ALLIANCE RESOURCE PARTNERS, L.P.

ALLIANCE HOLDINGS GP, L.P.

PERFECTLY POSITIONED

2014 ANNUAL REPORT

“Coming together is a beginning; keeping together is progress; working together is success.” — Henry Ford

FELLOW UNITHOLDERS

Excellence has long been the standard for the dedicated men and women of Alliance. Once again, determined planning and hard work have driven our partnerships to new annual operating and financial milestones, delivering our 14th consecutive year of record performance.

Increased coal sales and production volumes, strong pricing, and lower operating expenses were the primary factors that contributed to a record $803.7 million in EBITDA, a 17.2 percent improvement over 2013. Net income grew 26.4 percent to a record-setting $497.2 million and ARLP's operations delivered the highest production output in our history, growing total coal production 5.1 percent to 40.7 million tons in 2014.

Year-over-year production increased nearly 2.6 million tons at Tunnel Ridge, helping to drive segment-adjusted EBITDA expense lower by $10.45 per ton in our Appalachian region. Volumes were also higher in the Illinois Basin, as production at Dotiki increased 12.7 percent over the prior year, and our new Gibson South mine added approximately 840,000 tons to production in 2014. These increased volumes and other cost-control measures helped to reduce our total segment-adjusted EBITDA expense per ton by 3.4 percent in 2014.

Despite facing one of the most challenging coal markets in recent memory, our marketing team also delivered record results, selling more tons in 2014 than at any time in our history at higher year-over-year average prices. Total coal sales volume grew 2.3 percent to 39.7 million tons, helping drive revenues to an all-time high of $2.3 billion.

COAL SALES AND PRODUCTION VOLUMES, REVENUES, NET INCOME, AND EBITDA **ALL SET NEW ANNUAL BENCHMARKS** IN 2014.

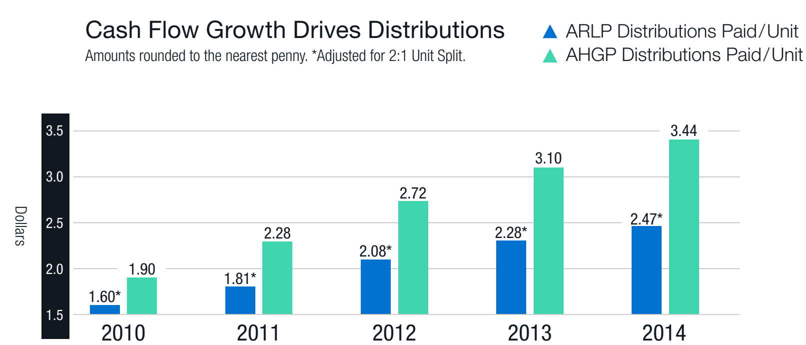
Naturally, results like these don't just happen. It takes the commitment of all our employees, whether it's a miner operating equipment underground or an accountant building a spreadsheet in an office. Each member of our organization came together and contributed to our success. I want to thank our incredible team for their dedication and commitment.

I also want to express gratitude to our unitholders. Your confidence in our abilities is as great an inspiration as it is a responsibility. We take our partnership with unitholders very seriously and work hard to make it a rewarding one. As a result, we've increased distributions for 27 consecutive quarters. During that time, Alliance Resource Partners, L.P. (ARLP) distributions have grown 122 percent while distributions from Alliance Holdings GP, L.P. (AHGP) have increased by 218 percent. At 2014 year-end, ARLP's quarterly cash distribution was $0.65 per unit, up 8.6 percent from the prior year; AHGP's was $0.915 per unit, a 10.6 percent increase.

Looking ahead, U.S. coal markets will continue to face significant challenges, and many issues are expected to pressure coal prices. However, we are confident Alliance is poised for more success. Our strategy is sound and our preparation has been diligent. As a result, we are well positioned to grow distributable cash flow again in 2015, driving value for unitholders, strengthening the company for our employees, and helping ensure a bright future for the American energy that relies on the Alliance team's hard work every day.

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

March 25, 2015



POSITIONED TO PRODUCE

A quick glance at ARLP's mining assets reveals an important fact: we are strategically positioned to deliver results. The third-largest coal producer in the eastern United States, Alliance operates mining complexes in Illinois, Indiana, Kentucky, Maryland, and West Virginia, giving us a presence in both the Illinois Basin and Appalachian regions. In 2014, ARLP increased overall production by approximately two million tons.

Heavily invested in the Illinois Basin, our mines are tapping into the second-largest reserves in the U.S., with 104 billion tons of coal. According to the Energy Information Administration, that's enough to power the country for 163 years at 2014 consumption levels. Strengthening our position in the region, ARLP is also acquiring reserves and making equity investments in a new mining complex in southern Illinois.

2 Coal from our River View Complex can be loaded directly from the mine to a barge, offering significant transportation savings.

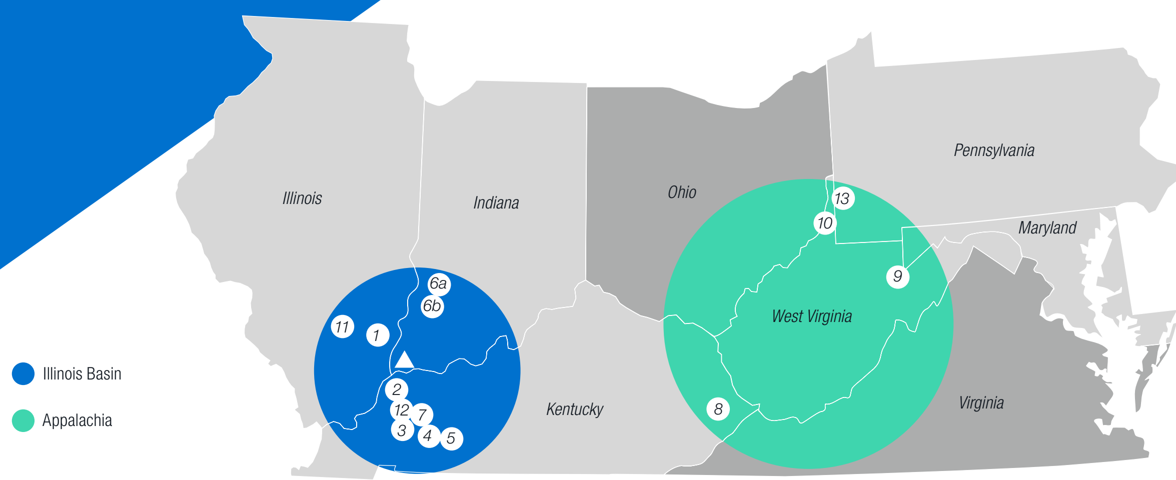
3 Production at Dotiki increased 12.7% over 2013.

8 Our MC Mining Complex increased production by 25.1% in 2014.

10 Year-over-year production at Tunnel Ridge increased nearly 2.6 million tons in 2014.

6b Our new Gibson South Mine added approximately 840,000 tons to production in 2014.

11 White Oak Mine No. 1 began longwall production in October 2014.



CURRENT MINING OPERATIONS

1. Pattiki Complex
2. River View Complex
3. Dotiki Complex
4. Warrior Complex
5. Hopkins Complex
6. Gibson Complex
   a. Gibson North Mine
   b. Gibson South Mine
7. Sebree Mining Complex
8. MC Mining Complex
9. Mettiki Complex
10. Tunnel Ridge Complex

MINE DEVELOPMENT / RESERVE INVESTMENT

11. Investment in White Oak Resources
    Estimated reserves: 301 million tons

MINE DEVELOPMENT PROJECTS

12. Sebree Reserve Project
    Estimated reserves: 30 million tons
13. Penn Ridge Project
    Estimated reserves: 57 million tons

TRANSFER TERMINAL

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

POSITIONED FOR SUCCESS

Preparation and hard work have always paved the way for our success, and we believe our diligence has once again positioned us for positive results. In 2014, ARLP took steps to solidify our position as a low-cost operator for several decades into the future. Through strategic acquisitions of an additional 452.2 million tons of Illinois Basin coal reserves, we increased total coal reserves by 50 percent to approximately 1.6 billion tons.

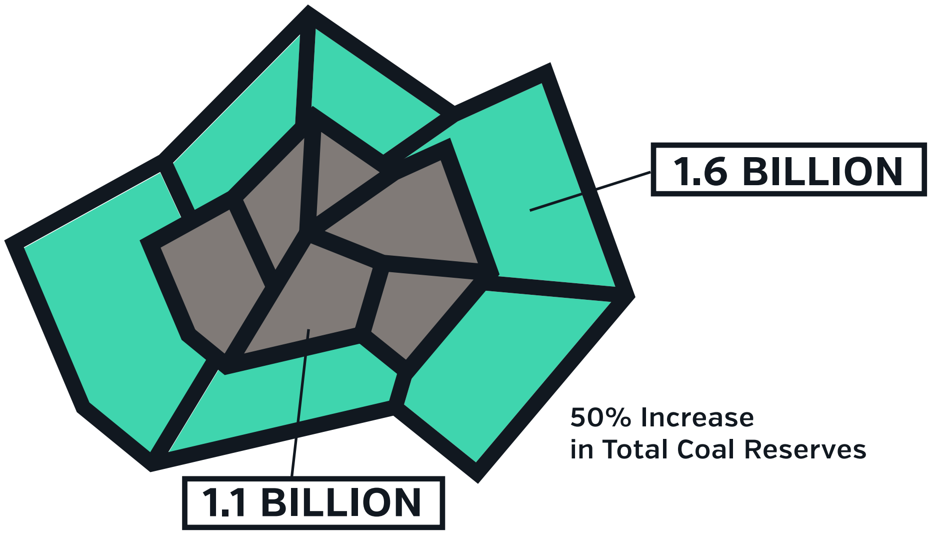
Acquiring these reserves provides ARLP with optionality and flexibility to optimize the efficiency of its mining operations. For example, ARLP plans to expand the capacity of our preparation plant at River View in 2015 and move three continuous mining units from our Hopkins County Elk Creek mine upon its depletion in 2016. These reserve acquisitions also create additional growth opportunities for Alliance through future expansion of existing operations and development of new mines.

In addition to increased coal reserves, we further strengthened our long-term coal sales position by securing new commitments for the delivery of approximately 30.2 million tons through 2018. ARLP entered 2015 with approximately 39.3 million tons contractually priced and committed for this year and 28.9 million tons priced and committed for 2016.

Strategic transactions and strong sales give ARLP the ability to efficiently extend and expand existing operations, while pursuing new development projects to meet future market opportunities. Additional efforts have been made to ensure we are able to take advantage of other growth opportunities as well. In 2014, we committed to invest up to approximately $50.0 million in natural resource minerals over the next two to four years. Purchasing $11.5 million of oil and gas mineral interests in the U.S. in 2014 was the first step toward developing another growth platform that will complement our strategy to create sustainable growth in cash flow, driving value for ARLP unitholders in the future.

> "AT OTHER MINES, ALL THAT MATTERED WAS THE BOTTOM LINE, THAT YOU GOT THE CHEAPEST THINGS, WHETHER THEY WERE RIGHT FOR THE JOB OR NOT. **HERE, I'M CHALLENGED TO BUY THE RIGHT THING**."

– Mike Carlisle, Purchasing Agent, River View



Perfectly Positioned: "Alliance's low-cost production allows it to profitably take advantage of coal supply contracts that other producers can't make money on. Alliance's strong financial position also allows it to purchase assets that other coal companies need to sell in a weak market."[1]

THE ALLIANCE STRATEGY FOR SUCCESS

To achieve success, you must plan for it carefully and work for it tirelessly. Only then can you achieve the results Alliance has produced. The strategy we adhere to includes:

- ***Safety First:*** Safety is our primary core value. Alliance promotes a culture of safety, which is embraced by our 4,400+ employees.
- ***Strong Customer Relationships:*** Long-standing relationships with our customers keep our product moving and our company profitable. We work hard to protect those relationships.
- ***Expanding Market Opportunities:*** We never let our attention to detail blind us to opportunities beyond our current projects, operations or scope. To find success, you have to be on the lookout for success.
- ***Low-cost Operations:*** We are good stewards of our financial resources, cutting costs without cutting corners. Efficient methods deliver cost-effective results.
- ***High-return Development Projects:*** Building long-term value is essential to building success. High returns are high on our priority list.
- ***Disciplined Acquisitions:*** The hardest strategy of all. Not every opportunity is appropriate. The timing isn't always right. The possibilities don't always match the promise. We work hard to make sure we take advantage of growth opportunities that fit, and equally hard to make sure we pass on those that don't.

1 *seekingalpha.com, "Update: Alliance Resource Partners Acquires Illinois Basin Supply Agreements And Coal Reserves," January 9, 2015.*

"Being safe is one of the main factors for how we will be successful in the future."

–CLARISSA HOUSTON, ROOF BOLTER

"Our greatest strength is the quality of our people. The Alliance team is talented, determined, engaged, and committed to coming together as one to get results."

–NICKI TYLER, IT ENTERPRISE SOLUTIONS MANAGER

PEOPLE ARE OUR TOP PRIORITY. OUR CORE VALUES REFLECT THAT. SAFETY. JOB SECURITY. QUALITY OF LIFE. EACH

ONE IS EMPLOYEE-FOCUSED AND INGRAINED IN OUR CULTURE.

"The most rewarding feeling of accomplishment is to secure a coal sales agreement that enables Alliance to open a new mine – creating new jobs, supporting local businesses, and improving the economies of surrounding communities."

–BRAD SHELLENBERGER, VICE PRESIDENT – CONTRACT ADMINISTRATION

"I love working with these guys and try to motivate everyone to do the best that they can."

–WILLIAM "ELVIS" O'DANIEL, SECTION FOREMAN

SAFETY · JOB SECURITY · QUALITY OF LIFE
ALLIANCE
CORE VALUES

POSITIONED FOR INNOVATION

Innovation isn't necessarily the first thing that comes to mind when describing companies in a mature industry. As a leader in the coal industry, however, ARLP is very familiar with the concept of innovation. In fact, our forward-thinking practices are a vital advantage that keep us ahead of the competition.

One example of Alliance innovation is the IntelliZone® Proximity Detection system. Developed by our wholly owned subsidiary, Matrix Design Group, LLC, this safety system utilizes lifesaving technology to help miners stay clear of danger zones present around mobile equipment. This leading-edge technology was recently observed in action by Joseph A. Main, Assistant Secretary of Labor for Mine Safety and Health (MSHA), at our Gibson North mine. The official visit underscored our position as an industry leader in the use of safety technology and confirmed the importance of being at the forefront of designing and installing proximity detection systems at all of our mining operations.

In January 2015, MSHA issued a federal rule requiring all continuous miner systems to use proximity detection systems. With "Safety First" as a cornerstone of our culture, it's no surprise ARLP began installing proximity detection systems long before there was a legal obligation to do so.

Our wholly owned subsidiary, Matrix Design Group, LLC, is the industry leader in safety and productivity technology in underground mines.

ALLIANCE HAS BEEN A PIONEER IN INSTALLING **PROXIMITY DETECTION TECHNOLOGY** ON CONTINUOUS MINING MACHINES.[1]

1 *Mine Safety and Health Administration (MSHA), January 2015.*

POSITIONED TO LEAD

At ARLP, innovative thinking stretches beyond technology …
and safety includes more than accident prevention. Our progressive approach to health care helps Alliance employees and their families both financially and physically.

On-site Health Centers provide no-copay checkups and treatment at most ARLP mines and offices. Available to both employees and their families, Health Centers are staffed by a doctor, nurse, or nurse practitioner.

Our HealthCheck annual physicals are provided at no cost to employees and their families, and are designed to help detect signs of heart-health diseases, including the five biggest cardiovascular reasons for illness and early death among Alliance employees and families.

Heart Age is an estimated assessment of the health of your cardiovascular system based on scientific projections.[1] We want all employees to know their heart age and to treat health issues early to protect against silent damage and possibly prevent a major heart problem or other severe condition.

The Built to Last Awards recognize ARLP sites for health improvements based on results collected during annual HealthCheck events. Rotating trophies are presented to the mine and administrative office locations with the greatest overall health improvement from the prior year.

Our on-site resources, proactive programs and expert care stem from a corporate culture that values people. It's an innovative practice that keeps us healthy and productive, positioning ARLP at the forefront of the industry.

1 Framingham Heart Study, sponsored by the National Heart, Lung, and Blood Institute (NHLBI).

> **WE'RE LIKE A BIG FAMILY OUT HERE.** WE GET ALONG AND STAY ON THE SAME PAGE.

–Gene Thomas, Miner Helper, Roof Bolter, General Underground

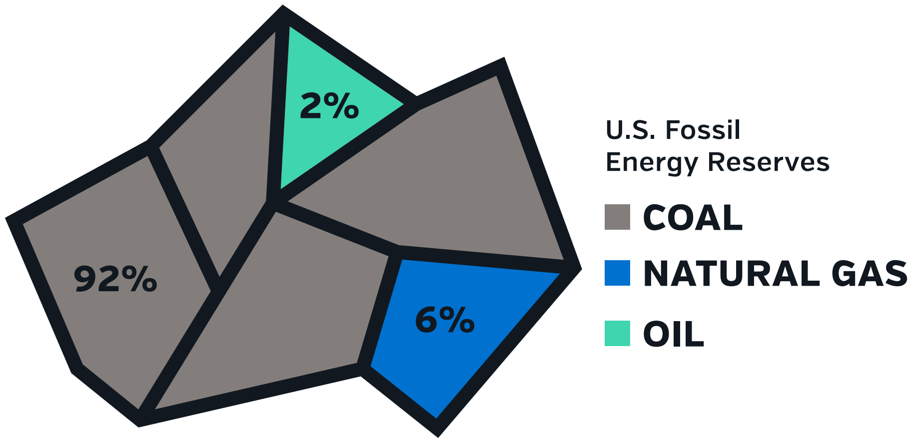
POSITIONED FOR THE FUTURE

Coal critics, as they have done for decades, continue to predict the industry's demise. But the fact remains that every American, on average, uses approximately 3.4 tons of coal each year.[1] Coal generates 1,850.8 billion kW hours of electricity, powering 60 million American homes and 3.4 million businesses.[2] In 2014, coal was responsible for 39 percent of the electricity generated in the United States, more than any other fuel. And the U.S. Energy Information Administration says coal will continue to account for the largest share of electricity generation through 2030.[3]

Coal is an essential pillar of American energy. With recoverable reserves estimated at more than 256 billion short tons and a demonstrated reserve base of 480 billion short tons, U.S. coal resources are larger than the remaining natural gas and oil resources combined.[4] In fact, coal makes up a staggering 92 percent of U.S. fossil energy reserves.[5]

Coal is not going away for hundreds of years. And with a strong balance sheet, careful planning, and a proven strategy for success, ARLP is perfectly positioned to mine, market, and deliver it to keep our company — and our country — running strong.

1 *National Mining Association, "Coal & Minerals Overview."*
2 *countoncoal.org, "Coal: 365."*
3 *coalfacts.org.*
4 *U.S. Energy Information Administration, "U.S. Coal Reserves," January 21, 2015.*
5 *National Mining Association, "Coal: America's Power."*



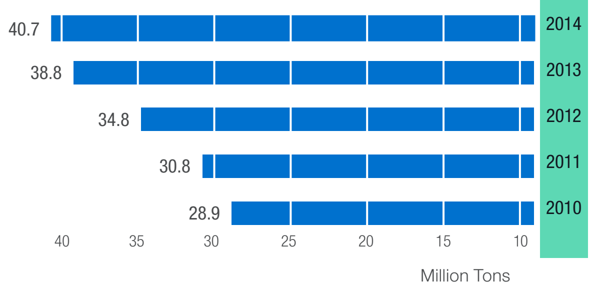
GLOBALLY, COAL IS EXPECTED TO OVERTAKE OIL AS THE MAIN SOURCE OF ENERGY BY 2020.[1]

1 *World Coal Association, "Coal's Role in Fueling the Future."*

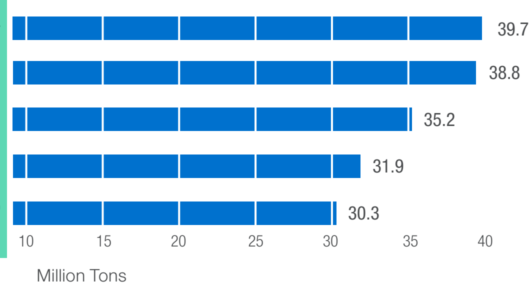
> RIVER VIEW TRULY IS A FAMILY AND **WE WILL ALWAYS TAKE CARE OF OUR OWN** AS WELL AS THE COMMUNITY AROUND US.

–Ashley Brown, Business Manager

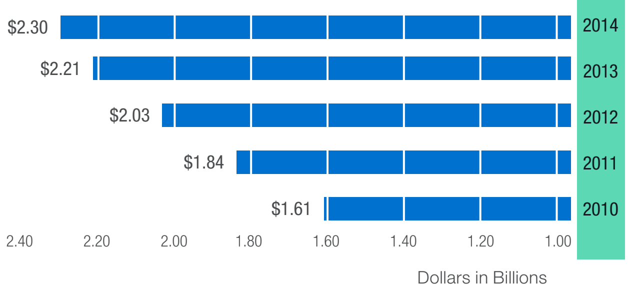
ARLP Coal – Tons Produced



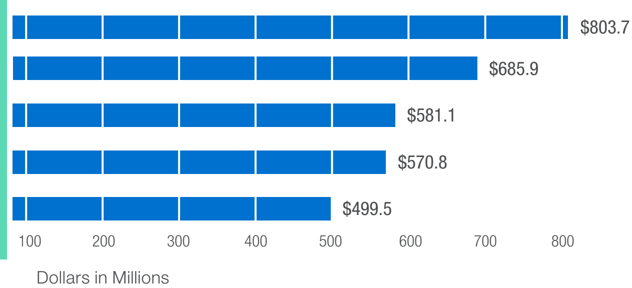
ARLP Coal – Tons Sold



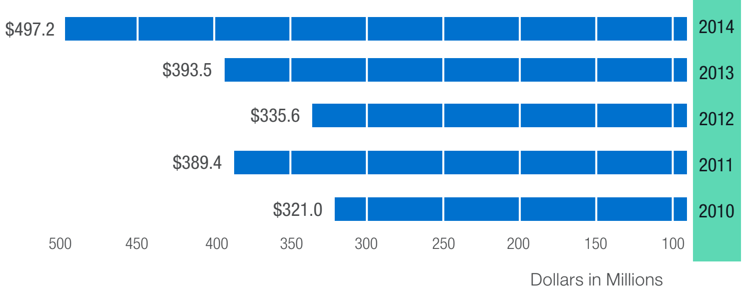
ARLP Revenues



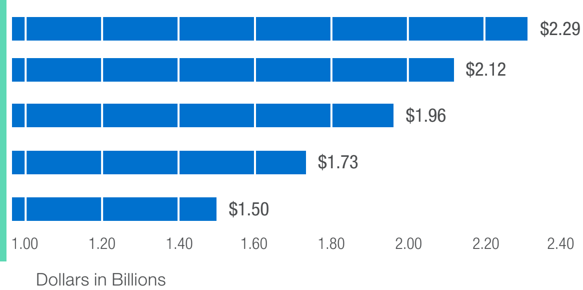
ARLP EBITDA



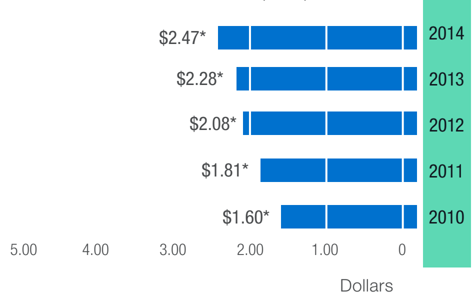
ARLP Net Income



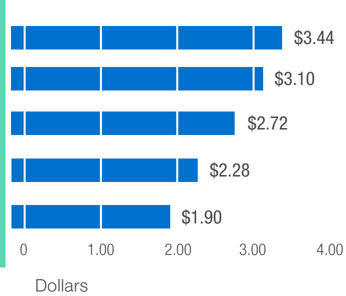
ARLP Total Assets



ARLP Distributions Paid Distributions paid per LP unit



AHGP Distributions Paid Distributions paid per LP unit



Amounts rounded to the nearest penny. *Adjusted for 2:1 Unit Split.

Reconciliation of GAAP "Cash Flows Provided by Operating Activities" to Non-GAAP "EBITDA" and Non-GAAP "EBITDA" to GAAP "Net Income"

	Year Ended December 31				
(in thousands)	2014	2013	2012	2011	2010
Cash flows provided by operating activities	$ 739,201	$ 704,652	$ 555,856	$ 573,983	$ 520,588
Non-cash compensation expense	(11,250)	(8,896)	(7,428)	(6,235)	(4,051)
Asset retirement obligations	(2,730)	(3,004)	(2,853)	(2,546)	(2,579)
Coal inventory adjustment to market	(377)	(2,811)	(2,978)	(386)	(498)
Equity in loss of affiliates, net	(16,648)	(24,441)	(14,650)	(3,404)	-
Net (loss) on foreign currency exchange	-	-	-	-	(274)
Net gain (loss) on sale of property, plant and equipment	4,409	(3,475)	(147)	634	(234)
Loss on retirement of vertical hoist conveyor system	-	-	-	-	(1,204)
Asset impairment charge	-	-	(19,031)	-	-
Valuation allowance of deferred tax assets	(1,636)	(3,483)	-	-	-
Other	5,151	6,251	3,815	(1,488)	(1,448)
Net effect of working capital changes	55,659	(6,392)	41,109	(10,870)	(42,402)
Interest expense, net	31,913	26,082	28,455	21,579	29,862
Income tax expense (benefit)	-	1,396	(1,082)	(431)	1,741
EBITDA	803,692	685,879	581,066	570,836	499,501
Depreciation, depletion and amortization	(274,566)	(264,911)	(218,122)	(160,335)	(146,881)
Interest expense, net	(31,913)	(26,082)	(28,455)	(21,579)	(29,862)
Income tax (expense) benefit	-	(1,396)	1,082	431	(1,741)
Net income	$ 497,213	$ 393,490	$ 335,571	$ 389,353	$ 321,017
Net loss attributable to noncontrolling interest	16	-	-	-	-
Net income of ARLP	$ 497,229	$ 393,490	$ 335,571	$ 389,353	$ 321,017

EBITDA is a financial measure not calculated in accordance with generally accepted accounting principles ("GAAP") and is defined as net income (prior to the allocation of noncontrolling interest) before net interest expense, income taxes and depreciation, depletion and amortization. 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 an alternative to net income, income from operations, cash flows from operating activities or any other measure of financial performance presented in accordance with GAAP. 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 (e.g., public reporting versus computation under financing agreements).

General Information

The following information applies to Alliance Resource Partners, L.P. (ARLP) and Alliance Holdings GP, L.P. (AHGP) 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 at 12/31/2014

ARLP 74,060,634 common units
AHGP 59,863,000 common units

Independent Auditors

Ernst & Young LLP
1700 One Williams Center
Tulsa, OK 74172

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 2014 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**

Executive Officers & Directors
ARLP ▶ AHGP ▶

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

Brian L. Cantrell ▶▶
Senior Vice President and Chief Financial Officer

R. Eberley Davis ▶▶
Senior Vice President, General Counsel and Secretary

Robert G. Sachse ▶
Executive Vice President

Charles R. Wesley ▶
Executive Vice President and Director

Thomas M. Wynne ▶
Senior Vice President and Chief Operating Officer

Michael J. Hall ▶▶
Director and Chairman of the Audit Committee for ARLP and AHGP, and member of the Compensation Committee for ARLP

John P. Neafsey ▶
Director, Chairman of the Board of Directors, Chairman of the Conflicts Committee, and member of the Compensation Committee

John H. Robinson ▶
Director, Chairman of the Compensation Committee, and member of the Audit and Conflicts Committees

Wilson M. Torrence ▶
Director, member of the Audit, Compensation and Conflicts Committees

Thomas M. Davidson, Sr. ▶
Director, Chairman of the Conflicts Committee and member of the Audit Committee

Robert J. Druten ▶
Director and member of the Audit and Conflicts Committees

ALLIANCE RESOURCE PARTNERS, L.P.

ALLIANCE HOLDINGS GP, L.P.

P.O. Box 22027, Tulsa, Oklahoma 74121-2027 | www.arlp.com | www.ahgp.com