



Alliance Resource Partners, L.P.
Alliance Holdings GP, L.P.

MLP Investor Conference
March 7, 2007

Forward-Looking Statements

This presentation contains forward-looking statements and information that are based on the beliefs of Alliance Resource Partners, L.P. and Alliance Holdings GP, L.P. (the “Partnerships”) and those of their respective general partners (the “General Partners”), as well as assumptions made by and information currently available to them. When used in this presentation, words such as “anticipate,” “project,” “expect,” “plan,” “goal,” “forecast,” “intend,” “could,” “believe,” “may,” and similar expressions and statements regarding the plans and objectives of the Partnerships for future operations, are intended to identify forward-looking statements.

Although the Partnerships and their General Partners believe that such expectations reflected in such forward-looking statements are reasonable at the time such statements are made, neither the Partnerships nor the General Partners can give assurances that such expectations will prove to be correct. Such statements are subject to a variety of risks, uncertainties and assumptions. If one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect, actual results may vary materially from those the Partnerships anticipated, estimated, projected or expected.

The Partnerships have no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Alliance Overview



**ALLIANCE RESOURCE
PARTNERS, L.P.**



**ALLIANCE
HOLDINGS GP, L.P.**

Alliance Resource Partners, L.P.

- Diversified producer and marketer of coal to major U.S. utilities and industrial users
- Only publicly-traded master limited partnership involved in the production and marketing of coal
- Began mining operations in 1971
 - ❖ Currently operate eight underground mining complexes in Illinois, Indiana, Kentucky, Maryland and West Virginia
 - ❖ Approximately 634 million tons of proven and probable coal reserves in the Illinois Basin, Central Appalachia and Northern Appalachia regions ^(a)
- Consistent growth through internal development and disciplined acquisitions
 - ❖ Fourth largest eastern coal producer and ninth largest in the U.S. ^(b)
- Sixth consecutive year of record performance

(a) Estimated reserves at 12/31/06.

(b) Source: Platts coal data as of 9/30/06

Two Ways to Invest in Alliance Partnerships



- Distribution growth from ARLP benefits all unitholders
- Strong alignment of interests throughout the Alliance Partnerships
 - ❖ Management owns significant interests directly in AHGP and indirectly in ARLP

(a) Includes control group comprised of present and former members of ARLP management
 (b) Includes general partner interest held directly in ARLP's Intermediate Partnership.

Alliance Partnership Profiles



**ALLIANCE RESOURCE
PARTNERS, L.P.**



**ALLIANCE
HOLDINGS GP, L.P.**

NASDAQ Symbol:	ARLP	AHGP
Unit Price (3/1/07):	\$35.45	\$23.31
Distribution:	\$2.16	\$1.00
Total Unit Coverage:	1.76x	1.00x
Equity Market Cap:	\$1,296 mm	\$1,395 mm
Enterprise Value:	\$1,389 mm	\$1,395 mm
Net Debt / Book Cap:	26.0%	0.0%
Net Debt / Enterprise Value:	6.7%	0.0%

Asset Profile:	<ul style="list-style-type: none"> ➤ 4th largest eastern coal producer operating 8 underground mining complexes ➤ 634 million tons of reserves at 12/31/06 	<ul style="list-style-type: none"> ➤ Ownership Interests in ARLP <ul style="list-style-type: none"> ❖ 1.98% G.P. Interest ❖ 100% of Incentive Distribution Rights ❖ 15.5 mm ARLP common units
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**ALLIANCE RESOURCE
PARTNERS, L.P.**



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Alliance Investment Highlights

- Strong operational and financial attributes of Alliance Resource Partners, L.P.
 - ❖ Established history of operating and financial performance
 - ❖ Efficient, low-cost operator
 - ❖ Proven track record of executing growth strategy
 - ❖ Favorable long-term industry fundamentals
 - ❖ Experienced management team
 - ❖ Conservative balance sheet with significant liquidity
- Visible inventory of growth prospects
- Robust distribution coverage at ARLP provides stability and a catalyst for future growth
- Accelerated cash flow growth potential of Alliance Holdings GP, L.P. through ownership of ARLP incentive distribution rights
- Strong economic alignment throughout organization
 - ❖ Management owns significant interests in both ARLP and AHGP

Complementary Business Objectives

Alliance Resource Partners, L.P.

Create sustainable, capital efficient growth in distributable cash flow to maximize growth in distributions to ARLP unitholders

- **Maximize existing asset base – expand / extend current operations, continuous focus on productivity improvements**
- **Build on strong coal platform – develop new mining complexes, enhance customer / strategic relationships, pursue strategic opportunities**

Alliance Holdings GP, L.P.

Increase cash distributions to unitholders by actively assisting ARLP in implementing its business strategy

- **AHGP supports ARLP by assisting with the identification, evaluation and pursuit of growth opportunities**
- **AHGP may provide ARLP access to AHGP’s capital resources to facilitate such growth opportunities**

Alliance Resource Partners, L.P. Overview



**ALLIANCE RESOURCE
PARTNERS, L.P.**



**ALLIANCE
HOLDINGS GP, L.P.**

Alliance Resource Partners, L.P. Snapshot



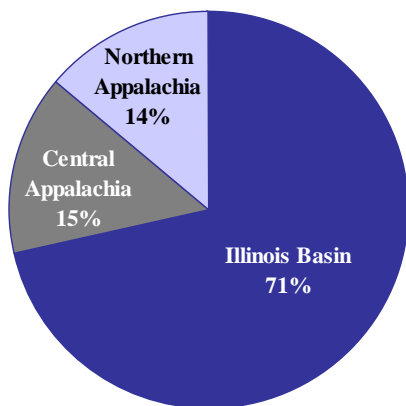
- CURRENT MINING OPERATION
 - CURRENT MINE DEVELOPMENT PROJECT
 - FUTURE GROWTH PROJECT
 - TRANSFER TERMINAL
- | | | |
|---|---|---|
| <ul style="list-style-type: none"> 1 Pattiki Complex 2 River View Complex 3 Dotiki Complex 4 Mount Vernon Transfer Terminal | <ul style="list-style-type: none"> 5 Warrior Complex 6 Hopkins Complex 7 Gibson Complex 8 Pontiki Complex | <ul style="list-style-type: none"> 9 MC Mining Complex 10 Tunnel Ridge Complex 11 Penn Ridge Complex 12 Mettiki Complex |
|---|---|---|

- ARLP operates eight underground mining complexes in all major eastern coal producing regions
 - ❖ Diversified reserve position in the Illinois Basin, Central Appalachia and Northern Appalachia regions
 - ❖ Significant organic development projects identified in the growing Illinois Basin and Northern Appalachia high sulfur coal markets

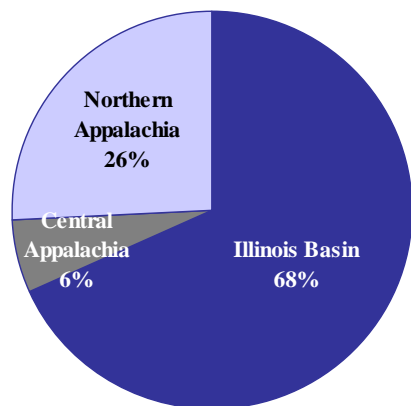
ARLP Trading Information	
Unit Price at 3/01/07:	\$35.45
Current Annualized Distribution:	\$2.16
Current Yield:	6.09%
Equity Market Value:	~\$1,296 mm
Enterprise Value:	~\$1,389 mm

Operations Summary

2006 Production



Reserves - 2006

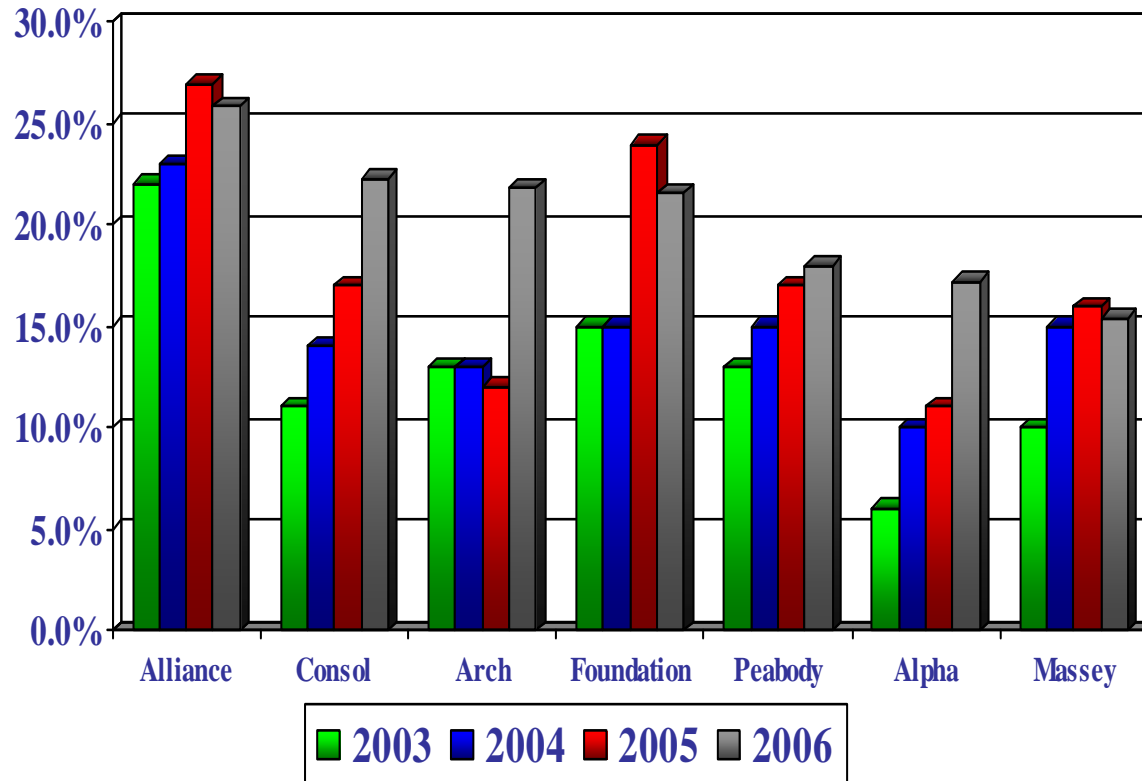


2006 Summary (MM Tons)

	<u>Production</u>	<u>Reserves</u>	<u>Primary Customers</u>
Illinois Basin			
Dotiki	4.7	86.7	Seminole; TVA
Warrior	4.5	13.9	Synfuel Solutions; LG&E
Pattiki	2.5	44.4	Corn Products; LG&E
Hopkins	1.6	63.5	Tampa Electric; TVA
River View	-	110.0	-
Gibson (North)	3.6	31.8	Duke Energy; Alabama Electric
Gibson (South)	0.0	82.7	-
Region Total	16.9	433.0	
Central Appalachia			
Pontiki	1.6	16.7	Progress; Ontario Power
MC Mining	1.9	20.7	Progress; NRG; East KY Power
Region Total	3.5	37.4	
Northern Appalachia			
Mettiki / Mettiki WV	3.3	36.3	Virginia Electric Power
Tunnel Ridge	-	70.5	-
Penn Ridge	-	56.7	Allegheny Energy
Region Total	3.3	163.5	
Total Company	<u>23.7</u>	<u>633.9</u>	

Efficient Operator

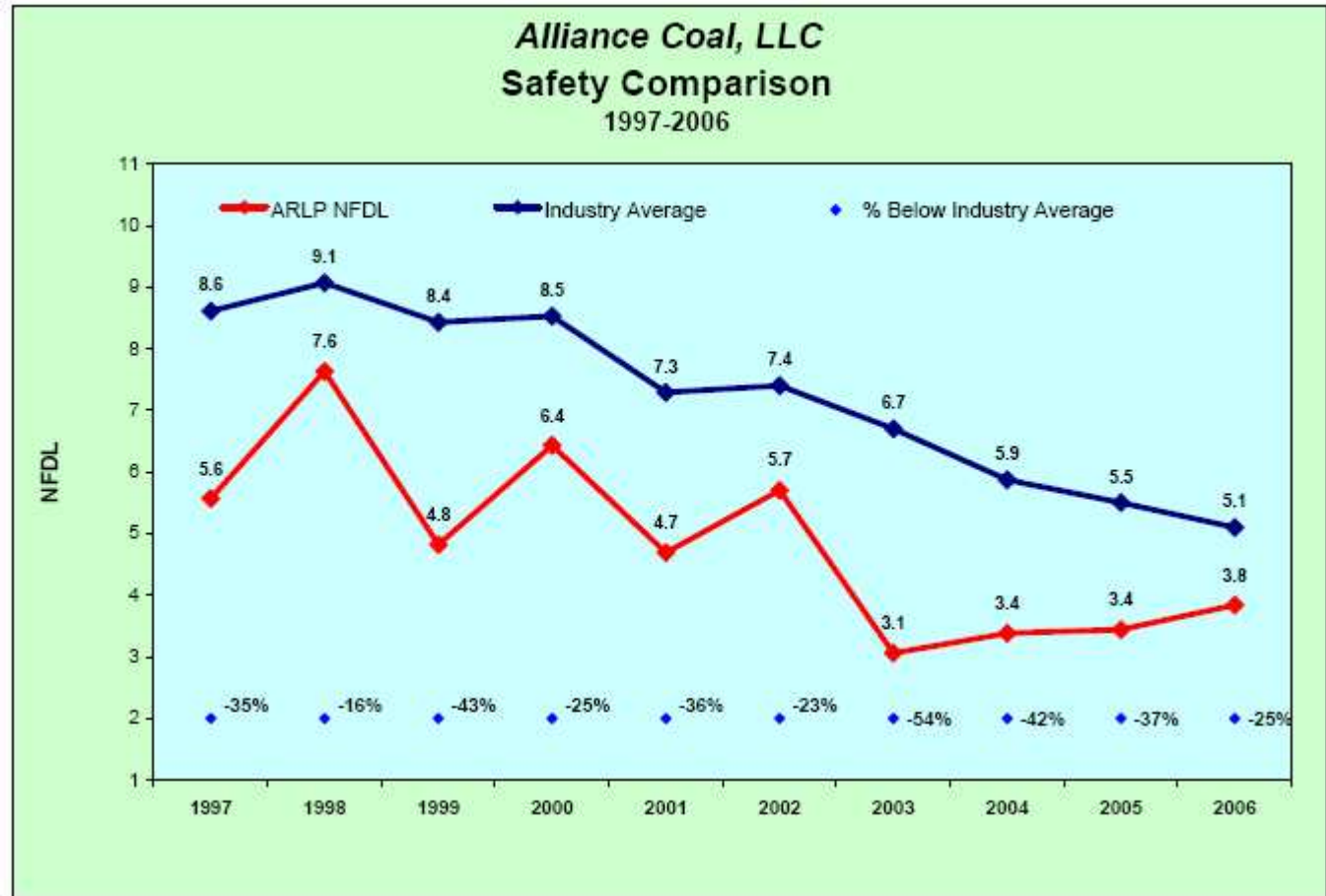
- ARLP is a low-cost, efficient coal operator, delivering sector-leading EBITDA margins



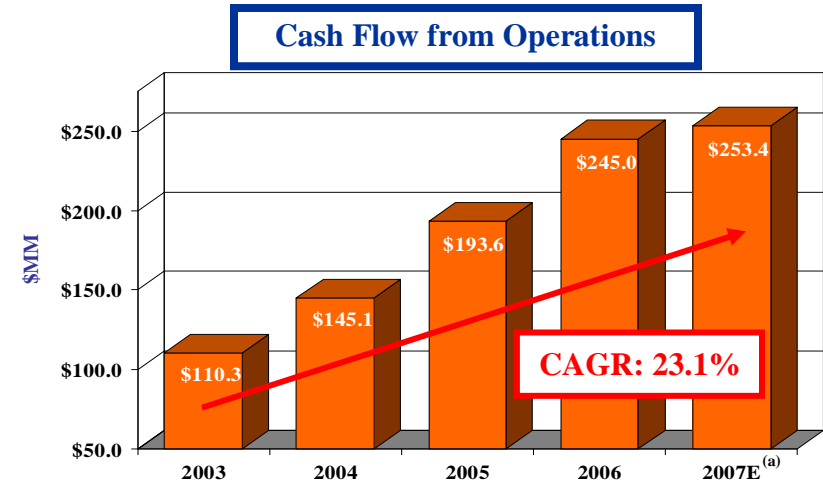
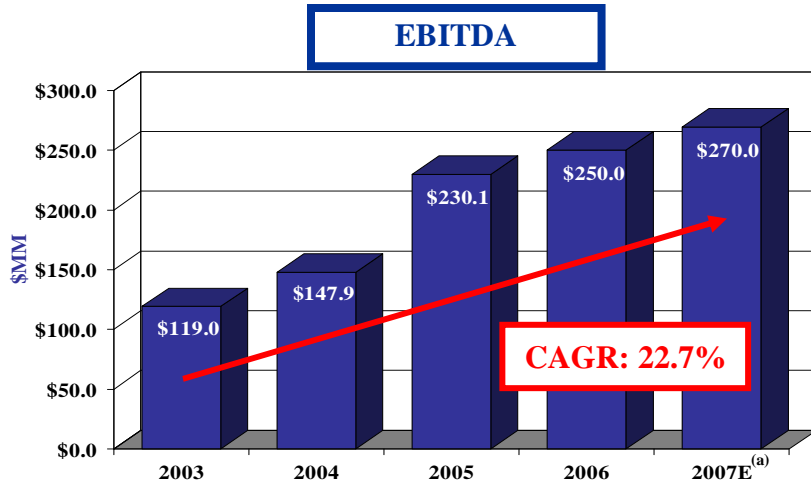
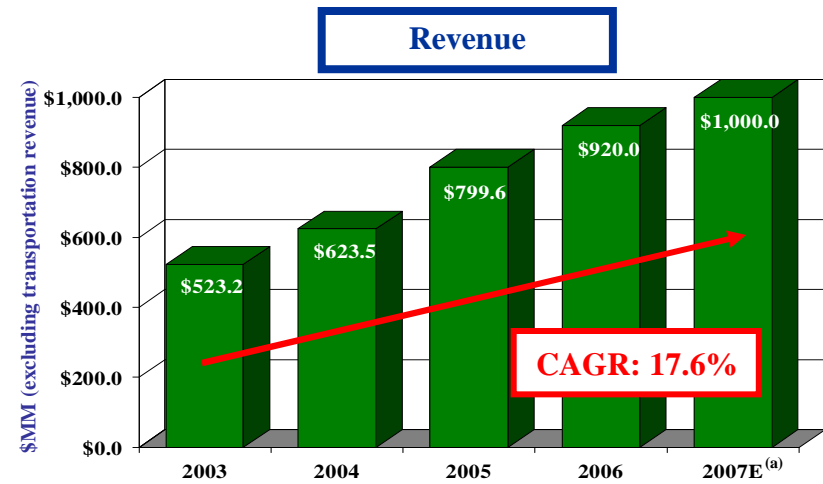
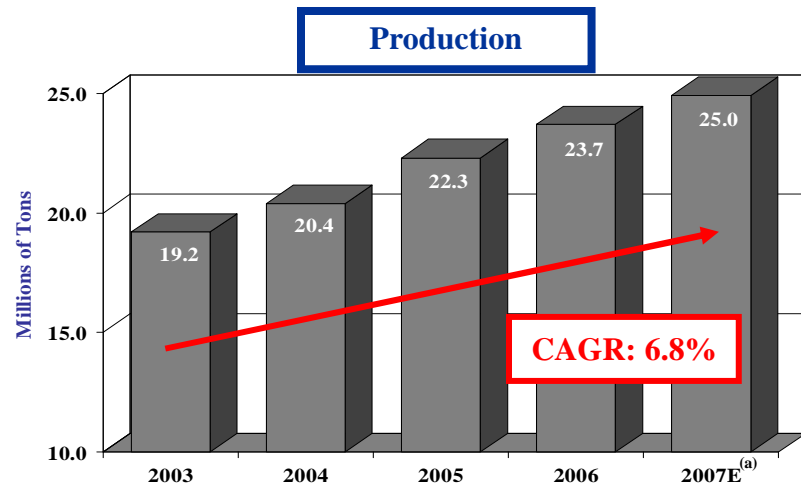
Source: Public filings
 EBITDA margin represents EBITDA / Total Revenues. EBITDA is a non-GAAP measure. See reconciliation slide of EBITDA to Net Income.

Focused on Safety

- ARLP's safety performance has been consistently better than our industry peer group
- Innovative use of technology to improve safety
 - ❖ State-of-the-art Leaky Feeder mine communication systems installed at all operations
 - ❖ Fiber optic based mine monitoring systems installed at all operations
 - ❖ Currently installing proprietary Miner Tracking systems at all operations



Consistent Track Record of Growth at ARLP

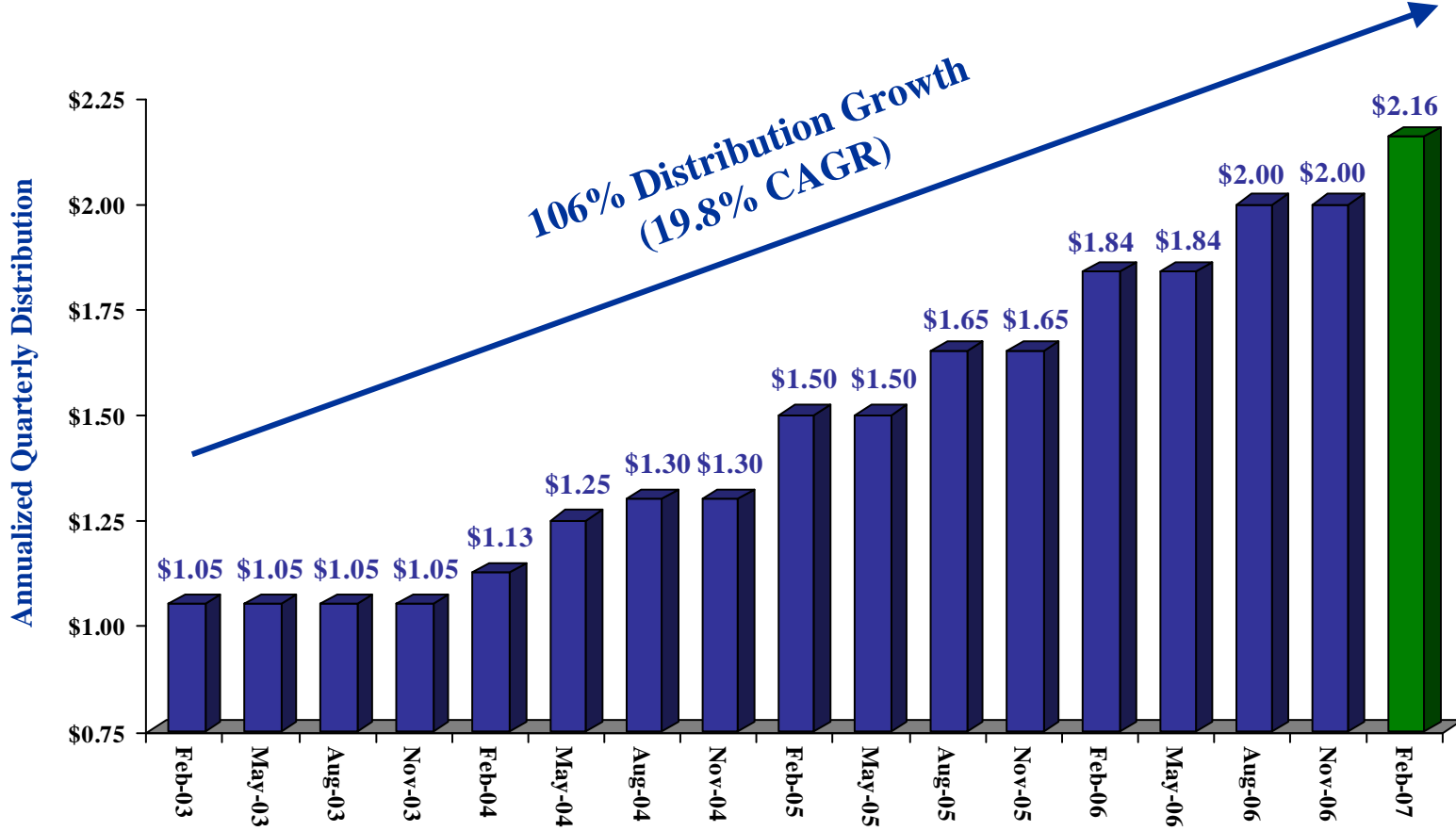


Note: EBITDA is a non-GAAP measure defined as income before net interest expense, income taxes and depreciation, depletion and amortization. See reconciliation slide of EBITDA to Net Income.

(a) Based on the midpoint of management guidance.

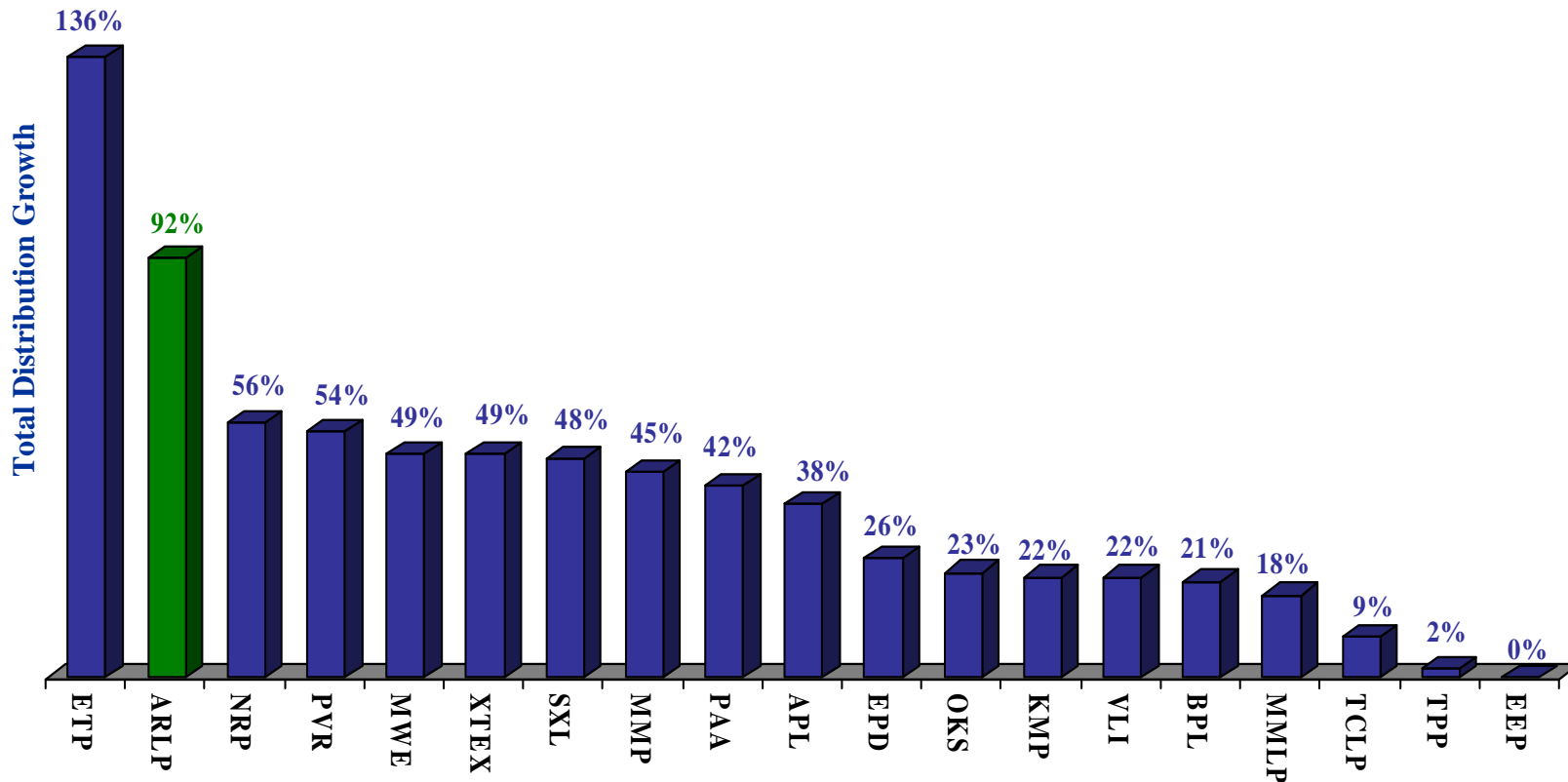
Continuous Unit Distribution Growth

➤ ARLP has increased its quarterly distribution by 106% over the last four years



Leader in Distribution Growth

- ARLP compares favorably to the broad MLP universe in terms of distribution growth since the beginning of 2004 ^(a)



(a) Total distribution growth from distribution paid in the first quarter of 2004 to the latest announced distribution as of February 27, 2007.

Alliance Holdings GP, L.P. Overview



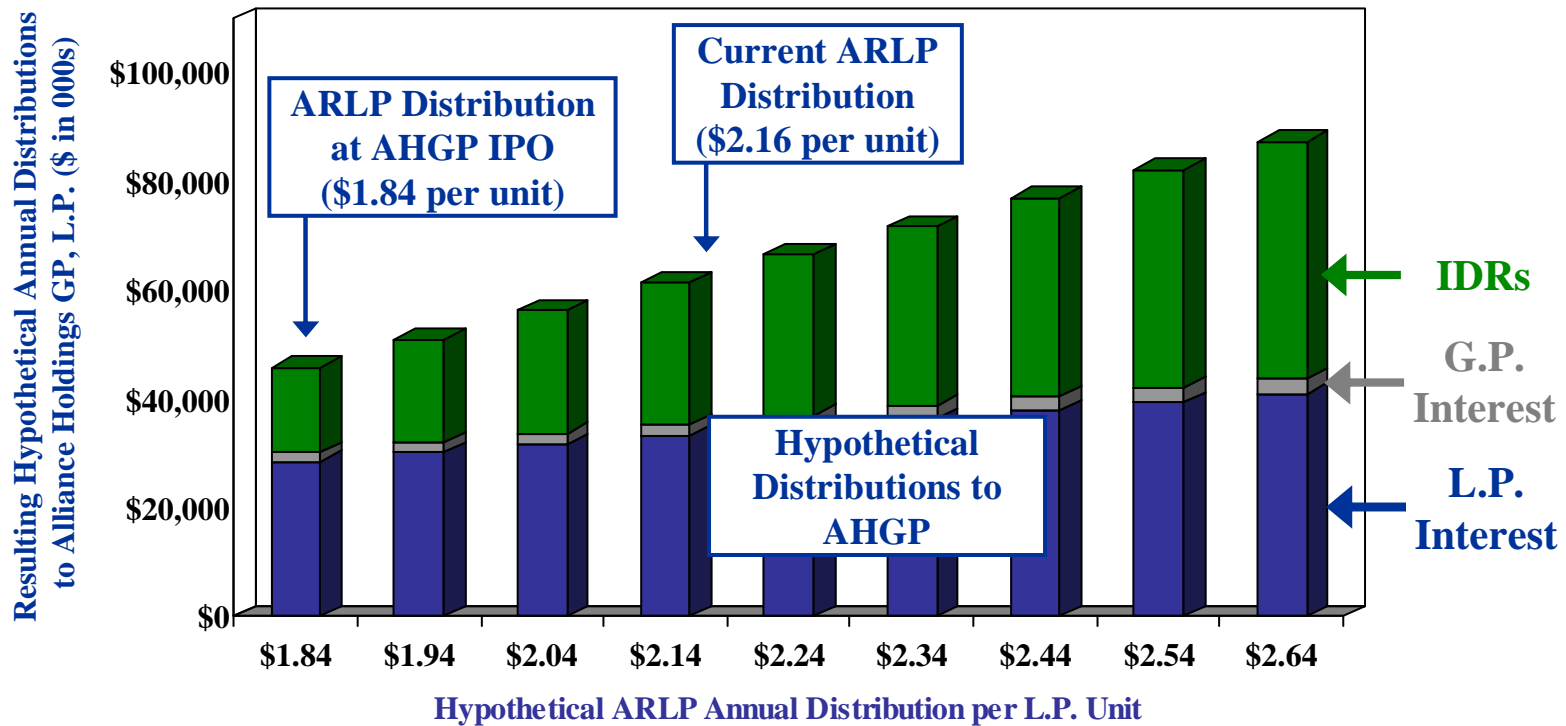
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AHGP Leverage to ARLP Growth

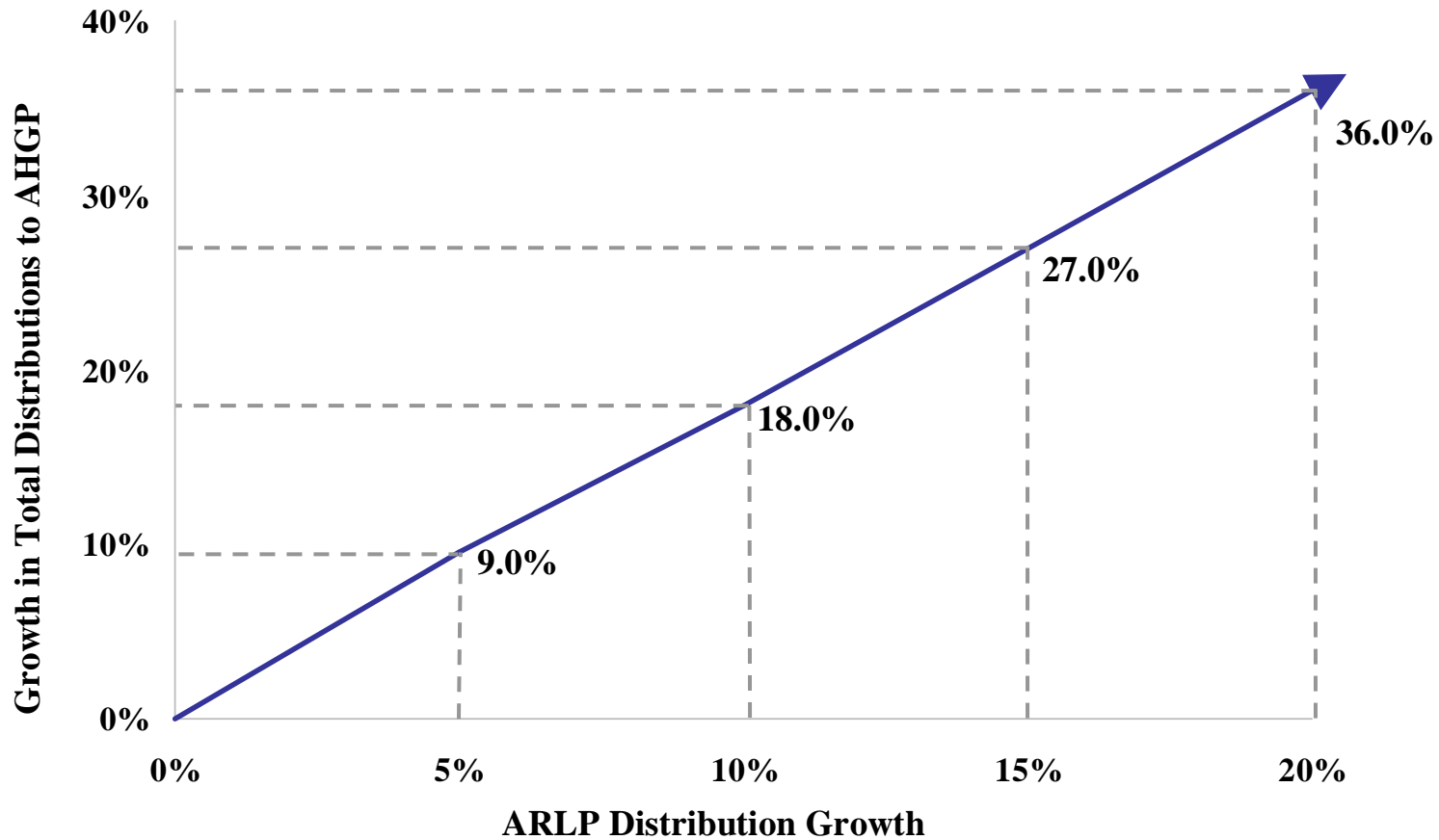
- Incentive distribution rights provide AHGP unitholders with significant financial leverage to ARLP distribution growth



Note: This graph shows the impact to AHGP as a result of ARLP raising or lowering its quarterly distribution from the current announced quarterly distribution of \$0.54 per common unit (\$2.16 annualized). This information is presented for illustrative purposes only and is not intended to be a prediction of future performance.

Impact of ARLP Distribution Growth

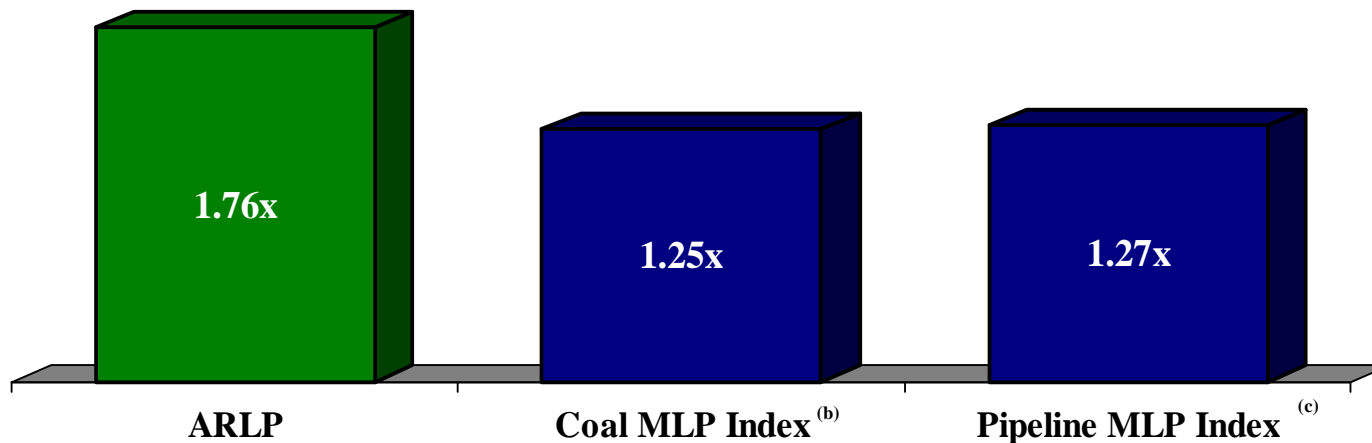
AHGP Leverage to ARLP Distribution Growth



Note: Potential one year ARLP distribution growth over current annualized distribution level of \$2.16 and assuming 36.6 million common units outstanding at ARLP as of 3/1/07.

Benefits of Industry-Leading Distribution Coverage

- ARLP's coverage ratio is among the highest of publicly traded limited partnerships in the energy sector ^(a)
- Benefits to AHGP investors include:
 - ❖ Greater potential for future distribution growth
 - ❖ Capital efficient financing for ARLP organic growth projects
 - ❖ Added stability across operating and pricing environments



(a) Source: public filings. Coverage calculated as 2007E distributable cash flow per unit (per Wall Street equity research) divided by current annualized cash distributions per unit.

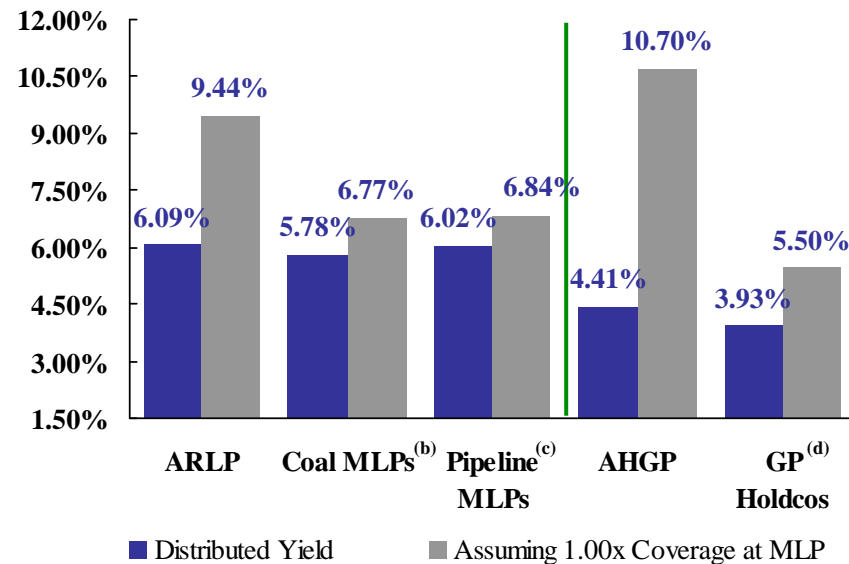
(b) Coal MLP Index includes NRP and PVR. Coverage calculated as 2007E distributable cash flow per unit (per Wall Street equity research) divided by current annualized cash distributions per unit.

(c) Pipeline MLP Index includes APL, BPL, BWP, XTEX, DPM, EEP, EPD, ETP, HLND, HEP, KMP, MMP, MWE, MMLP, PAA, RGNC, SXL, TCLP, TLP, TPP, WPZ and VLI. Coverage calculated as 2007E distributable cash flow (per Wall Street equity research) divided by current annualized cash distributions.

Value Inherent in Underlying Cash Flows

- ARLP's value proposition becomes clear through its current cash available for distribution
- The impact is even more pronounced at Alliance Holdings GP due to the IDR leverage

Implied Yields ^(a)



(a) Yields as of 03/01/07.

(b) Coal MLPs includes NRP and PVR.

(c) Pipeline MLPs includes APL, BPL, BWP, DPM, XTEX, EEP, EPD, ETP, HLND, HEP, KMP, MMP, MWE, MMLP, PAA, RGNC, SXL, TCLP, TLP, TPP, WPZ and VLI.

(d) GP Holdcos includes AHD, BGH, XTXI, EPE, ETE, HPGP, MGG, NRGF and VEH.

Positioned for Continued Growth



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Current Market Conditions Expected to Improve

➤ Recent Soft Spot Market Prices have been influenced by:

- ❖ Generally mild weather
- ❖ Higher than normal utility stockpiles
- ❖ Short term increase in coal production in 2006

➤ 2007 Outlook

- ❖ EIA projects 60 million ton swing in 2007 coal demand/production as demand is projected to increase 2.1% while production is anticipated to decline 3.1%. ^(a)
- ❖ For 2007, year to date electricity generation is up 8.7% from 2006 due largely to colder weather compared to 2006 ^(b)
- ❖ Total U.S. coal production for 2007 is down 1.9% ytd while eastern coal production is down 7.3% ytd compared to 2006. ^(b)

(a) U.S. Energy Information Short-Term Energy Outlook; (b) Stifel Nicolaus "Coal Supply and Demand Indicators" February 27, 2007

Robust Long-Term Coal Industry Fundamentals

- **Growing Domestic Coal Demand**
 - ❖ Strong U.S. economy
 - ❖ New coal-fired power plants expected to result in 120 MTPY of additional coal demand by 2010^(a)
 - ❖ Btu conversion technologies could more than double U.S. coal demand by 2030^(b)
- **Constrained Domestic Coal Supply**
 - ❖ Regulatory environment – safety and permitting
 - ❖ Diminishing low cost reserves for Central App
 - ❖ Increasing capital requirements and operating costs
- **Increasing Global Coal Demand**
 - ❖ Global economic expansion continues to drive escalating demand for energy
 - ❖ Global coal demand has increased by 23% or 1 billion tons since 2001^(c)
 - ❖ Worldwide coal demand expected to nearly double by 2030^(d)
- **Challenges for Competing Fuels**
 - ❖ Nuclear utilization at full capacity
 - ❖ Non-competitive oil and natural gas prices
 - ❖ Continued challenges for LNG

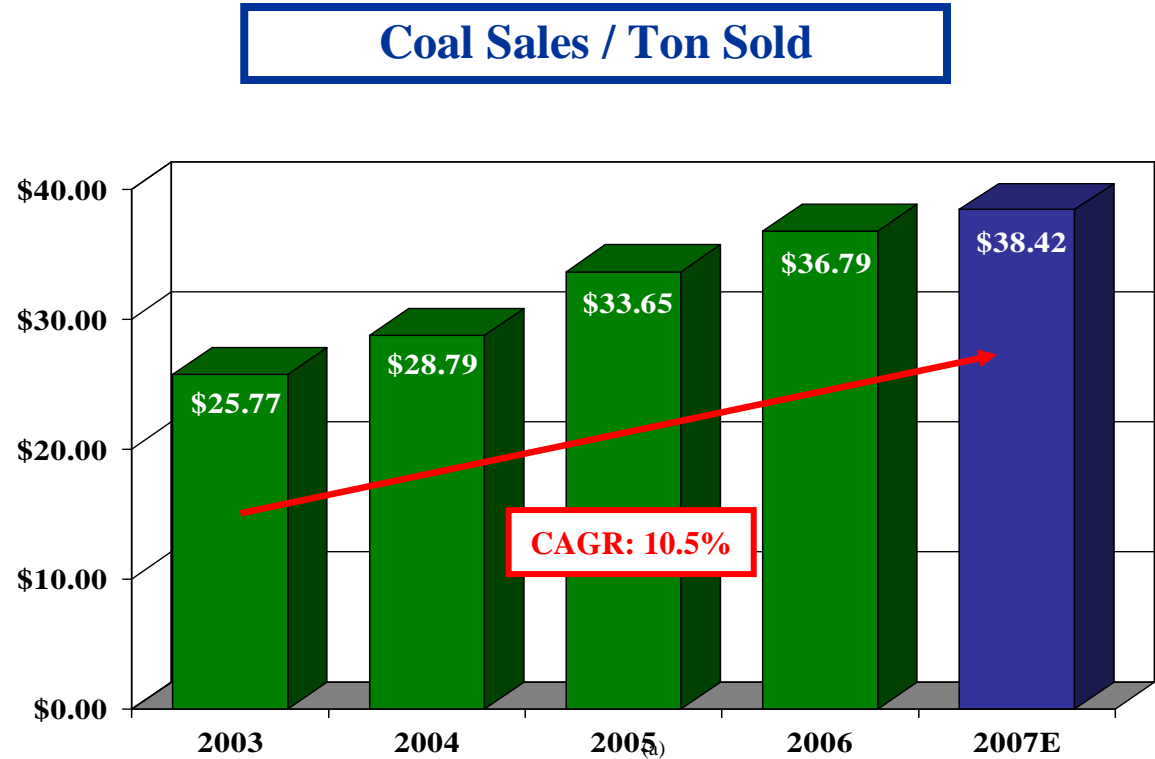


Sources: (a) Energy Information Administration, (b) National Coal Council, (c) BP Statistical Review of World Energy, (d) Department of Energy, Energy Information Administration, International Energy Outlook

ARLP has Benefited through its Diversity

ARLP's results have been enhanced by its strategy of diversifying:

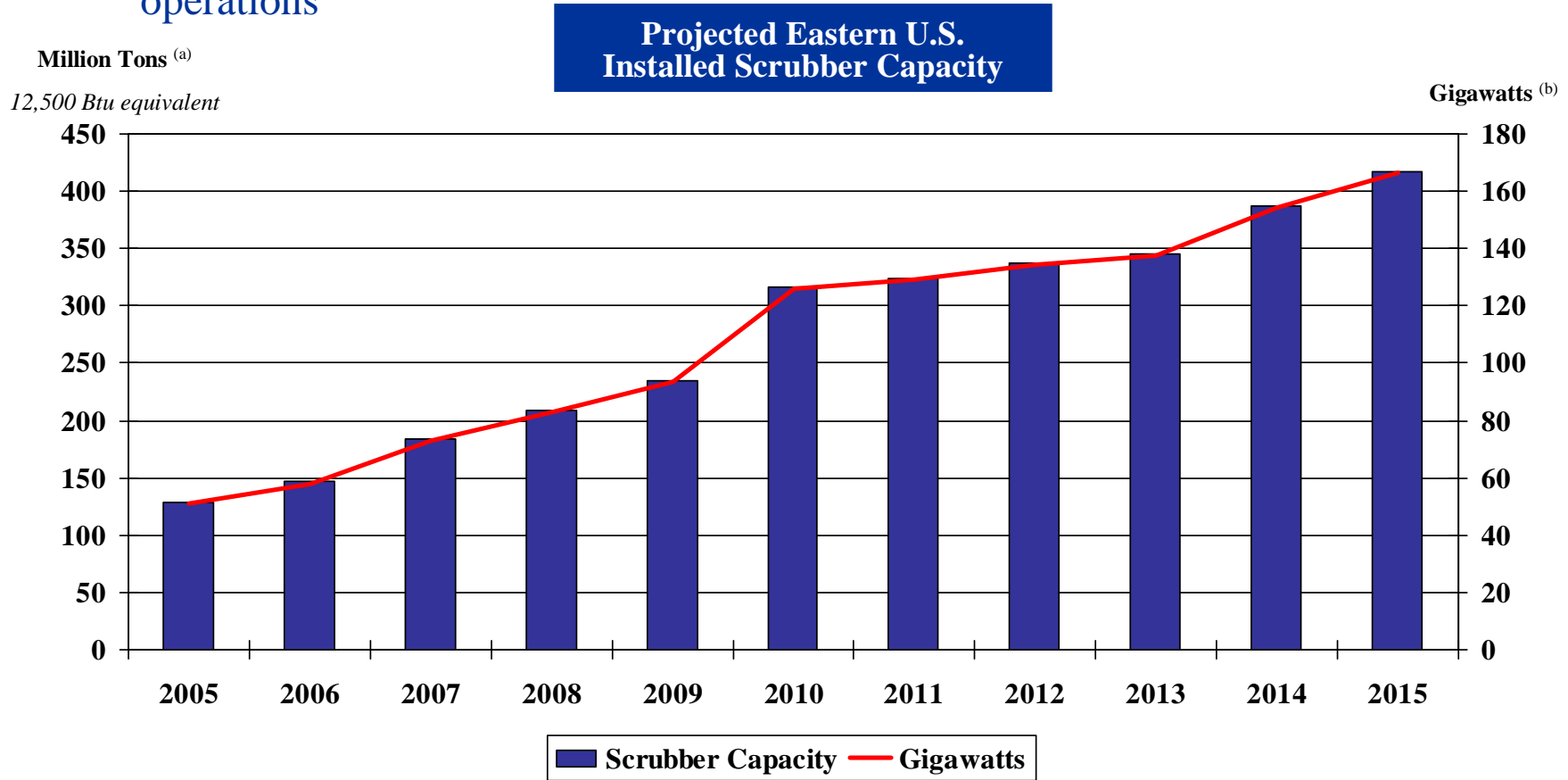
- Markets served
- Customer mix
- Contracting philosophy



(a) See ARLP Press release dated January 29, 2007.

ARLP Is Positioned for Future Sector Growth

- Future growth potential for scrubber market bodes well for Alliance high sulfur operations

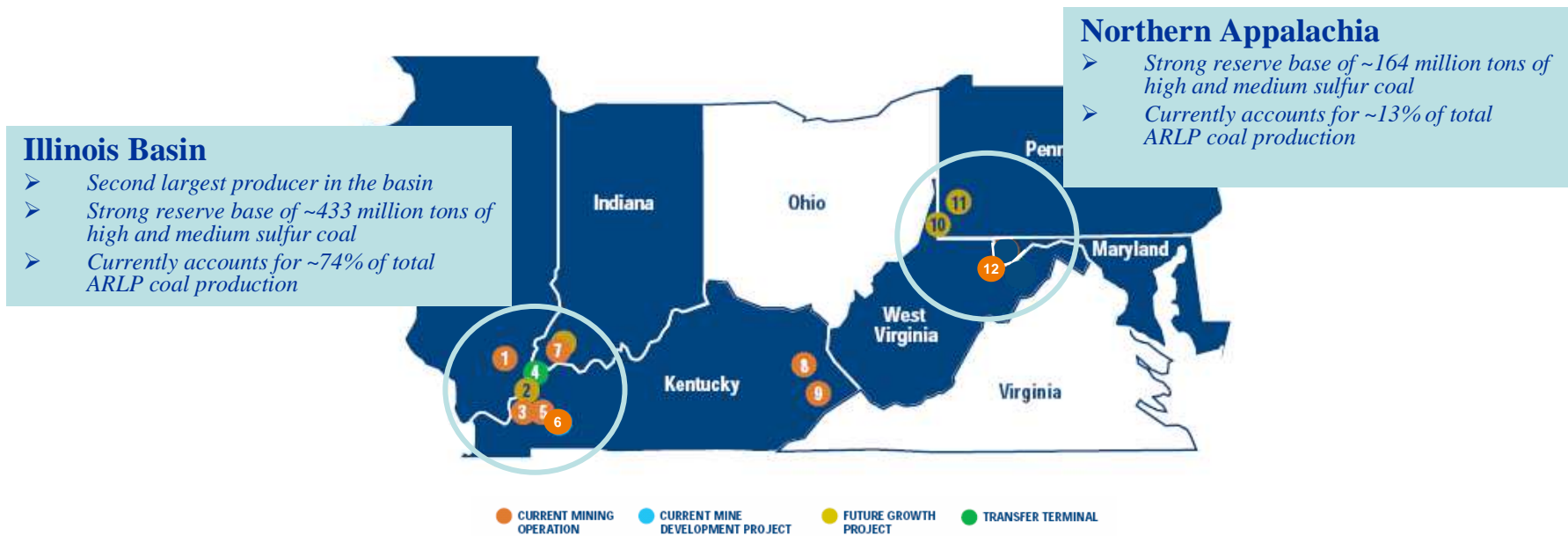


(a) Assumption used to convert gigawatts of capacity to million tons of coal: 9,600 Btu/kwhr plant heat rate, 75% plant capacity factor, 12,500 Btu coal

(b) Source: The McIlvaine Company.

ARLP Well Positioned in Scrubber Markets

Approximately 597 million tons of “scrubber” quality coal



Large Inventory of Organic Growth Projects

Tunnel Ridge

- *Permitting in progress*
- *Estimated capital cost ~ \$195 - \$210 million*
- *Estimated reserves ~ 70 million tons high sulfur coal*
- *Production capacity ~ 6 million tons/year*
- *Initial production in 2008 – 2010*

Penn Ridge

- *Initiating permitting process*
- *Estimated capital cost ~ \$165 - \$175 million*
- *Estimated reserves ~ 57 million tons high sulfur coal*
- *Production capacity ~ 5 million tons/year*
- *Initial production in 2009 – 2011*



River View

- *Updating existing permits*
- *Estimated capital cost ~ \$130 - \$160 million*
- *Estimated reserves ~ 110 million tons high sulfur coal*
- *Production capacity ~ 3.1 - 4.6 million tons/year*
- *Initial production in 2008 – 2010*

Gibson South

- *Permitting in progress*
- *Estimated capital cost ~ \$100 - \$110 million*
- *Estimated reserves ~ 83 million tons medium sulfur coal*
- *Production capacity ~ 2.7 - 3.1 million tons/year*
- *Initial production in 2008 – 2010*

Estimated capital costs are based on 2006 dollars and exclude capitalized development and interest expenses. Timing of anticipated initial production dependent upon obtaining required permits and customer contracts

Summary



**ALLIANCE RESOURCE
PARTNERS, L.P.**



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HOLDINGS GP, L.P.**

Alliance Investment Highlights

- Strong operational and financial attributes of Alliance Resource Partners, L.P.
 - ❖ Established history of operating and financial performance
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Appendix

ARLP EBITDA Reconciliation

	2003	2004	2005	2006	2007E Mid-point
Cash flow provided by operating activities	\$ 110,312	\$ 145,055	\$ 193,618	\$ 250,923	\$ 253,400
Reclamation and mine closing	(1,341)	(1,622)	(1,918)	(2,101)	(2,200)
Coal inventory adjustment to market	(687)	(488)	(573)	(319)	-
Other	353	(255)	(2,057)	69	(300)
Net effect of changes in operating assets and liabilities	(8,240)	(12,405)	26,577	(9,429)	6,100
Interest expense	15,981	14,963	11,816	9,175	10,200
Income taxes	2,577	2,641	2,682	2,443	2,800
EBITDA	\$ 118,955	\$ 147,889	\$ 230,145	\$ 250,761	\$ 270,000
Depreciation, depletion and amortization	(52,495)	(53,664)	(55,637)	(66,489)	(86,800)
Interest expense	(15,981)	(14,963)	(11,816)	(9,175)	(10,200)
Income taxes	(2,577)	(2,641)	(2,682)	(2,443)	(2,800)
Cumulative effect of accounting change	-	-	-	112	-
Minority interest income	-	-	-	161	(200)
Net income	\$ 47,902	\$ 76,621	\$ 160,010	\$ 172,927	\$ 170,000

EBITDA is defined as income before net interest expense, income taxes and depreciation, depletion and amortization. Management believes EBITDA is a useful indicator of its ability to meet debt service and capital expenditure requirements and uses EBITDA as a measure of operating performance. EBITDA should not be considered as an alternative to net income, income from operations, cash flows from operating activities or any other measure of financial performance presented in accordance with generally accepted accounting principles. EBITDA is not intended to represent cash flow and does not represent the measure of cash available for distribution. The Partnership's method of computing EBITDA may not be the same method used to compute similar measures reported by other companies, or EBITDA may be computed differently by the Partnership in different contexts (i.e. public reporting versus computation under financing agreements). Estimate midpoint reflects the Partnership's most recent guidance.



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