International Coal Group, Inc.
Form S-4/A
November 09, 2005

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As filed with the Securities and Exchange Commission on November 9, 2005

Registration No. 333-126156

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 3
to
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

INTERNATIONAL COAL GROUP, INC.
(Exact Name of Registrant as Specified in its Charter)

Delaware	**1222**	**20-2641185**
(State or other jurisdiction of Incorporation)	*(Primary Standard Industrial Classification Code Number)*	*(I.R.S. Employer Identification Number)*

2000 Ashland Drive
Ashland, Kentucky 41101
(606) 920-7400
(Address, including Zip Code, and Telephone Number, including Area Code, of Registrant s Principal Executive Offices)

William D. Campbell
Vice President, Treasurer and Secretary
International Coal Group, Inc.
2000 Ashland Drive
Ashland, Kentucky 41101
(606) 920-7400
(Name, Address, including Zip Code, and Telephone Number, including Area Code, of Agent For Service)

With copies to:
Randi L. Strudler, Esq.
Jones Day
222 East 41st Street
New York, New York 10017
(212) 326-3939

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective and upon completion of the reorganization described in the enclosed prospectus.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

SUBJECT TO COMPLETION, NOVEMBER 9, 2005

International Coal Group, Inc.
2000 Ashland Drive
Ashland, Kentucky 41101

, 2005

Dear ICG Shareholder:

International Coal Group has agreed to acquire Anker Coal Group, Inc. and CoalQuest Development LLC.

The transactions will be carried out through a holding company reorganization. In the reorganization, (1) the existing International Coal Group, Inc. changed its name to ICG, Inc., and (2) a new company will become the holding company for ICG, Anker and CoalQuest and adopt the name International Coal Group, Inc. Shareholders who acquired shares of old International Coal Group when it was organized in 2004 will receive shares of the new holding company in a one-for-one tax-free exchange. The directors and officers of old International Coal Group will become the directors and officers of the new holding company.

The reorganization is being completed to facilitate the acquisitions of Anker and CoalQuest, on a tax-deferred basis. ICG has received irrevocable proxies from holders of a majority of all issued and outstanding common stock authorizing ICG to vote those shares in favor of the reorganization. No further board or shareholder action is required to complete the reorganization and, therefore, we are not soliciting your vote.

If you oppose the reorganization, you are entitled to exercise rights of appraisal, which generally entitle shareholders to receive a cash payment equal to the judicially determined fair value of the ICG common stock in connection with the reorganization. A detailed description of the appraisal rights and procedures available to ICG shareholders is included in The Reorganization Appraisal Rights.

The conditions to the reorganization and Anker and CoalQuest acquisitions are complete, subject only to the issuance of shares of new International Coal Group being registered under the federal securities laws and other customary conditions, such as the absence of material litigation. As a result of the registration, all International Coal Group common shares held by former ICG shareholders will be freely tradable, other than shares beneficially owned by directors, officers and other affiliates. The new holding company also plans to sell common shares to the public in a registered public offering, although there is no assurance that the public offering will be completed.

Further shareholder approvals are not required to complete the reorganization or the acquisitions. Stock certificates which previously represented old International Coal Group common shares will represent shares of new International Coal Group after the transactions. As a consequence, shareholders need not do anything at this time. After the reorganization is effected, shareholders owning registered shares may have any legends removed unless they are held by directors, officers or other affiliates.

The attached prospectus provides you with detailed information about ICG, International Coal Group, the reorganization and the acquisitions. Please carefully review the entire prospectus, including the matters discussed under Risk Factors beginning on page 7 of the attached prospectus.

Wilbur L. Ross, Jr.
Chairman of the Board

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be offered pursuant to this prospectus or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

This prospectus is dated , 2005, and is first being mailed to shareholders on or about , 2005.

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REFERENCES TO ADDITIONAL INFORMATION

This prospectus incorporates important business and financial information about International Coal Group from other documents that are not included in or delivered with this prospectus. More information is available without charge to security holders upon written or oral request. Request should be made to International Coal Group at the following address or telephone number:

International Coal Group, Inc.
2000 Ashland Drive
Ashland, Kentucky 41101
(606) 920-7400
Attention: William D. Campbell

See Where You Can Find More Information.

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EXPLANATORY NOTE

In this prospectus, we sometimes refer to:	**as:**
Acquisitions of each of Anker and CoalQuest	Anker and CoalQuest acquisitions
Anker Coal Group, Inc. and its consolidated subsidiaries	Anker
Proven and probable coal reserves, consisting of the part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserve determination	coal reserves
Coal bearing bodies that have been sufficiently sampled and analyzed, but do not qualify as a commercially viable coal reserve as prescribed by SEC rules until a final comprehensive SEC prescribed evaluation is performed	non-reserve coal deposits
CoalQuest Development LLC	CoalQuest
Horizon NR, LLC (the entity holding the operating subsidiaries of Horizon Natural Resources Company) and its consolidated subsidiaries	Horizon
ICG, Inc.	ICG
International Coal Group, Inc.	International Coal Group, we, our, us and similar terms
WL Ross & Co. LLC	WLR

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QUESTIONS AND ANSWERS ABOUT THE REORGANIZATION AND ACQUISITIONS

Q: Who are ICG and International Coal Group?

A: ICG, Inc. is the current name of the entity formerly known as International Coal Group, Inc. when it acquired certain assets of Horizon Natural Resources Company in September 2004. In anticipation of the acquisitions of Anker and CoalQuest, International Coal Group, Inc. (now called ICG, Inc.) formed ICG Holdco, Inc. to act as the holding company for Anker, CoalQuest and itself. The name of ICG Holdco was changed to International Coal Group, Inc. After the reorganization, International Coal Group will own ICG and all former ICG shareholders will become International Coal Group shareholders.

Q: What is the purpose of the reorganization?

A: The reorganization is being completed to facilitate the acquisitions of Anker and CoalQuest on a tax-deferred basis. The reorganization will be on a tax-free basis for ICG shareholders. After the reorganization, former ICG shareholders, as well as former Anker shareholders and CoalQuest members will become shareholders of the new parent holding company, International Coal Group.

Q: What will I receive in the reorganization?

A: ICG shareholders will receive one International Coal Group common share for each ICG common share owned immediately prior to the reorganization. Existing stock certificates representing ICG common shares will represent International Coal Group common shares following the reorganization. You need not send your stock certificates to us.

Q: How do the reorganization and the Anker and CoalQuest acquisitions relate to the proposed public offering?

A: Neither the reorganization nor the acquisitions are conditioned on the proposed public offering. However, the value of the shares to be issued in the Anker and CoalQuest acquisitions will be based on the public offering price if such offering is consummated prior to March 2006. If the proposed public offering does not occur, the number of shares issuable in the acquisition to Anker shareholders is 19,498,581 and to CoalQuest members is 11,451,548. See The Reorganization for more information on the calculation of the number of shares to be issued in connection with the acquisitions. The public offering will have no affect on the number of shares to be issued in the reorganization.

Q: Will the shares I receive in the reorganization be freely tradeable?

A: We expect that the shares being issued in this reorganization will be listed on the New York Stock Exchange under the symbol ICO. Unless you are an affiliate of International Coal Group, your International Coal Group common shares will not be subject to any restrictions on transfer under the federal securities laws.

Q: What are the tax consequences of the reorganization?

A: The reorganization and exchange of shares are intended to qualify as transactions in which no gain or loss is recognized by ICG shareholders for U.S. federal income tax purposes. In general, you will not be subject to U.S. federal income tax solely as a result of the receipt of shares of International Coal Group in exchange for your ICG common shares if you are a citizen or resident of the United States. However, you should consult your own tax advisor as to your particular U.S. federal, state, local and other tax consequences.

Q: What shareholder or other approvals are needed to approve the reorganization?

A: ICG has received irrevocable proxies from holders of a majority of all issued and outstanding common shares authorizing ICG to vote those shares in favor of the reorganization. No further board or shareholder action is required for the reorganization to be completed and, therefore, we are not soliciting your vote. Additionally, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, or HSR, has been terminated, and all other conditions to the closing of the acquisitions

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and reorganization, have occurred, other than the absence of material litigation and similar technical conditions such as the delivery of required closing documents.

Q: What do I need to do now?

A: No further action by any shareholder is required to effect the reorganization. You do not need to send in your stock certificates. Your current ICG stock certificates will represent shares in International Coal Group following the reorganization.

Q: When do you expect the reorganization to be completed?

A: We expect to complete the reorganization on or about the same time that we complete the Anker and CoalQuest acquisitions. We intend to complete the reorganization and the acquisitions as soon as possible after the effectiveness of the registration statement of which this prospectus forms a part.

Q: What rights do I have if I oppose the reorganization?

A: Any holder of ICG common stock who otherwise complies with the requirements and procedures of Section 262 of the Delaware General Corporation Law, or DGCL, is entitled to exercise rights of appraisal, which generally entitle shareholders to receive a cash payment equal to the judicially determined fair value of the ICG common stock in connection with the reorganization. A detailed description of the appraisal rights and procedures available to ICG shareholders is included in The Reorganization Appraisal Rights.

Q: What is the purpose of this document?

A: This prospectus is part of a registration statement that registers the shares of International Coal Group that you will receive in connection with the reorganization under the federal securities laws. If you are not an affiliate of International Coal Group, the common shares you receive in the reorganization will not be subject to any transfer restrictions under the federal securities laws.

Q: Will my ownership interest be diluted?

A: Not by the reorganization in the reorganization, shares are being converted on a one-to-one basis, regardless of whether the proposed public offering is consummated. However, the issuance of shares in the acquisitions and the proposed public offering will result in increasing the number of International Coal Group common shares outstanding. This will have the effect of proportionately decreasing the percentage share ownership held by the existing ICG common shareholders who do not also have ownership interests in Anker and CoalQuest. As of September 30, 2005, there were 107,230,999 ICG common shares outstanding. The maximum number of ICG shares to be issued in connection with the Anker and CoalQuest acquisitions is 30,950,129, assuming the proposed public offering does not occur or the offering price is $8.885 per share or less, subject to possible adjustments. As the following chart illustrates, the higher the offering price per share of International Coal Group common stock in the proposed public offering, the less International Coal Group common shares will be issued in connection with the Anker and CoalQuest acquisitions. The number of shares to be issued will continue to decrease if the proposed public offering price is greater than the $16.00 shown below. The table does not reflect the impact of the proposed public offering the shares to be issued in the proposed public offering, which we currently estimate to be 20,000,000 shares assuming the over-allotment option is not exercised, will further dilute existing shareholders proportionately.

$ 8.885 or less	$10.00	$11.00	$12.00	$13.00	$13.70	$14.00	$15.00	$16.

ernational al Group nmon ck ering ce									
G nmon res issued Anker and alQuest uisitions:									
thout justments	30,950,129	27,500,000	25,000,000	22,916,667	21,153,846	20,072,992	19,642,857	18,333,333	17,187,5
th justments	29,824,670	26,500,000	24,090,909	22,083,333	20,384,615	19,343,065	18,928,571	17,666,667	16,562,5

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Q: How will the adjustment to the number of shares to be issued in the acquisition work?

A: The shares being issued in the Anker and CoalQuest acquisitions will be deposited with an escrow agent for the benefit of the holders of shares of Anker common stock and CoalQuest membership interests, until the final determination of the number of shares issuable on account of the acquisitions. These escrowed shares will be deemed outstanding from and after the effective time of the Anker and CoalQuest acquisitions; any dividends or distributions or other rights in respect of these shares will be added to and also held in escrow; and these escrowed shares will be voted in accordance with the instructions of the beneficial owners of those shares in accordance with their relative interest. If the shares deposited exceeds the finally determined number of shares to be issued in the Anker and CoalQuest acquisitions, the excess shares will be returned to International Coal Group.

Q: Who can help answer my questions about the reorganization?

A: If you would like additional copies of this document, or if you would like to ask any additional questions about the reorganization and the acquisitions, you should contact:

International Coal Group, Inc.
2000 Ashland Drive
Ashland, Kentucky 41101
(606) 920-7400
Attention: William D. Campbell

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SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that is important to you. We urge you to carefully read the entire document and the other documents to which we refer in order to fully understand the reorganization and the related transactions. See Where You Can Find More Information. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

OVERVIEW

ICG was formed by WLR and other investors in May 2004 to acquire and operate competitive coal mining facilities. As of September 30, 2004, ICG acquired certain key assets of Horizon through a bankruptcy auction. These assets are high quality reserves strategically located in Appalachia and the Illinois Basin, are union free, have limited reclamation liabilities and are substantially free of other legacy liabilities. Due to ICG s initial capitalization, it was able to complete the acquisition without incurring a significant level of indebtedness. Consistent with the WLR investor group s strategy to consolidate profitable coal assets, ICG intends to acquire Anker and CoalQuest to further diversify its reserves.

The Reorganization

ICG is proposing to undergo a corporate reorganization to facilitate the combination of Anker and CoalQuest with ICG. In the corporate reorganization, ICG shareholders will receive one International Coal Group common share for each ICG common share owned immediately prior to the reorganization.

The Anker and CoalQuest Acquisitions

On March 31, 2005, ICG entered into an agreement to acquire Anker for the lesser of (1) 19,498,581 International Coal Group common shares and (2) the number of International Coal Group common shares equal to 173,250,000 divided by the price per share at which International Coal Group s stock is offered in the proposed public offering, subject to certain possible adjustments as described on page 62.

On March 31, 2005, International Coal Group also entered into an agreement to acquire CoalQuest, for the lesser of (1) 11,451,548 International Coal Group common shares and (2) the number of common shares equal to 101,750,000 divided by the price per share at which International Coal Group s common stock is offered in the proposed public offering.

The former Anker shareholders and CoalQuest members will be granted certain piggyback registration rights with respect to the International Coal Group common shares issued to them. For additional information on registration rights, see Description of International Coal Group Capital Stock Registration Rights.

INFORMATION ABOUT THE COMPANIES (Page 63)

ICG, Inc.

ICG is a leading producer of coal in Central Appalachia, with mining complexes located in Kentucky and West Virginia. ICG has a complementary mining complex located in the Illinois Basin. ICG acquired its current properties in 2004 from Horizon through a bankruptcy auction.

ICG s principal executive offices are located at 2000 Ashland Drive, Ashland, Kentucky 41101 and its telephone number is (606) 920-7400.

International Coal Group, Inc.

International Coal Group was formed in March 2005 to be ICG s new top-tier parent holding company following the reorganization. International Coal Group currently has no operations and no significant assets. Following the completion of the reorganization and acquisitions, International Coal Group will own, through ICG, all of the ICG business as well as Anker and CoalQuest.

International Coal Group s principal executive offices are located at 2000 Ashland Drive, Ashland, Kentucky 41101 and its telephone number is (606) 920-7400.

Anker Coal Group and CoalQuest

Anker produces coal from mining complexes in West Virginia, Virginia, Maryland and Pennsylvania. It leases a majority of its coal reserves from CoalQuest. CoalQuest has no other material operations other than its leasing activity.

INTERNATIONAL COAL GROUP MANAGEMENT FOLLOWING COMPLETION OF THE REORGANIZATION AND ACQUISITIONS (Page 128)

The Board of Directors and executive officers of International Coal Group will be the same as the current Board of Directors and executive officers of ICG.

APPRAISAL RIGHTS (Page 113)

Under Section 262 of the Delaware General Corporation Law, record holders of ICG common shares are entitled to appraisal rights in connection with the reorganization. Failure to follow the procedures required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of appraisal rights. If an ICG shareholder withdraws his or her demand for appraisal or has his or her appraisal rights terminated, that holder of ICG common shares will only be entitled to receive the reorganization consideration consisting of one International Coal Group common share for one ICG common share.

ACCOUNTING TREATMENT (Page 114)

For accounting purposes, our reorganization will be accounted for as a transfer of assets and exchange of shares between entities under common control. As such, the transaction will be accounted for in a manner similar to a pooling-of-interests. Accordingly, the financial position and results of operations of ICG will be included in our consolidated financial statements on a historical cost basis.

EFFECTIVE TIME OF THE REORGANIZATION (Page 115)

The Anker merger and ICG reorganization will become effective upon the filing of certificates of merger with the Secretary of State of the State of Delaware or at such later time as may be agreed upon by ICG and Anker and as specified in the certificates of merger. The filing of the certificates of merger will occur as soon as practicable after the effectiveness of the registration statement of which this prospectus forms a part.

CONDITIONS TO COMPLETION OF THE REORGANIZATION (Page 117)

Substantially all of the conditions to the completion of the reorganization have been satisfied, other than the absence of material litigation and certain formal conditions such as the delivery of closing documents. The acquisitions and reorganization are not conditioned upon the completion of International Coal Group s proposed public offering and, in fact, are expected to be completed prior to the completion of such offering.

TERMINATION OF THE ANKER BUSINESS COMBINATION AGREEMENT (Page 118)

The Anker business combination agreement may be terminated by either party upon the happening of specified events, including by mutual consent, if the Anker merger and ICG reorganization have not occurred by April 2006 or if the CoalQuest business combination agreement is terminated. The CoalQuest business combination agreement may be terminated under the same or reciprocal conditions as apply to the Anker business combination agreement, including if the Anker business combination agreement is terminated.

COMPARISON OF SHAREHOLDERS RIGHTS (Page 125)

The rights of ICG shareholders will change as a result of the reorganization and the listing of the common stock on NYSE. In general, the provisions being terminated provide special governance rights to the ICG shareholders who sponsored ICG s formation last year.

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SUMMARY HISTORICAL CONSOLIDATED AND PRO FORMA FINANCIAL DATA OF ICG

International Coal Group is a recently formed holding company which does not have any independent external operations, assets or liabilities, other than through its operating subsidiaries. Prior to the acquisition of certain assets of Horizon as of September 30, 2004, our predecessor, ICG, did not have any material assets, liabilities or results of operations. The summary historical consolidated financial data as of and for the period from May 13, 2004 to December 31, 2004 have been derived from the audited consolidated financial statements of ICG and the summary historical consolidated financial data as of and for the nine months ended September 30, 2005 have been derived from ICG s unaudited consolidated financial statements. The following summary historical consolidated financial data as of and for the period January 1, 2004 to September 30, 2004, the year ended December 31, 2003 and the period May 10, 2002 to December 31, 2002 has been derived from the audited consolidated financial statements of Horizon (the predecessor to ICG for accounting purposes). The summary historical consolidated financial data for the period January 1, 2002 to May 9, 2002 has been derived from the audited consolidated financial statements of AEI Resources (the predecessor to Horizon for accounting purposes). The financial statements for the predecessor periods have been prepared on a carve-out basis to include the assets, liabilities and results of operations of ICG that were previously included in the consolidated financial statements of Horizon. The financial statements for the predecessor periods include allocations of certain expenses, taxation charges, interest and cash balances relating to the predecessor based on management s estimates. The predecessor financial information is not necessarily indicative of the consolidated financial position, results of operations and cash flows of International Coal Group if it had operated during the predecessor periods presented. In the opinion of management, such financial data reflect all adjustments, consisting only of normal and recurring adjustments, necessary for a fair presentation of the results for those periods. The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

The following summary unaudited pro forma consolidated financial data of ICG and its subsidiaries for the year ended December 31, 2004 and as of and for the nine months ended September 30, 2005 have been prepared to give pro forma effect to our corporate reorganization, our acquisitions of Horizon, Anker and CoalQuest and the proposed public offering of 20,000,000 shares by International Coal Group at an offering price of $13.70 per share, as if each had occurred on January 1, 2004, in the case of unaudited pro forma statement of operations data, and on September 30, 2005, in the case of unaudited pro forma balance sheet data. The successor balance sheet data and pro forma adjustments used in preparing the pro forma financial data reflect our preliminary estimates of the purchase price allocation to certain assets and liabilities. The pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the transactions actually been consummated on the dates indicated and do not purport to indicate balance sheet data or results of operations as of any future date or for any future period. You should read the following data in conjunction with Unaudited Consolidated Pro Forma Financial Data of ICG, Management s Discussion and Analysis of Financial Condition and Results of Operations of ICG and the audited consolidated financial statements and related notes of each of ICG, Horizon (and its predecessors), Anker and CoalQuest, each included elsewhere in this prospectus.

	AEI Resources Predecessor to Horizon	Horizon Predecessor to ICG, Inc.			ICG, Inc.			
	Period from January 1, 2002 to May 9, 2002(6)	Period from May 10, 2002 to December 31, 2002(6)	Year Ended December 31, 2003(6)	Period January 1, 2004 to September 30, 2004(6)	Period May 13, 2004 to December 31, 2004	Nine Months Ended September 30, 2005	Pro Forma Year Ended December 31, 2004(4)	Pro Forma Nine Months Ended September 30, 2005(4)
					(In thousands)			
Statement of operations data:								
Revenues:								
Coal sales revenues	$ 136,040	$ 264,235	$ 441,291	$ 346,981	$ 130,463	$ 441,662	$ 624,120	$ 542,744
Freight and handling revenues	2,947	6,032	8,008	3,700	880	6,236	15,996	15,307
Other revenues	21,183	27,397	31,771	22,702	4,766	17,757	33,696	22,132
Total revenues	160,170	297,664	481,070	373,383	136,109	465,655	673,812	580,183
Cost and expenses:								
Freight and handling costs	2,947	6,032	8,008	3,700	880	6,236	15,996	15,307
Cost of coal sales and other revenues (exclusive of depreciation, depletion and	114,767	251,361	400,652	306,429	113,707	357,076	564,723	465,415

amortization shown separately below)								
Depreciation, depletion and amortization	32,316	40,033	52,254	27,547	7,943	29,489	46,054	39,266
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	9,677	16,695	23,350	8,477	4,194	23,592	17,257	28,256
(Gain)/loss on sale of assets	(93)	(39)	(4,320)	(226)	(10)	(518)	(236)	(518)
Writedowns and other items	8,323	729,953	9,100	10,018			10,018	
Total costs and expenses	167,937	1,044,035	489,044	355,945	126,714	415,875	653,812	547,726
Income (loss) from operations	(7,767)	(746,371)	(7,974)	17,438	9,395	49,780	20,000	32,457
Other income (expense):								
Interest expense	(36,666)	(80,405)	(145,892)	(114,211)	(3,453)	(10,453)	(5,889)	(3,733)
Reorganization items	787,900	(4,075)	(23,064)	(12,471)			(12,471)	
Other, net	499	1,256	187	1,581	898	4,007	8,329	9,130
Total interest and other income (expense)	751,733	(83,224)	(168,769)	(125,101)	(2,555)	(6,446)	(10,031)	5,397
	743,966	(829,595)	(176,743)	(107,663)	6,840	43,334	(9,969)	37,854

Income (loss) before income taxes								
Income tax expense					(2,591)	(14,786)	(3,777)	(12,945)
Net income (loss)	$ 743,966	$ (829,595)	$ (176,743)	$ (107,663)	$ 4,249	$ 28,548	$ 6,192	$ 24,909
Earnings (loss) per share(1):								
Basic					0.04	0.27	0.04	0.17
Diluted					0.04	0.27	0.04	0.17
Average common shares outstanding(1):								
Basic					106,605,999	107,230,999	146,678,991	147,303,991
Diluted					106,605,999	107,280,820	146,728,812	147,353,812
Balance sheet data (at period end):								
Cash and cash equivalents	$ 87,278	$ 114	$ 859	$	$ 23,967	$ 15,534	$	$ 42,385
Total assets	1,521,318	623,800	576,372	539,606	459,975	523,020		945,972
Long-term debt and capital leases	933,106	1,157	315	29	173,446	186,938		3,269
Total liabilities	1,286,318	1,222,219	1,351,393	1,422,290	305,575	336,494		215,136
Total stockholders equity (members deficit)	$ 235,000	$ (598,419)	$ (775,021)	$ (882,684)	$ 154,400	$ 186,526	$	$ 730,836
Total liabilities and stockholders equity (members deficit)	$1,521,318	$ 623,800	$ 576,372	$ 539,606	$ 459,975	$ 523,020	$	$ 945,972

Other financial data:								
EBITDA[2]	$ 812,948	$ (709,157)	$ 21,403	$ 34,095	$ 18,236	$ 83,276	$ 61,912(5)	$ 80,853(5)
Net cash provided by (used in):								
Operating activities	$ (353,592)	$ 76,378	$ 20,030	$ 28,085	$ 30,211	$ 57,545	N/A	N/A
Investing activities	$ 44,555	$ (12,805)	$ (3,826)	$ 3,437	$ (329,168)	$ (75,389)	N/A	N/A
Financing activities	$ 259,011	$ (78,025)	$ (15,459)	$ (32,381)	$ 322,924	$ 9,411	N/A	N/A
Capital expenditures	$ 10,963	$ 13,435	$ 16,937	$ 6,624	$ 5,583	$ 75,941	N/A	N/A
Operating data[3]:								
Tons sold	5,416	11,124	16,655	10,421	3,582	10,590	18,400	14,321
Tons produced	4,231	7,139	12,041	8,812	2,959	9,056	14,591	11,135
Average coal sales realization (per ton)	$ 25.12	$ 23.75	$ 26.50	$ 33.30	$ 36.42	$ 41.71	$ 33.92	$ 48.74

(1) *Earnings per share data and average shares outstanding are not presented for the period from January 1, 2002 to May 9, 2002, period from May 10, 2002 to December 31, 2002, year ended December 31, 2003 and the period from January 1, 2004 to September 30, 2004 because the financial statements for these periods were prepared on a carve-out basis.*

(2) *EBITDA represents net income before deducting interest expense, income taxes and depreciation, depletion and amortization. We present EBITDA and pro forma EBITDA because we consider them important supplemental measures of our performance and believe they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry, substantially all of which present EBITDA when reporting their results.*

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We also use EBITDA for the following purposes: Our executive compensation plan bases incentive compensation payments on our EBITDA performance measured against budgets and a peer group. Our credit agreement uses EBITDA (with additional adjustments) to measure our compliance with covenants, such as interest coverage and debt incurrence. EBITDA is also widely used by us and others in our industry to evaluate and price potential acquisition candidates.

EBITDA and pro forma EBITDA have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- *EBITDA and pro forma EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;*
- *EBITDA and pro forma EBITDA do not reflect changes in, or cash requirements for, our working capital needs;*
- *EBITDA and pro forma EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;*
- *Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA and pro forma EBITDA do not reflect any cash requirements for such replacements; and*
- *Other companies in our industry may calculate EBITDA and pro forma EBITDA differently than we do, limiting their usefulness as comparative measures.*

EBITDA and pro forma EBITDA are a measure of our performance that are not required by, or presented in accordance with, GAAP and we also believe each is a useful indicator of our ability to meet debt service and capital expenditure requirements. EBITDA and pro forma EBITDA are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with GAAP or as an alternative to cash flow from operating activities as a measure of our liquidity.

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The following table reconciles net income, which we believe to be the closest GAAP performance measure, to EBITDA.

	AEI Resources Predecessor to Horizon	Horizon Predecessor to ICG, Inc.			ICG, Inc.	
	Period from January 1, 2002 to May 9, 2002	Period from May 10, 2002 to December 31, 2002	Year Ended December 31, 2003	Period January 1, 2004 to September 30, 2004	Period May 13, 2004 to December 31, 2004	Nine Months Ended September 30, 2005
	(In thousands)					
Net income (loss)	$ 743,966	$ (829,595)	$ (176,743)	$ (107,663)	$ 4,249	$ 28,548
Interest expense	36,666	80,405	145,892	114,211	3,453	10,453
Income tax expense					2,591	14,786
Depreciation, depletion and amortization expense	32,316	40,033	52,254	27,547	7,943	29,489
EBITDA	$ 812,948	$ (709,157)	$ 21,403	$ 34,095	$ 18,236	$ 83,276

Net income (loss) and EBITDA were further affected by reorganization items of $(787.9) million for the period from January 1, 2002 to May 9, 2002, $4.1 million for the period May 10, 2002 to December 31, 2002, $23.1 million for the year ended December 31, 2003 and $12.5 million for the period from January 1, 2004 to September 30, 2004. Net income (loss) and EBITDA were further affected by writedowns and other items of $8.3 million for the period from January 1, 2002 to May 9, 2002, $730.0 million for the period May 10, 2002 to December 31, 2002, $9.1 million for the year ended December 31, 2003, and $10.0 million for the period from January 1, 2004 to September 30, 2004. See Notes 14 and 15 to Horizon s audited combined financial statements included elsewhere in this prospectus.

(3) Amounts were not derived from the audited financial statements included elsewhere in this prospectus.

(4) The summary unaudited pro forma data of ICG, Inc. and its subsidiaries as of and for the year ended December 31, 2004 and the nine months ended September 30, 2005 have been prepared to give pro forma effect to our corporate reorganization, the acquisition of Horizon, Anker and CoalQuest and the proposed public offering of 20,000,000 shares of common stock by International Coal Group at an offering price of $13.70 per share, as if each had occurred on January 1, 2004, in the case of unaudited statements of operations data, and on September 30, 2005, in the case of unaudited pro forma balance sheet data.

(5) The following table reconciles pro forma net income, which we believe to be the closest GAAP performance measure, to pro forma EBITDA.

	Pro forma	Pro forma

	ended December 31, 2004	nine months ended September 30, 2005
	(In thousands)	
Pro forma net income	$ 6,192	$24,909
Interest expense	5,889	3,733
Income tax expense	3,777	12,945
Depreciation, depletion and amortization expense	46,054	39,266
Pro forma EBITDA	$61,912	$80,853

Pro forma net income and pro forma EBITDA were further affected by reorganization items of $12.5 million and writedowns and other items of $10.0 million for the year ended December 31, 2004.

(6) As restated. See Note 19 to the combined financial statements of Horizon NR, LLC included elsewhere in this prospectus.

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RISK FACTORS

You should carefully consider the risks described below before deciding whether or not to exercise your appraisal rights. If you do not exercise your appraisal rights, you will be choosing to invest in the common stock of International Coal Group. Investing in our common stock involves a high degree of risk. If any of the following risks develop into actual events, our business, financial condition or results of operations could be materially adversely affected, the trading price of your shares of our common stock could decline and you may lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

Because of our limited operating history, historical information regarding our company prior to October 1, 2004 is of little relevance in understanding our business as currently conducted.

We are subject to the risks, uncertainties, expenses and problems encountered by companies in the early stages of operations. International Coal Group was incorporated in March 2005 as a holding company and our predecessor, ICG, was incorporated in May 2004 for the sole purpose of acquiring certain assets of Horizon. Until we completed that acquisition ICG had substantially no operations. As a result, we believe the historical financial information presented in this prospectus, other than for the period ended December 31, 2004 and the nine months ended September 30, 2005, which do not include the historical financial information for Anker and CoalQuest, are of limited relevance in understanding our business as currently conducted. The financial statements for the predecessor periods have been prepared from the books and records of Horizon as if ICG had existed as a separate legal entity under common management for all periods presented (that is, on a carve-out basis). The financial statements for the predecessor periods include allocations of certain expenses, taxation charges, interest and cash balances relating to the predecessor based on management s estimates. In light of these allocations and estimates, the predecessor financial information is not necessarily indicative of the consolidated financial position, results of operations and cash flows of ICG if it had operated during the predecessor period presented. See Unaudited Consolidated Pro Forma Financial Data of ICG, Selected Historical Consolidated Financial Data of ICG and Management s Discussion and Analysis of Financial Condition and Results of Operation of ICG.

A decline in coal prices could reduce our revenues and the value of our coal reserves.

Our results of operations are dependent upon the prices we charge for our coal as well as our ability to improve productivity and control costs. Any decreased demand would cause spot prices to decline and require us to increase productivity and decrease costs in order to maintain our margins. Declines in the prices we receive for our coal could adversely affect our operating results and our ability to generate the cash flows we require to improve our productivity and invest in our operations. The prices we receive for coal depend upon factors beyond our control, including:

- the supply of and demand for domestic and foreign coal;
- the demand for electricity;
- domestic and foreign demand for steel and the continued financial viability of the domestic and/or foreign steel industry;
- the proximity to, capacity of and cost of transportation facilities;
- domestic and foreign governmental regulations and taxes;
- air emission standards for coal-fired power plants;
- regulatory, administrative and judicial decisions;

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- the price and availability of alternative fuels, including the effects of technological developments; and
- the effect of worldwide energy conservation measures.

Our coal mining operations are subject to operating risks that could result in decreased coal production thereby reducing our revenues.

Our revenues depend on our level of coal mining production. The level of our production is subject to operating conditions and events beyond our control that could disrupt operations and affect production at particular mines for varying lengths of time. These conditions and events include:

- the unavailability of qualified labor;
- our inability to acquire, maintain or renew necessary permits or mining or surface rights in a timely manner, if at all;
- unfavorable geologic conditions, such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit;
- failure of reserve estimates to prove correct;
- changes in governmental regulation of the coal industry, including the imposition of additional taxes, fees or actions to suspend or revoke our permits or changes in the manner of enforcement of existing regulations;
- mining and processing equipment failures and unexpected maintenance problems;
- adverse weather and natural disasters, such as heavy rains and flooding;
- increased water entering mining areas and increased or accidental mine water discharges;
- increased or unexpected reclamation costs;
- interruptions due to transportation delays;
- the unavailability of required equipment of the type and size needed to meet production expectations; and
- unexpected mine safety accidents, including fires and explosions from methane.

These conditions and events may increase our cost of mining and delay or halt production at particular mines either permanently or for varying lengths of time.

Reduced coal consumption by North American electric power generators could result in lower prices for our coal, which could reduce our revenues and adversely impact our earnings and the value of our coal reserves.

Steam coal accounted for nearly all of our coal sales volume in 2004, pro forma for the Anker and CoalQuest acquisitions. The majority of our sales of steam coal in 2004 were to electric power generators. Domestic electric power generation accounted for approximately 92% of all U.S. coal consumption in 2003, according to the EIA. The amount of coal consumed for U.S. electric power generation is affected primarily by the overall demand for electricity, the location, availability, quality and price of competing fuels for power such as natural gas, nuclear, fuel oil and alternative energy sources such as hydroelectric power, technological developments, and environmental and other governmental regulations.

Although we expect that many new power plants will be built to produce electricity during peak periods of demand, we also expect that many of these new power plants will be fired by natural gas because gas-fired plants are cheaper to construct than coal-fired plants and because natural gas is a cleaner burning fuel. Gas-fired generation from existing and newly constructed gas-fired facilities has the potential to displace coal-fired generation, particularly from older, less efficient coal-powered generators. In addition, the increasingly stringent requirements of the Clean Air Act may result in more electric power generators shifting from coal to natural gas-fired plants. Any reduction in the amount of coal consumed by North American electric power generators could reduce the price of steam coal that we mine and sell, thereby reducing our revenues and adversely impacting our earnings and the value of our coal reserves.

Weather patterns also can greatly affect electricity generation. Extreme temperatures, both hot and cold, cause increased power usage and, therefore, increased generating requirements from all sources. Mild temperatures, on the other hand, result in lower electrical demand, which allows generators to choose the lowest-cost sources of power generation when deciding which generation sources to dispatch. Accordingly, significant changes in weather patterns could reduce the demand for our coal.

Overall economic activity and the associated demands for power by industrial users can have significant effects on overall electricity demand. Robust economic activity can cause much heavier demands for power, particularly if such activity results in increased utilization of industrial assets during evening and nighttime periods. The economic slowdown experienced during the last several years significantly slowed the growth of electrical demand and, in some locations, resulted in contraction of demand. Any downward pressure on coal prices, whether due to increased use of alternative energy sources, changes in weather patterns, decreases in overall demand or otherwise, would likely cause our profitability to decline.

Our profitability may be adversely affected by the status of our long-term coal supply agreements, changes in purchasing patterns in the coal industry and the loss of certain brokered coal contracts set to expire at the end of 2006, which could adversely affect the capability and profitability of our operations.

We sell a significant portion of our coal under long-term coal supply agreements, which we define as contracts with a term greater than 12 months. For the nine months ended September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), approximately 75% of our revenues were derived from coal sales that were made under long-term coal supply agreements. As of that date, we had 30 long-term sales agreements with a volume-weighted average term of approximately 5.2 years. The prices for coal shipped under these agreements are fixed for the initial year of the contract, subject to certain adjustments in later years, and thus may be below the current market price for similar type coal at any given time, depending on the timeframe of contract execution or initiation. As a consequence of the substantial volume of our sales that are subject to these long-term agreements, we have less coal available with which to capitalize on higher coal prices, if and when they arise. In addition, in some cases, our ability to realize the higher prices that may be available in the spot market may be restricted when customers elect to purchase higher volumes allowable under some contracts.

When our current contracts with customers expire or are otherwise renegotiated, our customers may decide not to extend or enter into new long-term contracts or, in the absence of long-term contracts, our customers may decide to purchase fewer tons of coal than in the past or on different terms, including under different pricing terms. In addition, we have brokered coal contracts that will expire at the end of 2006. These contracts were signed during a period of oversupply in the coal industry and contain pricing that, while acceptable to the sellers at that time, is significantly below today s market levels and, management believes, will not be able to be renegotiated or replaced in today s market. Assuming today s market continues, we believe the loss of these contracts will have a significant impact on our earnings after 2006. Through the nine months ended September 30, 2005, these contracts have provided $26.2 million in revenue. For additional information relating to these contracts, see Information about the Companies Business International Coal Group Customers and Coal Contracts Long-Term Coal Supply Agreements.

Furthermore, as electric utilities seek to adjust to requirements of the Clean Air Act, particularly the Acid Rain regulations, the Clean Air Mercury Rule and the Clean Air Interstate Rule, although these two rules are subject to judicial challenge and the Clean Air Mercury Rule has been subject to legislative challenge in Congress, and the possible deregulation of their industry, they could become increasingly less willing to enter into long-term coal supply agreements and instead may purchase higher percentages of coal under short-term supply agreements. To the extent the electric utility industry shifts away from long-term supply agreements, it could adversely affect us and the level of our revenues. For example, fewer electric utilities will have a contractual obligation to purchase coal from us, thereby increasing the risk that we will not have a market for our production. Furthermore, spot market prices tend to be more volatile than contractual prices, which could result in decreased revenues.

Certain provisions in our long-term supply agreements may provide limited protection during adverse economic conditions or may result in economic penalties upon the failure to meet specifications.

Price adjustment, price reopener and other similar provisions in long-term supply agreements may reduce the protection from short-term coal price volatility traditionally provided by such contracts. Most of our coal supply agreements contain provisions that allow for the purchase price to be renegotiated at periodic intervals. These price reopener provisions may automatically set a new price based on the prevailing market price or, in some instances, require the parties to agree on a new price, sometimes between a specified range of prices. In some circumstances, failure of the parties to agree on a price under a price reopener provision can lead to termination of the contract. Any adjustment or renegotiations leading to a significantly lower contract price would result in decreased revenues. Accordingly, supply contracts with terms of one year or more may provide only limited protection during adverse market conditions.

Coal supply agreements also typically contain force majeure provisions allowing temporary suspension of performance by us or our customers during the duration of specified events beyond the control of the affected party. Most of our coal supply agreements contain provisions requiring us to deliver coal meeting quality thresholds for certain characteristics such as Btu, sulfur content, ash content, hardness and ash fusion temperature. Failure to meet these specifications could result in economic penalties, including price adjustments, the rejection of deliveries or, in the extreme, termination of the contracts.

Consequently, due to the risks mentioned above with respect to long-term supply agreements, we may not achieve the revenue or profit we expect to achieve from these sales commitments. In addition, we may not be able to successfully convert these sales commitments into long-term supply agreements.

A decline in demand for metallurgical coal would limit our ability to sell our high quality steam coal as higher-priced metallurgical coal.

Following the Anker acquisition, portions of our coal reserves will possess quality characteristics that will enable us to mine, process and market them as either metallurgical coal or high quality steam coal, depending on the prevailing conditions in the metallurgical and steam coal markets. A decline in the metallurgical market relative to the steam market could cause us to shift coal from the metallurgical market to the steam market, thereby reducing our revenues and profitability.

Most of our expected metallurgical coal reserves possess quality characteristics that will enable us to mine, process and market them as high quality steam coal. However, some of our mines will operate profitably only if all or a portion of their production is sold as metallurgical coal to the steel market. If demand for metallurgical coal declined to the point where we could earn a more attractive return marketing the coal as steam coal, these mines may not be economically viable and may be subject to closure. Such closures would lead to accelerated reclamation costs, as well as reduced revenue and profitability.

Inaccuracies in our estimates of economically recoverable coal reserves could result in lower than expected revenues, higher than expected costs or decreased profitability.

We base our reserves information on engineering, economic and geological data assembled and analyzed by our staff, which includes various engineers and geologists, and which is periodically reviewed by outside firms. The reserves estimates as to both quantity and quality are annually updated to reflect production of coal from the reserves and new drilling or other data received. There are numerous uncertainties inherent in estimating quantities and qualities of and costs to mine recoverable reserves, including many factors beyond our control. Estimates of economically recoverable coal reserves and net cash flows necessarily depend upon a number of variable factors and assumptions, all of which may vary considerably from actual results such as:

- geological and mining conditions which may not be fully identified by available exploration data or which may differ from experience in current operations;
- historical production from the area compared with production from other similar producing areas; and
- the assumed effects of regulation and taxes by governmental agencies and assumptions concerning coal prices, operating costs, mining technology improvements, severance and excise tax, development costs and reclamation costs.

For these reasons, estimates of the economically recoverable quantities and qualities attributable to any particular group of properties, classifications of reserves based on risk of recovery and estimates of net cash flows expected from particular reserves prepared by different engineers or by the same engineers at different times may vary substantially. Actual coal tonnage recovered from identified reserve areas or properties and revenues and expenditures with respect to our reserves may vary materially from estimates. These estimates, thus, may not accurately reflect our actual reserves. Any inaccuracy in our estimates related to our reserves could result in lower than expected revenues, higher than expected costs or decreased profitability.

We depend heavily on a small number of large customers, the loss of any of which would adversely affect our operating results.

Our three largest customers for the nine months ended September 30, 2005 were Georgia Power, Carolina Power & Light and Duke Power and we derived approximately 53% of our pro forma coal revenues from sales to our five largest customers, pro forma for the Anker and CoalQuest acquisitions. At September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had 12 coal supply agreements with these customers that expire at various times from 2005 to 2010. We are currently discussing the extension of existing agreements or entering into new long-term agreements with some of these customers, however these negotiations may not be successful and these customers may not continue to purchase coal from us pursuant to long-term coal supply agreements. If a number of these customers were to significantly reduce their purchases of coal from us, or if we were unable to sell coal to them on terms as favorable to us as the terms under our current agreements, our financial condition and results of operations could suffer materially.

Disruptions in transportation services could limit our ability to deliver coal to our customers, which could cause revenues to decline.

We depend primarily upon railroads, trucks and barges to deliver coal to our customers. Disruption of railroad service due to weather-related problems, strikes, lockouts and other events could temporarily impair our ability to supply coal to our customers, resulting in decreased shipments. Decreased performance levels over longer periods of time could cause our customers to look elsewhere for their fuel needs, negatively affecting our revenues and profitability.

During 2004, the major eastern railroads (CSX and Norfolk Southern) experienced significant service problems. These problems were caused by an increase in overall rail traffic from the expanding economy and shortages of both equipment and personnel. The service problems had an adverse effect on our shipments during several months in 2004. If these service problems persist, they could have an adverse impact on our financial results in 2005 and beyond.

The states of West Virginia and Kentucky have recently increased enforcement of weight limits on coal trucks on its public roads. Additionally, West Virginia legislation, which raised coal truck weight limits in West Virginia, includes provisions supporting enhanced enforcement. The legislation went into effect on October 1, 2003 and implementation began on January 1, 2004. It is possible that other states in which our coal is transported by truck could conduct similar campaigns to increase enforcement of weight

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limits. Such stricter enforcement actions could result in shipment delays and increased costs. An increase in transportation costs could have an adverse effect on our ability to increase or to maintain production and could adversely affect revenues.

Some of our mines depend on a single transportation carrier or a single mode of transportation. Disruption of any of these transportation services due to weather-related problems, mechanical difficulties, strikes, lockouts, bottlenecks and other events could temporarily impair our ability to supply coal to our customers. Our transportation providers may face difficulties in the future that may impair our ability to supply coal to our customers, resulting in decreased revenues. Currently, there is a shortage of available train cars to service our coal operations in eastern Kentucky.

If there are disruptions of the transportation services provided by our primary rail carriers that transport our produced coal and we are unable to find alternative transportation providers to ship our coal, our business could be adversely affected.

Fluctuations in transportation costs could impair our ability to supply coal to our customers.

Transportation costs represent a significant portion of the total cost of coal for our customers and, as a result, the cost of transportation is a critical factor in a customer s purchasing decision. Increases in transportation costs could make coal a less competitive source of energy or could make our coal production less competitive than coal produced from other sources.

On the other hand, significant decreases in transportation costs could result in increased competition from coal producers in other parts of the country. For instance, coordination of the many eastern loading facilities, the large number of small shipments, the steeper average grades of the terrain and a more unionized workforce are all issues that combine to make shipments originating in the eastern United States inherently more expensive on a per-mile basis than shipments originating in the western United States. The increased competition could have a material adverse effect on our business, financial condition and results of operations.

Disruption in supplies of coal produced by third parties could temporarily impair our ability to fill our customers orders or increase our costs.

In addition to marketing coal that is produced from our controlled reserves, we purchase and resell coal produced by third parties from their controlled reserves to meet customer specifications. Disruption in our supply of third-party coal could temporarily impair our ability to fill our customers orders or require us to pay higher prices in order to obtain the required coal from other sources. Any increase in the prices we pay for third-party coal could increase our costs and therefore lower our earnings.

The unavailability of an adequate supply of coal reserves that can be mined at competitive costs could cause our profitability to decline.

Our profitability depends substantially on our ability to mine coal reserves that have the geological characteristics that enable them to be mined at competitive costs and to meet the quality needed by our customers. Because our reserves decline as we mine our coal, our future success and growth depend, in part, upon our ability to acquire additional coal reserves that are economically recoverable. Replacement reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to those characteristic of the depleting mines. We may not be able to accurately assess the geological characteristics of any reserves that we acquire, which may adversely affect our profitability and financial condition. Exhaustion of reserves at particular mines also may have an adverse effect on our operating results that is disproportionate to the percentage of overall production represented by such mines. Our ability to obtain other reserves in the future could be limited by restrictions under our existing or future debt agreements, competition from other coal companies for attractive properties, the lack of suitable acquisition candidates or the inability to acquire coal properties on commercially reasonable terms.

Unexpected increases in raw material costs could significantly impair our operating profitability.

Our coal mining operations use significant amounts of steel, petroleum products and other raw materials in various pieces of mining equipment, supplies and materials, including the roof bolts required by the room and pillar method of mining described below. Scrap steel prices have risen significantly in recent months, and historically, the prices of scrap steel and petroleum have fluctuated. Recently we have been adversely impacted by margin compressions due to cost increases for various commodities and services influenced by the recent price acceleration of crude oil and natural gas a trend that was greatly exacerbated by the Gulf hurricanes. Costs of diesel fuel, explosives (ANFO) and coal trucking have all escalated as a direct result of supply chain problems related to the Gulf hurricanes. There may be other acts of nature or terrorist attacks or threats that could also increase the costs of raw materials. If the price of steel, petroleum products or other of these materials increase, our operational expenses will increase, which could have a significant negative impact on our profitability.

A shortage of skilled labor in the mining industry could pose a risk to achieving optimal labor productivity and competitive costs, which could adversely affect our profitability.

Efficient coal mining using modern techniques and equipment requires skilled laborers, preferably with at least a year of experience and proficiency in multiple mining tasks. In order to support our planned expansion opportunities, we intend to sponsor both in-house and vocational coal mining programs at the local level in order to train additional skilled laborers. In the event the shortage of experienced labor continues or worsens or we are unable to train the necessary amount of skilled laborers, there could be an adverse impact on our labor productivity and costs and our ability to expand production and therefore have a material adverse effect on our earnings.

We have a new management team, and if they are unable to work effectively together, our business may be harmed.

Most of our and ICG s management team was hired in 2005, and the group has only been working together for a short period of time. Moreover, several other key employees were hired in 2005. Because many of our executive officers and key employees are new and we also expect to add additional key personnel in the near future, there is a risk that our management team will not be able to work together effectively. If our management team is unable to work together, our operations could be disrupted and our business harmed.

Our ability to operate our company effectively could be impaired if we fail to attract and retain key personnel.

Our senior management team averages 23 years of experience in the coal industry, which includes developing innovative, low-cost mining operations, maintaining strong customer relationships and making strategic, opportunistic acquisitions. The loss of any of our senior executives could have a material adverse effect on our business. There may be a limited number of persons with the requisite experience and skills to serve in our senior management positions. We may not be able to locate or employ qualified executives on acceptable terms. In addition, as our business develops and expands, we believe that our future success will depend greatly on our continued ability to attract and retain highly skilled personnel with coal industry experience. Competition for these persons in the coal industry is intense and we may not be able to successfully recruit, train or retain qualified personnel. We may not be able to continue to employ key personnel or attract and retain qualified personnel in the future. Our failure to retain or attract key personnel could have a material adverse effect on our ability to effectively operate our business.

Acquisitions that we may undertake involve a number of inherent risks, any of which could cause us not to realize the anticipated benefits.

We continually seek to expand our operations and coal reserves through acquisitions. If we are unable to successfully integrate the companies, businesses or properties we acquire, our profitability may decline

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and we could experience a material adverse effect on our business, financial condition, or results of operations. Acquisition transactions involve various inherent risks, including:

- uncertainties in assessing the value, strengths, and potential profitability of, and identifying the extent of all weaknesses, risks, contingent and other liabilities (including environmental or mine safety liabilities) of, acquisition candidates;
- the potential loss of key customers, management and employees of an acquired business;
- the ability to achieve identified operating and financial synergies anticipated to result from an acquisition;
- problems that could arise from the integration of the acquired business; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying our rationale for pursuing the acquisition.

Any one or more of these factors could cause us not to realize the benefits anticipated to result from an acquisition. 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. In addition, future acquisitions could result in our assuming more long-term liabilities relative to the value of the acquired assets than we have assumed in our previous acquisitions.

We may not be able to effectively integrate Anker and CoalQuest into our operations or realize the expected benefits of those acquisitions.

Our future success will depend largely on our ability to consolidate and effectively integrate Anker s and CoalQuest s operations into our operations. We may not be able to do so successfully without substantial costs, delays or other difficulties. We may face significant challenges in consolidating functions and integrating procedures, information technology systems, personnel and operating philosophies in a timely and efficient manner. The integration process is complex and time consuming and may pose a number of obstacles, such as:

- the loss of key employees or customers;
- the challenge of maintaining the quality of customer service;
- the need to coordinate geographically diverse operations;
- retooling and reprogramming of equipment and information technology systems; and
- the resulting diversion of management s attention from our day-to-day business and the need to hire and integrate additional management personnel to manage our expanded operations.

If we are not successful in completing the integration of Anker and CoalQuest into our operations, if the integration takes longer or is more complex or expensive than anticipated, if we cannot operate the Anker and CoalQuest businesses as effectively as we anticipate, whether as a result of deficiency of the acquired business or otherwise, or if the integrated businesses fail to achieve market acceptance, our operating performance, margins, sales and reputation could be materially adversely affected.

Furthermore, we may not be able to realize the expected benefits of these acquisitions. For example, as a result of infrastructure weaknesses and short-term geologic issues at Anker, the transition period for implementation of various operational improvements has taken longer than originally anticipated. This extended transition has resulted in, and will continue to result in, decreased coal production and increased production costs in the third and fourth quarters. Since these issues are temporary in nature and recent operating performance has significantly improved, 2006 profit margins are not expected to be materially impacted.

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If the value of our goodwill becomes impaired, the write-off of the impaired portion could materially reduce the value of our assets and reduce our net income for the year in which the write-off occurs.

When we acquire a business, we record an asset called goodwill if the amount we pay for the business, including liabilities assumed, is in excess of the fair value of the assets of the business we acquire. We recorded $187.7 million of goodwill in connection with the Horizon acquisition and will record goodwill in connection with the Anker and CoalQuest acquisitions. Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets, requires that goodwill be tested at least annually (absent any impairment indicators). The testing includes comparing the fair value of each reporting unit with its carrying value. Fair value is determined using discounted cash flows, market multiples and market capitalization. Impairment adjustments, if any, generally are required to be recognized as operating expenses. We may have future impairment adjustments to our recorded goodwill. Any finding that the value of our goodwill has been impaired would require us to write-off the impaired portion, which could significantly reduce the value of our assets and reduce our net income for the year in which the write-off occurs.

Failure to obtain or renew surety bonds in a timely manner and on acceptable terms could affect our ability to secure reclamation and coal lease obligations, which could adversely affect our ability to mine or lease coal.

Federal and state laws require us to obtain surety bonds to secure payment of certain long-term obligations, such as mine closure or reclamation costs, federal and state workers compensation costs, coal leases and other obligations. These bonds are typically renewable annually. Surety bond issuers and holders may not continue to renew the bonds or may demand additional collateral or other less favorable terms upon those renewals. The ability of surety bond issuers and holders to demand additional collateral or other less favorable terms has increased as the number of companies willing to issue these bonds has decreased over time. Our failure to maintain, or our inability to acquire, surety bonds that are required by state and federal law would affect our ability to secure reclamation and coal lease obligations, which could adversely affect our ability to mine or lease coal. That failure could result from a variety of factors including, without limitation:

- lack of availability, higher expense or unfavorable market terms of new bonds;
- restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of our credit facility; and
- the exercise by third-party surety bond issuers of their right to refuse to renew the surety.

Failure to maintain capacity for required letters of credit could limit our ability to obtain or renew surety bonds.

At September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had $52.9 million of letters of credit in place, of which $43.0 million serve as collateral for reclamation surety bonds and $9.9 million secure miscellaneous obligations. Included in the $43.0 million letters of credit securing collateral for reclamation surety bonds is a $10.0 million letter of credit related to Lexington Coal Company, LLC. As amended, our credit facility currently provides for a $110.0 million revolving credit facility, of which up to $75.0 million may be used for letters of credit. If we do not maintain sufficient borrowing capacity under our revolving credit facility for additional letters of credit, we may be unable to obtain or renew surety bonds required for our mining operations.

Our business requires substantial capital investment and maintenance expenditures, which we may be unable to provide.

Our business strategy will require additional substantial capital investment. We require capital for, among other purposes, managing acquired assets, acquiring new equipment, maintaining the condition of our existing equipment and maintaining compliance with environmental laws and regulations. To the extent that cash generated internally and cash available under our credit facilities are not sufficient to fund capital requirements, we will require additional debt and/or equity financing. However, this type of financing may not be available or, if available, may not be on satisfactory terms. Future debt financings, if available, may result in increased interest and amortization expense, increased leverage and decreased income available to fund further acquisitions and expansion. In addition, future debt financings may limit our ability to withstand competitive pressures and render us more vulnerable to economic downturns. If we fail to generate or obtain sufficient additional capital in the future, we could be forced to reduce or delay capital expenditures, sell assets or restructure or refinance our indebtedness.

Our level of indebtedness and other demands on our cash resources could materially adversely affect our ability to execute our business strategy and make us more vulnerable to economic downturns.

As of September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had cash of approximately $18.2 million and total consolidated indebtedness, including current maturities and capital lease obligations, of approximately $236.2 million before application of the proceeds of the proposed public offering. During 2005, our anticipated principal repayments will be approximately $1.8 million on the term loan if the term loan is not repaid with the proceeds of the proposed public offering. Subject to the limits contained in our credit facilities, we may also incur additional debt in the future. In addition to the principal repayments on our outstanding debt, we have other demands on our cash resources, including, among others, capital expenditures and operating expenses.

Our credit facilities are secured by substantially all our assets. If we default under these facilities, the lenders could choose to declare all outstanding amounts immediately due and payable, and seek foreclosure of the assets we granted to them as collateral. If the amounts outstanding under the credit facilities were accelerated, we may not have sufficient resources to repay all outstanding amounts, and our assets may not be sufficient to repay all of our outstanding debt in full. Foreclosures on any of our material assets could disrupt our operations, and have a material adverse effect on our reputation, production volume, sales and earnings.

Our variable rate indebtedness subjects us to interest rate risk, which could cause our annual debt service obligations to increase significantly.

Our borrowings under our credit facilities are at variable rates of interest and expose us to interest rate risk. If interest rates increase, our debt service obligations on our variable rate indebtedness would increase even if the amount borrowed remained the same, resulting in a decrease in our net income. We have developed a hedging program to actively manage the risks associated with interest rate fluctuations but our program may not effectively eliminate all of the financial exposure associated with interest rate fluctuations. We currently have instruments in place that have the effect of fixing the interest rate on a portion of our outstanding debt for various time periods up to two years.

Increased consolidation and competition in the U.S. coal industry may adversely affect our ability to retain or attract customers and may reduce domestic coal prices.

During the last several years, the U.S. coal industry has experienced increased consolidation, which has contributed to the industry becoming more competitive. According to the EIA, in 1995, the top ten coal producers accounted for approximately 50% of total domestic coal production. By 2003, however, the top ten coal producers share had increased to approximately 63% of total domestic coal production. Consequently, many of our competitors in the domestic coal industry are major coal producers who have significantly greater financial resources than us. The intense competition among coal producers may impact our ability to retain or attract customers and may therefore adversely affect our future revenues and profitability.

The demand for U.S. coal exports is dependent upon a number of factors outside of our control, including the overall demand for electricity in foreign markets, currency exchange rates, ocean freight rates, the demand for foreign-produced steel both in foreign markets and in the U.S. market (which is dependent in part on tariff rates on steel), general economic conditions in foreign countries, technological developments and environmental and other governmental regulations. If foreign demand for U.S. coal were to decline, this decline could cause competition among coal producers in the United States to intensify, potentially resulting in additional downward pressure on domestic coal prices.

Our ability to collect payments from our customers could be impaired if their creditworthiness deteriorates.

Our ability to receive payment for coal sold and delivered depends on the continued creditworthiness of our customers. Our customer base is changing with deregulation as utilities sell their power plants to their non-regulated affiliates or third parties that may be less creditworthy, thereby increasing the risk we bear on payment default. These new power plant owners may have credit ratings that are below investment grade. In addition, competition with other coal suppliers could force us to extend credit to customers and on terms that could increase the risk we bear on payment default.

We have contracts to supply coal to energy trading and brokering companies under which those companies sell coal to end users. During 2004 and continuing in 2005, the creditworthiness of the energy trading and brokering companies with which we do business declined, increasing the risk that we may not be able to collect payment for all coal sold and delivered to or on behalf of these energy trading and brokering companies.

Defects in title or loss of any leasehold interests in our properties could limit our ability to conduct mining operations on these properties or result in significant unanticipated costs.

We conduct a significant part of our mining operations on properties that we lease. A title defect or the loss of any lease, upon expiration of its term, upon a default or otherwise, could adversely affect our ability to mine the associated reserves and/or process the coal that we mine. Title to most of our owned or leased properties and mineral rights is not usually verified until we make a commitment to develop a property, which may not occur until after we have obtained necessary permits and completed exploration of the property. In some cases, we rely on title information or representations and warranties provided by our lessors or grantors. Our right to mine some of our reserves has in the past been, and may again in the future be, adversely affected if defects in title or boundaries exist or if a lease expires. Any challenge to our title or leasehold interests could delay the exploration and development of the property and could ultimately result in the loss of some or all of our interest in the property. Mining operations from time to time may rely on an expired lease that we are unable to renew. From time to time we also may be in default with respect to leases for properties on which we have mining operations. In such events, we may have to close down or significantly alter the sequence of such mining operations which may adversely affect our future coal production and future revenues. If we mine on property that we do not own or lease, we could incur liability for such mining. Also, in any such case, the investigation and resolution of title issues would divert management s time from our business and our results of operations could be adversely affected. Additionally, if we lose any leasehold interests relating to any of our preparation plants, we may need to find an alternative location to process our coal and load it for delivery to customers, which could result in significant unanticipated costs.

In order to obtain leases or mining contracts to conduct our mining operations on property where these defects exist, we may in the future have to incur unanticipated costs. In addition, we may not be able to successfully negotiate new leases or mining contracts for properties containing additional reserves, or maintain our leasehold interests in properties where we have not commenced mining operations during the term of the lease. Some leases have minimum production requirements. Failure to meet those requirements could result in losses of prepaid royalties and, in some rare cases, could result in a loss of the lease itself.

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Our work force could become unionized in the future, which could adversely affect the stability of our production and reduce our profitability.

All of our coal production is from mines operated by union-free employees. However, our subsidiaries employees have the right at any time under the National Labor Relations Act to form or affiliate with a union. If the terms of a union collective bargaining agreement are significantly different from our current compensation arrangements with our employees, any unionization of our subsidiaries employees could adversely affect the stability of our production and reduce our profitability.

Our ability and the ability of some of our subsidiaries to engage in some business transactions or to pursue our business strategy may be limited by the terms of our debt.

Our credit facilities contain a number of financial covenants requiring us to meet financial ratios and financial condition tests, as well as covenants restricting our ability to:

incur additional debt;

pay dividends on, redeem or repurchase capital stock;

allow our subsidiaries to issue new stock to any person other than us or any of our other subsidiaries;

make investments;

make acquisitions;

incur or permit to exist liens;

enter into transactions with affiliates;

guarantee the debt of other entities, including joint ventures;

merge or consolidate or otherwise combine with another company; and

transfer or sell a material amount of our assets outside the ordinary course of business.

These covenants could adversely affect our ability to finance our future operations or capital needs or to execute preferred business strategies.

Our ability to borrow under our credit facilities will depend upon our ability to comply with these covenants and our borrowing base requirements. Our ability to meet these covenants and requirements may be affected by events beyond our control and we may not meet these obligations. Our failure to comply with these covenants and requirements could result in an event of default under our credit facilities that, if not cured or waived, could terminate our ability to borrow further, permit acceleration of the relevant debt and permit foreclosure on any collateral granted as security under our credit facilities. If our indebtedness is accelerated, we may not be able to repay our debt or borrow sufficient funds to refinance it. Even if we were able to obtain new financing, it may not be on commercially reasonable terms, on terms that are acceptable to us, or at all. If our debt is in default for any reason, our business, financial condition and results of operations could be materially and adversely affected.

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We are also subject to limitations on capital expenditures under our revolving credit facility as set forth in the table below. Because of these limitations, we may not be able to pursue our business strategy to replace our aging equipment fleet, develop additional mines or pursue additional acquisitions.

Period	Prior to a Successful IPO(1)	After a Successful IPO(1)
January 1, 2005 - December 31, 2005	$155,000,000	$175,000,000
January 1, 2006 - December 31, 2006	$180,000,000	$200,000,000
January 1, 2007 - December 31, 2007	$255,000,000	$350,000,000
January 1, 2008 - December 31, 2008	$125,000,000	$315,000,000
January 1, 2009 - December 31, 2009	$ 75,000,000	$125,000,000
January 1, 2010 - Final Maturity Date	$ 85,000,000	$125,000,000

(1) A Successful IPO is defined to mean a public offering with at least $250 million in gross proceeds.

See Management s Discussion and Analysis of Financial Condition and Results of Operations of ICG Liquidity and Capital Resources and Note 6 to ICG s audited consolidated financial statements appearing elsewhere in this prospectus.

If our business does not generate sufficient cash for operations, we may not be able to repay our indebtedness.

Our ability to pay principal and interest on and to refinance our debt depends upon the operating performance of our subsidiaries, which will be affected by, among other things, general economic, financial, competitive, legislative, regulatory and other factors, some of which are beyond our control. In particular, economic conditions could cause the price of coal to fall, our revenue to decline, and hamper our ability to repay our indebtedness.

Our business may not generate sufficient cash flow from operations and future borrowings may not be available to us under our new credit facility or otherwise in an amount sufficient to enable us to pay our indebtedness or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness on or before maturity. We may not be able to refinance any of our indebtedness on commercially reasonable terms, on terms acceptable to us or at all.

RISKS RELATING TO GOVERNMENT REGULATION

Extensive government regulations impose significant costs on our mining operations, and future regulations could increase those costs or limit our ability to produce and sell coal.

The coal mining industry is subject to increasingly strict regulation by federal, state and local authorities with respect to matters such as:

- limitations on land use;
- employee health and safety;
- mandated benefits for retired coal miners;
- mine permitting and licensing requirements;

reclamation and restoration of mining properties after mining is completed;

air quality standards;

water pollution;

protection of human health, plantlife and wildlife;

the discharge of materials into the environment;

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surface subsidence from underground mining; and

the effects of mining on groundwater quality and availability.

In particular, federal and state statutes require us to restore mine property in accordance with specific standards and an approved reclamation plan, and require that we obtain and periodically renew permits for mining operations. If we do not make adequate provisions for all expected reclamation and other costs associated with mine closures, it could harm our future operating results. In addition, state and federal regulations impose strict standards for particulate matter emissions which may restrict our ability to develop new mines or could require us to modify our existing operations and increase our costs of doing business.

Federal and state safety and health regulation in the coal mining industry may be the most comprehensive and pervasive system for protection of employee safety and health affecting any segment of the U.S. industry. It is costly and time-consuming to comply with these requirements and new regulations or orders may materially adversely affect our mining operations or cost structure, any of which could harm our future results.

Under federal law, each coal mine operator must secure payment of federal black lung benefits to claimants who are current and former employees and contribute to a trust fund for the payment of benefits and medical expenses to claimants who last worked in the coal industry before July 1973. The trust fund is funded by an excise tax on coal production. If this tax increases, or if we could no longer pass it on to the purchaser of our coal under many of our long-term sales contracts, it could increase our operating costs and harm our results. New regulations that took effect in 2001 could significantly increase our costs with contesting and paying black lung claims. If new laws or regulations increase the number and award size of claims, it could substantially harm our business.

The costs, liabilities and requirements associated with these and other regulations may be costly and time-consuming and may delay commencement or continuation of exploration or production operations. Failure to comply with these regulations may result in the assessment of administrative, civil and criminal penalties, the imposition of cleanup and site restoration costs and liens, the issuance of injunctions to limit or cease operations, the suspension or revocation of permits and other enforcement measures that could have the effect of limiting production from our operations. We may also incur costs and liabilities resulting from claims for damages to property or injury to persons arising from our operations. We must compensate employees for work-related injuries. If we do not make adequate provisions for our workers compensation liabilities, it could harm our future operating results. If we are pursued for these sanctions, costs and liabilities, our mining operations and, as a result, our profitability could be adversely affected. See Environmental and Other Regulatory Matters.

The possibility exists that new legislation and/or regulations and orders may be adopted that may materially adversely affect our mining operations, our cost structure and/or our customers ability to use coal. New legislation or administrative regulations (or new judicial interpretations or administrative enforcement of existing laws and regulations), including proposals related to the protection of the environment that would further regulate and tax the coal industry, may also require us or our customers to change operations significantly or incur increased costs. These regulations, if proposed and enacted in the future, could have a material adverse effect on our financial condition and results of operations.

Mining in Northern and Central Appalachia is more complex and involves more regulatory constraints than mining in the other areas, which could affect the mining operations and cost structures of these areas.

The geological characteristics of Northern and Central Appalachian coal reserves, such as depth of overburden and coal seam thickness, make them complex and costly to mine. As mines become depleted, replacement reserves may not be available when required or, if available, may not be capable of being mined at costs comparable to those characteristic of the depleting mines. In addition, as compared to mines in the Powder River Basin, permitting, licensing and other environmental and regulatory requirements are more costly and time-consuming to satisfy. These factors could materially adversely affect the mining operations and cost structures of, and customers ability to use coal produced by, our mines in Northern and Central Appalachia.

Judicial rulings that restrict disposal of mining wastes could significantly increase our operating costs, discourage customers from purchasing our coal and materially harm our financial condition and operating results.

In our surface mining operations, we use mountaintop removal mining wherever feasible because it allows us to recover more tons of coal per acre and facilitates the permitting of larger projects, which allows mining to continue over a longer period of time than would be the case using other mining methods. To dispose of mining waste generated by mountaintop removal operations, as well as other mining operations, we obtain permits to construct and operate valley fills and surface impoundments. Some of these permits are nationwide permits (as opposed to individual permits) issued by the Army Corps of Engineers, or ACOE, for dredging and filling in streams and wetlands. Lawsuits challenging ACOE s authority to issue Nationwide Permit 21 have been instituted by environmental groups. In 2004, a federal court issued an order enjoining ACOE from issuing further Nationwide 21 permits in the South District of West Virginia. This decision is being appealed. A similar lawsuit has been filed in federal court in Kentucky, which seeks to invalidate the ACOE issuance of Nationwide Permit 21 and enjoin ACOE from allowing pursuant to this permit further discharges into valley fills or surface impoundments from 54 mines in Kentucky, including some of our mines. We cannot predict the final outcomes of these lawsuits. If mining methods at issue are limited or prohibited, it could significantly increase our operational costs, make it more difficult to economically recover a significant portion of our reserves and lead to a material adverse effect on our financial condition and results of operation. We may not be able to increase the price we charge for coal to cover higher production costs without reducing customer demand for our coal.

We may be unable to obtain and renew permits necessary for our operations, which would reduce our production, cash flow and profitability.

Mining companies must obtain numerous permits that impose strict regulations on various environmental and safety matters in connection with coal mining. These include permits issued by various federal and state agencies and regulatory bodies. The permitting rules are complex and may change over time, making our ability to comply with the applicable requirements more difficult or even impossible, thereby precluding continuing or future mining operations. Private individuals and the public have certain rights to comment upon and otherwise engage in the permitting process, including through court intervention. Accordingly, the permits we need may not be issued, maintained or renewed, or may not be issued or renewed in a timely fashion, or may involve requirements that restrict our ability to conduct our mining operations. An inability to conduct our mining operations pursuant to applicable permits would reduce our production, cash flow, and profitability.

If the assumptions underlying our reclamation and mine closure obligations are materially inaccurate, we could be required to expend greater amounts than anticipated.

The Surface Mining Control and Reclamation Act of 1977, or SMCRA, establishes operational, reclamation and closure standards for all aspects of surface mining as well as most aspects of deep mining. Estimates of our total reclamation and mine-closing liabilities are based upon permit requirements and our engineering expertise related to these requirements. The estimate of ultimate reclamation liability is reviewed periodically by our management and engineers. The estimated liability can change significantly if actual costs vary from assumptions or if governmental regulations change significantly. We adopted Statement of Financial Accounting Standard No. 143, Accounting for Asset Retirement Obligations (Statement No. 143) effective January 1, 2003. Statement No. 143 requires that retirement obligations be recorded as a liability based on fair value, which is calculated as the present value of the estimated future cash flows. In estimating future cash flows, we considered the estimated current cost of reclamation and applied inflation rates and a third-party profit, as necessary. The third-party profit is an estimate of the approximate markup that would be charged by contractors for work performed on behalf of us. The resulting estimated reclamation and mine closure obligations could change significantly if actual amounts change significantly from our assumptions.

Our operations may substantially impact the environment or cause exposure to hazardous materials, and our properties may have significant environmental contamination, any of which could result in material liabilities to us.

We use, and in the past have used, hazardous materials and generate, and in the past have generated, hazardous wastes. In addition, many of the locations that we own or operate were used for coal mining and/or involved hazardous materials usage either before or after we were involved with those locations. We may be subject to claims under federal and state statutes, and/or common law doctrines, for toxic torts, natural resource damages, and other damages as well as the investigation and clean up of soil, surface water, groundwater, and other media. Such claims may arise, for example, out of current or former activities at sites that we own or operate currently, as well as at sites that we or predecessor entities owned or operated in the past, and at contaminated sites that have always been owned or operated by third parties. Our liability for such claims may be joint and several, so that we may be held responsible for more than our share of the remediation costs or other damages, or even for the entire share. We have from time to time been subject to claims arising out of contamination at our own and other facilities and may incur such liabilities in the future.

Mining operations can also impact flows and water quality in surface water bodies and remedial measures may be required, such as lining of stream beds, to prevent or minimize such impacts. We are currently involved with state environmental authorities concerning impacts or alleged impacts of our mining operations on water flows in several surface streams. We are studying, or addressing, those impacts and we have not finally resolved those matters. Many of our mining operations take place in the vicinity of streams, and similar impacts could be asserted or identified at other streams in the future. The costs of our efforts at the streams we are currently addressing, and at any other streams that may be identified in the future, could be significant.

We maintain extensive coal slurry impoundments at a number of our mines. Such impoundments are subject to regulation. Slurry impoundments maintained by other coal mining operations have been known to fail, releasing large volumes of coal slurry. Structural failure of an impoundment can result in extensive damage to the environment and natural resources, such as bodies of water that the coal slurry reaches, as well as liability for related personal injuries and property damages, and injuries to wildlife. Some of our impoundments overlie mined out areas, which can pose a heightened risk of failure and of damages arising out of failure. We have commenced measures to modify our method of operation at one surface impoundment containing slurry wastes in order to reduce the risk of releases to the environment from it, a process that will take several years to complete. If one of our impoundments were to fail, we could be subject to substantial claims for the resulting environmental contamination and associated liability, as well as for fines and penalties.

These and other impacts that our operations may have on the environment, as well as exposures to hazardous substances or wastes associated with our operations and environmental conditions at our properties, could result in costs and liabilities that would materially and adversely affect us.

Extensive environmental regulations affect our customers and could reduce the demand for coal as a fuel source and cause our sales to decline.

The Clean Air Act and similar state and local laws extensively regulate the amount of sulfur dioxide, particulate matter, nitrogen oxides, and other compounds emitted into the air from coke ovens and electric power plants, which are the largest end-users of our coal. Such regulations will require significant emissions control expenditures for many coal-fired power plants to comply with applicable ambient air quality standards. As a result, these generators may switch to other fuels that generate less of these emissions, possibly reducing future demand for coal and the construction of coal-fired power plants.

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The Federal Clean Air Act, including the Clean Air Act Amendments of 1990, and corresponding state laws that regulate emissions of materials into the air affect coal mining operations both directly and indirectly. Measures intended to improve air quality that reduce coal s share of the capacity for power generation could diminish our revenues and harm our business, financial condition and results of operations. The price of higher sulfur coal may decrease as more coal-fired utility power plants install additional pollution control equipment to comply with stricter sulfur dioxide emission limits, which may reduce our revenues and harm our results. In addition, regulatory initiatives including the nitrogen oxide rules, new ozone and particulate matter standards, regional haze regulations, new source review, regulation of mercury emissions, and legislation or regulations that establish restrictions on greenhouse gas emissions or provide for other multiple pollutant reductions could make coal a less attractive fuel to our utility customers and substantially reduce our sales.

Various new and proposed laws and regulations may require further reductions in emissions from coal-fired utilities. For example, under the Clean Air Interstate Rule issued in March 2005, the U.S. Environmental Protection Agency, or EPA, has further regulated sulfur dioxide and nitrogen oxides from coal-fired power plants. Among other things, in affected states, the rule mandates reductions in sulfur dioxide emissions by approximately 45% below 2003 levels by 2010, and by approximately 57% below 2003 levels by 2015. The stringency of this cap may require many coal-fired sources to install additional pollution control equipment, such as wet scrubbers. Installation of additional pollution control equipment required by this proposed rule could result in a decrease in the demand for low sulfur coal (because sulfur would be removed by the new equipment), potentially driving down prices for low sulfur coal. In March 2005, the EPA also adopted the Clean Air Mercury Rule to control mercury emissions from power plants, which could require coal-fired power plants to install new pollution controls or comply with a mandatory, declining cap on the total mercury emissions allowed from coal-fired power plants nationwide. Both of these are subject to judicial challenge. Certain aspects of the Clean Air Mercury Rule are being reconsidered by the EPA and the regulation has been subject to challenge in Congress. These and other future standards could have the effect of making the operation of coal-fired plants less profitable, thereby decreasing demand for coal. The majority of our coal supply agreements contain provisions that allow a purchaser to terminate its contract if legislation is passed that either restricts the use or type of coal permissible at the purchaser s plant or results in specified increases in the cost of coal or its use.

There have been several recent proposals in Congress, including the Clear Skies Initiative, that are designed to further reduce emissions of sulfur dioxide, nitrogen oxides and mercury from power plants, and certain ones could regulate additional air pollutants. If such initiatives are enacted into law, power plant operators could choose fuel sources other than coal to meet their requirements, thereby reducing the demand for coal.

A regional haze program initiated by the EPA to protect and to improve visibility at and around national parks, national wilderness areas and international parks restricts the construction of new coal-fired power plants whose operation may impair visibility at and around federally protected areas, and may require some existing coal-fired power plants to install additional control measures designed to limit haze-causing emissions.

One major by-product of burning coal is carbon dioxide, which is considered a greenhouse gas and is a major source of concern with respect to global warming. The Kyoto Protocol to the 1992 Framework Convention on Global Climate Change, which establishes a binding set of emission targets for greenhouse gases, became binding on ratifying countries on February 16, 2005. Four industrialized nations have refused to ratify the Kyoto Protocol Australia, Liechtenstein, Monaco and the United States. Although the targets vary from country to country, if the United States were to ratify the Kyoto Protocol, our nation would be required to reduce greenhouse gas emissions to 93% of 1990 levels in a series of phased reductions from 2008 to 2012.

Future regulation of greenhouse gases in the United States could occur pursuant to future U.S. treaty obligations, statutory or regulatory changes under the Clean Air Act, or otherwise. The Bush Administration has proposed a package of voluntary emission reductions for greenhouse gases which

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provide for certain incentives if targets are met. Some states, such as Massachusetts, have already issued regulations regulating greenhouse gas emissions from large power plants. Further, in 2002, the Conference of New England Governors and Eastern Canadian Premiers adopted a Climate Change Action Plan, calling for reduction in regional greenhouse emissions to 1990 levels by 2010, and a further reduction of at least 10% below 1990 levels by 2020. Increased efforts to control greenhouse gas emissions, including the future ratification of the Kyoto Protocol by the United States, could result in reduced demand for our coal. See Environmental and Other Regulatory Matters for a discussion of these and other regulations affecting our business.

RISKS RELATING TO OUR COMMON STOCK

We may be unable to provide the required financial information in a timely and reliable manner.

Our current operations consist primarily of the assets of our predecessor, ICG, and its predecessor, Horizon. On or about the same time we complete the reorganization, we will complete the Anker and CoalQuest acquisitions. Each of these businesses have had different historical operating, financial, accounting and other systems. Due to our rapid growth and limited history operating, our acquired operations as an integrated business, and our internal controls and procedures do not currently, and after giving effect to the Anker and CoalQuest acquisitions will not, meet all the standards applicable to public companies, including those contemplated by Section 404 of the Sarbanes-Oxley Act of 2002, as well as rules and regulations enacted by the Securities and Exchange Commission and The New York Stock Exchange. Areas of deficiency in our internal controls requiring improvement include documentation of controls and procedures, insufficient experience in public company accounting and periodic reporting matters among our financial and accounting staff.

Our management may not be able to effectively and timely implement controls and procedures that adequately respond to the increased regulatory compliance and reporting requirements that will be applicable to us as a public company. If we are not able to implement the requirements of Section 404 in a timely manner or with adequate compliance, our independent auditors may not be able to attest to the adequacy of our internal controls over financial reporting. This result may subject us to adverse regulatory consequences, and there could also be a negative reaction in the financial markets due to a loss of confidence in the reliability of our financial statements. We could also suffer a loss of confidence in the reliability of our financial statements if our auditors report a material weakness in our internal controls. In addition, if we fail to develop and maintain effective controls and procedures, we may be unable to provide the required financial information in a timely and reliable manner or otherwise comply with the standards applicable to us as a public company. Any failure by us to timely provide the required financial information could materially and adversely impact our financial condition and the market value of our securities.

Anti-takeover provisions in our charter documents and Delaware corporate law may make it difficult for our stockholders to replace or remove our current board of directors and could deter or delay third-parties from acquiring us, which may adversely affect the marketability and market price of our common stock.

Provisions in our amended and restated certificate of incorporation and bylaws and in Delaware corporate law may make it difficult for stockholders to change the composition of our board of directors in any one year, and thus prevent them from changing the composition of management. In addition, the same provisions may make it difficult and expensive for a third-party to pursue a tender offer, change in control or takeover attempt that is opposed by our management and board of directors. Public stockholders who might desire to participate in this type of transaction may not have an opportunity to do so. These anti-takeover provisions could substantially impede the ability of public stockholders to benefit from a change in control or change our management and board of directors and, as a result, may adversely affect the marketability and market price of our common stock.

We are also subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law. Under these provisions, if anyone becomes an interested stockholder, we may not enter into a business combination with that person for three years without special approval, which could discourage a third party from making a takeover offer and could delay or prevent a change of control. For purposes of Section 203, interested stockholder means, generally, someone owning more than 15% or more of our outstanding voting stock or an affiliate of ours that owned 15% or more of our outstanding voting stock during the past three years, subject to certain exceptions as described in Section 203.

Under any change of control, the lenders under our credit facilities would have the right to require us to repay all of our outstanding obligations under the facility.

There may be circumstances in which the interests of our major stockholders could be in conflict with your interests as a stockholder.

Funds sponsored by WLR will own approximately 12.9% of our common stock on a fully consolidated basis following the completion of the proposed public offering and after giving effect to the Anker and CoalQuest acquisitions, assuming 20,072,992 shares are issued in connection with the acquisitions based upon a public offering price of $13.70 per share, and no exercise of the underwriters over-allotment option. Circumstances may occur in which WLR or other major investors may have an interest in pursuing acquisitions, divestitures or other transactions, including among other things, taking advantage of certain corporate opportunities that, in their judgment, could enhance their investment in us or another company in which they invest. These transactions might invoke risks to our other holders of common stock or adversely affect us or other investors, including investors who purchase common stock in the proposed public offering.

We may from time to time engage in transactions with related parties and affiliates that include, among other things, business arrangements, lease arrangements for certain coal reserves and the payment of fees or commissions for the transfer of coal reserves by one operating company to another. These transactions, if any, may adversely affect our sales volumes, margins and earnings.

If our stockholders sell substantial amounts of our common stock following the reorganization and proposed public offering, the market price of our common stock may decline.

Sales of shares of our common stock in the public market following the reorganization and proposed public offering, or the perception that these sales may occur, could cause the market price of our common stock to decline. After the proposed public offering, our corporate reorganization and after giving effect to the Anker and CoalQuest acquisitions, we will have approximately 147,303,991 shares of common stock outstanding, assuming 20,072,992 shares are issued in connection with the Anker and CoalQuest acquisitions based upon a public offering price of $13.70 per share. The number of shares of common stock available for sale in the public market is limited by restrictions under federal securities law and under lock-up agreements that our directors, executive officers and certain holders of our common stock have entered into with the underwriters and with us. Those lock-up agreements restrict these persons from selling, pledging or otherwise disposing of their shares for a period of 180 days after the date of the prospectus relating to the proposed public offering without the prior written consent of UBS Securities LLC. However, UBS Securities LLC, may release all or any portion of the common stock from the restrictions of the lock-up agreements. These sales might make it difficult or impossible for us to sell additional securities if we need to raise capital. All of the shares sold in the proposed public offering, as well as all of the shares to be issued by us in the reorganization to the holders of ICG common stock, will be freely tradable without restrictions or further registration under the Securities Act of 1933, as amended, except for any shares held by our affiliates, as defined in Rule 144 of the Securities Act. The remaining shares of common stock outstanding after the proposed public offering, including those issued to former Anker stockholders and CoalQuest members, will be available for sale into the public market at various times in the future. Additional shares of common stock underlying options to be granted will become available for sale in the public market. We expect to file registration statements on Form S-8 that will register up to 644,052 shares of common stock covering the shares of common stock to be issued pursuant to the exercise of options we have granted under our employee stock option plan.

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In addition, under a registration rights agreement that we entered into with certain of ICG s existing stockholders, those stockholders have demand and piggyback registration rights in connection with the proposed public offering and future offerings of our common stock. Demand rights enable the holders to demand that their shares of common stock be registered and may require us to file a registration statement under the Securities Act at our expense. Piggyback rights require us to provide notice to the relevant holders of our stock if we propose to register any of our securities under the Securities Act and grant such holders the right to include their shares in our registration statement. In addition, under a registration rights agreement that we will enter into with the former Anker shareholders and CoalQuest members who will receive shares of our common stock at the closing of the Anker and CoalQuest acquisitions, they will receive piggyback registration rights. As restrictions on resale end, our stock price could drop significantly if the holders of these restricted shares sell them or the market perceives they intend to sell them. These sales may also make it more difficult for us to sell securities in the future at a time and at a price we deem appropriate.

The requirements of being a public company may strain our resources and distract management.

As a public company, we will be subject to the reporting requirements of the Securities Exchange Act of 1934 and the Sarbanes-Oxley Act. These requirements may place a strain on our people, systems and resources. The Exchange Act requires that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires that we maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal controls over financial reporting, significant resources and management oversight will be required. This may divert management s attention from other business concerns. Upon consummation of the proposed public offering, our costs will increase as a result of having to comply with the Exchange Act, the Sarbanes-Oxley Act and The New York Stock Exchange listing requirements, which will require us, among other things, to establish an internal audit function.

We will incur incremental costs not reflected in our historical financial statements as a result of these increased regulatory compliance and reporting requirements, including increased auditing and legal fees. We also will need to hire additional accounting and administrative staff with experience managing public companies. Moreover, the standards that will be applicable to us as a public company after the proposed public offering could make it more difficult and expensive for us to attract and retain qualified members of our board of directors and qualified executive officers. We also anticipate that the regulations related to the Sarbanes-Oxley Act will make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage.

We may not pay dividends for the foreseeable future.

We may retain any future earnings to support the development and expansion of our business or make additional payments under our credit facilities and, as a result, we may not pay cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our board of directors after taking into account various factors, including our financial condition, operating results, cash needs, growth plans and the terms of any credit agreements that we may be a party to at the time. Our credit facilities limit us from paying cash dividends or other payments or distributions with respect to our capital stock in excess of certain limitations. In addition, the terms of any future credit agreement may contain similar restrictions on our ability to pay any dividends or make any distributions or payments with respect to our capital stock. Accordingly, stockholders must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize their investment.

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RISKS RELATING TO THE REORGANIZATION

Failure to obtain a listing on the New York Stock Exchange may result in there being no active market for the International Coal Group common shares issued in the reorganization.

We have applied to list our common shares being issued in the reorganization on The New York Stock Exchange. We cannot assure you that these shares will be approved for listing on The New York Stock Exchange. International Coal Group s common shares may not be listed on The New York Stock Exchange if they fail to meet any listing criterion. If we are unable to list common shares on The New York Stock Exchange, we expect the shares to continue to trade on the Pink Sheets Electronic Quotation Service.

We cannot predict the extent to which investor interest in our company will lead to the development of an active trading market on The New York Stock Exchange or otherwise or how liquid that market might become. If we continue to trade on the Pink Sheets Electronic Quotation Service, we cannot predict the extent to which investor will lead to an active trading market or how liquid this market might become. If an active trading market does not develop on either The New York Stock Exchange or the Pink Sheets Electronic Quotation Service, you may have difficulty selling any of our common stock that you receive.

Some specific factors that may have a significant effect on our common stock market price include:

- actual or anticipated fluctuations in our operating results or future prospects;
- the public s reaction to our press releases, our other public announcements and our filings with the SEC;
- strategic actions by us or our competitors, such as acquisitions or restructurings;
- new laws or regulations or new interpretations of existing laws or regulations applicable to our business;
- changes in accounting standards, policies, guidance, interpretations or principles;
- conditions of the coal industry as a result of changes in financial markets or general economic conditions, including those resulting from war, incidents of terrorism and responses to such events;
- sales of common stock by us or members of our management team; and
- changes in stock market analyst recommendations or earnings estimates regarding our common stock, other comparable companies or the coal industry generally.

The voting power of the existing holders of common stock of ICG will be diluted significantly as a result of the proposed public offering.

The shares in the reorganization are being issued on a one-for-one basis for shares currently outstanding. In connection with the Anker and CoalQuest acquisitions, we will issue up to 30,950,129 shares to former Anker shareholders and CoalQuest members. This will dilute the voting rights of current holders (other than ICG holders who also own shares of Anker or are members of CoalQuest). We have also filed a registration statement with the SEC for a public offering of our common stock expected to raise approximately $300 million of gross proceeds (assuming no exercise of the over-allotment option by the underwriters). The issuance of shares in the proposed public offering and exercise of all outstanding stock options will further dilute the voting power held by holders of common stock.

There is no assurance as to the value you can receive by exercising dissenter s rights.

Under Section 262 of the DGCL record holders of ICG common shares are entitled to appraisal rights in connection with the reorganization. If an ICG shareholder exercises his or her demand for appraisal and follows the procedures specified in Section 262 of the DGCL, summarized in The Reorganization Appraisal Rights, he or she will have the right to receive cash payment of the fair value of his or her common shares. The express procedures of Section 262 must be followed and, if they are not, shareholders may lose their right to appraisal. The fair value cash payment for the ICG shares would potentially be determined in judicial proceedings, the result of which cannot be predicted. There can be no assurance that shareholders exercising appraisal rights will receive consideration equal to or greater than the value of International Coal Group common shares to be owned by such shareholders following consummation of the reorganization.

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements that are not statements of historical fact and may involve a number of risks and uncertainties. We have used the words anticipate, believe, could, estimate, expect, intend, plan, predict, project and similar terms and phrases, including references to assumptions, in this prospectus 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:

- market demand for coal, electricity and steel;
- availability of qualified workers;
- future economic or capital market conditions;
- weather conditions or catastrophic weather-related damage;
- our production capabilities;
- our proposed public offering;
- our consummation of the Anker and CoalQuest acquisitions and the integration of these businesses;
- the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;
- our plans and objectives for future operations and expansion or consolidation;
- our relationships with, and other conditions affecting, our customers;
- timing of reductions or increases in customer coal inventories;
- long-term coal supply arrangements;
- risks in coal mining;
- unexpected maintenance and equipment failure;
- environmental laws and regulations, including those directly affecting our coal mining and production, and those affecting our customers coal usage;
- competition;
- railroad, barge, trucking and other transportation performance and costs;
- employee benefits costs and labor relations issues;
- our assumptions concerning economically recoverable coal reserve estimates;

regulatory and court decisions;

future legislation and changes in regulations or governmental policies or changes in interpretations thereof;

the impairment of the value of our goodwill; and

our liquidity, results of operations and financial condition.

You should keep in mind that any forward-looking statement made by us in this prospectus speaks only as of the date on which we make it. New risks and uncertainties arise from time to time, and it is impossible for us to predict these events or how they may affect us. We have no duty to, and do not intend to, update or revise the forward-looking statements in this prospectus after the date of this prospectus, except as may be required by law. In light of these risks and uncertainties, you should keep in mind that any forward-looking statement made in this prospectus or elsewhere might not occur.

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INDUSTRY DATA

In this prospectus, we rely on and refer to information regarding the coal industry in the United States from the U.S. Energy Information Administration, or EIA. This organization is not affiliated with us. It is not aware of and has not consented to being named in this prospectus. We believe that this information is reliable. In addition, in many cases we have made statements in this prospectus regarding our industry and our position in the industry based on our experience in the industry and our own investigation of market conditions. We have made determinations based on publicly available information of production by competitors and our internal estimates of competitors production based on discussions with industry participants.

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CAPITALIZATION

The following unaudited table sets forth cash and cash equivalents and capitalization as of September 30, 2005:

for ICG on an actual basis;

for ICG on a pro forma basis to give effect to the Anker and CoalQuest acquisitions; and

ICG on a pro forma, as adjusted basis, to give effect to the Anker and CoalQuest acquisitions and the sale by International Coal Group of approximately 20,000,000 shares of its common stock in the proposed public offering at an assumed public offering price of $13.70, the last sale price of ICG on November 7, 2005, as quoted on the Pink Sheets Electronic Quotation Service, after deducting underwriting discounts and estimated offering expenses and the application of the estimated net proceeds.

The following unaudited table assumes no exercise of the underwriters over-allotment option in connection with the proposed public offering. You should read the information in this table in conjunction with Unaudited Consolidated Pro Forma Financial Data of ICG, Management s Discussion and Analysis of Financial Condition and Results of Operations of ICG, Description of Indebtedness and the consolidated financial statements included elsewhere in this prospectus.

	As of September 30, 2005		
	Actual	**Pro Forma**	**Pro Forma, As Adjusted for the Proposed Public Offering**
		(In thousands) (Unaudited)	
Cash and cash equivalents	$ 15,534	$ 18,174	$ 42,385
Long-term debt, including current portion:			
Term loan facility[1]	173,688	208,688	
Revolving credit facility[1]	15,000	22,697	
Other long-term debt, including capital leases	247	4,824	4,824
Total debt	$ 188,935	$ 236,209	$ 4,824
Stockholders equity:			
Common stock, par value $0.0001 per share, 1,800,000,000 shares authorized, 107,230,999 shares issued and outstanding, actual, and 127,303,991 shares issued and outstanding, pro forma and 147,303,991 shares issued and outstanding, pro forma as adjusted for the proposed public offering[2]	11	1,382	1,582
Preferred stock, par value $0.0001 per share, 200,000,000 shares authorized, no shares issued and outstanding[2]			
Paid-in-capital	158,850	448,729	701,589
Unearned compensation-restricted stock	(5,132)	(5,132)	(5,132)

Retained earnings	32,797	32,797	32,797
Total stockholders equity	186,526	477,776	730,836
Total capitalization	$ 375,461	$ 713,985	$ 735,660

(1) Our current credit facility provides for a $110.0 million revolving credit facility, of which up to $75.0 million may be used for letters of credit. Upon consummation of the proposed public offering, we intend to use a portion of the net proceeds to fully repay our term loan of $208.7 million and to use the remaining net proceeds for general corporate purposes. Further, we intend to increase our revolving credit facility to $300.0 million. As of September 30, 2005, $52.9 million of letters of credit were outstanding.

(2) Represents stock of our predecessor, ICG and assumes 20,072,992 shares are issued in connection with the Anker and CoalQuest acquisitions based upon a public offering price of $13.70 per share. The par value of International Coal Group common stock is $0.01 per share and the par value of International Coal Group preferred stock is $0.01 per share.

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL DATA OF ICG

The following unaudited pro forma financial data is based on the information derived from the consolidated financial statements of ICG and its subsidiaries (and its predecessors), Anker and CoalQuest, each appearing elsewhere in this prospectus.

The unaudited pro forma balance sheet as of September 30, 2005 gives effect to the following transactions as if they had occurred on September 30, 2005, and the unaudited pro forma statements of operations for the year ended December 31, 2004 and the nine months ended September 30, 2005 also give effect to the following transactions as if they had occurred on January 1, 2004 and carried forward through September 30, 2005:

- ICG s corporate reorganization, reflecting the exchange of International Coal Group common stock for existing shares of ICG common stock at a 1-for-1 exchange ratio;
- ICG s acquisition of the Horizon assets (including the preliminary application of purchase accounting) (for purposes of the December 31, 2004 unaudited pro forma statement of operations data only);
- borrowings under ICG s credit facilities, in part, to finance the Horizon asset acquisition and the Anker and CoalQuest acquisitions;
- the Anker and CoalQuest acquisitions; and
- the proposed public offering.

The unaudited pro forma consolidated statements of operations and unaudited pro forma balance sheet do not include any adjustments for future cost savings or operating improvements as a result of the Anker and CoalQuest acquisitions or for any other reason. See Risk Factors, Special Note Regarding Forward-Looking Statements, and Information About the Companies for a discussion of factors that may impact consolidated future operating results.

The unaudited pro forma consolidated financial data should be read in conjunction with the consolidated financial statements of ICG (and its predecessors), Anker and CoalQuest, and the other financial information appearing elsewhere in this prospectus, including Management s Discussion and Analysis of Financial Condition and Results of Operation of ICG.

The pro forma adjustments reflect our preliminary estimates of the purchase price allocation of certain assets and liabilities in the Anker and CoalQuest acquisitions. An allocation to inventory would impact cost of coal sales subsequent to the acquisition date. An allocation to coal reserves, property, plant and equipment, coal supply agreements or other intangible assets would result in additional depreciation, depletion and amortization expense which may be significant. Our preliminary estimates of the allocations may change upon finalization of appraisals and other valuation studies that we have arranged to be obtained by October 2005. Although we do not expect any adjustments to be material, we cannot assure you that the final allocations will not differ significantly from those shown.

The unaudited pro forma financial data is for informational purposes only and is not intended to represent or be indicative of the consolidated results of operations or financial position that would have been reported had the transactions been completed as of the dates presented, and should not be taken as representative of future consolidated results of operations or financial position.

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UNAUDITED PRO FORMA BALANCE SHEET DATA
As of September 30, 2005

	ICG, Inc. Historical	Anker Historical	CoalQuest Historical	ICG, Inc. Reorganization Adjustments	Anker Acquisition Adjustments	CoalQuest Acquisition Adjustments	Offering Adjustments	Pro Forma
				(In thousands)				
ASSETS								
Current assets:								
Cash and cash equivalents	$ 15,534	$ 695	$ 1,945	$ 2,597(1)	$ (2,597) (1)	$	$ 24,211(6)	$ 42,385
Accounts receivable	56,886	10,595	1,262	(2,597)(3)				66,146
Inventories	20,472	3,431						23,903
Deferred income taxes	2,113							2,113
Prepaid insurance	240		13					253
Prepaid expenses and other	10,094	923					(2,536) (6)	8,481
Total current assets	105,339	15,644	3,220		(2,597)		21,675	143,281
Property, plant and equipment, at cost including coal reserves, mine development and contract costs	241,185	155,513	19,000		23,183(3)	55,091(3)		493,972
Less accumulated depreciation, depletion and amortization	(37,654)	(87,756)	(118)					(125,528)
Net property, plant and equipment	203,531	67,757	18,882		23,183	55,091		368,444
Debt issuance costs, net	7,284							7,284
	5,691	3,593						9,284

Advance royalties								
Goodwill	190,861			1,819(2)	163,170(3)	43,011(3)		398,861
Deferred tax asset non-current	5,637							5,637
Other non-current assets	4,677	8,504						13,181
Total assets	$ 523,020	$ 95,498	$ 22,102	$ 1,819	$ 183,756	$ 98,102	$ 21,675	$ 945,972
LIABILITIES AND STOCKHOLDERS EQUITY/(DEFICIT)								
Current liabilities:								
Trade accounts payable	$ 36,130	$ 15,987	$ 183	$	$ (2,597) (1)	$	$	$ 49,703
Current portion of long-term debt and capital leases	1,997	35,186		(33,528)(2)			(2,100) (6)	1,555
Current portion of reclamation and mine closure costs	2,682	1,889						4,571
Accrued expenses and other	41,663	8,381	982					51,026
Total current liabilities	82,472	61,443	1,165	(33,528)	(2,597)		(2,100)	106,855
Non-current liabilities, less current portion								
Long-term debt and capital leases	186,938	10,269	16,250	35,347(2)		(16,250) (4)	(229,285) (6)	3,269
Reclamation and mine closure costs	39,432	23,899						63,331
Long-term employee benefits	20,759	4,314						25,073
	6,893	8,676	1,039					16,608

Other non-current liabilities								
Total non-current liabilities	254,022	47,158	17,289	35,347		(16,250)	(229,285)	108,281
Total liabilities	336,494	108,601	18,454	1,819	(2,597)	(16,250)	(231,385)	215,136
STOCKHOLDERS EQUITY (DEFICIT):								
Preferred stock-par value $0.0001, 200,000,000 shares authorized, none issued								
Common stock-par value $0.0001, 1,800,000,000 shares authorized, 107,230,999 issued and outstanding (147,303,991 issued and outstanding at a par value of $0.01 on a pro forma basis)	11			1,061[5]	195[5]	115[5]	200[6]	1,582
Paid-in Capital	158,850	145,588	3,250	(1,061)[5]	27,467[3,5]	114,635[3,4,5]	252,860[6]	701,589
Unearned compensation-restricted stock	(5,132)							(5,132)
Retained earnings (accumulated deficit)	32,797	(158,691)	398		158,691[3]	(398)[3]		32,797
Total stockholders equity (accumulated deficit)	186,526	(13,103)	3,648		186,353	114,352	253,060	730,836
Total liabilities and	$ 523,020	$ 95,498	$ 22,102	$ 1,819	$ 183,756	$ 98,102	$ 21,675	$ 945,972

stockholders
equity
(accumulated
deficit)

(1) Reflects the payment of $2.6 million in accounts receivables and accounts payables between ICG, Inc. and Anker Coal Group, Inc. upon consummation of the Anker and CoalQuest acquisitions.

(2) Reflects an increase of $35.0 million to ICG s term loan to repay Anker s existing debt of $40.9 million (not including equipment leases of $4.6 million), to record the related acquisition costs of $1.8 million, and to properly classify the balances of long-term debt and capital leases.

(3) Reflects the issuance of 20,072,992 additional common shares, which assumes a public offering price of $13.70 per share, for the acquisitions of Anker ($173.25 million) and CoalQuest ($101.75 million) for a total of $275.0 million.

(4) Reflects the conversion of CoalQuest s notes payable ($16.3 million) to equity upon consummation of the Anker and CoalQuest acquisitions.

(5) Reflects the change in par value from $0.0001 per share to $0.01 per share upon the effective date of this offering.

(6) Reflects the issuance of 20,000,000 shares of common stock in this offering at $13.70 per share, net of underwriting and offering expenses of $20.9 million, used to fully repay total debt of $231.4 million and the remainder for general corporate purposes.

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UNAUDITED PRO FORMA STATEMENT OF OPERATIONS DATA
For the Nine Months Ended September 30, 2005

	ICG, Inc. Historical	Anker Historical	CoalQuest Historical	ICG, Inc. Reorganization Adjustments	Anker Acquisition Adjustments	CoalQuest Acquisition Adjustments	Offering Adjustments	Pro Forma
	(In thousands, except share and per share data)							
Revenues:								
Coal sales revenues	$ 441,662	$ 106,662	$	$ (5,580)[3]	$	$	$	$ 542,744
Freight and handling revenues	6,236	9,071						15,307
Other revenues	17,757	4,375						22,132
Total revenues	465,655	120,108		(5,580)				580,183
Costs and expenses:								
Freight and handling costs	6,236	9,071						15,307
Cost of coal sales and other revenues (exclusive of depreciation, depletion and amortization shown separately below)	357,076	114,541	303		(6,505) [1,3]			465,415
Depreciation, depletion and amortization	29,489	9,218	39		356[2]	164[2]		39,266
Selling, general and administrative (exclusive of	23,592	4,664						28,256

depreciation, depletion and amortization shown separately above)								
Gain on sale of assets	(518)							(518)
Total costs and expenses	415,875	137,494	342		(6,149)	164		547,726
Income (loss) from operations	49,780	(17,386)	(342)	(5,580)	6,149	(164)		32,457
Interest and other income (expense):								
Interest expense	(10,453)	(2,208)	(446)	1,706(4)			7,668(4)	(3,733)
Reorganization items								
Other, net	4,007	5,123	925			(925)[1]		9,130
Total interest and other income (expense)	(6,446)	2,915	479	1,706		(925)	7,668	5,397
Income (loss) before income taxes	43,334	(14,471)	137	(3,874)	6,149	(1,089)	7,668	37,854
Income tax (expense) benefit	(14,786)	(29)		1,322(5)	2,839(5)	325(5)	(2,616) [5]	(12,945)
Net income (loss)	$ 28,548	$ (14,500)	$ 137	$ (2,552)	$ 8,988	$ (764)	$ 5,052	$ 24,909
Basic earnings per share:								
	$ 28,548							$ 24,909

Net income (loss)		
Average shares of common stock outstanding	107,230,999	147,303,991(5)
Basic earnings per share	$ 0.27	$ 0.17(5)
Diluted earnings per share:		
Net income (loss)	$ 28,548	$ 24,909
Average shares of common stock outstanding	107,280,820	147,353,812(5)
Diluted earnings per share	$ 0.27	$ 0.17(5)

(1) To eliminate intercompany royalty revenue and expense ($0.925 million) between CoalQuest and Anker.

(2) To record depletion expense on the purchase price allocation to coal reserves of $23.2 million to Anker and $55.0 million to CoalQuest.

(3) To eliminate intercompany coal sales and expense of $5.58 million between ICG, Inc. and Anker Coal Group, Inc.

(4) Represents pro forma interest expense to reflect the acquisition of Horizon s assets and the related debt required to finance the purchase as shown in the tables below:

	Historical Interest Expense			
Description	**ICG, Inc.**	**Anker**	**CoalQuest**	**Total**
		(In thousands)		
Revolver letter of credit fees	$ 1,037	$	$	$ 1,037
Revolver unutilized portion	218			218
Term note	7,668			7,668
Revolver	88			88

Amortization of finance costs	838			838
Annual administration fee	75			75
Interest rate cap	(21)			(21)
Anker related party term loan		1,064		1,064
Anker related party revolving line of credit		269		269
Anker senior notes		613		613
Miscellaneous other (capital lease, black lung, etc.)	550	262	446	1,258
Total historical interest expense	$ 10,453	$ 2,208	$ 446	$ 13,107

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	Pro Forma Interest Expense			
Description	**ICG, Inc.**	**Anker**	**CoalQuest**	**Total**
		(In thousands)		
Revolver letter of credit fees(a)	$ 1,071	$	$	$ 1,071
Revolver unutilized portion(b)	870			870
Term note(c)				
Revolver(d)	88			88
Amortization of finance costs(e)	838			838
Annual administration fee(f)	75			75
Interest rate cap(g)	(21)			(21)
Miscellaneous other (capital lease, black lung, etc.)	550	262		812
Total pro forma interest expense	3,471	262		3,733
Less: historical interest expense	10,453	2,208	446	13,107
Pro forma interest expense adjustment	$ 6,982	$ 1,946	$ 446	$ 9,374

(a) Reflects pro forma interest expense at the fixed rate of 2.7% on $52.9 million estimated letters of credit outstanding under ICG s revolving letter of credit facility.

(b) Reflects pro forma interest expense at the fixed rate of 0.5% on an estimated unutilized balance of $232.1 million on ICG s revolving facility.

(c) Reflects the use of a portion of the proceeds of the proposed public offering to fully repay the term loan of $208.7 million.

(d) Reflects pro forma interest expense at an average rate of 6.28% on the $15.0 million in borrowings on ICG s revolving facility.

(e) Reflects amortization of finance costs of $8.1 million at a nominal rate of 8.118% for 72 months.

(f) Reflects the quarterly administration fee of $25 thousand per quarter to the administration agent.

(g) Reflects the estimated reduction in interest expense as a result of ICG s two year Interest Rate Cap agreement of $88 million at a maximum rate of 4.5% per year.

(5) To reflect the federal and state tax effects on the combined historical net income and pro forma adjustments assuming an estimated average tax rate at September 30, 2005 of 34.12%.

(6) Represents pro forma earnings per share information based on 147,303,991 outstanding shares of ICG common stock consisting of 107,230,999 shares of ICG common stock outstanding as of September 30, 2005 (which includes 600,000 shares of restricted stock), 20,072,992 shares of International Coal Group common stock

issuable in the Anker and CoalQuest acquisitions, assuming a public offering price of $13.70 per share, and 20,000,000 shares of International Coal Group common stock expected to be issued in the proposed public offering, assuming the over-allotment option is not exercised. The number of shares of ICG common stock to be issued to former Anker shareholders and CoalQuest members in connection with the merger is subject to possible adjustments. As the following chart illustrates, the higher the offering price per share of International Coal Group common stock in the proposed public offering, the less shares of International Coal Group common stock will be issued in connection with the Anker and CoalQuest acquisitions. See Information About the Companies Business ICG s History The Anker and CoalQuest acquisitions for more information on acquisition adjustments.

share ring e of ICG nmon k	$8.885 or less	$10.00	$11.00	$12.00	$13.00	$13.70	$14.00	$15.00	$16
gregate res of G nmon k to be ed to ders of ker and lQuest:									
thout ustments	30,950,129	27,500,000	25,000,000	22,916,667	21,153,846	20,072,992	19,642,857	18,333,333	17,187,5
sic and uted nings per are	$0.18	$0.19	$0.19	$0.19	$0.19	$0.20	$0.20	$0.20	$0
th ustments	29,824,670	26,500,000	24,090,909	22,083,333	20,384,615	19,343,065	18,928,571	17,666,667	16,562,5
sic and uted nings per are	$0.18	$0.19	$0.19	$0.19	$0.20	$0.20	$0.20	$0.20	$0

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UNAUDITED PRO FORMA STATEMENT OF OPERATIONS DATA
For the Year Ended December 31, 2004

	ICG, Inc. Historical	Horizon Historical	Anker Historical	CoalQuest Historical	Horizon Acquisition Adjustments	Anker Acquisition Adjustments	CoalQuest Acquisition Adjustments	Offering Adjustments	Pro Forma[1]
	(In thousands, except share and per share data)								
Revenues:									
Coal sales revenues	$ 130,463	$ 346,981	$ 146,676	$	$	$	$	$	$ 624,120
Freight and handling revenues	880	3,700	11,416						15,996
Other revenues	4,766	22,702	6,228						33,696
Total revenues	136,109	373,383	164,320						673,812
Costs and expenses:									
Freight and handling costs	880	3,700	11,416						15,996
Cost of coal sales and other revenues	113,707	306,429	145,985	371		(1,769) [2]			564,723
Depreciation, depletion and amortization	7,943	27,547	9,754	79		400[3]	331[3]		46,054
Selling, general and administrative	4,194	8,477	4,586						17,257
Gain on sale of assets	(10)	(226)							(236)
Writedowns and other items		10,018[1]							10,018
Total costs and expenses	126,714	355,945	171,741	450		(1,369)	331		653,812

ncome loss) from operations	9,395	17,438	(7,421)	(450)		1,369	(331)		20,000
nterest and other ncome expense):									
Interest expense	(3,453)	(114,211)	(1,485)	(535)	111,332(4)			2,463 (4)	(5,889)
Reorganization items		(12,471) (1)							(12,471)
Other, net	898	1,581	5,709	1,910			(1,769) (2)		8,329
Total interest and other income (expense)	(2,555)	(125,101)	4,224	1,375	111,332		(1,769)	2,463	(10,031)
ncome loss) before ncome axes	6,840	(107,663)	(3,197)	925	111,332	1,369	(2,100)	2,463	9,969
ncome tax expense) enefit	(2,591)				(1,390) (5)	692(5)	445(5)	(933) (5)	(3,777)
Net income (loss)	$ 4,249	$ (107,663)	$ (3,197)	$ 925	$ 109,942	$ 2,061	$ (1,655)	$ 1,530	$ 6,192
asic arnings er share:									
Net income (loss) available to common stockholders	$ 4,249								$ 6,192
Average shares of common stock outstanding	106,605,999								146,678,991
Basic earning	$ 0.04								0.04(6

per share

Diluted earnings per share:			
Net income (loss) available to common stockholders	$	4,249	6,192
Average shares of common stock outstanding		106,605,999	146,728,812
Diluted earnings per share	$		