TEN AND X COUNTING.

2009 Annual Report | Alliance Resource Partners, L.P. | Alliance Holdings GP, L.P.

10 Defining Points
Alliance Resource Partners, L.P.

- Nine consecutive years of record financial results
- Seven consecutive years of increased distributions to unitholders
- Began mining operations in 1971
- Currently the fifth-largest eastern U.S. coal producer
- Operates nine mining complexes; is building No.10
- Employs more than 3,000
- Produces and markets diverse coal products and qualities
- Primarily serves U.S. utilities and industrial users
- Transports coal by rail, truck and barge
- Operates a coal-loading terminal on the Ohio River

Alliance Resources Partners, L.P. (ARLP) and Alliance Holdings GP, L.P. (AHGP) are master limited partnerships. Both are publicly traded on the NASDAQ Global Select Market.

AHGP's only assets are its ownership interests in ARLP; therefore, this report is specific to ARLP unless otherwise noted. AHGP completed its initial public offering in 2006.

X THE RELEVANCE OF 10

Ten years ago the landscape changed for one of the energy industry's best-kept secrets.

Emerging from an initial public offering, Alliance Resource Partners (ARLP) established a plan to enhance its status as a premier coal producer and become a superior choice for investors.

The 10 years just completed brought ARLP remarkable operational and financial success. Now the next decade begins, ripe with new and inspiring opportunities.

FELLOW UNITHOLDERS:

Our partnership has just completed the best financial performance in Alliance Resource Partners' 10-year history, setting new full-year records with $1.23 billion in revenues, EBITDA totaling $340.4 million and $192.2 million in net income.*

We began this journey in August 1999, at a time when certain business sectors were experiencing unprecedented, albeit ultimately illusory, growth fueled by the Internet boom. Many in the investment community, skeptical of our prospects and uncertain about our future, viewed Alliance with a "show me" attitude. In the face of uncertainty, we held true to our core values and focused on solid business fundamentals with a goal of delivering steady growth and increased unitholder distributions.

Subsequent years presented further challenges, and coal floated in and out of favor with the capital markets. Through it all, ARLP stayed the course and delivered nine consecutive years of record financial results. Even during the most recent 18 months, while a seemingly perfect storm of factors led to a worldwide economic crisis, ARLP remained steady and continued to set new financial records. We are especially proud of this achievement – reporting record earnings in 2009 even as our country navigated the most difficult recession since the Great Depression.

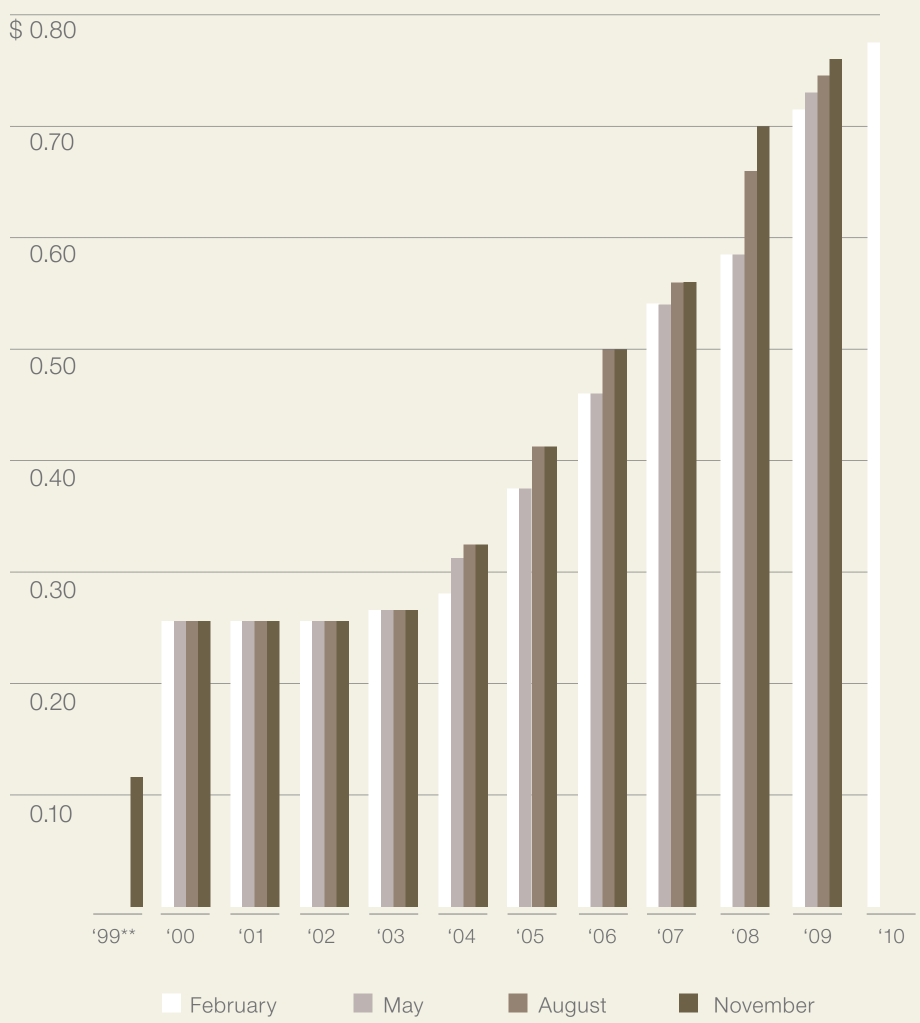
It has been a pleasure sharing a decade of achievements with our investors who have demonstrated a commitment to our success. Since our IPO, ARLP has delivered more than a 600 percent total return to unitholders – and in so doing earned a Standard & Poors ranking of No. 39** out of 10,000 companies for total return to investors during the last 10 years. On a similar performance track, Alliance Holdings GP, L.P. (AHGP) has increased unitholder distributions 145 percent since its 2006 IPO.

2010 already is offering glimpses of economic recovery. We move forward in this improving environment committed to achieving exceptional financial performance and partnership growth.

**Please see the inside back cover for a definition of EBITDA and GAAP to non-GAAP reconciliation information.*

***Research Magazine, January 2010, citing Standard & Poors Capital IQ, November 2009.*

10 YEARS OF DISTRIBUTION* GROWTH

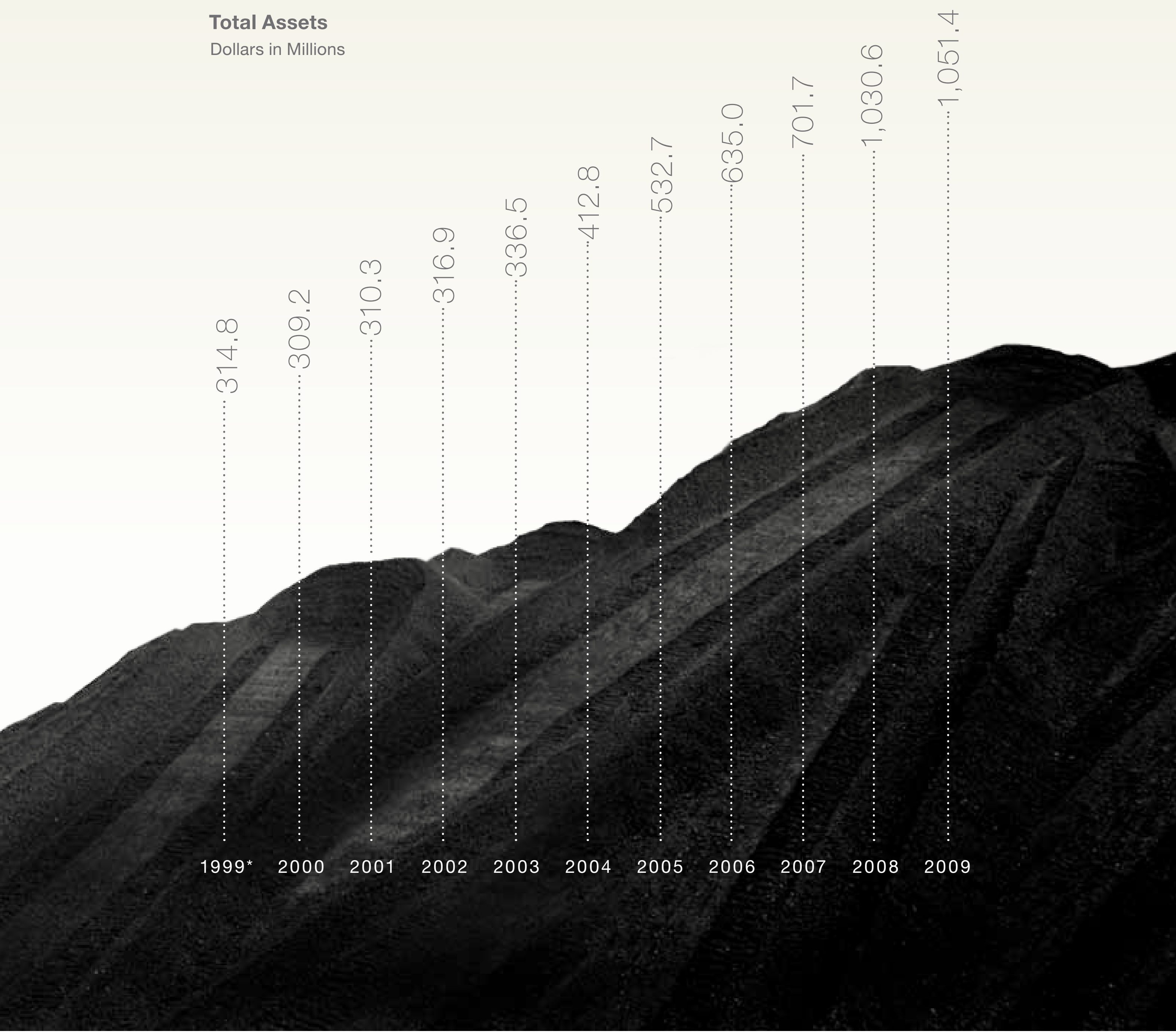


*Reflects distributions paid per quarter.

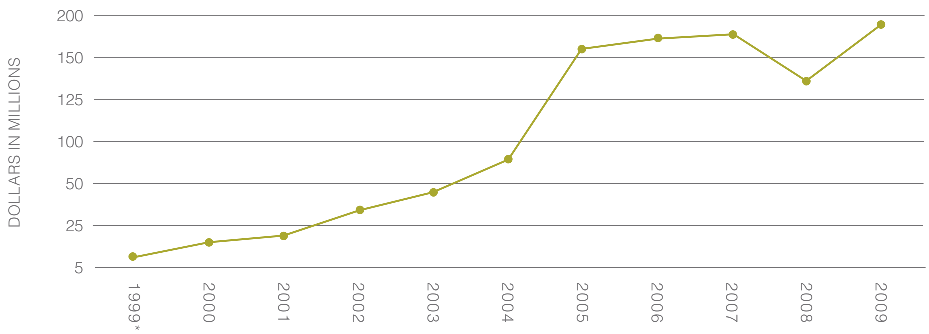
**1999 distribution pro-rated from initial public offering on August 20, 1999 through September 30, 1999.

For a decade, Alliance has nurtured a disciplined and conservative approach to asset expansion. The result: we consistently create value for investors.

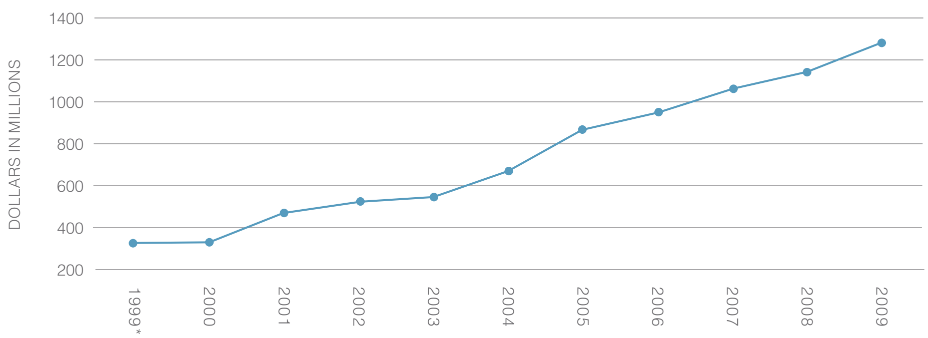
Total Assets
Dollars in Millions



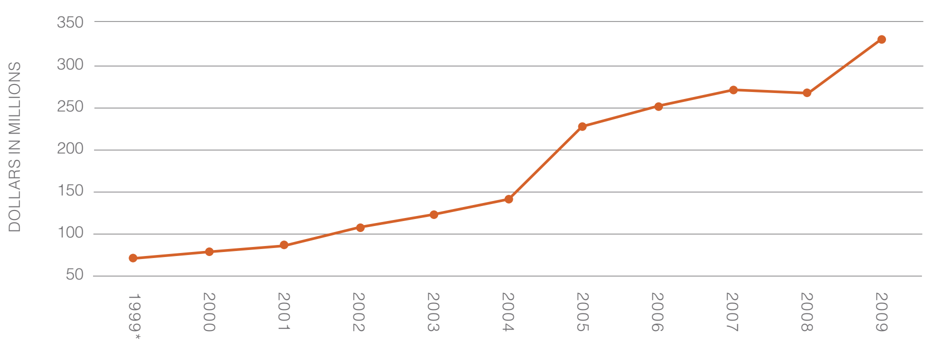
NET INCOME
1999-2009



REVENUES
1999-2009



EBITDA
1999-2009



**The unaudited selected pro forma financial and operating data for the year ended December 31, 1999, is based on the historical financial statements of the partnership from our commencement of operations on August 20, 1999, through December 31, 1999, and our Predecessor for the period from January 1, 1999, through August 19, 1999. The pro forma results of operations reflect certain pro forma adjustments to the historical results of operations as if we had been formed on January 1, 1999. The pro forma adjustments include (a) pro forma interest on debt assumed by us and (b) the elimination of income tax expense as income taxes will be borne by the partners and not by us. The pro forma adjustments do not include approximately $1.0 million of general and administrative expenses that we believe would have been incurred as a result of its being a public entity.*

When Alliance Resource Partners debuted in 1999, natural gas prices dropped so low that utilities began converting from coal-fired generation in a "dash to gas."

Flash forward 10 years. The scenario was similar in 2009, but this time coal-to-gas switching was also coupled with an economic recession. At one point during the year, coal-fired electricity generation was down 12 percent nationwide and the utilities' coal stockpiles were at historic highs. Market conditions were so tough, many coal producers – including ARLP – were forced to take production offline.

In addition to adjusting production volumes, ARLP managed through 2009's weak market conditions by implementing rigorous cost and capital expenditure controls. And our team worked tirelessly throughout the year to maximize our strong sales contract portfolio. By year end, these efforts helped Alliance to again post new records for revenues, net income and EBITDA.

Looking to the future, Alliance also took steps to further strengthen long-term contract positions with key customers. Among the achievements: ARLP announced a new seven-year coal supply agreement with the Tennessee Valley Authority – the largest coal sales contract in Alliance's history.

One of ARLP's strengths is the ability to manage sustainable growth. Our new River View mine, the largest single mine development in ARLP's history, opened in 2009 on schedule and under budget. By May 2010, six of its units will be online and 2010 production from those units is fully committed. The startup of two additional River View units is being delayed until coal supply/demand fundamentals are in better balance. ARLP's development projects, Gibson South and Penn Ridge, also are on hold until market timing is right.

Construction of ARLP's new Tunnel Ridge mine in the Northern Appalachian region is on target to begin longwall operations in late 2011 with significant coal sales commitments already in place.

Capital expenditures totaling $328.2 million covered our 2009 development activities, infrastructure improvements and maintenance requirements. We've budgeted between $275 million and $315 million for capital expenditures during 2010, primarily to complete the construction of River View and continue the development of Tunnel Ridge.

Everyone at Alliance is proud to work in an industry that is critical to our nation's economic success. At Alliance, we are Powering America.

Kevin Vaughn
Captained 2009 National Champion Mine Rescue Team

10 Years of Growth

1999 Completed ARLP IPO; Broke ground for the Gibson mining complex

2000 Initiated $30 million Pattiki mine extension

2001 Kicked off expansion at the Dotiki mining complex

2002 Topped $500 million in revenues

2003 Acquired Warrior Coal

2004 Added 100 million tons of scrubber-quality coal at Elk Creek and Tunnel Ridge

2005 Started three development projects – Elk Creek, Mountain View and Van Lear

2006 Completed AHGP IPO; Acquired River View reserves; Completed Elk Creek and Mountain View mine developments

2007 Acquired 78 million tons of Illinois Basin reserves; Began River View construction.

2008 Expanded Warrior complex; Committed to Tunnel Ridge development

2009 Began production operations at River View

Strong ethics, broad experience and a sense of urgency are characteristics of ARLP employees.

Our men and women work hard and smart, and their persistence steadies ARLP through market challenges, stringent and evolving government regulations and economic difficulties. Efforts of our team members are rewarded with competitive wages and benefit programs that further enhance our sense of priorities and possibilities.

Workplace health and safety are fundamental to ARLP's culture and 2009 was one of our safest years on record. Employees are empowered to champion the safety process, and their actions and achievements continually make ARLP an employer of choice in all the regions in which we operate. Continuous training helps ensure that safety procedures and state-of the-art technology are second nature to our employees. As evidence, we are proud that our mine rescue participants brought home multiple first place titles in the 2009 National Mine Rescue Competition.

Our goal is to have an accident-free work environment, and the highly advanced systems used by our miners increase safety and efficiency. ARLP installed METS 2.1 (Miner & Equipment Tracking System) in all mine locations, well in advance of MINER Act compliance schedules. We also developed innovative proximity detection devices and plan to outfit all of our continuous miners with this safety equipment and make this technology available to the rest of our industry. Both of these technologies were designed specifically for underground mining environments by the research and development teams at our Matrix Design Group subsidiary and both are approved by the U.S. Mine Safety and Health Administration.

ARLP is also committed to the social, economic and environmental well-being of the communities in which we operate. Minimal surface mining and no mountain top removal is used for our coal production. All ARLP mining facilities are underground and employ either room and pillar or longwall mining techniques. From the moment planning and permitting begins through full production and beyond, we take measures to preserve and restore the environment surrounding our operations. For example, beginning in 1994 our Mettiki Complex and the Maryland Department of Natural Resources engaged in a cooperative effort to construct a trout rearing facility within the complex's 10 million gallons per day drainage system. Today the facility provides a coldwater resource where trout fisheries can revitalize their stock.

Coal plays a significant role in fueling our country's economic engine.

Consider the following: Coal provides approximately half of America's electricity generation, powers the steel industry, accounts for 93 percent of fossil fuel reserves in the United States, consistently costs less than other fuels and creates high-paying jobs. More than 134,000 are employed directly by the U.S. coal industry, more than 600,000 are employed indirectly, and the average wage of a miner is more than $72,000 – 59 percent higher than the average American wage. Coal's supply of affordable energy provides the foundation for America's economic growth.

Coal also is important to the U.S. transportation industry. Nearly two-thirds of domestic shipments are moved by rail, and coal is the largest freight commodity transported by barges on the nation's inland waterways.

Large coal deposits are found in 38 of the 50 states, and total U.S. coal resources are estimated at nearly 4 trillion tons. More than 296 billion of those tons are considered recoverable using current technology. At current burn rates, the U.S. has enough supply to last well over 200 years.

During the past decade, the coal industry and electricity providers have taken significant strides to advance technology and reduce regulated emissions. Advanced technologies currently under development have a target of reducing emissions to near zero.

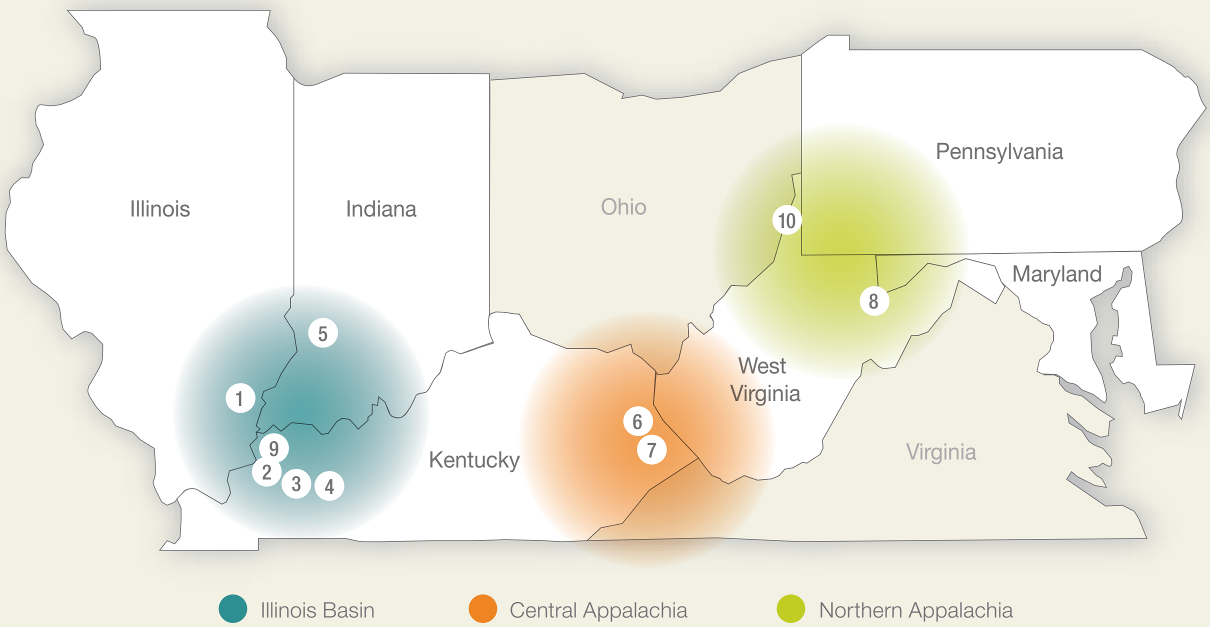
For the last six years, coal has been the world's fastest-growing fuel. The International Energy Agency projects that by 2030 global demand for coal will increase more than 53 percent, which means in real terms there will be more growth in demand for coal than other sources of energy. With the United States holding more than a quarter of the world's known reserves, the forward-looking international supply/demand dynamics make U.S. coal increasingly attractive as a resource for global markets.

10 Values of Coal

- Fuels approximately half of U.S. electric generation
- Advances domestic energy security
- Drives economic growth
- Provides critical, high-paying jobs
- Costs consistently less than other energy sources
- Results in lower-cost electricity
- Is abundant in reserve supply
- Meets growing energy needs
- Represents 93 percent of all U.S. fossil fuel reserves
- Outpaces other energy sources for global demand

10 STRATEGIC COAL MINE COMPLEXES

Alliance Resource Partners currently operates nine underground coal mine complexes and has a tenth under construction. The mines are located in the Illinois Basin, Central Appalachia and Northern Appalachia regions of the eastern United States. Reserves include low-sulfur, medium-sulfur and scrubber-quality coal, allowing Alliance to meet diverse customer needs.



Mining Complexes

1. Pattiki
Pattiki Mine

2. Dotiki
Dotiki Mine

3. Warrior
Warrior Mine

4. Hopkins
Elk Creek Mine

5. Gibson
Gibson North Mine

6. Pontiki
Excel No. 2 & Van Lear Mines

7. MC Mining
Excel No. 3 Mine

8. Mettiki
Mountain View Mine

9. River View
River View Mine

Under Construction
10. Tunnel Ridge
Estimated reserves: 70 million tons

Transfer Terminal

Mount Vernon Transfer Terminal
Operates a coal loading terminal on the Ohio River

Mine Development Projects

Gibson South
Estimated reserves: 54 million tons

Penn Ridge
Estimated reserves: 57 million tons

10 Reasons to Invest

- Proven track record of growth
- Positive long-term coal fundamentals
- Strong balance sheet and liquidity
- Consistent distribution growth and attractive tax-deferred yield
- Managed for sustainable cash flow growth
- Valued customer relationships
- Experienced, empowered employees
- Well-positioned in growing markets
- Inventory of growth projects
- Substantial ownership position clearly aligns management with unitholders

ARLP entered 2010 with a strong balance sheet, solid internal cash flow, sound contractual positions and visible growth opportunities.

Our strength provides flexibility and allows us to operate efficiently in difficult markets and provide growth for our unitholders.

As the coal-producing industry's only publicly traded master limited partnership, we are keenly aware that distributions are key to those who invest in our future. With that in mind, our primary business objective is to keep Alliance positioned for sustainable, capital-efficient growth in distributable cash flows. This approach provides us the opportunity to deliver on our goal of providing distribution increases to ARLP and AHGP unitholders that are in the top tier of the MLP sector. Alliance again achieved that goal in 2009 as we increased distributions to ARLP unitholders by 8.4 percent and by 12.4 percent for AHGP unitholders, both compared to 2008 year-end distributions.

Looking forward, positive trends already taking place in 2010 have us optimistic about the potential for additional growth in the current year. With our strong customer relationships and more than 29.6 million tons of coal already committed and priced for the next 12 months, ARLP currently anticipates the following increases in 2010:

- Revenues* – 24-31 percent
- Net income – 25-40 percent
- EBITDA – 20-32 percent
- Coal production – 15-17 percent
- Sales volumes – 21-24 percent

ARLP has set new financial records for nine straight years. We are counting on 2010 to extend that streak to 10 in a row.

** Excludes transportation revenues*

Joseph W. Craft III
ARLP President, Chief Executive Officer and Director
AHGP President, Chief Executive Officer and Chairman of the Board

March 3, 2010

Reconciliation Of GAAP "Cash Flows Provided By Operating Activities" To Non-GAAP "EBITDA"
Reconciliation Of Non-GAAP "EBITDA" To GAAP "Net Income"

Year Ended December 31 (in thousands)	2009	2008	2007	2006	2005
Cash flows provided by operating activities	$ 282,741	$ 261,041	$ 244,012	$ 250,923	$ 193,618
Non-cash compensation expense	(3,582)	(3,931)	(3,925)	(4,112)	(8,193)
Asset retirement obligations	(2,678)	(2,827)	(2,419)	(2,101)	(1,918)
Coal inventory adjustment to market	(3,030)	(452)	(21)	(319)	(573)
Net gain on foreign currency exchange	653	-	-	-	-
Net gain (loss) on sale of property, plant and equipment	(136)	911	3,189	1,188	(179)
Gain on sale of coal reserves	-	5,159	-	-	-
Gain from insurance recoveries for property damage	-	-	2,357	-	-
Gain from insurance settlement proceeds received in a prior period	-	-	5,088	-	-
Loss on retirement of damaged vertical belt equipment	-	-	-	-	(1,298)
Other	(537)	(366)	(811)	(1,119)	(580)
Net effect of working capital changes	36,440	(19,661)	7,898	(5,317)	34,770
Interest expense, net	29,798	18,418	9,952	9,175	11,816
Income tax expense (benefit)	708	(480)	1,669	2,443	2,682
EBITDA	340,377	257,812	266,989	250,761	230,145
Depreciation, depletion and amortization	(117,524)	(105,278)	(85,310)	(66,489)	(55,637)
Interest expense, net	(29,798)	(18,418)	(9,952)	(9,175)	(11,816)
Income tax (expense) benefit	(708)	480	(1,669)	(2,443)	(2,682)
Cumulative effect of accounting change	-	-	-	112	-
Net income	192,347	134,596	170,058	172,766	160,010
Net (income) loss attributable to noncontrolling interest	(190)	(420)	332	161	-
Net income of ARLP	$ 192,157	$ 134,176	$ 170,390	$ 172,927	$ 160,010

EBITDA is defined as net income of ARLP before net interest expense, income taxes, depreciation, depletion and amortization and net income attributable to noncontrolling interest. EBITDA is used as a supplemental financial measure by our management and by external users of our financial statements such as investors, commercial banks, research analysts and others to assess: the financial performance of our assets without regard to financing methods, capital structure or historical cost basis; the ability of our assets to generate cash sufficient to pay interest costs and support our indebtedness; our operating performance and return on investment as compared to those of other companies in the coal energy sector, without regard to financing or capital structures; and the viability of acquisitions and capital expenditure projects and the overall rates of return on alternative investment opportunities.

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. Our 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 us in different contexts (i.e., public reporting versus computation under financing agreements).

See our website, www.arlp.com for reconciliation information prior to 2005.

Forward-Looking Statements

This Annual Report 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 Annual Report, 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. For a description of such risks and uncertainties, please see the forward-looking statements included in the Annual Reports on Form 10-K for Alliance Resource Partners, L.P. and Alliance Holdings GP, L.P. which are available by request or can be viewed on the partnerships' respective Web sites. 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.

General Information

The following information applies to Alliance Resource Partners, L.P. and Alliance Holdings GP, L.P. unless specified otherwise.

Partnership Offices

1717 South Boulder Avenue, Suite 400
Tulsa, OK 74119
(918) 295-7600

Partnership Mailing Address

P.O. Box 22027
Tulsa, OK 74121-2027

Contact

Brian L. Cantrell
Senior Vice President and Chief Financial Officer
(918) 295-7674
brian.cantrell@arlp.com

Business Structure

Publicly traded master limited partnership.

Common Unit Trading

Common units are traded on the NASDAQ Global Select Market.

NASDAQ *Ticker Symbols*

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

Common Units Outstanding (12/31/2009)

ARLP 36,661,029 common units
AHGP 59,863,000 common units

Independent Auditors

Deloitte & Touche LLP
One Technology Center
100 South Cincinnati Avenue, Suite 700
Tulsa, OK 74103

Unitholder Information

Cash Distributions

The partnerships expect to make quarterly distributions to unitholders of record on the applicable record dates according to the following schedules:

Alliance Resource Partners, L.P.

Within 45 days after the end of each March, June, September and December.

Alliance Holdings GP, L.P.

Within 50 days after the end of each March, June, September and December.

Partnership Tax Details

Unitholders are partners in the partnership and receive quarterly cash distributions. Cash distributions generally are not taxable as long as the individual unitholder's tax basis remains above zero.

A partnership generally is not subject to federal or state income tax. The annual income, gains, losses, deductions or credits of the partnership flow through to the unitholders, who are required to report their allocated share of these amounts on their individual tax returns, as though the unitholder had incurred these items directly.

Schedule K-1

Unitholders of record receive Schedule K-1 packages that summarize their allocated share of the partnership's reportable tax items for the fiscal year. It is important to note that cash distributions received should not be reported as taxable income. Only the amounts provided on the Schedule K-1 should be entered on each unitholder's tax return.

Schedule K-1 information also is available on our Web sites. Please visit www.arlp.com and www.ahgp.com.

Unitholders should refer questions regarding their Schedule K-1 as follows:

By Mail

K-1 Support
P.O. Box 799060
Dallas, TX 75379-9060

By Phone/Fax

Alliance Resource Partners, L.P.
Phone (800) 485-6875 Fax (866) 554-3842

Alliance Holdings GP, L.P.
Phone (866) 867-4060 Fax (866) 554-3842

Transfer Agent and Registrar

Direct requests regarding transfer of units, lost certificates, lost distribution checks or address changes to:

American Stock Transfer and Trust Company
Attn: Shareholder Services
59 Maiden Lane – Plaza Level
New York, NY 10038
(800) 937-5449

Investor Information and Form 10-K

For more information or free copies of the 2009 Form 10-K, please contact the appropriate e-mail address or phone number listed below. Form 10-K also may be downloaded from the partnerships' Web sites.

Alliance Resource Partners, L.P.

E-mail:	investorrelations@arlp.com
Phone:	(918) 295-7674
Web site:	**www.arlp.com**

Alliance Holdings GP, L.P.

E-mail:	investorrelations@ahgp.com
Phone:	(918) 295-1415
Web site:	**www.ahgp.com**

FSC Mixed Sources
Product group from well-managed forests, controlled sources and recycled wood or fiber
www.fsc.org Cert no. SGS-COC-006875
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10%

Alliance Resource Partners, L.P.

Alliance Holdings GP, L.P.

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