credit facility consisting of a $650.0 million secured revolving credit line and a $335.0 million secured term loan due 2011 (the "Alpha Credit Facility"). As of March 31, 2010, letters of credit in the amount of $93.6 million were outstanding under the revolving credit line, and our term loan due 2011 had a carrying value of $274.7 million, net of debt discount of $1.7 million, with $33.5 million classified as current portion of long-term debt.

On April 15, 2010, Alpha and its lenders amended and restated the Alpha Credit Facility (the "Amend and Extend"). The Amend and Extend, among other things, extends the maturity of $236.8 million of the then outstanding term loans and $554.0 million of existing revolving credit facility commitments from July 7, 2011 to July 31, 2014. The Amend and Extend added $300.4 million of additional revolving credit facility borrowing capacity with a maturity of July 31, 2014, to increase the aggregate principal amount available to be drawn under the revolving credit facility at the close of the Amend and Extend to $950.4 million, of which $96.0 million was not extended and will mature on July 7, 2011. Additionally, the Amend and Extend increases the amount of the "accordion" feature of the Alpha Credit Facility to $400.0 million, all of which will be available for exercise following the closing of the Amend and Extend. Finally, the Amend and Extend makes other changes to the Alpha Credit Facility, including increases to certain baskets under the negative covenants to provide us greater financial and operating flexibility.

The Alpha Credit Facility places certain restrictions on us. See "—Analysis of Material Debt Covenants."

2.375% Convertible Senior Notes Due June 2015

Old Alpha issued its 2.375% convertible senior notes due 2015 with an aggregate principal amount of $287.5 million (the "Convertible Notes") under an indenture dated as of April 7, 2008, as supplemented. Following completion of the Merger, we assumed Old Alpha's obligations in respect of the Convertible Notes by executing a supplemental indenture, dated as of July 31, 2009, among Old Alpha, as issuer, Alpha, as successor issuer, and Union Bank of California ("UBOC"), as trustee. As of March 31, 2010, we had $287.5 million aggregate principal amount of Convertible Notes outstanding.

The Convertible Notes are our senior unsecured obligations and rank equally with all of our existing and future senior unsecured indebtedness. The Convertible Notes are effectively subordinated to all of our existing and future secured indebtedness and all existing and future liabilities of our subsidiaries, including trade payables. The Convertible Notes bear interest at a rate of 2.375% per annum, payable semi-annually in arrears on April 15 and October 15 of each year, which began on October 15, 2008 and will mature on April 15, 2015, unless previously repurchased by us or converted. The Convertible Notes are convertible in certain circumstances and in specified periods at an initial conversion rate of 18.2962 shares of common stock per $1,000 principal amount of Convertible Notes, subject to adjustment upon the occurrence of certain events set forth in the Indenture. Upon conversion of the Convertible Notes, holders will receive cash up to the principal amount of the notes to be converted, and any excess conversion value will be delivered in cash, shares of common stock, or a combination thereof, at our election.

The indenture governing the Convertible Notes contains customary terms and covenants, including that upon certain events of default occurring and continuing, either UBOC or the holders of not less than 25% in aggregate principal amount of the Convertible Notes then outstanding may declare the principal of the Convertible Notes and any accrued and unpaid interest thereon immediately due and payable. In the case of certain events of bankruptcy, insolvency or reorganization relating to Alpha, the principal amount of the Convertible Notes together with any accrued and unpaid interest thereon will automatically become due and immediately payable.

As a result of the Merger, the Convertible Notes became convertible at the option of the holders beginning on June 18, 2009, and remained convertible through August 30, 2009. However, no notes were converted during the conversion period. The Convertible Notes were not convertible as of March 31, 2010 and as a result have been classified as long-term debt.

7.25% Senior Notes Due August 1, 2014

In connection with the Merger, we assumed $298.3 million aggregate principal amount of 7.25% senior notes guaranteed on a senior unsecured basis by Foundation Coal Corporation ("FCC"), an indirect parent of the issuer, Foundation PA Coal Company, LLC ("Foundation PA"), and certain of its subsidiaries. The notes pay interest semi-annually and are redeemable at the Company's option, at a redemption price equal to 103.625%, 102.417%, 101.208%, and 100% of the principal amount if redeemed during the twelve months periods beginning August 1, 2009, 2010, 2011 and 2012, respectively, plus accrued interest. The notes mature on August 1, 2014 (the "2014 Notes"). As a result of the Merger, Foundation PA and FCC became our subsidiaries.

On July 31, 2009, in connection with the Merger, Alpha and certain of its subsidiaries executed a supplemental indenture pursuant to which we assumed the obligations of FCC in respect of the 2014 Notes and, along with such subsidiaries, became obligated as guarantors on the indenture governing the 2014 Notes. On August 1, 2009, in connection with the Merger, FCC merged with and into Alpha. As of March 31, 2010, the outstanding balance of the 2014 Notes was $297.1 million, which is net of the debt discount of $1.2 million.

The indenture governing the 2014 Notes places certain restrictions on Alpha. See "—Analysis of Material Debt Covenants."

Analysis of Material Debt Covenants

We were in compliance with all covenants under the Alpha Credit Facility and the indenture governing the 2014 Notes as of March 31, 2010. A breach of the covenants in the Alpha Credit Facility or the 2014 Notes, including the financial covenants under the Alpha Credit Facility that measure ratios based on Adjusted EBITDA, could result in a default under the Alpha Credit Facility or the 2014 Notes and the respective lenders and noteholders could elect to declare all amounts borrowed due and payable. Any acceleration under either the Alpha Credit Facility or the 2014 Notes would also result in a default under the indenture governing our Convertible Notes. Additionally, under the Alpha Credit Facility and the 2014 Notes, our ability to engage in activities such as incurring additional indebtedness, making investments and paying dividends is also tied to ratios based on Adjusted EBITDA.

Covenants and required levels set forth in the Alpha Credit Facility are:

	Actual Covenant Levels; Period Ended March 31, 2010	Required Covenant Levels; January 1, 2009 and Thereafter
Adjusted EBITDA to cash interest ratio	13.6x	2.5x
Total debt less unrestricted cash to adjusted EBITDA ratio	0.5x	3.5x

Adjusted EBITDA is defined as EBITDA further adjusted to exclude certain non-cash items, non-recurring items, and other adjustments permitted in calculating covenant compliance under the Alpha Credit Facility. EBITDA, a measure used by management to evaluate its ongoing operations for internal planning and forecasting purposes, is defined as net income (loss) from operations plus interest expense, income tax expense, amortization of acquired coal supply agreements and depreciation, depletion and amortization, less interest income and income tax benefit. EBITDA is not a financial measure recognized under United States generally accepted accounting principles and does not purport to be an alternative to net income as a measure of operating performance or to cash flows from operating activities as a measure of liquidity. The amounts shown for EBITDA as presented may differ from amounts calculated and may not be comparable to other similarly titled measures used by other companies.

Certain non-cash items that may adjust EBITDA in the compliance calculation are: (a) accretion on asset retirement obligations; (b) amortization of intangibles; (c) any long-term incentive plan accruals or any non-cash compensation expense realized from grants of stock appreciation or similar rights, stock options or other rights to officers, directors and employees; and (d) gains or losses associated with the change in fair value of derivative instruments. Certain non-recurring items that may adjust EBITDA in the compliance calculation are: (a) business optimization expenses or other restructuring charges; (b) non-cash impairment charges; (c) certain non-cash expenses or charges arising as a result of the application of acquisition accounting; (d) non-cash charges associated with loss on early extinguishment of debt; and (e) charges associated with litigation, arbitration, or contract settlements. Certain other items that may adjust EBITDA in the compliance calculation are: (a) after-tax gains or losses from discontinued operations; (b) franchise taxes; and (c) other non-cash expenses that do not represent an accrual or reserve for future cash expense.

The Alpha Credit Facility requires us to use pro forma results for the calculation of adjusted EBITDA representative of a four quarter rolling total. The pro forma four quarter rolling EBITDA total is comprised of the historical results of Old Alpha, adjusted for the pro forma EBITDA results of Foundation calculated in accordance with the Alpha Credit Facility for the quarter June 30, 2009, plus EBITDA of Alpha for the quarters ended September 30, 2009, December 31, 2009 and March 31, 2010. Pro forma EBITDA is then adjusted for the items described above based on the same pro forma methodology for EBITDA to derive adjusted EBITDA. The calculation of adjusted EBITDA shown below is based on our pro-forma results of operations in accordance with the Alpha Credit Facility and therefore, is different from EBITDA presented elsewhere in this Quarterly Report on Form 10-Q.

	Three Months Ended				Twelve Months Ended
	June 30, 2009	September 30, 2009	December 31, 2009	March 31, 2010	March 31, 2010
			(in thousands)		
Net income (loss)	$ 15,359	$ (16,265)	$ 17,947	$ 14,041	$ 31,082
Interest expense	10,166	42,835	19,971	22,120	95,092
Interest income	(355)	(295)	(494)	(680)	(1,824)
Income tax expense (benefit)	4,583	(46,885)	(8,230)	20,860	(29,672)
Amortization of acquired coal supply agreements, net	-	57,983	69,625	65,957	193,565
Depreciation, depletion and amortization	36,537	78,749	97,716	95,137	308,139
EBITDA	66,290	116,122	196,535	217,435	596,382
Pro forma Foundation - EBITDA (1)	106,083	-	-	-	106,083
Pro forma EBITDA (1)	172,373	116,122	196,535	217,435	702,465
Pro forma non-cash charges (1)	(9,103)	20,439	7,397	12,177	30,910
Pro forma extraordinary or non-recurring items (1)	445	34,953	4,827	273	40,498
Pro forma other adjustments (1)	(8,302)	2,375	2,485	3,048	(394)
Adjusted EBITDA	$ 155,413	$ 173,889	$ 211,244	$ 232,933	$ 773,479

(1) Calculated in accordance with the Alpha Credit Facility

Adjusted EBITDA to cash interest ratio	13.6
Total debt less unrestricted cash to adjusted EBITDA ratio	0.5

Cash interest is calculated in accordance with the Alpha Credit Facility and is equal to interest expense less interest income and non-cash interest expense. Cash interest for the twelve months ended March 31, 2010 has been calculated from the results of Old Alpha, adjusted for the pro forma results of Foundation, for the quarter ended June 30, 2009, and the results of Alpha for the quarters ended September 30, 2009, December 31, 2009, and March 31, 2010.

Cash interest for the twelve months ended March 31, 2010 is calculated as follows (in thousands):

Interest expense	$ 95,092
Pro forma Foundation interest expense (1)	9,046
Less Interest income	(1,824)
Less pro forma Foundation interest income (1)	(18)
Less non-cash interest expense	(43,946)
Less pro forma Foundation non-cash interest expense (1)	(1,383)
Pro Forma net cash interest expense (1)	$ 56,967

(1) Calculated in accordance with the Alpha Credit Facility

If certain circumstances exist where all of our $287.5 million aggregate principal amount of Convertible Notes were converted at the option of the holders, we believe we would have adequate liquidity to satisfy the obligations for the Convertible Notes and remain in compliance with any required covenants

Off-Balance Sheet Arrangements

In the normal course of business, we are a party to certain off-balance sheet arrangements. These arrangements include guarantees, operating leases, indemnifications and financial instruments with off-balance sheet risk, such as bank letters of credit and performance or surety bonds. Liabilities related to these arrangements are not reflected in our Condensed Consolidated Balance Sheets. However, the underlying obligations that they secure, such as asset retirement obligations, self-insured workers' compensation liabilities, royalty obligations and certain retiree medical obligations, are reflected in our Condensed Consolidated Balance Sheets.

We are required to provide financial assurance in order to perform the post-mining reclamation required by our mining permits, pay our federal production royalties, pay workers' compensation claims under self-insured workers' compensation laws in various states, pay federal black lung benefits, pay retiree health care benefits to certain retired UMWA employees and perform certain other obligations.

In order to provide the required financial assurance, we generally use surety bonds for post-mining reclamation and bank letters of credit for self-insured workers' compensation obligations and UMWA retiree health care obligations. Federal black lung benefits are paid from a dedicated trust fund to which future contributions will be required. Bank letters of credit are also used to collateralize a portion of the surety bonds.

We had outstanding surety bonds with a total face amount of $506.1 million as of March 31, 2010 to secure various obligations and commitments. In addition, we had $237.1 million of letters of credit in place, of which $93.6 million was outstanding under the Alpha Credit Facility, and $143.5 million was outstanding under our A/R Facility. These outstanding letters of credit served as collateral for workers' compensation bonds, reclamation surety bonds, secured UMWA retiree health care obligations, secured workers' compensation obligations and other miscellaneous obligations. In the event that additional surety bonds become unavailable, we would seek to secure our obligations with letters of credit, cash deposits or other suitable forms of collateral.

Other

As a regular part of our business, we review opportunities for, and engage in discussions and negotiations concerning, the acquisition of coal mining assets and interests in coal mining companies, and acquisitions of, or combinations with, coal mining companies. When we believe that these opportunities are consistent with our growth plans and our acquisition criteria, we will make bids or proposals and/or enter into letters of intent and other similar agreements. These bids or proposals, which may be binding or nonbinding, are customarily subject to a variety of conditions and usually permit us to terminate the discussions and any related agreement if, among other things, we are not satisfied with the results of our due diligence investigation. Any acquisition opportunities we pursue could materially affect our liquidity and capital resources and may require us to incur indebtedness, seek equity capital or both. There can be no assurance that additional financing will be available on terms acceptable to us, or at all.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts. These estimates and assumptions are based on information available as of the date of the financial statements. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the quarter ended March 31, 2010 are not necessarily indicative of results that can be expected for the full year. Please refer to the section entitled "Critical Accounting Policies and Estimates" of "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K for the year ended December 31, 2009 for a discussion of our critical accounting policies and estimates.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk*

Commodity Price Risk

We manage our commodity price risk for coal sales through the use of long-term coal supply agreements. As of April 21, 2010, we had sales commitments for approximately 99% of planned shipments for 2010. Uncommitted and unpriced tonnage was 1%, 20% and 55% for 2010, 2011 and 2012, respectively. The discussion below presents the sensitivity of the market value of selected financial instruments to selected changes in market rates and prices. The range of changes reflects our view of changes that are reasonably possible over a one-year period. Market values are the present value of projected future cash flows based on the market rates and prices chosen.

We have exposure to price risk for supplies that are used directly or indirectly in the normal course of production such as diesel fuel, steel and other items such as explosives. We manage our risk for these items through strategic sourcing contracts in normal quantities with our suppliers and may use derivative instruments from time to time, primarily swap contracts with financial institutions, for a certain percentage of our monthly requirements. Swap agreements essentially fix the price paid for our diesel fuel and explosives by requiring us to pay a fixed price and receive a floating price.

We expect to use approximately 26,900 tons of explosives for the last nine months of 2010 for our Western Coal Operations. Through our derivative swap contracts, we have fixed prices for approximately 74% of our expected explosive needs for the remaining nine months of 2010. If the price of natural gas were to decrease during the remaining nine months of 2010, our expense resulting from our natural gas derivatives would increase, which would be largely offset by a decrease in the cost of our physical explosive purchases.

We expect to use approximately 34.6 million gallons of diesel fuel for the last nine months of 2010 and 47.0 million gallons of diesel fuel for 2011. Through our derivative swap contracts, we have fixed prices for approximately 70% and 49% of our expected diesel fuel needs for the remaining nine months of 2010 and for the year of 2011, respectively. If the price of diesel fuel were to decrease in 2010, our expense resulting from our diesel fuel derivative swap contracts would increase, which would be offset by a decrease in the cost of our physical diesel fuel purchases.

Credit Risk

Our credit risk is primarily with electric power generators and steel producers. Our policy is to independently evaluate each customer's creditworthiness prior to entering into transactions and to constantly monitor outstanding accounts receivable against established credit limits. When appropriate (as determined by our credit management function), we have taken steps to reduce our credit exposure to customers that do not meet our credit standards or whose credit has deteriorated. These steps include obtaining letters of credit or cash collateral, requiring prepayments for shipments or establishing customer trust accounts held for our benefit in the event of a failure to pay.

Interest Rate Risk

Our objectives in managing exposure to interest rate changes are to limit the impact of interest rate changes on earnings and cash flows and to lower overall borrowing costs. As we continue to monitor the interest rate environment in concert with our risk mitigation objectives, consideration is being given to future interest rate risk reduction strategies.

We have exposure to changes in interest rates through our Alpha Credit Facility, which has a variable interest rate of 3.25 percentage points over the London interbank offered rate ("LIBOR"), subject, in the case of the revolving credit line, to adjustment based on leverage ratios. As of March 31, 2010, our term loan due 2011 under the Alpha Credit Facility had an outstanding balance of $276.4 million, net of debt discount of $1.7 million. The current portion of the term loan due is $33.5 million. A 50 basis point increase or decrease in interest rates would increase or decrease our quarterly interest expense by $0.4 million, which would be partially offset by our interest rate swap.

To achieve risk mitigation objectives, we have in the past managed our interest rate exposure through the use of interest rate swaps. To reduce our exposure to rising interest rates, effective May 22, 2006 we entered into an interest rate swap to reduce the risk that changing interest rates could have on our operations. The swap initially qualified for cash flow hedge accounting and changes in fair value were recorded as a component of equity; however, the debt instrument was subsequently paid in 2009 and the swap no longer qualified for cash flow hedge accounting. The amounts that were previously recorded in equity were recognized in our Consolidated Statements of Operations in 2009. Subsequent changes in fair value of the interest rate swap will be recorded in earnings. If interest rates were to decrease in 2010, our expense resulting from our interest rate swap would increase, which would be partially offset by a decrease in the amount of actual interest paid on our Alpha Credit Facility.

Item 4. ***Controls and Procedures***

Our Disclosure Committee has responsibility for ensuring that there is an adequate and effective process for establishing, maintaining and evaluating disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in our SEC reports is timely recorded, processed, summarized and reported. In addition, we have established a Code of Business Ethics designed to provide a statement of the values and ethical standards to which we require our employees and directors to adhere. The Code of Business Ethics provides the framework for maintaining the highest possible standards of professional conduct. We also maintain an ethics hotline for employees. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives.

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we evaluated the effectiveness of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934, as amended, as of the end of the period covered by this report. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this report, in ensuring that material information relating to Alpha Natural Resources, Inc., required to be disclosed in reports that it files or submits under the Securities Exchange Act of 1934, is recorded, processed, summarized and reported within the requisite time periods and is accumulated and communicated to our management, including our Chief Executive Officer and our Chief Financial Officer, as appropriate to allow timely decisions regarding disclosure.

On July 31, 2009, Old Alpha and Foundation merged, with Foundation continuing as the surviving corporation of the Merger. For accounting purposes, the Merger was treated as a “reverse acquisition” and Old Alpha was considered the accounting acquirer. Management’s assessment of internal controls over financial reporting as of December 31, 2009 excluded the operations of Foundation and we are in the process of integrating these operations into our control environment. The integration of these controls will be complete as soon as practical and will be included in Management’s assessment as of December 31, 2010.

There have not been any significant changes in our internal control over financial reporting during the fiscal quarter to which this report relates that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

We are a party to a number of legal proceedings incident to our normal business activities. While we cannot predict the outcome of these proceedings, we do not believe that any liability arising from these matters individually or in the aggregate should have a material impact upon our consolidated cash flows, results of operations or financial condition. .

Nicewonder Litigation

In December 2004, prior to Old Alpha's Nicewonder acquisition in October 2005, the Affiliated Construction Trades Foundation brought an action against the West Virginia Department of Transportation, Division of Highways ("WVDOH") and Nicewonder Contracting, Inc. ("NCI"), which became our wholly-owned indirect subsidiary as a result of the Nicewonder acquisition, in the United States District Court in the Southern District of West Virginia. The plaintiff sought a declaration that the contract between NCI and the State of West Virginia related to NCI's road construction project was illegal as a violation of applicable West Virginia and federal competitive bidding and prevailing wage laws. The plaintiff also sought an injunction prohibiting performance of the contract but has not sought monetary damages.

In September 2007, the Court ruled that the WVDOH and the Federal Highway Administration (which is now a party to the suit) could not, under the circumstances of this case, enter into a contract that did not require the contractor to pay the prevailing wages as required by the Davis-Bacon Act. In anticipation of a potential Court directive that the contract be renegotiated for such payment, for which the WVDOH had committed to reimburse NCI, we recorded a $9.0 million long-term liability for the potential obligations under the ruling and an offsetting $9.0 million long-term receivable for the recovery of these costs from the WVDOH.

On September 30, 2009, the Court issued an order that dismissed or denied for lack of standing all of the plaintiff's claims under federal law and remanded the remaining state claims to circuit court in Kanawha County, WV for resolution. The Court also vacated portions of its September 2007 order, and held that the plaintiff lacked standing to pursue the Davis-Bacon Act claim and further concluded that no private right of action exists to challenge the absence of a provision in a contract for highway construction requiring payment of prevailing wages established by the Davis-Bacon Act. As a result of the September 30, 2009 ruling, our previously established long-term liability and offsetting long-term receivable of $9.0 million have been reversed.

Item 1A. *Risk Factors*

In addition to the other information set forth in this report, you should carefully consider the factors discussed in the "Risk Factors" Section in the Annual Report on Form 10-K for the year ended December 31, 2009 together with the cautionary statement under the caption "Cautionary Note Regarding Forward Looking Statements" in "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this report and the additional risks set forth below. These described risks are not the only risks we face. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition and/or operating results.

Recent developments related to the regulation of surface coal mining operations could make it more difficult or increase our costs to receive new permits to mine coal in Appalachia.

In March 2010, the U.S. Environmental Protection Agency ("EPA") proposed a veto of a federal Clean Water Act permit held by another coal mining company for a surface mine in Appalachia. In explaining its position, the EPA cited significant and irreversible damage to wildlife and fishery resources and severe degradation of water quality caused by mining pollution. If the EPA's proposed action is finalized, the permit will be invalidated. While our operations are not directly impacted, this could be an indication that other surface mining water permits could be subject to more substantial review in the future.

On April 1, 2010 the EPA issued comprehensive guidance to provide clarification as to the water quality standards that should apply when reviewing Clean Water Act permit actions for Appalachian coal mining operations and of the EPA's roles and expectations, in coordinating with their federal and state partners, to assure more consistent, effective and timely compliance by Appalachian surface coal mining operations with the provisions of the Clean Water Act, National Environmental Policy Act, and the Environmental Justice Executive Order. This guidance establishes threshold conductivity levels to be used as a basis for evaluating compliance with narrative water quality standards. Conductivity is a measure that reflects levels of various salts present in water. In order to obtain federal Clean Water Act new permits and renewals for coal mining in Appalachia, as defined in the guidance, applicants must perform an evaluation to determine if a reasonable potential exists that the proposed mining would cause a violation of water quality standards, including narrative standards. The EPA Administrator has stated that these water quality standards may be difficult for most mining operations to meet. Additionally, the guidance contains requirements for avoidance and minimization of environmental impacts, mitigation of mining impacts, consideration of the full range of potential impacts on the environment, human health, and communities, including low-income or minority populations, and provision of meaningful opportunities for public participation in the permit process. In the future, to obtain necessary new permits and renewals, we and other mining companies will be required to meet these requirements. We have begun to incorporate these new requirements into some of our current permitting actions, however there can be no guarantee that we will be able to meet these or any other new standards with respect to our future permit applications or renewals.

The U.S. Department of the Interior is also actively considering establishing, in the context of new permit applications under the Surface Mining Control and Reclamation Act ("SMCRA"), new standards for restoring mountaintops affected by surface mining, removing the rights of states to revise or grant exemptions to federal restoration standards and developing a federal definition of "material damage" to be used in the context of existing watershed area protections. It is also considering requiring surface mining companies to collect more information on the environmental health of watersheds near their operations, to monitor conditions before and after mining, and to change or close operations if unpermitted damage to the watersheds occurs.

We are currently evaluating the impact of these recent developments on our current and future surface mining operations. These developments may make it more difficult or increase our costs to obtain future or maintain existing permits necessary to perform our mining operations, which could adversely affect our financial conditions, results of operations and cash flows.

Our mining operations are extensively regulated, which imposes significant costs on us, and future regulations or violations of regulations could increase those costs or limit our ability to produce coal.

Federal and state authorities regulate the coal mining industry with respect to matters such as employee health and safety, permitting and licensing requirements, the protection of the environment, plants and wildlife, reclamation and restoration of mining properties after mining is completed, surface subsidence from underground mining and the effects that mining has on groundwater quality and availability. Federal and state authorities inspect our operations, and given a recent accident at a competitor's underground mine in Central Appalachia and related announcements by government authorities, we anticipate additional requirements may be imposed and heightened inspection intensity.

In response to the accident mentioned above, federal and West Virginia authorities have announced special inspections of coal mines for, among other safety concerns, the accumulation of coal dust and the proper ventilation of gases such as methane. Certain of these inspections have already occurred. In addition, both the federal government and the state of West Virginia have announced that they are considering changes to mine safety rules and regulations, which could potentially result in or require additional or enhanced safety features, more frequent mine inspections, stricter enforcement practices and enhanced reporting requirements.

The costs, liabilities and requirements associated with addressing the outcome of inspections and complying with these environmental, health and safety requirements are often significant and time-consuming and may delay commencement or continuation of exploration or production. Additionally, the Mine Safety and Health Administration ("MSHA") may further utilize the temporary closure provisions at mines in the event of certain violations of safety rules. These factors could have a material adverse effect on our results of operations, cash flows and financial condition.

Recent healthcare legislation could adversely affect our financial condition and results of operations.

In March 2010, the Patient Protection and Affordable Care Act ("PPACA") was enacted, potentially impacting our costs to provide healthcare benefits to our eligible active and certain retired employees and workers' compensation benefits related to occupational disease resulting from coal workers' pneumoconiosis (black lung disease). The PPACA has both short-term and long-term implications on benefit plan standards. Implementation of this legislation is planned to occur in phases, with plan standard changes taking effect beginning in 2010, but to a greater extent with the 2011 benefit plan year and extending through 2018.

In the short term, our healthcare costs could increase due to raising the maximum age for covered dependents to receive benefits, changes to benefits for occupational disease related illnesses, the elimination of lifetime dollar limits per covered individual and restrictions of annual dollar limits per covered individual, among other standard requirements. In the long term, our healthcare costs could increase due to an excise tax on "high cost" plans and the elimination of annual dollar limits per covered individual, among other standard requirements.

The healthcare benefits that we provide to our represented employees and retirees are stipulated by law and by labor agreements. Healthcare benefit changes required by the healthcare legislation will be included in any new labor agreements. We are currently analyzing this legislation to determine the full extent of the impact of the required plan standard changes on our employee healthcare plans and the resulting costs. Beginning in 2018, the PPACA will impose a 40% excise tax on employers to the extent that the value of their healthcare plan coverage exceeds certain dollar thresholds. We anticipate that certain government agencies will provide additional regulations or interpretations concerning the application of this excise tax. Until these regulations or interpretations are published, it is impractical to reasonably estimate the impact of the excise tax on our future healthcare costs or postretirement benefit obligation. Accordingly, as of March 31, 2010, we have not made any changes to our assumptions used to determine our postretirement benefit obligation. We will need to continue to evaluate the impact of the PPACA in future periods as additional information and guidance becomes available.

Item 2. ***Unregistered Sales of Equity Securities and Use of Proceeds***

	Total Number of Shares Purchased [1]	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Share Repurchase Program [2]	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program (000's omitted)
January 1, 2010 through January 31, 2010	130,497	$ 50.32	-	$ -
February 1, 2010 through February 28,				

2010	208,148	42.41	-	-
March 1, 2010 through March 31, 2010	5,605	50.28	-	-
	344,250	45.54	-	$ -

(1) In November 2008, the Board of Directors authorized the Company to repurchase common shares from employees to satisfy the employees' minimum statutory tax withholdings upon the vesting of restricted stock and performance shares. During the three months ended March 31, 2010, the Company issued 963,306 shares of common stock to employees upon vesting of restricted stock and restricted stock units.

(2) We currently do not have a publicly announced share repurchase program with the exception of the Board approved program described in footnote (1).

Item 6. Exhibits See the Exhibit Index following the signature page of this quarterly report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ALPHA NATURAL RESOURCES, INC.

Date: May 7, 2010

By: /s/ Frank J. Wood

Name: Frank J. Wood

Title: Executive Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

10-K EXHIBIT INDEX

Exhibit No.	Description of Exhibit
3.1	Amended and Restated Certificate of Incorporation of Alpha Natural Resources, Inc. (Incorporated by reference to Exhibit 3.1 to the Current Report on Form 8-K of Alpha Natural Resources, Inc. (File No. 001-32331) filed on August 5, 2009.)
3.2	Amended and Restated Bylaws of Alpha Natural Resources, Inc.(Incorporated by reference to Exhibit 3.2 to the Current Report on Form 8-K of Alpha Natural Resources, Inc. (File No. 001-32331) filed on August 5, 2009.)
4.1	Form of certificate of Alpha Natural Resources, Inc. common stock (Incorporated by reference to Amendment No. 3 to the Registration Statement on Form S-1 of Alpha Natural Resources, Inc./Old (File No. 333-121002) filed on February 10, 2005.)
4.2	Indenture, dated as of April 7, 2008, between Alpha Natural Resources, Inc. (SEC File No. 1-32423) and Union Bank of California, N.A., as Trustee (Incorporated by reference to Exhibit 4.1 to the Current Report on Form 8-K of Alpha Natural Resources, Inc./Old (SEC File No. 1-32423) filed on April 9, 2008.)
4.3	Supplemental Indenture No. 1 dated as of April 7, 2008, between Alpha Natural Resources, Inc. (SEC File No. 1-32423) and Union Bank of California, N.A., as Trustee (Incorporated by reference to Exhibit 4.3 to the Current Report on Form 8-K of Alpha Natural Resources, Inc. /Old (SEC File No. 1-32423) filed on April 9, 2008.)
4.4	Form of 2.375% Convertible Senior Note due 2015 (Incorporated by reference to Exhibit 4.4 to the Current Report on Form 8-K (SEC File No. 1-32423) of Alpha Natural Resources, Inc./Old/ (SEC File No. 1-32423) filed on April 9, 2008.)
4.5	Supplemental Indenture No. 2 dated as of July 31, 2009, between Alpha Natural Resources, Inc. and Union Bank of California, N.A., as Trustee (Incorporated by reference to Exhibit 4.4 of the Current Report on Form 8-K filed by Alpha Natural Resources, Inc. on August 5, 2009.)
4.6	Subordinated Indenture dated as of April 7, 2008, between Alpha Natural Resources, Inc. and Union Bank of California, N.A. as Trustee (Incorporated by reference to Exhibit 4.2 to the Current Report on Form 8-K of Alpha Natural Resources, Inc./Old (SEC File No. 1-32423) filed on April 9, 2008.)
4.7	Supplemental Indenture No. 1 dated as of July 31, 2009, between Alpha Natural Resources, Inc. and Union Bank, N.A., as Trustee (Incorporated by reference to Exhibit 4.6 the Quarterly Report on Form 10-Q filed by Alpha Natural Resources, Inc. on August 7, 2009.)
4.8	Senior Notes Indenture dated as of July 30, 2004, among Foundation PA Coal Company (nka Foundation PA Coal Company, LLC), the Guarantors named therein and The Bank of New York, as Trustee, (Incorporated by reference to Exhibit 10.4 to the Registration Statement on Form S-1/A (SEC File No. 333-118427) of Foundation Coal Holdings, Inc. filed on December 7, 2004.)
4.9	Supplemental Indenture dated as of September 6, 2005 among Foundation Mining LP, a subsidiary of Foundation Coal Corporation, Foundation PA Coal Company, LLC and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q of Foundation Coal Holdings, Inc. filed on November 14, 2005.)
4.10	Supplemental Indenture dated as of October 5, 2007 among Foundation PA Coal Terminal, LLC, a subsidiary of Foundation Coal Corporation, Foundation PA Coal Company, LLC and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 4.3.2 to the Quarterly Report on Form 10-Q of Foundation Coal Holdings, Inc. filed on November 9, 2007.)
4.11	Third Supplemental Indenture dated as of August 1, 2009 among Foundation PA Coal Company, LLC, Alpha Natural Resources, Inc., certain subsidiaries of Alpha Natural Resources, Inc. and The Bank of New York, as Trustee (Incorporated by reference to Exhibit 4.8 of the Current Report on Form 8-K filed by Alpha Natural Resources, Inc. on August 5, 2009.)
10.1	Second Amended and Restated Credit Agreement, dated as of July 30, 2004, as amended and restated as of July 7, 2006, as further amended effective July 31, 2009, and as further amended and restated as of April 15, 2010, by and among Alpha Natural Resources, Inc., Foundation PA Coal Company, LLC, Citicorp North America, Inc. as administrative agent and lender and the other lenders party thereto. (Incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K of Alpha Natural Resources, Inc. filed on April 15, 2010.)

Exhibit No.	Description of Exhibit
10.2*	Alpha Natural Resources, Inc. and Subsidiaries Deferred Compensation Plan (Amended and Restated on November 8, 2007 and Amended and Restated on March 2, 2010.)
12.1*	Computation of Ratio of Earnings to Fixed Charges.
12.2*	Computation of Other Ratios.
31(a)*	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
31(b)*	Certification Pursuant to Rule 13a-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to §302 of the Sarbanes-Oxley Act of 2002.
32(a)*	Certification Pursuant to 18 U.S.C. §1350, As Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002.
32(b)*	Certification Pursuant to 18 U.S.C. §1350, As Adopted Pursuant to §906 of the Sarbanes-Oxley Act of 2002.
101.INS*	XBRL instance document
101.SCH*	XBRL taxonomy extension schema
101.CAL*	XBRL taxonomy extension calculation linkbase
101.LAB*	XBRL taxonomy extension label linkbase
101.PRE*	XBRL taxonomy extension presentation linkbase

* Filed herewith.

Exhibit 10.2

ALPHA NATURAL RESOURCES, INC. and Subsidiaries
DEFERRED COMPENSATION PLAN

Amended and Restated on
March 2, 2010

ALPHA NATURAL RESOURCES, INC and Subsidiaries

DEFERRED COMPENSATION PLAN

ARTICLE I - PURPOSE; EFFECTIVE DATE

1.1. **Purpose** . The purpose of this Deferred Compensation Plan (hereinafter, the "Plan") is to permit a select group of management and highly compensated employees of ALPHA NATURAL RESOURCES, INC and its subsidiaries that have adopted the Plan to defer the receipt of income which would otherwise become payable to them. It is intended that this plan, by providing this deferral opportunity, will assist the Company in retaining and attracting individuals of exceptional ability by providing them with these benefits.

1.2. **Effective Date** . The Plan, originally effective as of December 31, 2004, and has been last amended and restated as of March 2, 2010.

ARTICLE II - DEFINITIONS

For the purpose of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1. **Account(s)** . "Account(s)" means the account or accounts maintained on the books of the Company used solely to calculate the amount payable to each Participant under this Plan and shall not constitute a separate fund of assets. The Accounts available for each Participant shall be identified as:

a) Retirement Account;
b) In-Service Account (each Participant may maintain up to two (2) In-Service Accounts with different payment dates as provided herein); and
c) Supplemental Retirement Plan Account ("SRP Account").

2.2. **Beneficiary** . "Beneficiary" means one or more persons or entities designated by the Participant to receive any Plan benefits payable after the Participant's death.

2.3. **Board** . "Board" means the Board of Directors of the Company.

2.4. **Committee** . "Committee" means the Compensation Committee of the Board.

2.5. **Company** . "Company" means ALPHA NATURAL RESOURCES , INC, a Delaware company, and any directly or indirectly affiliated subsidiary that has adopted this Plan or any successor to the business thereof. Any reference herein to the " Company " should, except as the context otherwise requires, be interpreted as a reference to the Participant's particular employer. A list of subsidiaries that have adopted this Plan are attached to this document as Annex A.

2.6. **Compensation** . "Compensation" means bonus compensation under the Alpha Natural Resources, Inc. Annual Incentive Bonus Plan (or any successor plan) earned for services rendered by a Participant during a Deferral Period; provided, however, with respect to a Participant's first-year of eligible participation, any such election shall only apply to applicable bonus compensation paid for services performed after the election. Accordingly, if a Deferral Commitment is made in the first-year of eligibility but after the beginning of the specified performance period, the Deferral Commitment shall only apply to the total amount of such bonus compensation multiplied by the ratio of (i) the number of days remaining in the Deferral Period after the election to (ii) the total number of days in the Deferral Period. For purposes of this Plan, Compensation shall be calculated before reduction for any amounts deferred by the Participant pursuant to the Company's tax qualified plans which may be maintained under § 401(k) or § 125 of the Internal Revenue Code of 1986, as amended, (the "Code"), or pursuant to this Plan or any other non-qualified plan which permits the voluntary deferral of compensation.

2.7. **Compensation Limit** . "Compensation Limit" means annual compensation limit specified under § 401(a)(17) of the Code.

2.8. **Deferral Commitment** . "Deferral Commitment" means an election made by a Participant to defer a portion of Compensation. The Deferral Commitment shall specify the Account or Accounts to which the Compensation deferred shall be credited as well as the time and form of payment from such Account. Such designation shall be made in whole percentages, or as otherwise permitted by the Committee and shall be made in a form and at a time established by the Committee. A Deferral Commitment shall remain in effect until amended or revoked as provided under the terms of the Plan.

2.9. **Deferral Period** . "Deferral Period" means each calendar year.

2.10. **Determination Date** . "Determination Date" means the last day of each calendar month.

2.11. **Interest** . "Interest" means the amount credited to a Participant’s Account(s) on each Determination Date, which shall be based on the Valuation Funds chosen by the Participant. Such credits to a Participant’s Account may be either positive or negative to reflect the increase or decrease in value of the Account as determined in accordance with the provisions of this Plan.

2.12. **Financial Hardship** . "Financial Hardship" means a severe financial hardship to the Participant resulting from an illness or accident of the Participant, the Participant’s spouse, a beneficiary, or a dependent (as defined in § 152(a) of the Code, without regard to Section 152 (b)(1), (b)(2) and (d)(1)(B)) of the Participant; the need to pay for the funeral expenses of a spouse, beneficiary or dependent (as defined above); loss of the Participant’s property due to casualty; or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant.

2.13. **Management Administrator** . "Management Administrator" means the Senior Vice President Total Compensation and Benefits or such other person designated to act in such capacity by the Company's Chief Executive Officer.

2.14. **Participant** . "Participant" means any eligible employee who has elected to defer Compensation under this Plan, or who has received a SRP Contribution. Such employee shall remain a Participant in this Plan for the period of deferral and until such time as all benefits payable under this Plan have been paid in accordance with the provisions hereof; provided, however, the foregoing provisions shall not limit the Committee's discretion to determine whether an employee remains eligible to continue to actively participate in the Plan.

2.15. **Plan** . "Plan" means this Deferred Compensation Plan, as amended from time to time.

2.16. **Retirement** . " Retirement " means the Participant's Separation from Service (other than on account of death) after the Participant has attained age 55.

2.17. **Service** . "Service" is calculated based on hours of service within a calendar year. A year of Service will be credited when a Participant performs 1,000 hours of service within a calendar year. An hour of service is an hour for which the Participant is paid or entitled to be paid.

2.18. **Separation from Service.** "Separation from Service" shall mean a Participant's death, retirement or other termination of employment with the Company and all of its controlled group members within the meaning of Section 409A of the Code. For purposes hereof, the determination of controlled group members shall be made pursuant to the provisions of Section 414(b) and 414(c) of the Code; provided that the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Section 1563(a)(1),(2) and (3) of the Code and Treas. Reg. § 1.414(c)-2; provided, further, where legitimate business reasons exist (within the meaning of Treas. Reg. § 1.409A-1(h)(3)), the language "at least 20 percent" shall be used instead of "at least 80 percent" in each place it appears. Whether a Participant has a Separation from Service will be determined based on all of the facts and circumstances and in accordance with the guidance issued under Section 409A.

2.19. **SRP Contribution** . " SRP Contribution " means the contribution made by the Company credited to the Participant's SRP Account.

2.20. **Specified Employees** . " Specified Employees " means key employees of the Company, as defined in Section 416(i) of the Code without regard to paragraph (5) thereof, as determined in accordance with the procedures established by the Committee.

2.21. **Valuation Funds** . " Valuation Funds " means one or more of the independently established funds or indices, as authorized by the Committee, used to calculate the Interest that is credited to each Participant's Account(s) in accordance with the terms of the Plan. Any such funds or indices represent hypothetical investments and do not represent actual investments, and shall not convey any beneficial interest on the part of the Participant in any asset or other property of the Company. The determination of the increase or decrease in the performance of each Valuation Fund shall be determined in accordance with the procedures established by the Committee. The Committee shall select one or more Valuation Funds available to the Participants with respect to this Plan and shall set forth a list of these Valuation Funds attached hereto as Exhibit A, which may be amended from time to time in the discretion of the Committee.

ARTICLE III - ELIGIBILITY AND PARTICIPATION

3.1. **Eligibility and Participation** .

a) **Eligibility** . Eligibility to participate in the Plan shall be limited to key employees of the Company who are designated by management, from time to time, and approved by the Committee.

b) **Participation** . An employee's participation in the Plan shall be effective upon being approved by the Committee to participate in the Plan or as otherwise provided by the Committee; provided, however, the Committee reserves the discretion to limit an employee's ability to continue to participate in the Plan in the future.

3.2. **Form of Deferral Commitment** . A Participant may elect to make a Deferral Commitment subject to the following provisions:

a) **Deferral Amounts; Accounts** . A Deferral Commitment shall be made no later than December 31st of the calendar year preceding the beginning of the Deferral Period (or such other date specified by the Committee to the extent consistent with Section 409A); provided, however, that a Deferral Commitment with respect to Compensation payable for/during 2005 must have been submitted no later than the earlier of: (i) March 15, 2005; or (ii) the date on which the Compensation was paid or became payable to the Participant. When an individual first becomes eligible to participate in this Plan during a Deferral Period, a Deferral Commitment may be submitted to the Committee within thirty (30) days after the date the individual becomes eligible to participate. A Deferral Commitment shall designate the portion of Compensation that shall be allocated among the Participant's Retirement and In-Service Accounts (no amount of Compensation may be deferred by the Participant into the Participant's SRP Account). No deferral may be made to an In-Service Account with a payment date that falls within the calendar year in which the deferred Compensation would be credited to the In-Service Account.

b) **Allocation to Valuation Funds** . The Participant shall specify in a separate form (known as the “Allocation Form”) filed with the Committee, the Participant’s initial allocation of the amounts deferred into each Account among the various available Valuation Funds.

c) **Maximum Deferral** . The maximum amount of Compensation that may be deferred shall be one hundred percent (100%).

3.3. **Period of Commitment** . Once a Participant has made a Deferral Commitment, that Commitment shall remain in effect for the next succeeding Deferral Period and shall remain in effect for all future Deferral Periods unless revoked or amended in writing by the Participant and delivered to the Management Administrator no later than fifteen (15) days prior to the beginning of a subsequent Deferral Period (or such other date as permitted by the Committee to the extent consistent with Section 409A).

3.4. **Deferral Commitment** . A Deferral Commitment shall be irrevocable by the Participant during a Deferral Period; provided, however, if a Participant suffers a disability, receives a distribution on account of Financial Hardship or dies, the Participants Deferral Commitment shall be cancelled. For purposes of this Section, a disability refers to any medically determinable physical or mental impairment resulting in the Participant's inability to perform the duties of his or her position or any substantially similar position, where such impairment can be expected to result in death or can be expected to last for a continuous period of not less than six months.

3.5. **Change in Status** . If the Committee determines that a Participant's employment performance is no longer at a level that warrants participation in this Plan, no new Deferral Commitment may be made by such Participant after notice of such determination is given by the Committee, unless the Participant later satisfies the eligibility requirements to participate in the Plan. If the Committee, in its sole discretion, determines that the Participant no longer qualifies as a member of a select group of management or highly compensated employees, as determined in accordance with the Employee Retirement Income Security Act of 1974, as amended, the Committee may, in its sole discretion, prohibit the Participant from making any future Deferral Commitments and/or, to the extent permitted under Section 409A, take such other action it deems necessary or appropriate, including, but not limited to, terminating the Participant's participation in the Plan.

3.6. **Incomplete or Inaccurate Deferral Commitments** . In the event that a Participant submits a Deferral Commitment to the Management Administrator that is incomplete or lacks information necessary to the efficient operation of this Plan, the Management Administrator shall return the election to the Participant for further completion.

ARTICLE IV - DEFERRED COMPENSATION ACCOUNT

4.1. **Accounts** . The Compensation deferred by a Participant under the Plan, SRP Contributions and Interest shall be credited to the Participant's Account(s). Separate accounts shall be maintained on the books of the Company to reflect each Participant's SRP Account, Retirement Account and In-Service Accounts. These Accounts shall be used solely to calculate the amount payable to each Participant under this Plan and shall not constitute a separate fund of assets.

4.2. **Timing of Deferral Credits** . A Participant's Compensation which has been elected to be deferred shall be credited to the Participant's Retirement and In-Service Accounts on the last day of the month during which the Compensation deferred would have otherwise been payable to the Participant .

4.3. **Contributions To SRP Account** . The Company shall credit SRP Contributions, if any, to each Participant's SRP Account as soon as is practical after the close of each calendar year. The amount of the credited contribution under this Section shall be equal to the sum of (a), (b) and (c):

a) three percent (3%) of the Participant's total annual compensationfor the preceding calendar year in excess of the Compensation Limit for that prior calendar year;
b) fifty percent (50%) of the amount of Compensation deferred by the Participant in the prior calendar year under this Plan, but in no event will the amount determined under this sub-Section (b) exceed two percent (2%) of the Participant's total annual compensation for the preceding calendar year in excess of the Compensation Limit for that prior calendar year; and
c) a discretionary contribution that may be given in accordance with Section 4.8

4.4. **Valuation Funds**. A Participant may designate, at a time and in a manner authorized by the Committee, one or more Valuation Funds for each Account. Such election shall designate the portion of each Account that shall be allocated among the available Valuation Fund (s), and such election shall apply to each succeeding deferral of Compensation until such time as the Participant shall file a new election with the Management Administrator. Upon notice to the Management Administrator, the Participant may also reallocate the balance in each Valuation Fund among the other available Valuation Funds as of the next succeeding Determination Date.

4.5. **Determination of Accounts**. Each Participant's Account as of each Determination Date shall consist of the balance of the Account as of the immediately preceding Determination Date, adjusted as follows:

a) **New Deferrals; SRP Contributions**. The Participant's Accounts shall be increased, as appropriate, by any Compensation deferred by the Participant and any SRP Contributions credited since such prior Determination Date.
b) **Distributions**. Each Account shall be reduced by the amount of each benefit payment made from that Account since the prior Determination Date. Distributions shall be deemed to have been made proportionally from each of the Valuation Funds maintained within such Account based on the proportion that such Valuation Fund bears to the sum of all Valuation Funds maintained within such Account for that Participant as of the Determination Date immediately preceding the date of payment.
c) **Interest**. Each Account shall be increased or decreased by the Interest for such Account since such Determination Date.

4.6. **Vesting of Accounts**. Each Participant shall be vested in the amounts credited to such Participant's Account and Interest thereon as follows:
a) **Amounts Deferred**. A Participant shall be one hundred percent (100%) vested at all times in the amount of Compensation elected to be deferred under this Plan and Interest thereon.
b) **SRP Account Contributions**. SRP Contributions credited to a Participant's SRP Account and Interest thereon shall become one hundred percent (100%) vested upon the Participant's completion of five (5) years of complete Service with the Company.

4.7. **Statement of Accounts**. The Management Administrator shall provide to each Participant a statement showing the balances in the Participant's Account on a quarterly basis.

4.8. **Discretionary Contribution.** The Committee may grant a discretionary contribution in accordance with Section 4.3(c) and the requirements of this Section. Such a Discretionary Contribution will meet the following:

a) The contribution will be a percentage of pay (base salary plus target Compensation opportunity) which will be as set forth on Exhibit B attached hereto for each applicable Participant (as updated from time to time), and which the Committee (or its designee) may adjust, from time to time, in the first quarter of each Plan year. An eligible Participant will be informed of any such adjustment at that time.

b) The contribution will only be given as determined by the Committee. It is completely discretionary and need not be given to all or any Participants, nor are those eligible required to have the same percentage contribution. Participation in any one year will not ensure participation in the next year. The percentage may be reduced or increased at any time during the year by the Committee, and such change will be reflected on Exhibit B.

c) The discretionary contribution will be credited to an eligible Participant's account as of December 31st of the year for which it was granted. An eligible Participant must be actively employed on a full time basis on this date to receive the credit.

d) Notwithstanding Subsection 4.8(c), an eligible Participant will receive a prorated credit for a year in which the Participant's employment is terminated for any of the following reasons: (i) Retirement; (ii) death; (iii) disability; (iv) involuntary termination by the Company without cause; (v) good reason; or (vi) upon an involuntary termination a ssociated with, or in connection with, a change in control.

e) For purposes of this Section 4.8, the terms "cause," "disability," "good reason," and "involuntary termination [a ssociated] [in connection] with a change in control" shall have (i) the meanings ascribed to them in any employment agreement between the Company and the Participant or (ii) if there is no such agreement, then the meanings ascribed to them in the Alpha Natural Resources, Inc. Key Employee Separation Plan, whether or not the Participant is a participant in such Key Employee Separation Plan.

ARTICLE V - PLAN BENEFITS

5.1. **Retirement Account**. The vested portion of a Participant's Retirement Account shall be distributed to the Participant as follows.

a) **Timing of Payment**. The Participant's Retirement Account shall be paid beginning on the six month anniversary of your Separation from Service, and subsequent payments, if the form of payment selected provides for installment payments, shall be made on the anniversary of the initial payment.

b) **Form of Payment**. The form of benefit payment shall be that form selected by the Participant in the first Deferral Commitment which designated a portion of the Compensation deferred be allocated to the Retirement Account; provided, however, if the Participant Separates from Service prior to Retirement, the Retirement Account shall be paid in the form of a lump sum payment.

5.2. **SRP Account**. The vested portion of a Participant's SRP Account shall be distributed to the Participant as follows.

a) **Timing of Payment**. The Participant's SRP Account shall be paid beginning on the six month anniversary of your Separation from Service, and subsequent payments, if the form of payment selected provides for installment payments, shall be made on the anniversary of the initial payment.

b) **Form of Payment**. The form of benefit payment shall be that form selected by the Participant at the time a SRP contribution is first allocated to the Participant’s SRP Account, and as permitted pursuant to Section 5.7 below, except that if the Participant Separates from Service prior to Retirement, the SRP Account shall be paid in the form of a lump sum payment.

5.3. **In-Service Account**. The vested portion of a Participant's In-Service Account shall be distributed to the Participant upon the date chosen by the Participant.

a) **Timing of Payment**. Benefits under this section shall be payable on the date specified in the first Deferral Commitment which designated a portion of the Compensation deferred be allocated to the In-Service Account, and subsequent payments, if the form of payment selected provides for subsequent payments, shall be made on the anniversary of the initial payment. In no event shall the date selected be earlier than the first day of the sixth (6th) calendar year following the initial filing of the Deferral Commitment with respect to that In-Service Account. In the event that the Participant Separates from Service with the Company prior to the payment date specified, the benefits under the Participant's In-Service Account shall be paid on the six month anniversary of the Participant's Separation from Service.

b) **Form of Payment**. The form of benefit payment shall be that form selected by the Participant in the first Deferral Commitment which designated a portion of the Compensation deferred be allocated to the In-Service Account, and as permitted pursuant to the terms of the Plan, except that if the Participant terminates employment with the Company prior to the specified payment date, then the In-Service Account shall be paid in the form of a lump sum payment.

c) **Change of Time of Payment**. The Participant may request to postpone (but not accelerate) the specified payment date initially chosen for an In-Service Account by filing a written election on a form approved by the Committee. Any such election: (i) shall not take effect until 12 months after the date the election is made; (ii) must provide for a new payment date that is no earlier than five (5) years after the payment date previously specified and in force immediately prior to the filing of such request; and (iii) must be made not less than 12 months before the date the payment (or initial payment in the case of installment payments) is scheduled to be made.

5.4. **Death Benefit**. Upon the death of a Participant prior to the commencement of benefits under this Plan from any particular Account, the Company shall pay to the Participant's Beneficiary within 60 days following the Participant's date of death an amount equal to the vested Account balance in that Account in the form of a lump sum payment. In the event of the death of the Participant after the commencement of benefits under this Plan from any Account, the benefits from that Account(s) shall be paid to the Participant’s designated Beneficiary from that Account at the same time and in the same manner as if the Participant had survived.

5.5. **Hardship Distributions**. Upon request of a Participant and a finding by the Committee that a Participant has suffered a Financial Hardship, the Committee may, in its discretion, make a distribution from the Participant's vested Account balances. The amount of such distribution shall be limited to the amount reasonably necessary to meet the Participant's needs resulting from the Financial Hardship, plus amounts necessary to pay taxes and penalties reasonably anticipated as a result of such distribution. In determining the amount of such distribution, the Committee shall take into account the extent to which such hardship is or may be relieved through reimbursement or compensation by insurance or otherwise, or by liquidation of the Participant's assets (to the extent that the liquidation of such assets would not itself cause severe Financial Hardship).

5.6. **Form of Payment** . Except as otherwise provided under the terms of the Plan, the benefits payable from any Account under this Plan shall be paid in the form of benefit, as provided below and as specified by the Participant in the Deferral Commitment:

a) A lump sum amount equal to the vested Account balance; or

b) Equal annual installments for a period of up to a maximum of ten (10) years in the event of payment of a Retirement Account, fifteen (15) years in the event of a SRP Account, or five (5) years in the event of an In-Service Account, where the annual payment shall be equal to the balance of the Account immediately prior to the payment, multiplied by a fraction, the numerator of which is one (1) and a denominator equal to the number of annual installment payments initially chosen (reduced by one (1) for each prior distribution).

5.7. **Small Account** . The Committee, in its discretion, may distribute the Participant's Accounts in a lump sum if the present value of the Participant's remaining unpaid Account balance (and all other amounts required to be aggregated with such accounts under Section 409A) falls below the applicable dollar amount under Section 402(g)(1)(B) of the Code. Any such exercise of discretion shall be evidenced in writing not later than the date of payment.

5.8. **Withholding; Payroll Taxes** . All benefits under the Plan shall be subject to income, employment and other tax withholding as required by applicable law. At the time that tax withholding is required, if an amount is payable under the Plan to the Participant, the amount of the required tax withholding shall be withheld from such payment. If, however, an amount is not then payable or the amount payable under the Plan to the Participant is less than the required withholding, the Participant shall pay to the Company, not later than the date such withholding is required, the amount of the required tax withholding or, at the sole election of the Company, the amount of required tax withholding shall be withheld from other compensation or amounts payable to the Participant. The Participant shall hold the Company harmless from any liability for acting to satisfy the withholding obligation in this manner.

5.9. **Payment to Guardian** . If a Plan benefit is payable to a minor or a person declared incompetent or to a person incapable of handling the disposition of the property, the Committee may direct payment to the guardian, legal representative or person having the care and custody of such minor, or incompetent person. The Company may require proof of incompetency, minority, incapacity or guardianship as it may deem appropriate prior to distribution. Such distribution shall completely discharge the Committee and Company from all liability with respect to such benefit.

5.10. **Effect of Payment** . The full payment of the applicable benefit under this Plan shall completely discharge all obligations on the part of the Company to the Participant (and the Participant's Beneficiary) with respect to the operation of this Plan, and the Participant's (and Participant's Beneficiary's) rights under this Plan shall terminate.

ARTICLE VI - BENEFICIARY DESIGNATION

6.1. **Beneficiary Designation**. Each Participant shall have the right, at any time, to designate one (1) or more persons as Beneficiary (both primary as well as secondary) to whom benefits under this Plan shall be paid in the event of Participant's death prior to complete distribution of the Participant's vested Account balance. Each Beneficiary designation shall be in a written form acceptable to the Committee and shall be effective only if filed with the Management Administrator during the Participant's lifetime. Designation by a married Participant to the Participant's spouse of less than a fifty percent (50%) interest in the benefit due shall not be effective unless the spouse consents in writing to the designation, or it is established that the consent cannot be obtained because the spouse cannot be located.

6.2. **Changing Beneficiary**. Any Beneficiary designation may be changed by filing of a new Beneficiary designation with the Management Administrator. A married Participant's Beneficiary designation may be changed by a Participant, with the consent of the Participant's spouse as provided for in Section 6.1 above, by the filing of a new designation. Any such new Beneficiary designation shall cancel all prior designations previously filed by the Participant.

6.3. **Change in Marital Status**. If the Participant's marital status changes after the Participant has designated a Beneficiary, the following shall apply:

a) If the Participant is married at death but was unmarried when the designation was made, the designation shall be void unless the spouse has consented to it in the manner prescribed herein.
b) If the Participant is unmarried at death but was married when the designation was made:
   i) The designation shall be void if the spouse was named as Beneficiary.
   ii) The designation shall remain valid if a non-spouse Beneficiary was named.
c) If the Participant was married when the designation was made and is married to a different spouse at death, the designation shall be void unless the new spouse has consented to it in the manner prescribed herein.

6.4. **No Beneficiary Designation**. If any Participant fails to designate a Beneficiary in the manner provided above, if the designation is void, or if the Beneficiary designated by a deceased Participant dies before the Participant or before complete distribution of the Participant's benefits, the Participant's Beneficiary shall be the person in the first of the following classes in which there is a survivor:
a) The Participant's surviving spouse;
b) The Participant's children in equal shares, except that if any of the children predeceases the Participant but leaves surviving issue, then such issue shall take by right of representation the share the deceased child would have taken if living; or
c) The Participant's estate.

6.5. **Effect of Payment**. Payment to the Beneficiary shall completely discharge the Company's obligations under this Plan.

ARTICLE VII - ADMINISTRATION

7.1. **Committee; Duties** . This Plan shall be administered by the Committee and, where applicable, by the Management Administrator, and any of their designees. The Committee and, where applicable, the Management Administrator, shall have the exclusive authority and discretion to interpret, construe, and administer the provisions of the Plan and to decide all questions concerning the Plan and its administration. Without limiting the foregoing, the Committee and, where applicable, the Management Administrator, shall have the authority, from time to time, to: determine eligibility for and the amount of benefits, if any, due under the Plan; determine amounts payable under the Plan; interpret the Plan, to make factual determinations, to correct deficiencies, and to supply omissions, including resolving any ambiguity or uncertainty arising under or existing in the terms and provisions of the Plan; make all other determinations and to take all other actions necessary or advisable for the implementation and administration of the Plan; and establish rules and regulations for the administration of the Plan.

7.2. **Agents** . The Committee and, where applicable, the Management Administrator, may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3. **Binding Effect of Decisions** . The decision or action of the Committee and, where applicable, the Management Administrator, with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4. **Indemnity of Committee** . The Company shall indemnify and hold harmless the members of the Committee and, where applicable, the Management Administrator, against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such member's service on the Committee, and, where applicable, the Management Administrator, except in the case of gross negligence or willful misconduct.

ARTICLE VIII - CLAIMS PROCEDURE

8.1. **Claim** . Any person or entity claiming a benefit, requesting an interpretation or ruling under the Plan (hereinafter referred to as "Claimant"), or requesting information under the Plan shall present the request in writing to the Management Administrator, which shall respond in writing as soon as practical.

8.2. **Denial of Claim** . If the claim or request is denied, the written notice of denial shall state:

a) The reasons for denial, with specific reference to the Plan provisions on which the denial is based;

b) A description of any additional material or information required and an explanation of why it is necessary; and
c) An explanation of the Plan's claim review procedure.

8.3. **Review of Claim** . Any Claimant whose claim or request is denied or who has not received a response within sixty (60) days may request a review by notice given in writing to the Committee. Such request must be made within sixty (60) days after receipt by the Claimant of the written notice of denial, or in the event Claimant has not received a response sixty (60) days after receipt by the Committee of Claimant's claim or request. The claim or request shall be reviewed by the Committee which may, but shall not be required to, grant the Claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

8.4. **Final Decision** . The decision on review shall normally be made within sixty (60) days after the Committee's receipt of claimant's claim or request. If an extension of time is required for a hearing or other special circumstances, the Claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reasons and the relevant Plan provisions. All decisions on review shall be final and bind all parties concerned.

ARTICLE IX - AMENDMENT AND TERMINATION OF PLAN

9.1. **Amendment** . The Company reserves the right to amend, modify or suspend the Plan, in whole or in part, at any time; provided however, that any such amendment, modification or suspension shall not reduce the accrued benefit of any Participant. Notwithstanding, the Company may, in its sole discretion and without the Participant’s consent, modify or amend the terms of the Plan, or take any other action it deems necessary or advisable, to cause the Plan to comply with Section 409A (or an exception thereto) .

9.2. **Company's Right to Terminate** . The Company reserves the right to terminate the Plan, in whole or in part, at any time; provided however, that any such termination shall not reduce the accrued benefit of any Participant. Termination of the Plan shall not be a distribution event under the Plan unless otherwise permitted under Section 409A of the Code or other applicable law.

ARTICLE X - MISCELLANEOUS

10.1. **Unfunded Plan** . This plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301, and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA.

10.2. **Company Obligation** . The obligation to make benefit payments to any Participant under the Plan shall be an obligation solely of the Company with respect to the deferred Compensation receivable from, and contributions by, that Company and shall not be an obligation of another company.

10.3. **Section 409A** . Notwithstanding any provision of the Plan to the contrary, t he provisions of the Plan shall be administered, interpreted and construed in accordance with Section 409A, the regulations and other binding guidance promulgated thereunder (or disregarded to the extent such provision cannot be so administered, interpreted or construed) . It is intended that distribution events authorized under the Plan qualify as permissible distribution events for purposes of Section 409A of the Code, and the Plan shall be interpreted and construed accordingly in order to comply with Section 409A of the Code, the regulations and other binding guidance promulgated thereunder. Accordingly, if a Participant is a Specified Employee for purposes of Section 409A and a payment subject to Section 409A to the Participant is due upon Separation from Service, such payment shall be delayed for a period of six (6) months after the date the Participant Separates from Service (or, if earlier, the death of the Participant). The Company reserves the right to accelerate, delay or modify distributions to the extent permitted under Section 409A. Notwithstanding any provision of the Plan to the contrary, i n no event shall the Committee or Board (or any member thereof), or the Company (or its employees, officers, directors or affiliates) have any liability to any Participant (or any other person) due to the failure of the Plan to satisfy the requirements of Section 409A or any other applicable law.

10.4. **Unsecured General Creditor** . Notwithstanding any other provision of this Plan, Participants and Participants' Beneficiary shall be unsecured general creditors, with no secured or preferential rights to any assets of Company or any other party for payment of benefits under this Plan. Any property held by Company for the purpose of generating the cash flow for benefit payments shall remain its general, unpledged and unrestricted assets. Company's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.5. **Trust Fund** . Company shall be responsible for the payment of all benefits provided under the Plan. At its discretion, Company may establish one (1) or more trusts, with such trustees as the Board may approve, for the purpose of assisting in the payment of such benefits. Although such a trust shall be irrevocable, its assets shall be held for payment of all Company's general creditors in the event of insolvency. To the extent any benefits provided under the Plan are paid from any such trust, Company shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Company.

10.6. **Nonassignability** . Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgements, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.7. **Not a Contract of Employment** . This Plan shall not constitute a contract of employment between Company and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Company or to interfere with the right of the Company to discipline or discharge a Participant at any time.

10.8. **Protective Provisions** . A Participant will cooperate with Company by furnishing any and all information requested by Company, in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Company may deem necessary and taking such other action as may be requested by Company.

10.9. **Governing Law** . The provisions of this Plan shall be construed and interpreted according to the laws of the Commonwealth of Virginia, except as preempted by federal law.

10.10. **Validity** . If any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.11. **Notice** . Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in company's records.

10.12. **Successors** . The provisions of this Plan shall bind and inure to the benefit of Company and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Company, and successors of any such corporation or other business entity.

ALPHA NATURAL RESOURCES, INC

Exhibit A

Valuation Funds as of March 2, 2010

Moody's Long-term Corporate Bond Monthly Average Corporate Rate

Annex A

Subsidiaries adopting this Plan

Alpha Coal Sales Co., LLC
Alpha Natural Resources Services, LLC
AMFIRE Mining Company, LLC
Black Dog Coal Corp.
Brooks Run Mining Company, LLC
Dickenson-Russell Coal Company, LLC
Enterprise Mining Company, LLC
Herndon Processing Company, LLC
Kepler Processing Company, LLC
Kingwood Mining Company, LLC
Litwar Processing Company, LLC
Maxxim Rebuild Co., LLC
Maxxim Shared Services, LLC
Paramont Coal Company Virginia, LLC
Riverside Energy Company, LLC

Exhibit B

Participant Name	Percentage of Pay

Exhibit 12.1

Alpha Natural Resources, Inc
Computation of Ratio of Earnings to Fixed Charges
(Amounts in thousands except ratio)

	Three Months Ended March 31,	
	2010	**2009**
Earnings:		
Income from continuing operations before income taxes	$ 35,948	$ 60,248
Adjustments:		
Fixed charges	23,654	10,285
Loss from equity investees	322	35
Amortization of capitalized interest	35	36
Capitalized interest	(115)	(89)
	$ 59,844	$ 70,515
Fixed Charges:		
Interest expense	$ 22,120	$ 9,853
Portion of rental expense representative of interest	1,419	343
Capitalized interest	115	89
	$ 23,654	$ 10,285
Ratio of earnings to fixed charges	2.53	6.86

Exhibit 12.2

Alpha Natural Resources, Inc. and Subsidiaries
Computation of Other Ratios
As of March 31, 2010
(Amounts in thousands except ratios)

Adjusted EBITDA to cash interest ratio: The Adjusted EBITDA to cash interest ratio is defined as Adjusted EBITDA divided by net cash interest expense (defined as interest expense plus/minus interest income and non-cash interest expense). (1)

Adjusted EBITDA (1)	$	773,479
Pro Forma net cash interest expense (1)	$	56,967
Adjusted EBITDA to cash interest ratio		**13.6**

(1) Adjusted EBITDA and pro forma net cash interest expense are defined and calculated in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Analysis of Material Debt Covenants" in our 2010 Quarterly Report on Form 10-Q.

Maximum Total Debt less Unrestricted Cash to Adjusted EBITDA Ratio: The maximum total debt less unrestricted cash to adjusted EBITDA ratio is defined as total net debt (defined as the sum of note payable and long-term debt less cash and cash equivalents) divided by Adjusted EBITDA.

Long-term debt, excluding debt discount	$	862,160
Cash and cash equivalents		(493,835)
Total Net Debt	$	368,325
Adjusted EBITDA (1)	$	773,479
Total debt less unrestricted cash to adjusted EBITDA ratio		**0.5**

(1) Adjusted EBITDA is defined and calculated in "Management's Discussion and Analysis of Financial Condition and Results of Operations—Analysis of Material Debt Covenants" in our 2010 Quarterly Report on Form 10-Q.

EXHIBIT 31(a)

Sarbanes Oxley Section 302 Certification

CERTIFICATION OF PRINCIPAL EXECUTIVE OFFICER

I, Kevin S. Crutchfield, certify that:

1. I have reviewed this quarterly report on Form 10-Q (this "Report") of Alpha Natural Resources, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 7, 2010

By: /s/ *Kevin S. Crutchfield*
Kevin S. Crutchfield
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 31(b)

Sarbanes Oxley Section 302 CERTIFICATION

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER

I, Frank J. Wood, certify that:

1. I have reviewed this quarterly report on Form 10-Q (this "Report") of Alpha Natural Resources, Inc. (the "Registrant");

2. Based on my knowledge, this Report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this Report;

3. Based on my knowledge, the financial statements, and other financial information included in this Report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this Report;

4. The Registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this Report is being prepared;

   b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c. Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this Report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this Report based on such evaluation; and

   d. Disclosed in this Report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting; and

5. The Registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant's auditors and the audit committee of the Registrant's board of directors (or persons performing the equivalent functions):

   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant's ability to record, process, summarize and report financial information; and

   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal control over financial reporting.

Date: May 7, 2010

By: /s/ *Frank J. Wood*
Frank J. Wood
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT 32(a)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Alpha Natural Resources, Inc. (the "Registrant") for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Kevin S. Crutchfield, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 7, 2010

By: /s/ *Kevin S. Crutchfield*
Kevin S. Crutchfield
Chief Executive Officer
(Principal Executive Officer)

EXHIBIT 32(b)

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report on Form 10-Q of Alpha Natural Resources, Inc. (the "Registrant") for the period ended March 31, 2010, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Frank J. Wood, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

Date: May 7, 2010

By: /s/ *Frank J. Wood*
Frank J. Wood
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)