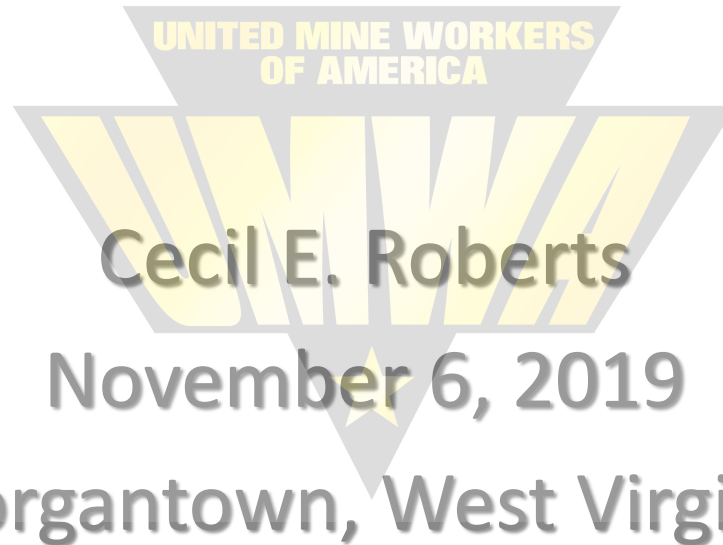


Murray Energy UMW Local Union Presentation



A Time of Upheaval in the Coal Industry

- The past decade has been a time of upheaval in the coal industry.
- Coal production and employment have fallen steeply as the demand for domestic steam coal for electricity generation has plummeted.
- Since 2010, U.S. utilities have retired 564 coal-fired power units, comprising 102 gigawatts of capacity.
- To put that in perspective, the Harrison power plant is about 1.9 gigawatts, so we have shut down the equivalent of over 50 Harrison power plants in the last decade.

A Time of Upheaval in the Coal Industry

- Harrison station consumes about 7 million tons of coal per year, so the retired power plants mean a lost market of about 350 million tons.
- Coal's share of electricity generation has fallen in recent years from nearly half the nation's electricity output to about 24% in 2019.
- As coal production fell by about one-third, the number of operating coal mines fell by more than half, from 1,435 mines in 2008 to 666 mines in 2018.

Coal's Share of Electricity Generation

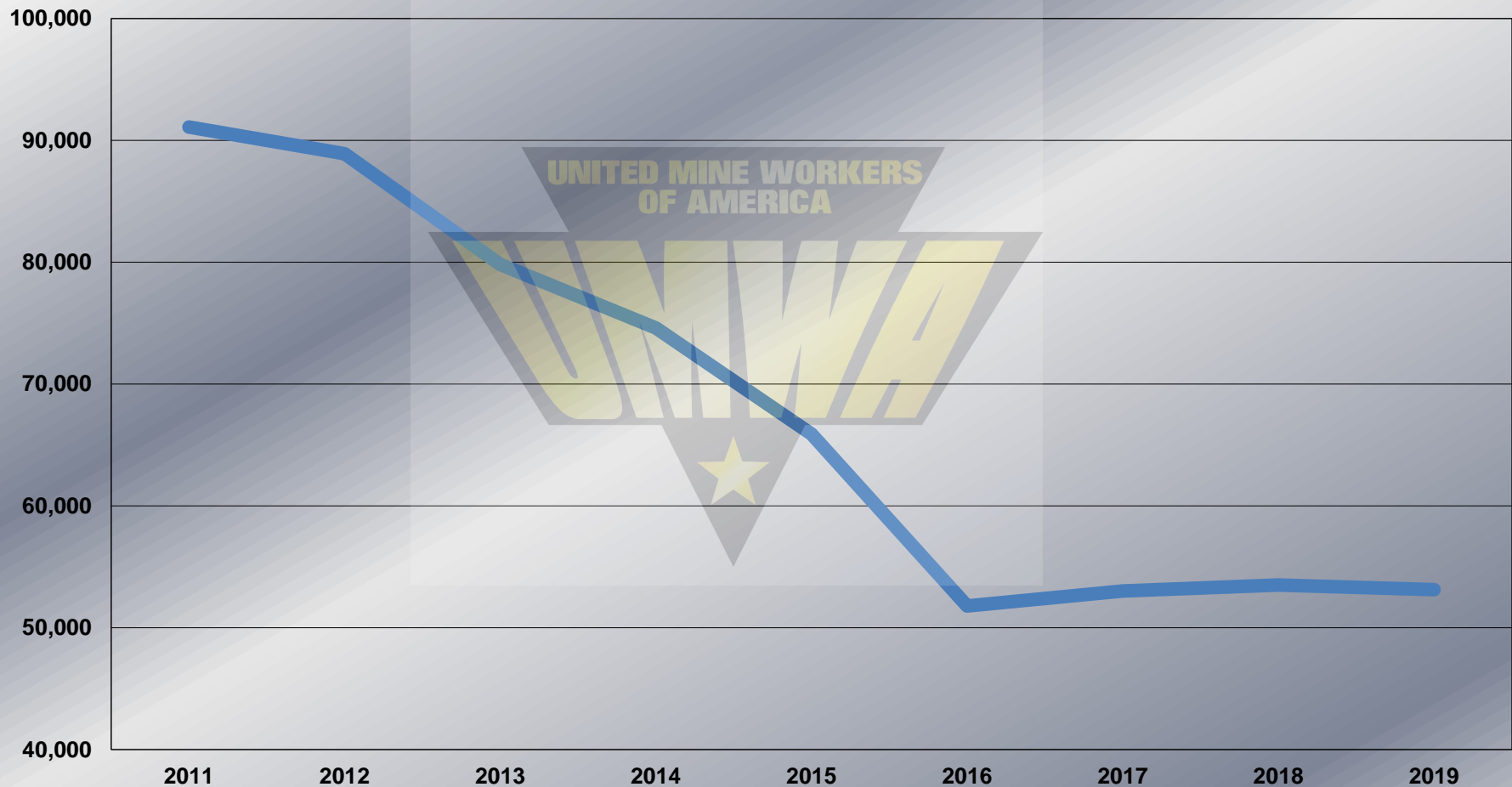


U.S. Coal Production, 2008-2018

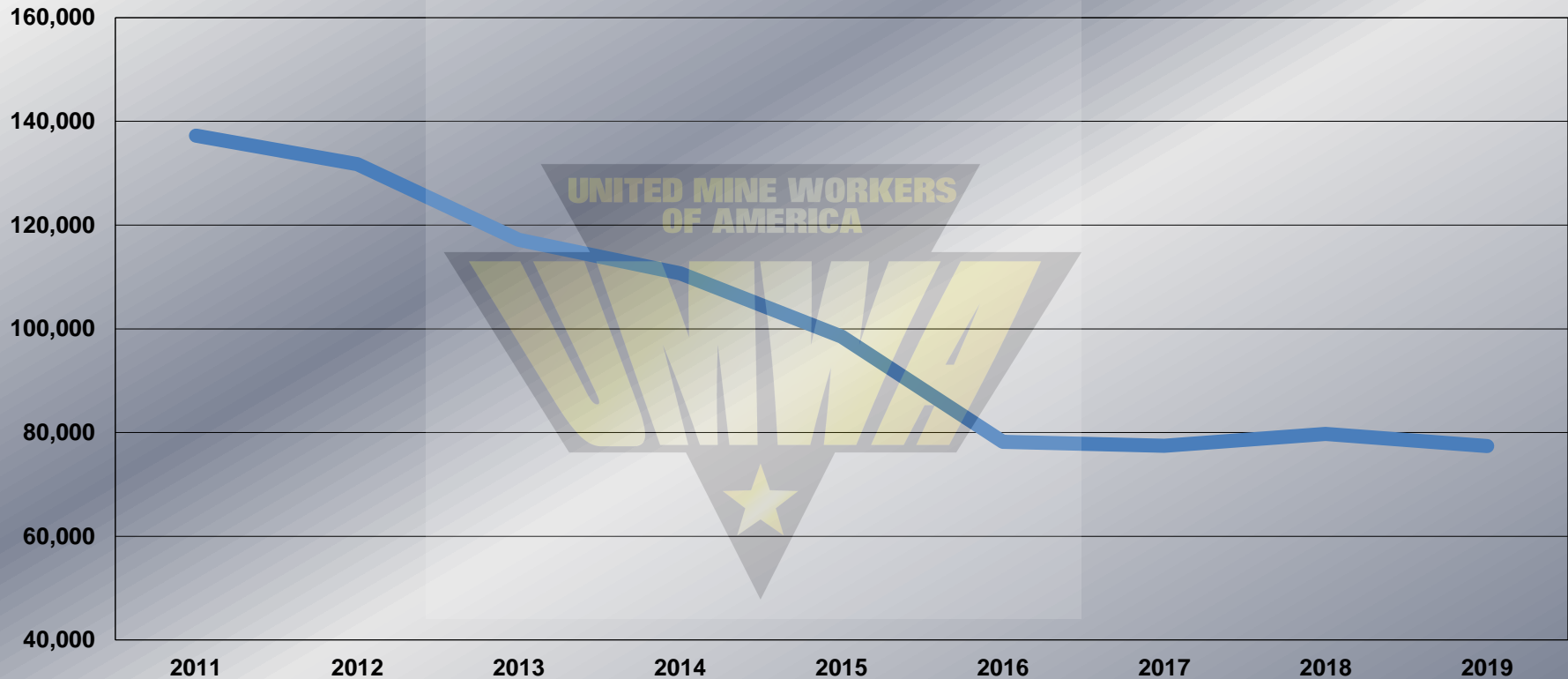


Employment at U.S. Coal Mines

Company Employees

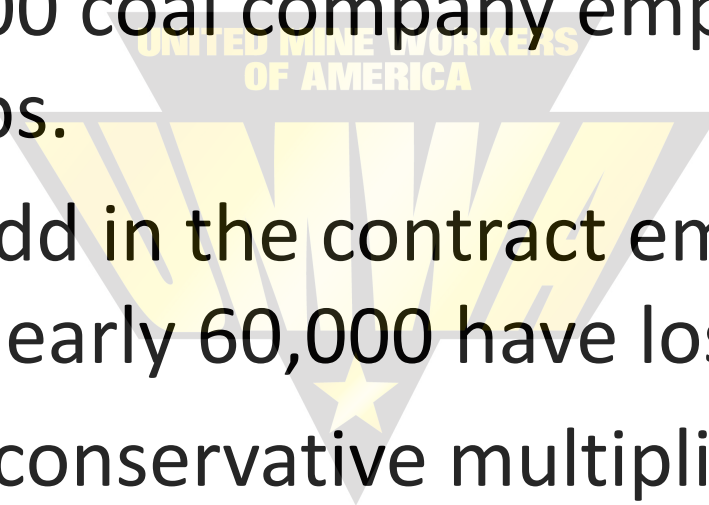


Employment at U.S. Coal Mines Company and Contract Employees



Massive Job Losses

- So, we have seen massive job losses in the coal industry over the last decade.
- Nearly 38,000 coal company employees have lost their jobs.
- When you add in the contract employees at the mines, nearly 60,000 have lost their jobs.
- If you use a conservative multiplier of 4 jobs for every coal mining job, about 240,000 jobs have been lost in the coal fields.



Coal Bankruptcies Since 2012

Date	Name	Filing Type
1/23/12	Evergreen Energy	7
1/26/12	Larry Addington	7
2/15/12	Alpha & Omega Coal	7
3/29/12	H & D Mining	7
6/11/12	B & B Coal	7
6/29/12	Panther Branch Coal	7
7/9/12	Patriot Coal	11
7/11/12	Conshor Mining	7
9/21/12	Tennessee Classic Coal	11
10/1/12	Haley Bros. Coal	7
11/7/12	King Coal Trucking	11
2/1/13	Cobra Mining	7

2/1/13	American West Resources	11
2/14/13	Trinity Coal	11
2/14/13	Excel Energy and Coal	7
2/19/13	T & T Energy	11
6/28/13	Twin Star Coal	11
7/1/13	Detherage Coal Sales	7
9/23/13	Lily Group	11
10/8/13	Valley Mining	7
11/22/13	Manalapan Mining	7
11/22/13	Left Fork Mining	7
11/22/13	Cloverfork Mining & Excavating	7
11/22/13	Cumberland River Energies	7
11/22/13	B & S Trucking	7
11/22/13	Bennett Resources	7
2/7/14	Cobalt Coal	7

4/7/14	James River Coal	7
5/22/14	US Coal	7
5/22/14	Licking River Mining	11
6/27/14	IBCS Mining	11
10/8/14	Coal Valley	7
12/1/14	Bumi Investments	15
12/1/14	Enercoal Resources	15
12/3/14	Cline Mining	15
2/24/15	Covington Coal	11
4/6/15	Xinergy	11
4/15/15	Grass Creek Coal	11
5/12/15	Patriot Coal #2	11
5/27/15	Birmingham Coal and Coke	11
6/3/15	A & M Coal	7

7/1/15	J W Resources Inc.	11
7/15/15	Walter Energy	11
8/3/15	Alpha Natural Resources	11
8/12/15	Florence Mining	7
11/5/15	Fortress Resources	11
12/7/15	Everett Energy	7
1/11/16	Arch Coal	11
4/13/16	Peabody Energy	11
11/1/17	Armstrong Energy	11
12/1/17	Trinity Coal	11
10/14/18	Mission Coal	11
10/9/18	Westmoreland Coal Company	11
5/10/19	Cloud Peak	11
6/19/19	Cambrian Holding	11
8/29/19	Blackhawk Mining	11
7/23/19	Black Jewel	11
10/1/19	Rockhampton Energy	11
10/29/19	Murray Energy	11

Murray Energy Bankruptcy

- On October 29, 2019, Murray Energy filed for bankruptcy in the southern district of Ohio in Cincinnati, Ohio.
- The filing contemplates a “free and clear” sale of the company under Section 363 of the bankruptcy code.
- There will be an auction process, but the likely new owners will be the current holders of Murray’s first lien bonds.

Murray Energy

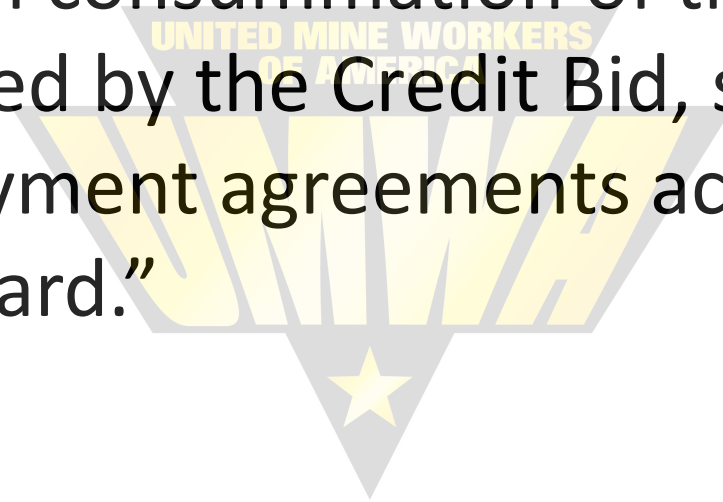
- Bob Murray no longer runs Murray Energy, but he retains the title of Chairman and will be chairman of the entity that emerges from bankruptcy.
- Rob Moore has been named president and CEO of Murray Energy and will hold that position with the entity that emerges from bankruptcy, which the bankruptcy documents call Murray NewCo.
- Murray Energy will remain in business during the bankruptcy and then its assets will transfer to NewCo.

Murray Energy

- “As part of his compensation for services as Chairman of the New Board, Mr. Robert E. Murray shall receive equity in Murray NewCo in an amount to be determined by the New Board and shall continue to receive the same health benefits he currently receives from the Company.”

Murray Energy

- “Ryan Murray, Robert Murray, (Jr.), and Jonathan Murray shall be employed by Murray Newco upon consummation of the transaction contemplated by the Credit Bid, subject to new employment agreements acceptable to the New Board.”



Murray Energy Debt Structure



Secured Debt	Maturity	Principal Amount	Recent Value
Prepetition ABL Facility	February 12, 2021	\$60.7 million (ABL) \$90 million (FILO)	
Superpriority Term Loan Facility	October 17, 2022	\$1.727 billion	35¢ on the dollar
Term Loan Facility	April 17, 2020	\$51 million	7¢
1.5 L Notes	April 15, 2024	\$491 million	1¢
2 L Notes due 2020	December 5, 2020	\$2 million	6¢
2 L Notes due 2021	April 15, 2021	\$295 million	1¢
Total Secured Debt		\$2.7 billion	25¢

Murray Energy Debt Structure

Secured Debt	Interest Rate	Principal Amount	Interest Expense
Prepetition ABL Facility	LIBOR + 2.25% LIBOR + 9.00%	\$60.7 million (ABL) \$90 million (FILO)	\$3 million \$10 million
Superpriority Term Loan Facility	LIBOR + 7.25%	\$1.727 billion	\$163 million
Term Loan Facility	LIBOR + 7.25%	\$51 million	\$5 million
1.5 L Notes	12.0%	\$491 million	\$43 million
2 L Notes due 2020	9.5%	\$2 million	\$0.2 million
2 L Notes due 2021	11.25%	\$295 million	\$33 million
Total Secured Debt		\$2.7 billion	\$257 million

Murray Energy Debt Structure

- So if you want to know who is driving the bankruptcy train, it's the lenders who own the Superpriority Term Loan debt of about \$1.7 billion. These are called the 1st liens because they have the first right to Murray's assets in a default.
- Virtually all of Murray's assets are pledged to cover the bonds held by the 1st liens.
- That debt is trading at about 35¢ on the dollar, so their bonds, with a face value of \$1.7 billion, are currently worth about \$610 million.
- The remaining secured debt is selling for pennies on the dollar, which means the market thinks they will be wiped out in the bankruptcy.

Murray Energy DIP Financing

- The DIP financing agreement, along with the Restructuring Support Agreement (RSA), lays out the milestones Murray must achieve in bankruptcy.
- The DIP financing agreement and the RSA include milestones that will affect the lives of everyone in this room.

Murray Energy DIP Financing

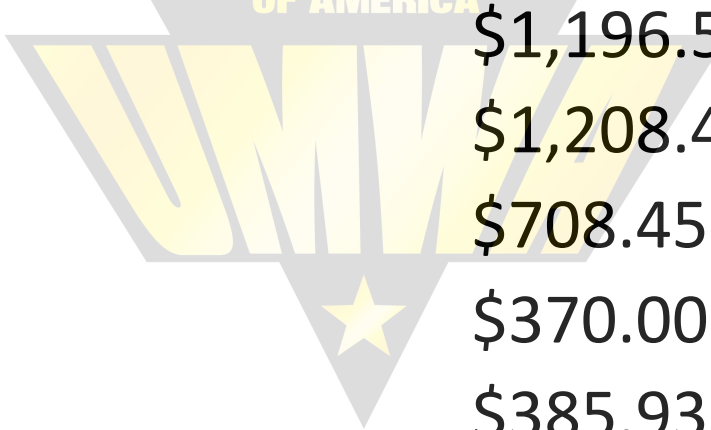
- Murray has obtained Debtor In Possession (DIP) financing of \$350 million of new money to operate during bankruptcy.
- Most of this new money will come from the existing 1st lien investors.
- Murray will have an immediate draw of up to \$200 million, along with a delayed draw of \$150 million.

How They Will Spend the DIP

- The professionals that work for Murray and the lenders—the lawyers, the financial advisors, the restructuring advisors and the investment bankers—will argue that Murray can no longer afford to pay for retiree health care. And they don't come cheap.
- Murray has budgeted \$111.4 million for professional fees.

How They Will Spend the DIP

- Now, you may wonder how they can spend \$111.4 million dollars in 7-9 months. Look at the hourly rates these same lawyers (Kirkland & Ellis) charged in the Mission bankruptcy.



• Partners	\$1,196.51
• Of Counsel	\$1,208.46
• Associates	\$708.45
• Law Clerk	\$370.00
• Paralegal	\$385.93
• Junior Paralegal	\$253.54
• Support Staff	\$394.04

How They Will Spend the DIP

- The rates on the previous slide are “blended” rates.
- Some of the Kirkland and Ellis partners in the Mission bankruptcy charged rates up to \$1,565 per hour.
- Some of the Of Counsel attorneys were paid \$1,390 per hour.
- Some of the Associate attorneys were paid \$1,045 per hour.

How They Will Spend the DIP

- The law firm that will lead Murray's bankruptcy efforts is called Kirkland & Ellis.
- It has offices worldwide.
- It's main offices are in New York and Chicago.
- The lenders are represented by Davis Polk, another New York law firm with offices worldwide. They represented Patriot in its bankruptcy.
- Murray's financial advisor is Alvarez & Marsal. It also has offices worldwide.
- Murray's investment Banker is Evercore. It is headquartered in New York, but also has offices worldwide.

How They Will Spend the DIP

- And the lenders will get their share of the pie too. For providing \$350 million of new money, money they are guaranteed to get back, the lenders will rake up about \$28.8 million in DIP fees as soon as Murray draws down the first \$200 million.
- And then at the end of the bankruptcy they get their \$350 million back, plus interest at a rate of about 13% (LIBOR plus 11%).
- That means the lenders, who are going to own this company, will have earned about 24% just on their DIP loan, for money they essentially loaned to themselves.

How They Will Spend the DIP

- They have set aside \$164.5 million to pay certain pre-petition vendors in full. Legally, these are unsecured creditors who should have no greater claim against the estate than miners, retirees or the pension plan.
- But here is what their plan calls for: “On the Plan Effective Date...each holder of an allowed Ongoing Trade Partner Claim will receive, to the extent not already paid pursuant to “first day” relief in the Chapter 11 Cases, payment in full.”

Emphasis added

How They Will Spend the DIP

- Finally, they have set aside \$20 million to pay themselves and other management personnel bonuses, called “Key Employee Retention Plans.”
- Only our perverse bankruptcy system would reward the folks who ran the company into the ground with millions of dollars of bonuses.
- But that is one of the first motions the company will make in its bankruptcy.
- And nearly everyone, except the UMWA and the 1974 Pension Plan, will support it.

How They Will Spend the DIP

Category	Amount
Professional Fees	\$111.4 million
DIP Fees to the Lenders	\$28.8 million
Executive Bonuses	\$20.0 million
Total for the Hogs at the Trough	\$160.2 million
Certain Pre-Petition Claims	\$164.5 million
Total	\$324.7 million

How They Will Spend the DIP

- The bankruptcy system is an abomination and an affront to decency. It is a disgusting, dirty, corrupt and perfectly legal way for the rich to rob the poor.
- No sane society would pay lawyers \$1,200 an hour to take health benefits away from widows and disabled coal miners.
- No sane society would pay clerks, junior paralegals and support staff \$250-\$400 per hour to try to rob hard-working coal miners who make about \$30 an hour.
- The bankruptcy system, and everyone who profits from it, is morally bankrupt.

**SO WHAT DOES THIS MEAN FOR
THE UMWA CONTRACT?**



What Will Happen to Our Contract

- The contract remains in full force unless and until the bankruptcy judge approves a motion to terminate the contract.
- Until such time, wages, benefits, pension contributions and retiree health care are administrative claims against the estate that receive the highest priority.
- The bankruptcy filing, by itself, doesn't change any terms and conditions of the contract.
- But the storm is coming.

Murray Bankruptcy Milestones

Days from Filing (10/29/19)	Date	Milestone
35	December 3, 2019	File Plan and Disclosure Statement, file motion for bidding procedures, file motion for incentive compensation plans
40	December 8, 2019	Make proposals to UMWA under 1113 and 1114
45	December 13, 2019	Final order approving DIP financing
70	January 7, 2019	Bidding procedures approved
106	February 12, 2020	Either reach an agreement with UMWA or file 1113/1114 motion
125	March 2, 2020	Bidding deadline

Murray Bankruptcy Milestones

Days from Filing (10/29/19)	Date	Milestone
135	March 12, 2020	Auction occurs
150	March 27, 2020	Court approves 1113/1114 motion
150	March 27, 2020	Court issues Disclosure Statement order
195	May 11, 2020	Court approves confirmation order
210	May 26, 2020	Confirmed plan becomes effective

Murray Bankruptcy Hearings

Date	Time	Location
December 4, 2019	9:30 am	Columbus, Ohio
January 9, 2020	10:00 am	Columbus, Ohio
February 6, 2020	10:00 am	Columbus, Ohio
March 12, 2020	10:00 am	Columbus, Ohio

Murray Bankruptcy Milestones

- As I noted before, these milestones will affect everyone in this room and thousands of other UMWAs families.
- It will not only affect those still working at Murray but also thousands of retirees who receive their health care from Murray Energy.

What Will Happen to Our Contract

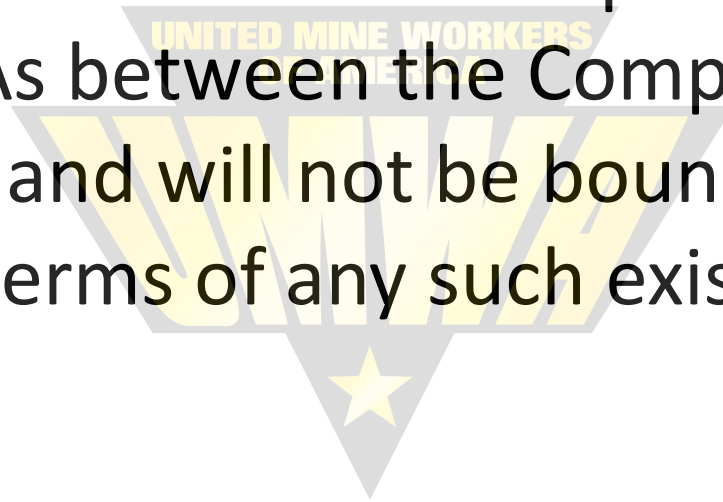
- The filing contemplates termination of the collective bargaining agreement.
- The company is required to bargain with us before making a motion to terminate.
- The company has informed us that the lenders will be at the bargaining table, not Murray executives.
- That ought to give us some indication that their intent is to declare impasse and seek authority to terminate the collective bargaining agreement.

What Will Happen to Our Contract

- If you need any clarification of their intentions, consider this definition from the RSA.
- “***General Unsecured Claims***” means any unsecured claim ..., including claims, if any, arising from the rejection of any contracts (including the termination of any CBAs (as defined herein)), the withdrawal from any multiemployer pension funds, or the termination of any retiree benefits or other retirement obligations.

What Will Happen to Our Contract

- And this affirmative statement about existing CBAs.
- “Murray NewCo will not accept or assume any existing CBAs between the Company and its employees, and will not be bound by or accept the terms of any such existing CBAs.”



Murray Employment, 2018

Mine	Total	UMWA	Management
Harrison	499	321	178
Marion	593	438	155
Marshall	883	610	273
Monongalia	421	295	126
Ohio	523	333	190
Total	2,919	1,997	922
Source: Murray Energy, 12/31/18			

Murray Energy Health Care

Group	Population, July 2019	2018 Cost
Active miners and family	5,832	\$27.8 million
Coal Act retirees	2,361	\$18.5 million
NBCWA retirees	11,697	\$77.4 million
Total lives	19,890	\$123.7 million
Source: UMWA Health and Retirement Funds		

Murray Hours Worked, 2014-2018

Mine	2014	2015	2016	2017	2018
Harrison	985,018	814,465	482,789	659,954	705,322
Marion	1,025,121	844,656	505,748	786,953	851,890
Marshall	1,657,124	1,440,218	1,005,867	1,170,611	1,264,728
Monongalia	833,831	504,706	373,226	582,209	657,058
Ohio	1,111,354	828,326	578,382	714,003	707,901
Total	5,612,448	4,432,372	2,946,012	3,913,730	4,186,899
Source: UMWA Funds					

Murray Earnings by Mine

Mine	EBITDA (\$ million)	Estimated Revenue (\$ million)	Percent of Revenue	Tons Produced (millions)	Estimated \$ per Ton
Harrison	209.3	382.1	19%	7.6	50.28
Marion	83.9	281.5	14%	6.4	43.99
Marshall	132.1	442.4	22%	11.2	39.50
Monongalia	77.8	221.2	11%	5.0	44.24
Ohio County	92.9	301.7	15%	6.9	43.72
UMWA Mine Total	596.0	1,628.9	82%	37.1	43.91
Century	35.3	221.2	11%	4.4	50.28
Paradise	-20.5	40.2	2%	1.0	40.22
Lila canyon	15.2	100.6	5%	2.9	34.67
Non-Union Total	30.0	362.0	18%	8.3	43.61

What Will Happen to Our Contract

- You don't need a crystal ball to see what they have planned for the contract.
- The overpaid financial and legal professionals are going to tell the judge poor old Murray NewCo can't afford to keep the promises that Consol and Murray made to coal miners.
- They'll say just because they are getting rich off this process, that shouldn't stop the judge from terminating your contract, your pension benefits and your health benefits.