International Coal Group, Inc.
Form S-4
June 27, 2005

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As filed with the Securities and Exchange Commission on June 27, 2005

Registration No. 333 -

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered (1)	Proposed maximum offering price per unit (2)	Proposed Maximum aggregate offering price	Amount of registration fee
Common Stock, par value $0.01 per share	106,605,999	$ 1.55	$ 165,239,300.00	$ 19,450.00

(1) Represents the number of common shares to be issued in connection with the reorganization of ICG, Inc.

(2) Pursuant to Rule 457(f) under the Securities Act of 1933, as amended, the registration fee is based on the book value of ICG, Inc. common shares computed as of March 31, 2005.

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, JUNE 27, 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. The 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. The attached prospectus also contains a copy of the public offering preliminary prospectus for additional information about these matters. Please carefully review the entire prospectus, including the matters discussed under Risk Factors beginning on page 7 of the attached prospectus and page 13 of the attached public offering preliminary 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.

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 on page 35.

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EXPLANATORY NOTE

The registration statement of which this prospectus is a part contains (1) the prospectus relating to the reorganization and (2) the preliminary prospectus contained in the Registration Statement on Form S-1 (Registration No. 333-124393) relating to the business of International Coal Group, Inc. (on a pro forma basis after giving effect to the reorganization and the acquisitions of Anker Coal Group, Inc. and CoalQuest Development LLC) and a public offering.

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
Inferred and indicated reserves, consisting of 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	coal resources
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
Preliminary prospectus of International Coal Group, dated as of June 15, 2005, attached as Annex A relating to International Coal Group s proposed public offering of its common stock contained in its registration statement on Form S-1 (Registration No. 333-124393)	public offering preliminary prospectus
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 and CoalQuest shareholders, 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 does the reorganization relate to the public offering?

A: Neither the reorganization nor the acquisitions are conditioned on the 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. See The Reorganization for more information on the calculation of the number of shares to be issued in connection with the acquisitions. If the public offering occurs, we expect that the shares sold in that offering, together with the shares being issued in this reorganization, will be listed on the New York Stock Exchange under the symbol ICO. If we do not consummate the public offering, the shares you receive in this offering will not be listed on a national securities exchange. However, 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 and reorganization, have occurred, other than the absence of material litigation and similar technical conditions such as the delivery of required closing documents.

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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. 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 May 31, 2005, there were 106,605,999 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, 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, fewer International Coal Group common shares will be issued in connection with the Anker and CoalQuest acquisitions. See Business Our history The Anker and CoalQuest acquisitions on page 80 of the public offering preliminary prospectus for more information on acquisition adjustments.

International Coal Group common stock offering price	$	8.885	$	10.00	$	11.00	$	12.00	$	13.00	$	14.00	$	15.00

ICG common shares issued in Anker and CoalQuest acquisitions:							
Without adjustments	30,950,129	27,500,000	25,000,000	22,916,667	21,153,846	19,642,857	18,333,333
With adjustments	29,824,670	26,500,000	24,090,000	22,083,333	20,384,615	18,928,571	17,666,667

Furthermore, the shares issued in the proposed public offering will dilute existing shareholders proportionately.

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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 beginning on page 35. 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 public offering, subject to certain possible adjustments as described on page 80 of the public offering preliminary prospectus.

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 public offering.

The former Anker and CoalQuest shareholders 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 capital stock Registration rights beginning on page 126 of the public offering preliminary prospectus.

INFORMATION ABOUT THE COMPANIES (Page 8)

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 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

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business as well as Anker and CoalQuest. For a description of International Coal Group s business after giving effect to the reorganization and acquisitions, see Business beginning on page 78 of the public offering preliminary prospectus.

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 20)

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 22)

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 23)

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 REORGANIZATION (Page 24)

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 26)

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 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 26)

The Anker business combination agreement may be terminated by either party upon the happening of specified events, including by mutual consent and if the mergers have not occurred by April 2006.

COMPARISON OF SHAREHOLDERS RIGHTS (Page 28)

The rights of ICG shareholders will not change as a result of the reorganization, but will change upon the closing of a public offering. If a public offering is consummated, certain of the provisions of International Coal Group s certificate of incorporation that are the same as the ICG certificate of incorporation will terminate and

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certain new provisions will become effective. In general, the provisions being terminated provide special governance rights to the ICG shareholders who sponsored ICG s formation last year.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ICG

See Selected historical consolidated financial data of ICG on page 49 of the public offering preliminary prospectus.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF INTERNATIONAL COAL GROUP, INC.

International Coal Group was formed to facilitate the combination of Anker and CoalQuest with ICG and is currently a wholly owned subsidiary of ICG. If International Coal Group had existed and owned ICG prior to completion of the reorganization and acquisitions, International Coal Group believes that its consolidated financial statements would have been substantially identical to those of ICG and its predecessors for the years ended December 31, 2004, 2003 and 2002. See Selected consolidated financial data of ICG on page 49 of the public offering preliminary prospectus.

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL DATA

See Unaudited consolidated pro forma financial data on page 41 of the public offering preliminary prospectus.

COMPARATIVE PER SHARE DATA

ICG currently owns all of the outstanding International Coal Group common shares and, therefore, there is no public market for International Coal Group s common shares. ICG common shares are currently reported on the Pink Sheets Electronic Quotation Service. No comparative per share data is presented because such information would not be meaningful to investors. For information regarding the high and low quotes for the ICG common shares since November 15, 2004, see Price range of ICG, Inc. common stock on page 36 of the public offering preliminary prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

See Special note regarding forward-looking statements on page 35 of the public offering preliminary prospectus.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF ICG

See Management s discussion and analysis of financial condition and results of operations, beginning on page 52 of the public offering preliminary prospectus.

MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF INTERNATIONAL COAL GROUP, INC.

International Coal Group was formed for the purpose of facilitating the acquisitions of Anker and CoalQuest and is currently a wholly owned subsidiary of ICG. If International Coal Group had existed and owned ICG prior to completion of the reorganization and acquisitions, International Coal Group believes that its consolidated financial statements would have been substantially identical to those of ICG and its predecessors for the years ended December 31, 2004, 2003 and 2002. Please refer to Management s discussion and analysis of financial condition and results of operations beginning on page 52 in the public offering preliminary prospectus for additional information.

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RISK FACTORS

You should carefully consider the risks described below and in the public offering preliminary prospectus 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 (including those described in the public offering preliminary prospectus) 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.

RISK FACTORS RELATING TO OUR 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.

In connection with the public offering, we will apply for listing our common shares, including those to be issued in the reorganization, on the New York Stock Exchange. We cannot assure you that the public offering will be completed or 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, there will be no established trading market for International Coal Group s shares, and it is likely that no active trading market would develop for these shares. If no market develops for the International Coal Group common shares, there could be an adverse effect on the trading prices for the common shares.

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.

OTHER RISK FACTORS

For a description of the risks relating to the coal industry business, the Anker and CoalQuest acquisitions and International Coal Group s common stock, see Risk factors in the public offering preliminary prospectus beginning on page 13.

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INFORMATION ABOUT THE COMPANIES

BUSINESS INTERNATIONAL COAL GROUP

International Coal Group was formed in March 2005 to be ICG s new top-tier parent holding company following the reorganization. International Coal Group has no operations and no significant assets. International Coal Group is a wholly owned subsidiary of ICG. Following the completion of the reorganization and acquisitions, International Coal Group will essentially be the same entity as ICG had ICG not undergone the reorganization. For a description of International Coal Group s business after giving effect to the reorganization and acquisitions, see Business beginning on page 78 of the public offering preliminary prospectus.

BUSINESS ICG

Overview

ICG, Inc. is a leading producer of coal in Central Appalachia, with a broad range of mid-to-high Btu, low sulfur steam. ICG s Central Appalachian mining complexes, which include four of its mining complexes, are located in West Virginia and Kentucky. ICG also has a complementary mining complex of mid-to-high sulfur steam coal, strategically located in the Illinois Basin. ICG markets its coal to a diverse customer base of largely investment grade electric utilities, as well as domestic industrial customers. The high quality of International Coal Group s coal, and the availability of multiple transportation options, including rail, truck and barge, throughout the Appalachian region, enable ICG to participate in both the domestic and international coal markets. Due to the decline in Appalachian coal production in recent years, these markets are currently characterized by strong demand with limited supply response and elevated spot and contract prices.

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, are union free, have limited reclamation liabilities, and are substantially free of other legacy liabilities. Due to ICG s initial capitalization, ICG 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 consummate the Anker and CoalQuest acquisitions to further diversify ICG s reserves.

As of January 1, 2005, ICG owned or controlled approximately 510 million tons of steam coal reserves. Based on expected 2005 production rates, ICG s Central Appalachian reserves could support existing production levels for approximately 16 years. Further, ICG owns or controls approximately 564 million tons of coal resources.

For the year ended December 31, 2004, ICG sold 14.0 million tons of coal, all of which was steam coal. ICG s steam coal sales volume in 2004 consisted of mid-to-high quality, high Btu (greater than 12,000 Btu/lb.), low sulfur (1.5% or less) coal, which typically sells at a premium to lower quality, lower Btu, higher sulfur steam coal. ICG s three largest customers for the three months ended March 31, 2005 were Georgia Power Company, Carolina Power & Light Company and Duke Power and ICG derived approximately 63% of its coal revenues from sales to its five largest customers.

ICG S HISTORY

The Horizon acquisition

On February 28, 2002, Horizon (at that time operating as AEI Resources Holdings, Inc.) filed a voluntary petition for Chapter 11 and its plan of reorganization became effective on May 8, 2002. However, Horizon s profit margins and cash flows were negatively impacted in fiscal year 2002 by, among other things, the falling price of coal and continued increases in certain operating expenses. Due to capital and permit constraints, Horizon had to mine in areas which produced coal but at greatly reduced profit margins thus severely reducing cash flow.

As a result of its continuing financial and operational difficulties, Horizon filed a second voluntary petition for relief under Chapter 11 on November 13, 2002. Horizon obtained a debtor-in-possession financing facility of up to $350.0 million and was effective in rationalizing its operations, selling noncore assets, paying down outstanding borrowings and generating substantial operating profit. With stabilized operations and a significantly improved coal market, Horizon filed a joint plan of reorganization and a joint plan of liquidation under Chapter 11.

The Horizon assets were sold to ICG through a bankruptcy auction on August 17, 2004. Presented as a combined $290.0 million cash bid with A.T. Massey, ICG, Inc. agreed to pay $285.0 million in cash plus the assumption of up to $5.0 million in cure costs to acquire the assets plus ICG also contributed a credit bid of second lien Horizon bonds, and A.T. Massey agreed to pay $5.0 million in cash to acquire a separate group of assets associated with two Horizon subsidiaries. The credit bid included the cancellation of $482.0 million of certain Horizon bonds in return for which those Horizon bondholders received the right to participate in a rights offering to purchase ICG common stock. Shares issued in connection with the rights offering are included in ICG s outstanding stock. The former bondholders of Horizon that purchased shares of ICG common stock in the rights offering were creditors of Horizon and received the shares in reliance on Section 1145 of the U.S. Bankruptcy Code, which in general provides for the limited exemption from the registration requirements of the Securities Act for securities issued in exchange for a claim against the debtor in bankruptcy. Since ICG s formation, some trading of ICG, Inc. s common stock has occurred. See Price range of ICG, Inc. common stock on page 36 of the public offering preliminary prospectus. ICG has not previously been a reporting company under the Securities Exchange Act of 1934.

In addition, Lexington Coal Company, LLC, a newly formed entity, was organized by the founding ICG shareholders to assume certain reclamation liabilities and assets not otherwise being purchased by A.T. Massey or ICG. In order to provide support to Lexington Coal in consideration for assuming these liabilities, ICG agreed to provide a $10.0 million letter of credit to support reclamation obligations and to pay a 0.75% royalty on the gross sales receipts for coal mined and sold from the assets ICG acquired from Horizon until the completion by Lexington Coal of all reclamation liabilities acquired from Horizon. Other than this support and a limited commonality of ownership of ICG and Lexington Coal Company, there is no relationship between the entities.

The bankruptcy court confirmed the sale on September 16, 2004 as part of the completion of the Horizon bankruptcy proceedings. At closing, ICG increased the purchase price by $6.25 million, primarily to satisfy increased administrative expenses, and the sale was completed as of September 30, 2004.

The acquisition was financed through equity investments and borrowings under ICG s senior secured credit facility, which ICG entered into at the closing of the Horizon acquisition. See Description of indebtedness on page 123 of the public offering preliminary prospectus for a discussion of ICG s senior credit facility.

COAL RESERVES

Reserves are defined by SEC Industry Guide 7 as that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Proven (Measured) Reserves are defined by SEC Industry Guide 7 as reserves for which (1) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling and (2) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established. Probable reserves are defined by SEC Industry Guide 7 as reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.

ICG estimates that there are approximately 183 million tons of coal reserves that can be developed by its existing operations which will allow ICG to maintain current production levels for an extended period of time. ICG Natural Resources, LLC owns and leases all of ICG s reserves that are not currently assigned to or associated with one of its mining operations. These reserves contain approximately 327 million tons of mid-to-high Btu, low and high sulfur coal located in Kentucky, West Virginia and Illinois. ICG s multi-region base and flexible product line allows ICG to adjust to changing market conditions and sustain high sales volume by supplying a wide range of customers.

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ICG s total coal reserves could support current production levels for more than 43 years. The following table provides the quality (average Btu content, sulfur content and ash content per pound) of its coal reserves as of January 1, 2005:

		Recoverable	Total tons in millions			Quality characteristics			
		Reserves Proven and Probable as of 1/1/2005 (in millions of tons)[1]	of tons		Reserve	(as received) heat			
Mining companies	**State**		**Owned**	**Leased**	**life (years)**	**content (Btu/lb)**	**Sulfur (%)**	**Ash(%)**	**Steam**
Central Appalachia:									
ICG Knott County	KY	6.73	5.81	0.92	5.29	12,700	1.3%	8.4%	6.73
ICG Hazard	KY	71.38	0.23	71.15	11.9	12,000	1.6%	11.2%	71.38
ICG East Kentucky	KY	2.62	0.00	2.62	2.0	12,400	1.2%	12.2%	2.62
ICG Eastern	WV	23.69	7.27	16.42	7.4	12,300	1.1%	12.2%	23.69
ICG Natural Resources[2]	WV	44.90	2.20	42.70	NA	12,000	0.8%	12.2%	44.90
ICG Natural Resources[3]	KY	5.9	4.4	1.5	NA	12,000	1.1%	12.0%	4.40
Central Appalachia Total		155.22	19.91	135.31					153.72
Other									
ICG Illinois	IL	29.63	11.38	18.25	12.9	10,500	3.2%	9.5%	29.63
ICG Natural Resources		325.21	305.10	20.1	NA	11,000	3.0%	9.0%	326.71
Other Total		354.84	316.48	38.35					356.34
Total Reserves		510.06	336.39	173.66					510.06

(1) Recoverable reserves represent the amount of coal reserves that can actually be recovered taking into account all mining and preparation losses involved in producing a saleable product using existing methods under current law. The reserve numbers set forth in this table exclude reserves for which ICG has leased its mining rights to third parties. Reserve information reflects a moisture factor of approximately 6.0%. This moisture factor represents the average moisture present on ICG s delivered coal.

(2) ICG Natural Resources (Jenny s Creek)

(3) ICG Natural Resources (Mount Sterling)

ICG s reserve estimate is based on geological data assembled and analyzed by its staff of geologists and engineers. Reserve estimates are periodically updated to reflect past coal production, new drilling information and other geologic or mining data. Acquisitions or sales of coal properties will also change the reserve base. Changes in mining methods may increase or decrease the recovery basis for a coal seam as will plant processing efficiency tests. ICG maintains reserve information in secure computerized databases, as well as in hard copy. The ability to update and/or modify the reserve base is restricted to a few individuals and the modifications are documented.

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Actual reserves may vary substantially from the estimates. Estimated minimum recoverable reserves are comprised of coal that is considered to be merchantable and economically recoverable by using mining practices and techniques prevalent in the coal industry at the time of the reserve study, based upon then-current prevailing market prices for coal. ICG uses the mining method that it believes will be most profitable with respect to particular reserves. ICG believes the volume of its current reserves exceeds the volume of its contractual delivery requirements. Although the reserves shown in the table above include a variety of qualities of coal, ICG presently blends coal of different qualities to meet contract specifications. See Risk factors Risks relating to our business beginning on page 13 of the public offering preliminary prospectus.

Periodically, ICG retains outside experts to independently verify its coal reserve base. The most recent review was completed during the first quarter of 2005 and covered all of ICG s reserves. The results verified ICG s reserve estimates, with very minor adjustments, and included an in-depth review of ICG s procedures and controls. As of January 1, 2005, Marshall Miller & Associates, Inc. confirmed ICG s reserve base of 510 million tons on a consolidated basis.

ICG currently owns approximately 66% of its coal reserves, with the remainder of its coal reserves subject to leases from third-party landowners. Generally, these leases convey mining rights to the coal producer in exchange for a percentage of gross sales in the form of a royalty payment to the lessor, subject to minimum payments. Leases generally last for the economic life of the reserves. The average royalties paid by ICG for coal reserves from its producing properties was $1.35 per ton in 2004, representing approximately 3.9% of its coal sales revenue in 2004. Consistent with industry practice, ICG conducts only limited investigations of title to its coal properties prior to leasing. Title to lands and reserves of the lessors or grantors and the boundaries of its leased priorities are not completely verified until ICG prepares to mine those reserves.

COAL RESOURCES

Coal resources are coal-bearing bodies that have been sufficiently sampled and analyzed in trenches, outcrops, drilling, and underground workings to assume continuity between sample points, and therefore warrants further exploration stage work. However, this coal does not qualify as a commercially viable coal reserve as prescribed by SEC standards until a final comprehensive evaluation based on unit cost per ton, recoverability, and other material factors concludes legal and economic feasibility. Resources may be classified as such by either limited property control or geologic limitations, or both.

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The following table provides the quality (average Btu content, sulfur content and ash content per pound) of ICG coal resources as of January 1, 2005:

Mining companies	State	Recoverable resources as of 1/1/2005 (in millions of tons)	Quality characteristics (as received) Heat content (Btu/lb)	Sulfur (%)	Ash (%)	Steam
Central Appalachia:						
ICG - Knott County	KY	0.00	12,700	1.3%	8.49%	0.00
ICG - Hazard	KY	3.00	12,000	1.6%	11.29%	3.00
ICG - East Kentucky	KY	0.00	12,400	1.2%	12.29%	0.00
ICG - Eastern	WV	0.02	12,300	1.1%	12.29%	0.02
ICG - Natural Resources(1)	WV	0.22	12,000	0.8%	12.29%	0.22
ICG - Natural Resources(2)	KY	0.01	12,000	1.1%	12.09%	0.01
Central Appalachia Total		3.25				3.25
Other						
ICG Illinois	IL	38.47	10,500	3.2%	9.59%	38.47
ICG Natural Resources		522.52	11,000	3.0%	9.0%	522.52
Other Total		560.99				560.99
Total Resources		564.24				564.24

(1) ICG Natural Resources (Jenny s Creek)

(2) ICG Natural Resources (Mount Sterling)

OPERATIONS

As of December 31, 2004, ICG operated a total of eight surface and five underground coal mines located in Kentucky, West Virginia and Illinois. Historically, approximately 70% of ICG s production has come from surface mines, and the remaining production has come from its underground mines. These mining facilities include three preparations plants, each of which receive, blend, process and ship coal that is produced from one or more of ICG s 13 active mines. ICG s underground mines generally consist of one or more single or dual continuous miner sections which are made up of the continuous miner, shuttle cars, roof bolters and various ancillary equipment. ICG s surface mines are a combination of mountain top removal, dragline, truck/loader equipment fleets along with large production tractors. Most of ICG s preparation plants are modern heavy media plants that generally have both coarse and fine coal cleaning circuits. ICG currently leases most of the equipment utilized in its mining operations. ICG employs preventive maintenance and rebuild programs to ensure that its equipment is modern and well maintained. The mobile equipment utilized at ICG s mining operation is scheduled to be replaced on an on-going basis with new, more efficient units during the next five years. Each year ICG endeavors to replace the oldest units, thereby maintaining productivity while minimizing capital expenditures. The following table provides summary information regarding ICG s principal mining complexes as of December 31, 2004.

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Mining complex	Location	Preparation plant(s)	Number and type of mines Under-ground	Surface	Total	Mining method(1)	Transportation	Tons produced in 2004
ICG - Eastern, LLC	Cowen, WV	1	0	1	1	MTR-DL-TSL	Rail	2,712.1
ICG - Hazard, LLC	Hazard, KY	1(2)	0	6	6	R&P-CM, HW	Rail	3,978.0
ICG - Knott County, LLC	Kite, KY	1	4	0	4	MTR-TSL, CM	Rail	1,386.6
ICG - East Kentucky, LLC	Pike Co., KY	0	0	1	1	MTR-TSL	Rail	1,576.3
ICG - Illinois, LLC	Williamsville, IL	1	1	0	1	R&P-CM	Truck	2,117.6

(1) R&P = Room and Pillar; MTR = Mountain Top Removal; DL = Dragline; HW = Highwall; CM = Continuous Miner; TSL = Truck and Shovel/Loader

(2) Expected to begin operation in second half of 2005

The following provides a description of the operating characteristics of the principal mines and reserves of each of ICG s mining operations.

MINING OPERATIONS

Central Appalachia mining operations

ICG s Central Appalachian mining facilities are strategically located across West Virginia and Kentucky and are used to produce and ship coal to its customers located primarily in the eastern half of the United States. ICG believes that the quality and experience of its workforce in Central Appalachia are among the highest in the coal mining industry. All of ICG s Central Appalachia mining operations are union free.

ICG s mines in Central Appalachia produced 9.7 million tons of coal in 2004. The coal produced in 2004 was, on average, 12,174 Btu/lb, 1.1% sulfur and 12.5% ash by content. This year ICG estimates that its mines in Central Appalachia region will produce approximately 10.3 million tons. This high Btu, low sulfur coal is very marketable to major utility customers throughout the eastern United States. Shipments to electric utilities, accounted for approximately 73% of the coal shipped by these mines in 2004, compared to 75% of shipments in 2003. Within each mining complex, mines have been developed at strategic locations in proximity to ICG s preparation plants and rail shipping facilities. The mines located in Central Appalachia ship the majority of their coal by the Norfolk Southern and CSX rail lines, although production may also be delivered by truck or barge, depending on the customer. ICG Natural Resources, LLC owns two idle river docks along the Kanawha River from which ICG could ship coal to its customers.

As of March 31, 2005, these mines had 943 employees.

ICG Eastern, LLC

ICG Eastern, LLC operates the Birch River surface mine, located 60 miles east of Charleston, near Cowen in Webster County, West Virginia. Birch River started operations in 1990 under Shell Mining Company, was purchased by Zeigler Coal Holding Company, or Zeigler, in 1992, and was subsequently acquired by AEI Resources, Inc. from Zeigler in 1998.

Birch River is extracting coal from five distinct coalbeds: (i) Freeport; (ii) Upper Kittanning; (iii) Middle Kittanning; (iv) Upper Clarion and (v) Lower Clarion. Coal mined from this operation has an average sulfur content of 1.1%, an average ash content of 12.2% and an average Btu content of 12,300. ICG estimates that Birch River controls 23.7 million tons of coal reserves.

Approximately 69% of the coal reserves are leased, while approximately 31% are owned in fee. Most of the leased reserves are held by four lessors. The leases are retained by annual minimum payments and by tonnage-based royalty payments. All leases can be renewed until all mineable and merchantable coal has been exhausted.

Overburden is removed by a dragline, shovel, front-end loaders, end dumps and bulldozers. Approximately one-third of the coal can be marketed run-of-mine, while the other two-thirds is washed at Birch River s preparation plant. Coal is transported by conveyor belt from the preparation plant to Birch River s rail loadout, which is served by CSX. The loadout is a batch weigh system capable of loading unit trains in less than four hours.

The preparation plant is rated at 800 raw tons per hour. The preparation plant is comprised of heavy media vessels, heavy media cyclones, and spirals. The plant, overland conveyor system, and rail loadout are in excellent condition.

ICG Hazard, LLC

ICG Hazard, LLC is currently operating six surface mines, a unit train loadout (Kentucky River Loading) and other support facilities in eastern Kentucky, near Hazard. The coal reserves and operations were acquired in late-1997 and 1998 by AEI Resources.

ICG Hazard s six surface mines include: (i) County Line; (ii) Flint Ridge; (iii) Vicco; (iv) Rowdy Gap; (v) Tip Top; and (vi) Thunder Ridge. The coal from these mines is being extracted from the Hazard 11, Hazard 10, Hazard 9, Hazard 8, Hazard 7 and Hazard 5A seams, and has an average sulfur content of 1.2%, an average ash content of 12% and an average Btu content of 12,000. Nearly all of the coal is marketed run-of-mine. ICG estimates that ICG Hazard controls 71.4 million tons of coal reserves, plus 3.0 million tons of coal that is classified as resources. Most of the property has been adequately explored, but additional core drilling will be conducted within specified locations to better define the reserve base.

Approximately 99.7% of ICG Hazard s reserves are leased, while 0.3% are owned in fee. Most of the leased reserves are held by seven lessors. In several cases, ICG Hazard has multiple leases with each lessor. The leases are retained by annual minimum payments and by tonnage-based royalty payments. Most leases can be renewed until all mineable and merchantable coal has been exhausted.

Overburden is removed by front-end loaders, end dumps, bulldozers and blast casting. Coal is transported from the mines to the Kentucky River Loading rail loadout by on-highway trucks. The loadout is served by CSX, and is a batch weigh system capable of loading 120-car trains in less than three hours. Most of the coal is transported by rail, but some coal is direct shipped to the customer by truck from the mine pits.

An existing preparation plant structure is being extensively upgraded. It will process coal from ICG Hazard s new Flint Ridge underground mine complex. Flint Ridge will be a room and pillar mine, producing coal from the Hazard 8 coalbed. It will utilize continuous miners and shuttle cars. Both the plant and the underground mine are scheduled to begin operation in July 2005.

ICG Knott County, LLC

ICG Knott County, LLC operates four underground mines, the Supreme Energy preparation plant and rail loadout and other facilities necessary to support the mining operations in eastern Kentucky, near Kite. ICG Knott County was acquired by AEI Resources, Inc. from Zeigler in 1998.

ICG Knott County is producing coal from the Hazard 4 and the Elkhorn 3 coalbeds. Three mines are operating in the Hazard 4 coalbed: Calvary, Clean Energy and Elk Hollow. The Classic mine is operating in the Elkhorn 3 coalbed. The coal produced from the four mines has an average sulfur content of 1.3%, an average ash content of 9% and an average Btu content of 12,700. ICG estimates these properties contain 6.7 million tons of coal reserves.

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Most of the property has been extensively explored, but additional core drilling will be conducted within specified locations to better define the reserve base.

Approximately 86% of ICG Knott County s reserves are owned in fee, while approximately 14% are leased. The leases are retained by annual minimum payments and by tonnage-based royalty payments. The leases can be renewed until all mineable and merchantable coal has been exhausted.

ICG Knott County s four underground mines are room and pillar operations, utilizing continuous miners and shuttle cars. Nearly all of the run-of-mine coal is processed at the Supreme Energy preparation plant; some of the Hazard 4 run-of-mine coal is blended with the washed coal.

Nearly all of ICG Knott County s coal is transported by rail. The loadout is a batch weigh system that is served by CSX.

ICG East Kentucky, LLC

ICG East Kentucky, LLC is a surface mining operation located in Pike County, Kentucky, near Phelps. ICG East Kentucky currently operates the Blackberry surface mine and the Phelps Loadout. ICG East Kentucky was acquired by AEI Resources in the second quarter of 1999.

Blackberry is an area surface mine that produces coal from three separate coalbeds: (i) Taylor; (ii) Fireclay; and (iii) Lower Fireclay. All of the coal is sold run-of-mine, with an average sulfur content of 1.2%, an average ash content of 12% and an average Btu content of 12,400.

ICG estimates that the Blackberry mine controls 2.6 million tons of coal reserves; no additional exploration is required.

After Blackberry is depleted, ICG East Kentucky will begin mining the Mount Sterling property, which contains an additional 5.9 million tons of coal reserves. Mount Sterling is located in Martin and Pike Counties, Kentucky near the Tug Fork River. Although Mount Sterling is expected to be mined by ICG East Kentucky, the property is held by ICG Natural Resources, LLC. The leases are retained by annual minimum payments and by tonnage-based royalty payments. The leases can be renewed until all mineable and merchantable coal has been exhausted.

Overburden at the Blackberry mine is removed by front end loaders, end dumps, bull dozers and blast casting. Coal from the pits is transported by truck to the Phelps Loadout, which is a batch weigh system.

Illinois Basin mining operations

ICG Illinois, LLC operates one large underground coal mine, the Viper mine, in central Illinois. Viper commenced mining operations in 1982 as a union free operation for Shell Oil Company. Viper was acquired by Ziegler in 1992 and subsequently acquired by AEI Resources in 1998.

The Viper Mine is working the Illinois No. 5 Seam, also referred to as the Springfield Seam, with all raw coal production washed at Viper s preparation plant. Coal mined from this operation has an average sulfur content of 3.2%, an average ash content of 9.5% and an average Btu content of 10,500. ICG estimates that Viper controls approximately 29.6 million tons of coal reserves, plus an additional 38.5 million resource tons. Viper has an ongoing exploration program to accurately assess floor and roof conditions within the immediate mine plan.

Approximately two-thirds of the coal reserves are leased, while one-third is owned in fee. The leases are retained by annual minimum payments and by tonnage-based royalty payments. The leases can be renewed until all mineable and merchantable coal has been exhausted.

The Viper mine is a room and pillar operation, utilizing continuous miners and shuttle cars. Management believes that ICG Illinois is one of the lowest cost and highest productivity mines in the Illinois Basin. All of the raw coal is processed at Viper s preparation plant. The clean coal is transported to the customers by highway trucks. A major rail line is located a short distance from the plant, giving Viper the option of constructing a rail loadout.

ICG Illinois ships by independent trucking companies to utility and industrial customers located in North Central Illinois. Shipments to electric utilities account for approximately 71% of coal sales. Currently 1.7 million tons (80%) of ICG Illinois 2005 production is under contract. The City of Springfield Water, Light and Power purchases nearly 50% of Viper s production and the contract does not expire until 2020.

The preparation plant is rated at 800 raw tons per hour. It is comprised of heavy media vessels, heavy media cyclones and spirals.

The underground equipment, infrastructure and preparation plant are well maintained. The underground equipment will be replaced or rebuilt over the next five years.

OTHER OPERATIONS

Coal sales

In addition to the coal ICG mines, from time to time ICG also opportunistically secures coal purchase agreements with other coal producers to take advantage of differences in market prices.

ICG ADDCAR Systems, LLC

In ICG s highwall mining business, ICG operates or leases six systems using its patented ADDCAR highwall mining system and intends to build additional ADDCAR systems as required. The ADDCAR highwall mining system is an innovative and efficient mining system. The system is often deployed at reserves that cannot be economically mined by other methods.

In a typical ADDCAR highwall mining system, there is a launch vehicle, continuous miner, conveyor cars, a stacker conveyor, electric generator, water tanker for cooling and dust suppression and a wheel loader with forklift attachment.

A five person crew operates the entire ADDCAR highwall mining system with control of the continuous miner being performed remotely by one person from the climate-controlled cab located at the rear of the launch vehicle. ICG s system utilizes a navigational package to provide horizontal guidance, which helps to control rib width and thus roof stability. Also, the system provides vertical guidance for control out of seam dilutions. The ADDCAR highwall mining system is also equipped with high quality video monitors to provide the operator with visual displays of the mining process from inside each entry being mined.

The mining cycle begins by aligning the ADDCAR highwall mining system onto the desired heading and starting the entry. As the remotely controlled continuous miner penetrates the coal seam, ADDCAR conveyor cars are added behind it, forming a continuous cascading conveyor train. This continues until the entry is at the planned full depths of up to 1,200 to 1,500 feet. After retraction, the launch vehicle is moved to the next entry, leaving a support pillar of coal between entries. This process recovers as much as 65% of the reserves while keeping all personnel outside the coal seam in a safe working environment. A wide range of seam heights can be mined with high production in seams as low as 3.5 feet and as high as 15 feet in a single pass. If the seam height is greater than 15 feet, then multi lifts can be mined to create an unlimited entry height. The navigational features on the ADDCAR highwall mining system allow for multi lift mining while ensuring that the designed pillar width is maintained.

During the mining cycle, in addition to the tractive effort provided by the crawler drive of the continuous miner the ADDCAR highwall mining system bolsters the cutting capability of the machine through an additional pumping force provided by hydraulic cylinders which transmit thrust to the back of the miner through blocks mounted on the side of the conveyor cars. This additional energy allows the continuous miner to achieve maximum cutting and loading rates as it moves forward into the seam.

ICG currently has the exclusive North American distribution rights for the ADDCAR highwall mining system.

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CUSTOMERS AND COAL CONTRACTS

Customers

ICG s primary customers are investment grade electric utility companies primarily in the eastern half of the United States. The majority of ICG s customers purchase coal for terms of one year or longer, but ICG also supplies coal on a spot basis for some of its customers. ICG s three largest customers for the three months ended March 31, 2005, were Georgia Power Company, Carolina Power & Light Company and Duke Power and ICG derived approximately 63% of ICG s coal revenues from sales to its five largest customers.

Long-term coal supply agreements

As is customary in the coal industry, ICG enters into long-term supply contracts (exceeding one year in duration) with many of its customers when market conditions are appropriate. These contracts allow customers to secure a supply for their future needs and provides ICG with greater predictability of sales volume and sales price. For the three months ended March 31, 2005, approximately 67% of ICG s revenues were derived from long-term supply contracts. ICG sells the remainder of ICG s coal through short-term contracts and on the spot market. ICG has also entered into certain brokered transactions to purchase certain amounts of coal to meet ICG s sales commitments. The purchase coal contracts expire at the end of 2006 and provide ICG a minimum of approximately 4.6 million tons of coal through the remaining lives of the contracts.

As a result of the Horizon bankruptcy process, ICG was able to renegotiate certain contracts at significantly higher prices that reflected the current pricing environment and not purchase unfavorable contracts. As the net costs associated with producing coal have risen, such as higher energy, transportation and steel prices, the price adjustments within several of ICG s long-term contracts have not caught up to the new coal prices. This has resulted in certain counterparties to these contracts benefiting from below market prices for ICG s coal.

The terms of ICG s coal supply agreements result from competitive bidding and extensive negotiations with customers. Consequently, the terms of these contracts vary significantly by customer, including price adjustment features, price reopener terms, coal quality requirements, quantity parameters, permitted sources of supply, future regulatory changes, extension options, force majeure provisions and termination and assignment provisions.

Some of ICG s long-term contracts provide for a pre-determined adjustment to the stipulated base price at times specified in the agreement or at other periodic intervals to account for changes due to inflation or deflation. In addition, most of ICG s contracts contain provisions to adjust the base price due to new statutes, ordinances or regulations that impact ICG s costs related to performance of the agreement. Also, some of ICG s contracts contain provisions that allow for the recovery of costs impacted by modifications or changes in the interpretations or application of any applicable government statutes.

Price reopener provisions are present in most of ICG s long-term contracts. These price reopener provisions may automatically set a new price based on prevailing market price or, in some instances, require the parties to agree on a new price, sometimes between a specified range of prices. In a limited number of agreements, failure of the parties to agree on a price under a price reopener provision can lead to termination of the contract. Under some of ICG s contracts, ICG has the right to match lower prices offered to ICG s customers by other suppliers. These price reopener provisions have enabled ICG to negotiate higher selling prices in several contracts over the last several months.

Quality and volumes for the coal are stipulated in coal supply agreements, and in some instances buyers have the option to vary annual or monthly volumes. Most of ICG s coal supply agreements contain provisions requiring ICG to deliver coal within certain ranges for specific coal characteristics such as heat content, sulfur, ash, hardness and ash fusion temperature. Failure to meet these specifications can result in economic penalties, suspension or cancellation of shipments or termination of the contracts. Assuming steady or increasing coal prices over the near-term, ICG expect to renew many of ICG s expiring sales contracts at significantly higher prices.

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Transportation/logistics

ICG ships coal to its customers by rail, truck or barge. ICG typically pays the transportation costs for its coal to be delivered to the barge or rail loadout facility, where the coal is then loaded for final delivery. Once the coal is loaded in the barge or railcar, ICG s customer is typically responsible for the freight costs to the ultimate destination. Transportation costs vary greatly based on the customer s proximity to the mine and ICG s proximity to the loadout facilities. ICG uses a variety of independent companies for its transportation needs and typically enter into multiple non-contract agreements with trucking companies throughout the year.

In 2004, approximately 94% of ICG s coal from ICG s Central Appalachian operations was delivered to its customers by rail on either the Norfolk Southern or CSX rail lines, with the remaining 6% delivered by truck. For ICG s Illinois Basin operations, 100% of ICG s coal was delivered by truck to customers, generally within an 80 mile radius of ICG s Illinois mine.

ICG believes it enjoys good relationships with rail carriers and barge companies due, in part, to its modern coal-loading facilities and the experience of its transportation and distribution employees.

SUPPLIERS

ICG has historically spent more than $150 million per year to procure goods and services in support of its business activities, excluding capital expenditures. Principal commodities include maintenance and repair parts and services, electricity, fuel, roof control and support items, explosives, tires, conveyance structure, ventilation supplies and lubricants. ICG uses suppliers for a significant portion of ICG s equipment rebuilds and repairs both on- and off-site, as well as construction and reclamation activities.

Each of ICG s regional mining operations has developed its own supplier base consistent with local needs. ICG has a centralized sourcing group for major supplier contract negotiation and administration, for the negotiation and purchase of major capital goods and to support the business units. The supplier base has been relatively stable for many years, but there has been some consolidation. ICG is not dependent on any one supplier in any region. ICG promotes competition between suppliers and seek to develop relationships with those suppliers whose focus is on lowering its costs. ICG seeks suppliers who identify and concentrate on implementing continuous improvement opportunities within their area of expertise.

COMPETITION

The coal industry is intensely competitive. ICG s main competitors are Massey Energy Company and Alpha Natural Resources. As we develop additional reserves and expand our operations into Central and Northern West Virginia, we will face additional competition from Northern Appalachia coal producers, including Consol Energy and Foundation Coal Holdings. The most important factors on which ICG competes are coal price at the mine, coal quality and characteristics, transportation costs and the reliability of supply. Demand for coal and the prices that ICG will be able to obtain for its coal are closely linked to coal consumption patterns of the domestic electric generation industry which has accounted for approximately 92% of domestic coal consumption in recent years. These coal consumption patterns are influenced by factors beyond ICG s control, including the demand for electricity which is significantly dependent upon economic activity and summer and winter temperatures in the United States, government regulation, technological developments and the location, availability, quality and price of competing sources of coal, alternative fuels such as natural gas, oil and nuclear and alternative energy sources such as hydroelectric power.

EMPLOYEES

As of March 31, 2005, ICG had 1,388 employees of which 20% were salaried and 80% were hourly. ICG believes its relationship with its employees is good. All of ICG s workforce is union free.

LEGAL PROCEEDINGS

From time to time, ICG is involved in legal proceedings arising in the ordinary course of business. ICG believes it has recorded adequate reserves for these liabilities and that there is no individual case or group of related cases pending that is likely to have a material adverse effect on ICG s financial condition, results of operations or

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cash flows. With respect to any claims relating to Horizon which arose prior to November 12, 2002, such claims are subject to an automatic stay of the U.S. Bankruptcy Code. In limited circumstances, the Bankruptcy Court has lifted the stay but only to the extent of insurance coverage relating to Horizon. In any event, ICG believes all or substantially all of the claims will be resolved in accordance with Horizon s plan of reorganization.

EQUIPMENT AND CAPITAL EXPENDITURES

As of December 31, 2004, ICG s leased equipment was, on average, 8.5 years old. ICG believes that a significant portion of its equipment needs to be upgraded in the near-term. Accordingly, ICG expects to retire much of its current equipment and invest approximately $176 million in new equipment and for mining development operations in the next two years. ICG believes ICG s capital investment plan will provide it with a cost-effective fleet of equipment and enable it to improve ICG production efficiencies. As we take advantage of planned expansion opportunities from 2007 through 2009, we expect to spend approximately $204 million in capital expenditures, which may require external financing.

While ICG currently operates its mines with a high percentage of leased equipment due primarily to Horizon s preference for leasing, ICG will be purchasing equipment in the future. Current equipment is leased primarily from Caterpillar Finance, GE Capital and other leasing companies. ICG s operating leases typically have a term of three to five years, with ICG having the right to purchase the equipment at the end of the lease at fair market value.

RECLAMATION

Reclamation expenses are a significant part of any coal mining operation. Prior to commencing mining operations, a company is required to apply for numerous ICG permits in the state where the mining is to occur. Before a state will approve and issue these permits, it typically requires the mine operator to present a reclamation plan which meets regulatory criteria and to secure a surety bond to guarantee performance of reclamation in an amount determined under state law. These bonding companies, in turn, require that ICG backstop the surety bonds with cash and/or letters of credit. While bonds are issued against reclamation liability for a particular permit at a particular site, collateral posted in support of the bond is not allocated to a specific bond, but instead is part of a collateral pool supporting all bonds issued by that particular insurer. Bonds are released in phases as reclamation is completed in a particular area.

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MANAGEMENT

The Board of Directors and executive officers of ICG and International Coal Group are identical. For a description of the Board of Directors and executive officers of International Coal Group, see Management beginning on page 111 of the public offering preliminary prospectus.

THE REORGANIZATION

The reorganization is being completed to facilitate the acquisitions of Anker and CoalQuest, on a tax-deferred basis. The reorganization will be tax-free for ICG shareholders. The following discussion contains material information pertaining to the reorganization. This discussion is subject, and qualified in its entirety by reference, to the Anker business combination agreement filed as an exhibit to the registration statement relating to the public offering, which contains the material provisions relating to the reorganization. International Coal Group encourages you to read and review the Anker business combination agreement as well as the discussion in this prospectus. The business combination agreement relating to the CoalQuest acquisition is unrelated to the reorganization.

GENERAL

The next section of this document, The Business Combination Agreement, has additional and more detailed information regarding the legal documents that govern the reorganization, including information about the conditions to completion of the reorganization and the provisions for terminating or amending the Anker business combination agreement.

BACKGROUND AND REASONS OF THE REORGANIZATION

ICG was formed by WLR and other investors in May 2004 to acquire and operate competitive coal mining facilities. Through the acquisition of certain key assets from the bankruptcy estate of Horizon, ICG was able to acquire high quality reserves located in Appalachia and the Illinois Basin that are union free, have limited reclamation liabilities and are substantially free of other legacy liabilities. Consistent with the WLR investor group s strategy to consolidate profitable coal assets, ICG began discussions in December 2004 with Anker and CoalQuest regarding possible strategic transactions.

Throughout these discussions, representatives of Anker and CoalQuest made it clear to ICG that the Anker and CoalQuest acquisitions must be accomplished on a tax-deferred basis so that the shareholders of Anker and the members of CoalQuest would not, as a general rule, recognize immediate taxable gain on the exchange of their Anker or CoalQuest equity for ICG equity. In order to accomplish this objective, the parties advisors determined that the Anker and CoalQuest acquisitions should be structured as elements of a Section 351 transaction in which the equity of Anker, CoalQuest and ICG was contributed (by merger or otherwise) to a new holding company in exchange for holding company stock. International Coal Group was created to serve as the holding company in the Section 351 transaction.

Since ICG, Inc. shares were held by more than 100 shareholders, ICG, Inc. determined that the only practical way to accomplish the contribution of ICG s equity to International Coal Group was by merging ICG, Inc. into a subsidiary, which had been formed as a subsidiary of ICG, Inc. As a result of this merger, which we refer to as the reorganization, each ICG common share will be exchanged for one International Coal Group common share on a tax-free basis. The mechanics of the reorganization were included in the Anker business combination agreement, which was approved by the Board of Directors of ICG and executed by all parties on March 31, 2005.

APPROVALS OF THE REORGANIZATION

At a meeting on March 31, 2005, the ICG board of directors, based on a recommendation of a special directorate committee of the board, unanimously approved the Anker business combination agreement and the CoalQuest business combination agreement and the transactions contemplated by each agreement, including the reorganization.

The reorganization is subject to the approval of the holders of a majority of all issued and outstanding ICG common shares. The holders of a majority of the outstanding ICG common shares as of the record date of March

31, 2005 have delivered irrevocable proxies authorizing ICG to vote their shares in favor of the adoption of the Anker business combination agreement and the transactions contemplated by it, including the reorganization. Directors, officers and/or their affiliates granted proxies with respect to 28.6% of the outstanding shares. The Anker business combination will be approved by written consent of the shareholders pursuant to the proxies granted by the majority of shareholders. ICG will not hold a meeting of shareholders. No other action on the part of any shareholder of ICG is required for the reorganization to be completed and, therefore, we are not soliciting your vote.

The HSR Act and the rules and regulations thereunder provide that certain merger transactions, including the Anker and CoalQuest acquisitions, may not be consummated until required information and materials have been furnished to the Department of Justice and the Federal Trade Commission, and certain waiting periods have expired or been terminated. ICG filed with the FTC and the DOJ notification and report forms under the HSR Act on April 16, and April 15 and April 29, 2005. On April 19, 2005, ICG was notified that it received early termination of the applicable waiting period under the HSR Act.

PROCEDURES FOR EXCHANGE OF SHARES

You do not need to send your ICG stock certificates to us. Your current ICG common stock certificates will represent shares of International Coal Group following the reorganization.

DIVIDEND POLICY

See Dividend policy on page 37 of the public offering preliminary prospectus.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following summary discusses the material United States federal income tax consequences to certain United States Holders (as defined below) of ICG common shares as a result of the reorganization. This summary does not deal with holders of ICG common shares who do not hold their ICG common shares as capital assets or who are subject to special treatment under United States federal income tax laws. For example, the summary does not address tax consequences to:

- non-United States persons;
- holders who may be subject to special tax treatment, such as dealers in securities or currencies, financial institutions, tax-exempt entities, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings or insurance companies;
- holders who acquired their ICG common shares pursuant to the exercise of employee stock options or warrants or otherwise as compensation;
- persons holding ICG common shares as part of a hedge, constructive sale, integrated or conversion transaction or a straddle;
- holders of outstanding warrants or options to acquire ICG common shares; or
- holders whose functional currency is not the United States dollar.

The summary also does not address alternative minimum tax consequences or estate or gift tax consequences, if any, or any state, local or foreign tax consequences. If a partnership holds ICG common shares, the tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding ICG common shares, you should consult your tax advisor.

United States Holder means a beneficial owner of ICG common shares that is for United States federal income tax purposes:

- a citizen or resident of the United States;
- a corporation, or a partnership or other entity that is treated as a corporation, created or organized under the laws of the United States or any political subdivision of the United States;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust if (1) it is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) it has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

The summary is based on the provisions of the Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions as of the date hereof. Any of these authorities may be changed, possibly retroactively, so as to result in United States federal income tax consequences different from those discussed below.

This summary is for general information only and is not tax advice. There can be no assurance that the Internal Revenue Service (IRS) or the courts will agree with the statements and conclusions in the summary. Accordingly, all holders of Equity Interests are urged to consult their own tax advisors concerning the specific United States federal income tax consequences to them of the transaction and any consequences arising under any other tax laws, including the laws of any state, local, foreign or other taxing jurisdiction.

The reorganization is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code and/or as transfers of property described in Section 351(a) of the Code to International Coal Group by holders of ICG common shares. It is a condition to the obligation of ICG to consummate the reorganization that ICG receive an opinion of its counsel that (1) the reorganization will be treated either (i) as a reorganization within the meaning of Section 368(a) of the Code, to which ICG and International Coal Group are parties within the meaning of Section 368(b) of the Code, or (ii) as transfers of property to International Coal Group by the ICG common shareholders as transferors, described in Section 351(a) of the Code, and (2) the stockholders of ICG (other than stockholders that may be subject to special rules) will not recognize gain or loss on the exchange of their ICG common shares solely for International Coal Group common shares.

ICG has received such an opinion of its counsel, based upon, and subject to, certain assumptions, limitations and qualifications, including certain representations made by the management of ICG and International Coal Group, among others, and the assumption that all such representations are and will remain true and complete as of the time of each and every one of the reorganization, the Anker acquisition, the CoalQuest acquisition and the proposed public offering. If any such representations or assumptions are inconsistent with the facts, the U.S. federal income tax consequences of the transaction, as set forth in the opinion and as described below, could be adversely affected.

Assuming that the reorganization qualifies as a reorganization described in Section 368(a) of the Code and/or as transfers of property to International Coal Group by the ICG common shareholders, as transferors, described in Section 351(a) of the Code, you will not recognize gain or loss on the exchange of your ICG common shares solely for International Coal Group common stock pursuant to the reorganization. Your tax basis in the International Coal Group common shares received in exchange for your ICG common shares will be the same as your basis in the ICG common shares exchanged for the International Coal Group common shares Your holding period for the International Coal Group common shares received in exchange for your ICG common shares will include the period for which you held the ICG common shares exchanged for the International Coal Group common shares.

APPRAISAL RIGHTS

Under Section 262 of the DGCL, record holders of shares of ICG common shares are entitled to appraisal rights in connection with the reorganization. The following summary of the provisions of Section 262 of the DGCL is not a complete statement of the provisions of that section and is qualified in its entirety by reference to the full text of

Section 262 of the DGCL, a copy of which is attached to this document as Annex B and is incorporated into this summary by reference. Failure to comply with the procedures set forth in Section 262 of the DGCL in a timely and proper manner, will result in the loss of appraisal rights.

ICG shareholders wishing to exercise the right to dissent from the reorganization and seek an appraisal of their shares must:

NOT have voted in favor of the Anker business combination agreement or have voted AGAINST the Anker business combination agreement or ABSTAINED if voting by proxy;

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file written notice with ICG of an intention to exercise rights of appraisal of its shares within 20 days of the date of mailing of a notice of the written consent approving the Anker business combination agreement; and

follow the procedures set forth in Section 262.

An ICG shareholder who elects to exercise appraisal rights under Section 262 should mail or deliver a written demand to: Corporate Secretary, International Coal Group, Inc., 2000 Ashland Drive, Ashland, Kentucky 41101.

The fair value of ICG common shares will be determined by the Delaware Court of Chancery. The appraised value of the shares will not include any value arising from the reorganization. The ICG common shares with respect to which holders have perfected their appraisal rights in accordance with Section 262 and have not effectively withdrawn or lost their appraisal rights are referred to in this document as the dissenting shares.

Within ten days after the effective date of the reorganization, International Coal Group must mail a notice to all shareholders who filed a written notice of their intention to exercise appraisal rights in compliance with Section 262 notifying those shareholders of the effective date of the reorganization. Within 120 days after the effective date of the reorganization, holders of the dissenting shares may file a petition in the Delaware Court of Chancery for the appraisal of their shares, although they may, within 60 days after the effective date, withdraw their demand for appraisal. Within 120 days after the effective date of the reorganization, the holders of dissenting shares may also, upon written request, receive from International Coal Group a statement setting forth the aggregate number of shares with respect to which demands for appraisal have been received.

Appraisal rights are available only to the record holders of shares. If you wish to exercise appraisal rights but have a beneficial interest in shares held of record by or in the name of another person, such as a broker, bank or nominee, you should act promptly to cause the record holder to follow the procedures set forth in Section 262 to perfect your appraisal rights.

Dissenting shares lose their status as dissenting shares if:

the reorganization is abandoned;

the dissenting shareholder fails to make a timely written demand for appraisal;

neither International Coal Group, as the case may be, nor the shareholder files a complaint or petition in the Delaware Court of Chancery demanding a determination of the value of the stock within 120 days after the effective date of the reorganization; or

the shareholder delivers to International Coal Group, within 60 days of the effective date of the reorganization, or thereafter with the approval of International Coal Group, a written withdrawal of the shareholder s demand for appraisal of the dissenting shares, although no appraisal proceeding in the Delaware Court of Chancery may be dismissed as to any shareholder without the approval of the court.

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 as described above, that shareholder will only be entitled to receive the consideration for those shares pursuant to the terms of the Anker business combination agreement.

ACCOUNTING TREATMENT

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.

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THE BUSINESS COMBINATION AGREEMENT

The following describes certain aspects of the reorganization, including material provisions of the Anker business combination agreement as such agreement relates to the reorganization. This description of the Anker business combination agreement is subject to, and qualified in its entirety by reference to, the Anker business combination agreement, which has been filed as an exhibit to the registration statement relating to the public offering. We urge you to read the Anker business combination agreement carefully and in its entirety. We expect the CoalQuest acquisition to occur concurrently with the Anker acquisition.

OVERVIEW

On March 31, 2005, ICG entered into a business combination agreement with Anker, International Coal Group, ICG Merger Sub, Inc., an indirect wholly owned subsidiary of ICG, and Anker Merger Sub, Inc., an indirect wholly owned subsidiary of ICG.

The Anker business combination agreement contains the operative provisions with regard to both the Anker merger and our corporate reorganization. The following description describes the relevant provisions of the Anker business combination agreement to the extent they apply to the reorganization.

EFFECTIVE TIME OF THE REORGANIZATION

The ICG reorganization and the Anker acquisition 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 conditions to completion of the mergers have been satisfied or waived.

CONSIDERATION TO BE RECEIVED IN THE REORGANIZATION

The ICG shareholders will receive one International Coal Group common share for each ICG common share.

REPRESENTATIONS AND WARRANTIES

The Anker business combination agreement contains customary representations and warranties of ICG and Anker relating to, among other things:

- corporate organization and similar corporate matters;
- capitalization;
- authorization, execution, delivery, performance and enforceability of, and required consents, approvals, orders and authorizations of governmental entities relating to, the Anker business combination agreement and related matters;
- compliance with applicable laws;
- legal proceedings;
- title, ownership and use of personal, including intellectual property, and real property;

certain material contracts;

operational and non-operational permits and licenses with governmental authorities;

matters relating to labor relations and employee benefits;

payment of brokerage and finders fees or commissions;

environmental matters;

financial statements and absence of material liabilities since December 31, 2004;

insurance;

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affiliate transactions;

filing of tax returns, payment of taxes and other tax matters; and

indebtedness and distributions.

CONDUCT OF BUSINESS PENDING THE MERGERS

Under the Anker business combination agreement, each of ICG and Anker has agreed that, from the date of the Anker business combination agreement until the completion of the mergers, each party will, and will cause each of their respective subsidiaries to, conduct its businesses in the ordinary course consistent with past practice and use its reasonable best efforts to preserve intact its business organizations and relationships with third parties and keep available the services of its present officers and employees. In addition, each of ICG and Anker has agreed that, subject to certain exceptions, without the other party s consent it will not and will not permit any of its respective subsidiaries to:

adopt or propose any change in its certificate of incorporation, bylaws or other constituent documents;

merge or consolidate with any other person or acquire a material amount of assets from any other person;

sell, lease, license or otherwise dispose of any assets or property with a value in excess of $25,000 except (i) pursuant to existing contracts or commitments or (ii) otherwise in the ordinary course consistent with past practice;

pay or undertake to pay any increase in salaries or other compensation of, or to pay any bonuses to, any director or officer, or, except in the ordinary course of business consistent with past practice, any employee, or enter into any employment, severance or similar agreement with any director, officer or employee;

adopt or increase any benefits under any profit sharing, bonus or deferred compensation, savings, insurance, pension, retirement or other employee plan for or with any of its employees;

incur, assume or guarantee any indebtedness, except for indebtedness incurred, assumed or guaranteed in the ordinary course of business consistent (with respect to amount and other terms) with past practice;

cancel any material debt or claim owed to it or its subsidiaries or waive any right of material value owned by it or its subsidiaries;

repurchase, redeem or otherwise acquire directly or indirectly, any of the outstanding common shares of it or other securities of, or other ownership interests in, it or its subsidiaries;

make any change in accounting methods or practices, except as required by law or generally accepted accounting principles;

issue or sell any additional shares or other equity interests or make any other changes in its capital structure, except (i) grants or issuances of options or stock pursuant to agreements in effect on the date of the agreement or (ii) pursuant to the exercise of options or stock-based awards of that party or its subsidiaries, in each case, outstanding as of the date of the agreement or issued thereafter in compliance with the agreement;

write off as uncollectible any notes or accounts receivable, except write-offs in the ordinary course of business charged to applicable reserves, none of which individually or in the aggregate is material, or alter customary time periods for collection of accounts receivable or payments of accounts payable;

permit to be incurred any lien (other than a permitted lien) on any of its real property or real property interests or, except in the ordinary course of business consistent with past practice, on any of its personal property;

make any loan, advance or capital contributions to or investment in any person other than a wholly owned subsidiary in an aggregate amount in excess of $25,000;

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enter into any warranty, guaranty or other similar undertaking with respect to a contractual performance extended by that party or any of its subsidiaries other than in the ordinary course of business consistent with past practice;

modify, terminate or enter into any contracts or commitments with respect to which the aggregate amount that could reasonably be expected to be paid or received thereunder exceeds $25,000 individually or $100,000 in the aggregate, except contracts and commitments (for capital expenditures or otherwise) in the ordinary course of business and not knowingly inconsistent with that party s business and operating plan and budget as in effect on the date hereof;

take any action that could reasonably be expected to have a material adverse effect on that party;

modify or amend any lease or cause or permit any lien to exist on any real property owned, leased or occupied by it that is not a permitted lien; or

agree or commit to do any of the foregoing.

REASONABLE BEST EFFORTS; OTHER AGREEMENTS

Each of ICG, International Coal Group and Anker has agreed to use its reasonable best efforts to:

take all actions necessary or desirable under applicable laws and regulations to consummate the transactions contemplated by the Anker business combination agreement;

obtain any consents, approvals or waivers under any contracts of those parties; and

take actions or make filings to obtain, and cooperate with the other party to obtain, the consent, approval or waiver of any governmental authority required to consummate the transactions contemplated by the Anker business combination agreement.

International Coal Group has agreed to enter into registration rights agreements with existing ICG shareholders who currently have registration rights under agreements with ICG, with the new rights being granted pursuant to substantially similar agreements with International Coal Group covering the International Coal Group common stock issued to those shareholders in exchange for their ICG common stock.

CONDITIONS TO COMPLETION OF THE REORGANIZATION AND ACQUISITION

Each party s obligation to effect the reorganization and acquisition was subject to the satisfaction of various conditions, all of which have been satisfied with the exception of the following:

no order, injunction or decree preventing the completion of the mergers being in effect, and no laws having been enacted or promulgated by any governmental authority having the effect of prohibiting the mergers or making them illegal; and

delivery of certificates of merger and other customary closing documents.

In addition, each party s obligation to effect the reorganization is subject to the effectiveness of the International Coal Group registration statement of which this prospectus is a part having been declared effective.

TERMINATION

The Anker business combination agreement may be terminated at any time before the completion of the mergers:

By mutual written consent of ICG and Anker;

By Anker or ICG after April 15, 2006, if the mergers have not been completed by that date, as long as the party terminating the agreement is not in default under the agreement;

As long as the terminating party is not otherwise in default or breach of the agreement, and has not failed or refused to close without justification, by ICG or Anker, without prejudice to other rights and remedies that

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the terminating party may have, if any other party (i) has materially failed to perform its covenants or agreements required to be performed on or prior to the completion of the mergers or (ii) has materially breached any of its representations or warranties in the agreement; except that the defaulting party will have 20 business days following written notice from a non-defaulting party to cure any breach, if it is curable;

By ICG or Anker, if (A) any competent governmental authority has issued an order that has become final and nonappealable or (B) any law is in effect, in either case restricting, restraining or altering in a material manner or enjoining or otherwise prohibiting or making illegal the effectuation of the transactions contemplated by the agreement; or

By ICG or Anker, if the CoalQuest business combination agreement is terminated.

EXPENSES

All costs and expenses incurred by ICG, Anker and CoalQuest in connection with the Anker business combination agreement will be paid by the party incurring those costs or expenses.

INDEMNIFICATION AND INSURANCE

The Anker business combination agreement provides that for six years from the effective date of the Anker and ICG mergers, International Coal Group will indemnify and hold harmless all past and present directors and officers of Anker, ICG and their respective subsidiaries, to the same extent those persons are indemnified as of the date of the agreement by Anker, ICG or their subsidiaries, as the case may be, pursuant to their certificates of incorporation, bylaws or other constituent documents, as in existence on the date of the Anker business combination agreement, for acts or omissions occurring at or prior to the completion of the mergers. International Coal Group will cause Anker and ICG to provide, for an aggregate period of not less than six years from the completion of the mergers, each current director and officer of Anker, ICG and their subsidiaries, as the case may be, an insurance and indemnification policy that provides coverage for events occurring prior to the completion of the mergers that is no less favorable than the existing policy or policies or, if substantially equivalent insurance coverage is unavailable, the best available coverage; except that neither Anker nor ICG will not be required to pay a premium for the required insurance in excess of 400% of the premium paid by it currently.

AMENDMENTS AND WAIVERS

Any provision of the Anker business combination agreement may be amended or waived by the parties to the agreement, except that, in the case of either ICG or Anker, the amendment or waiver must have been approved by the special committee of the Board of Directors of that party.

GOVERNING LAW

The Anker business combination agreement is governed by and will be construed in accordance with the laws of the State of Delaware.

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DESCRIPTION OF INTERNATIONAL COAL GROUP CAPITAL STOCK

For a description of International Coal Group capital stock, see Description of capital stock beginning on page 125 of the public offering preliminary prospectus.

COMPARISON OF SHAREHOLDERS RIGHTS

The rights of the shareholders in ICG will remain virtually unchanged as a result of the reorganization. The certificate of incorporation of International Coal Group contains certain provisions that will apply only until a public offering is consummated. Upon a public offering, different provisions become operative. The certificate of incorporation defines a public offering as any firm commitment, underwritten public offering. The provisions currently applicable to ICG shareholders are identical to the current provisions contained in the International Coal Group certificate of incorporation. As such, the following table compares the relative rights of International Coal Group shareholders before and after a public offering.

The following summary does not purport to be a complete statement of the rights of holders of ICG shareholders and International Coal Group shareholders. You should also refer to the DGCL and the certificates of incorporation and bylaws of ICG and International Coal Group.

Pre-Public Offering		Post-Public Offering	
Article/ Section Nos.	**Summary Comparison**	**Article/ Section Nos.**	**Summary Comparison**
	Authorized Capital Stock		
Art. IV Sec.. 1-	2.0 billion shares authorized; 1.8 billion of common stock; 200 million of preferred stock	Art. IV, Sec. 1	2.2 billion shares authorized; 2.0 billion of common stock; 200 million of preferred stock
	Preemptive Rights		
Art IV, Sec. 4	Grants preemptive rights to founding shareholders		No comparable provision
	Transfer Restriction		
Art IV, Sec. 5	Creates restrictions on transfer based on the number of record holders of common stock		No comparable provision
	Drag-Along Rights		
Art. IV Sec. 6	Grants drag-along rights to Shareholders holding no less than 2/3 of the stock to force other Shareholders to sell shares in a transaction		No comparable provision
	Super Majority Voting Provisions		
Art, VI, Sec. 1	Grants veto right to WLR and a Majority in Interest with regard to certain corporate actions		No comparable provision
Art. VI Sec. 2	Grants veto right to the Board and the Founding Shareholders with regard to certain corporate actions		No comparable provision

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Pre-Public Offering		Post-Public Offering	
Article/ Section Nos.	Summary Comparison	Article/ Section Nos.	Summary Comparison
Art. VI Sec. 3	Grants veto right to the Board, a Majority in Interest and WLR with respect to certain corporate actions		No comparable provision
Amendment to Bylaws			
	No comparable provision	Art. V	Provides that the Board may amend bylaws. Holders of at least 80% of voting stock may also amend the bylaws
Classified Board			
	No comparable provision	Art. VII, Sec. 1	Provides for the creation of a classified Board consisting of three classes of directors divided as equally as possible with the first class to come up for election at the annual meeting in 2006, the second in 2007 and the third in 2008
Shareholder Director Nominations			
	No comparable provision	Art. VII, Sec. 2	Requires advance notice to the Company of director nominations by shareholders
Removal of Directors			
	No comparable provision	Art. VI, Sec. 3	Provides for removal of directors for cause
Certain Amendments			
	No comparable provision	Art. VII, Sec. 4	Provides that 80% of voting stock must approve any amendment to Article VII
Amendment to Charter			
Art. IX	Allows amendments to charter only with consent of WLR and a Majority in Interest plus the affirmative vote of a majority of capital stock	Art. XII	International Coal Group has the right to amend the Charter
Information Rights			
Art. XI, Sec. 1	Grants information rights to shareholders		No comparable provision
Confidentiality			
Art. XI, Sec. 2	Provides confidentiality agreement between founding shareholders and ICG		No comparable provision

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COMPARATIVE MARKET PRICES AND DIVIDENDS

ICG currently owns all of the outstanding International Coal Group common shares and, therefore, there is no public market for International Coal Group s common shares. The ICG common shares are currently reported on the Pink Sheets Electronic Quotation Service. No comparative market price data is presented because such information would not be meaningful. For information regarding the high and low quotes ICG common shares since November 15, 2004, see Price range of ICG, Inc. common stock on page 36 of the public offering preliminary prospectus.

For a description of International Coal Group s dividend policy, see Dividend policy on page 37 of the public offering preliminary prospectus.

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PRINCIPAL SHAREHOLDERS

The following table and accompanying footnotes show information regarding the beneficial ownership of ICG common stock before and after the reorganization and the Anker and CoalQuest acquisitions by:

- each person who is known by ICG to own beneficially more than 5% its common shares;
- each member of ICG board of directors and each of ICG s named executive officers; and
- all members of ICG s board of directors and ICG s executive officers as a group.

ICG has determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. ICG believes that each shareholder named in the table has sole voting and dispositive power for the shares shown as beneficially owned by each such shareholder.

The number of ICG common shares and percentages of beneficial ownership before the reorganization set forth below are based on 106,605,999 shares of ICG common stock issued and outstanding as of May 31, 2005. The number of International Coal Group common shares and percentages of beneficial ownership after the reorganization are based on a one-to-one exchange ratio for shares of ICG and International Coal Group and includes 30,950,129 International Coal Group common shares to be issued to holders of Anker shares and CoalQuest membership interests, the maximum number of shares to be issued.

	ICG Shares Beneficially Owned Prior to the Reorganization		International Coal Group Shares Beneficially Owned After the Reorganization and the Anker and CoalQuest Acquisitions	
Name and Address of Beneficial Owner	**Number**	**Percent**	**Number**	**Percent**
Värde Partners, Inc[1] Värde Management, Inc. Värde Management International, Inc. Attn: Kathy Ricke 8500 Normandale Lake Boulevard Suite 1570 Minneapolis, MN 55347	9,868,755	9.26%	9,868,755	7.17%
Contrarian Funds LLC Attn: Michael J. Restifo 411 West Putnam Avenue, Suite 225 Greenwich, CT 06830	10,822,865	10.15%	10,822,865	7.87%
WLR Recovery Fund II, L.P Attn: Wendy Teramoto 101 East 52nd Street, 19th Floor	9,804,172[2]	9.20%	24,095,883[3]	17.52%

New York, NY 10022				
Shepherd International Coal Holdings Inc. Attn: Colin M. Lancaster 3600 S. Lake Drive St. Francis, WI 53235	7,670,349	7.20%	7,670,349	5.58%

Name and Address of Beneficial Owner	ICG Shares Beneficially Owned Prior to the Reorganization		International Coal Group Shares Beneficially Owned After the Reorganization and the Anker and CoalQuest Acquisitions	
	Number	**Percent**	**Number**	**Percent**
Stark Trading Attn: Colin M. Lancaster 3600 S. Lake Drive St. Francis, WI 53235	7,670,350	7.20%	7,670,350	5.58%
Third Point LLC Attn: Lloyd Blumberg 360 Madison Ave, 24th Floor New York, NY 10017	10,001,045	9.38%	10,001,045	7.27%
Wholesale Realtors Supply Attn: Gabriel Elias 509 Spring Avenue Elkins Park, PA 19027			7,425,345[4]	5.40%
Wilbur L. Ross, Jr.	9,804,172[2]	9.20%	24,095,883[3]	17.52%
Bennett K. Hatfield[5]	354,763	*	354,763	*
William D. Campbell[5]	56,250	*	56,250	*
Philip Michael Hardesty[5]	50,000	*	50,000	*
Oren Eugene Kitts[5]	62,500	*	62,500	*
Samuel R. Kitts[5]	62,500	*	62,500	*
Roger L. Nicholson[5]	62,500	*	62,500	*
William Scott Perkins[5]	62,500	*	62,500	*
Jon R. Bauer[6]	10,822,865[6]	10.15%	10,822,865[6]	7.87%
George R. Desko[7]			2,862,887	2.08%
Marcia L. Page	9,868,755[1]	9.26%	9,868,755[1]	7.17%
All directors and executive officers as a group (14 persons)	31,206,805	29.08%	48,361,402	34.98%

* Less than 1%

1 Represents 1,631,063 common shares held of record by The Värde Fund, L.P., 1,901,728 shares held by The Värde Fund V, L.P., 886,859 shares held by The Värde Fund VI, L.P., 1,450,510 shares held by The Värde Fund VI-A, L.P., 162,041 shares held by The Värde Fund VII, L.P., 80,766 shares held by The Värde Fund VII-A, L.P., 2,160,456 shares held by The Värde Fund (Cayman) Limited, 893,378 shares held by Värde Investment Partners, L.P., 179,162 shares held by SPhinX Distressed Fund SPC, and 522,792 shares held by Zurich Institutional Benchmarks Master Fund Limited. All the above shares are controlled by Värde Partners, Inc., Värde Management, Inc. or Värde Management International, Inc., all of which are controlled by Marcia L. Page, Gregory S. McMillan and George C. Hicks. Ms. Page and Messrs. McMillan and Hicks are (i) the principals,

directors and managing partners of Värde Partners, Inc., and (ii) the principals, directors and vice presidents of Värde Management Inc. and Värde Management International, Inc. To the extent Ms. Page is deemed to beneficially own these shares as a result of her position as a principal director or managing partner or vice president of Värde Partners, Inc., Värde Management, Inc. or Värde Management International, Inc., Ms. Page disclaims beneficial ownership of these shares.

[2] Represents 9,804,172 common shares held of record by WLR Recovery Fund II, L.P. WL Ross & Co. LLC manages WLR Recovery Fund, II, L.P. Mr. Ross serves as a principal of WL Ross & Co. LLC, which manages WLR Recovery Fund II, L.P. To the extent Mr. Ross is deemed to beneficially own these shares as a result of his position as a principal of WL Ross & Co. LLC, Mr. Ross disclaims beneficial ownership of these shares.

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[3] Represents 9,804,172 common shares held by WLR Recovery Fund II, L.P., 8,450,276 shares to be received as merger consideration for Anker common shares owned by WLR Recovery Fund, L.P. and WLR Recovery Fund II, L.P. and 5,841,435 shares to be received as merger consideration for membership interests in CoalQuest owned by WLR CoalQuest Holding Corp, which is wholly owned by WLR Recovery Fund II, L.P. WL Ross & Co. LLC manages WLR Recovery Fund II, L.P. and WLR Recovery Fund, L.P. Mr. Ross serves as a principal of WL Ross & Co. LLC, which manages WLR Recovery Fund II, L.P. To the extent Mr. Ross is deemed to beneficially own these shares as a result of his position as a principal of WL Ross & Co. LLC, Mr. Ross disclaims beneficial ownership of these shares.

[4] Represents 4,678,119 common shares to be received as merger consideration for shares held in Anker and 2,747,226 common shares to be received as merger consideration for membership interests in CoalQuest.

[5] Represents options to purchase shares of our common stock which are currently exercisable and all restricted shares granted to management. See Management Employee Benefit Plans on page 117 of the public offering preliminary prospectus for information regarding vesting of the shares of restricted stock.

[6] Represents 10,822,865 common shares held of record by investment management clients of Contrarian Capital Management LLC. Mr. Bauer serves as the Managing Member of Contrarian Capital Management LLC. To the extent Mr. Bauer is deemed to beneficially own these shares as a result of his position as the Managing Member of Contrarian Capital Management LLC, Mr. Bauer disclaims beneficial ownership of these shares.

[7] Represents merger consideration for membership interests in CoalQuest owned by George and Janet Desko.

CERTAIN RELATIONSHIP AND RELATED PARTY TRANSACTIONS

For a description of certain related party transactions, see Certain relationships and related party transactions on page 122 of the public offering preliminary prospectus.

LEGAL MATTERS

The validity of common shares being registered in connection with the reorganization has been passed upon by Jones Day, New York, New York.

EXPERTS

The combined financial statements of Horizon NR, LLC and certain subsidiaries (Combined Companies) as of September 30, 2004 and December 31, 2003, and for the period January 1, 2004 to September 30, 2004, the year ended December 31, 2003, the period May 10, 2002 to December 31, 2002, and for the period January 1, 2002 to May 9, 2002, included in this registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing in this registration statement (which report on the combined financial statements expresses an unqualified opinion on the financial statements and includes explanatory paragraphs referring to (1) fresh start reporting as of May 9, 2002, (2) allocations of certain assets and expense items applicable to Horizon and subsidiaries, (3) the bankruptcy filing of the Combined Companies and the fact the combined financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount and classification of liabilities that might result should the Combined Companies be unable to continue as a going concern, and (4) referring to the restatement of the financial statement schedule) and are so included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of ICG, Inc. and subsidiaries as of December 31, 2004 and for period May 13, 2004 to December 31, 2004, included in this prospectus and the related financial statement schedule included in the registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their reports appearing in this registration statement (which reports express an unqualified opinion on the financial statements and financial statement schedule and include an explanatory paragraph referring to the restatement of the financial statement schedule) and are included in reliance upon the reports of such firm given upon their authority as experts in accounting and auditing.

The consolidated financial statements of Anker Coal Group, Inc. and subsidiaries as of December 31, 2004 and for the year ended December 31, 2004, included in this registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing in this registration statement, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

The financial statements of CoalQuest Development LLC as of December 31, 2004 and for the year ended December 31, 2004, included in this registration statement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report appearing in this registration statement, and are included in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

EXPERTS COAL RESERVES

The estimates of ICG s and International Coal Group s proven and probable coal reserves referred to in this registration statement, to the extent described in this registration statement, have been prepared by ICG and International Coal Group and reviewed by Marshall Miller & Associates, Inc.

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WHERE YOU CAN FIND MORE INFORMATION

International Coal Group has filed with the Securities and Exchange Commission a registration statement on Form S-4 under the Securities Act with respect to the issuance of shares of its common stock being offered by this prospectus. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement, including the information in the public offering preliminary prospectus. For further information with respect to International Coal Group and the shares of its common stock, reference is made to the registration statement. International Coal Group is not currently subjected to the informational requirements of the Exchange Act. As a result of the offering of the International Coal Group common shares, International Coal Group will become subject to the informational requirements of the Exchange Act, and, in accordance therewith, will file reports and other information with the Securities and Exchange Commission. The registration statement, such reports and other information can be inspected and copied at the Public Reference Room of the Securities and Exchange Commission located at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Copies of such materials, including copies of all or any portion of the registration statement, can be obtained from the Public Reference Room of the Securities and Exchange Commission at prescribed rates. You can call the Securities and Exchange Commission at 1-800-SEC-0330 to obtain information on the operation of the Public Reference Room. These materials may also be accessed electronically by means of the Securities and Exchange Commission s home page on the Internet (http://www.sec.gov).

With respect to other procedures regarding stockholder relations, upon consummation of the public offering of the International Coal Group common shares, International Coal Group intends to send its stockholders annual reports containing audited financial statements and make available quarterly reports containing unaudited financial statements for the first three quarters of each fiscal year. The annual report will contain a report on financial condition and results of operations, audited financial statements and such other information as is required under applicable Securities and Exchange Commission rules and regulations. In addition, after International Coal Group has completed the public offering of its common shares, it will file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission within the time prescribed by the applicable rules and regulations of the Securities and Exchange Commission. International Coal Group intends to make such filings available on its website once the offering is completed. Information relating to quarterly and annual earnings, declaration of dividends and reports of material events will be communicated to shareholders as appropriate.

International Coal Group is currently obligated under its charter to deliver certain annual and quarterly financial information to each shareholder. International Coal Group s obligation to deliver the foregoing information to shareholders will cease upon the consummation of the public offering.

FINANCIAL STATEMENTS

The following audited and unaudited financial statements of (i) ICG, Inc. (and its predecessors Horizon NR, LLC and AEI Resources Holding, Inc.), (ii) Anker Coal Group, Inc. and (iii) CoalQuest Development LLC are contained in the public offering preliminary prospectus beginning on page F-1:

ICG, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Operations for three months ended March 31, 2005 (unaudited)

Condensed Consolidated Statement of Stockholders Equity for three months ended March 31, 2005 (unaudited)

Condensed Consolidated Statements of Cash Flows for three months ended March 31,2005 (unaudited)

Notes to Unaudited Condensed Consolidated Financial Statements as of March 31, 2005 and for three months ended March 31, 2005

Report of Independent Registered Public Accounting Firm

Consolidated Balance Sheet as of December 31, 2004

Consolidated Statement of Operations for the period May 13, 2004 to December 31, 2004

Consolidated Statement of Stockholders Equity for the period May 13, 2004 to December 31, 2004

Consolidated Statements of Cash Flows for the period May 13, 2004 to December 31, 2004

Notes to Audited Consolidated Financial Statements as of December 31, 2004 and for the period May 13, 2004 to December 31, 2004

HORIZON NR, LLC AND CERTAIN SUBSIDIARIES

Report of Independent Registered Public Accounting Firm

Combined Balance Sheets as of September 30, 2004 and December 31, 2003

Combined Statements of Operations for the period January 1, 2004 to September 30, 2004, the year ended December 31, 2003, the period May 10, 2002 to December 31, 2002 (reorganized companies) and the period January 1, 2002 to May 9, 2002 (predecessor companies)

Combined Statements of Members Deficit for the period January 1, 2004 to September 30, 2004, the year ended December 31, 2003, the period May 10, 2002 to December 31, 2002 (reorganized companies) and the period January 1, 2002 to May 9, 2002 (predecessor companies)

Combined Statements of Cash Flows for the period January 1, 2004 to September 30, 2004, the year ended December 31, 2003, the period May 10, 2002 to December 31, 2002 (reorganized companies) and the period January 1, 2002 to May 9, 2002 (predecessor companies)

Notes to Combined Financial Statements as of September 30, 2004, for the period January 1, 2004 to September 30, 2004, year ended December 31, 2003, the period May 10, 2002 to December 31, 2002 (reorganized companies) and the period January 1, 2002 to May 9, 2002 (predecessor companies)

ANKER COAL GROUP, INC.

Independent Auditors Report

Consolidated Balance Sheets as of March 31, 2005 (unaudited) and December 31, 2004

Consolidated Statements of Operations for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

Consolidated Statements of Changes in Stockholders Deficit for the three months ended March 31, 2005 (unaudited) and for the year ended December 31, 2004

Consolidated Statements of Cash Flows for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

Notes to Consolidated Financial Statements for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

COALQUEST DEVELOPMENT LLC

Independent Auditors Report

Balance Sheets as of March 31, 2005 (unaudited) and December 31, 2004

Statements of Income for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

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Statements of Members Equity for the three months ended March 31, 2005 (unaudited) and for the year ended December 31, 2004

Statements of Cash Flows for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

Notes to Financial Statements for the three months ended March 31, 2005 and 2004 (unaudited) and for the year ended December 31, 2004

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ANNEX A: PUBLIC OFFERING PRELIMINARY PROSPECTUS

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PRELIMINARY PROSPECTUS

Subject to Completion

June 15, 2005

Shares
Common Stock

We are offering shares of common stock. Prior to this offering, there has been no public market for our shares of common stock.

Shares of our common stock are currently quoted on the Pink Sheets Electronic Quotation Service. The last sale price of our common stock on , 2005, as reported on the Pink Sheets Electronic Quotation Service, was $ per share. We will apply to list our shares of common stock on The New York Stock Exchange under the symbol ICO.

Investing in our common stock involves a high degree of risk. Before buying any shares, you should carefully read the discussion of material risks of investing in our common stock under Risk factors beginning on page 13 of this prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Per Share	**Total**
Public offering price	$	$
Underwriting discounts and commissions	$	$
Proceeds, before expenses, to us	$	$

The underwriters may also purchase up to an additional shares of our common stock at the public offering price, less the underwriting discounts and commissions, to cover over-allotments, if any, within 30 days of the date of this prospectus. If the underwriters exercise this option in full, the total underwriting discounts and commissions will be $, and our total proceeds, before expenses, will be $.

The underwriters are offering our common stock as set forth under Underwriting. Delivery of the shares of common stock will be made on or about , 2005.

UBS Investment Bank **Lehman Brothers**

The date of this prospectus is , 2005.

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[Inside cover graphics to be filed by amendment]

You should rely only on the information contained in this prospectus. We have not, and the underwriters have not, authorized anyone to provide you with additional information or information different from that contained in this prospectus. We are offering to sell, and seeking offers to buy, shares of our common stock only in jurisdictions where those offers and sales are permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or any sale of our common stock.

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ADDCAR™ is the registered trademark of ICG, Inc.

Through and including , 2005 (the 25th day after the date of this prospectus), federal securities law may require all dealers that effect transactions in our common stock, whether or not participating in this offering, to deliver a prospectus. This requirement is in addition to the dealers obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

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Prospectus summary

The following summarizes information contained elsewhere in this prospectus and does not contain all of the information you should consider in making your investment decision. You should read this summary together with the more detailed information, including our financial statements and the related notes, elsewhere in this prospectus. You should carefully consider, among other things, the matters discussed in Risk factors and Management s discussion and analysis of financial condition and results of operations.

The term Horizon refers to Horizon NR, LLC (the entity holding the operating subsidiaries of Horizon Natural Resources Company) and its consolidated subsidiaries, the term Anker refers to Anker Coal Group, Inc. and its consolidated subsidiaries, and the term CoalQuest refers to CoalQuest Development, LLC. References to the Anker and CoalQuest acquisitions refer to ICG s acquisition, respectively, of each of Anker and CoalQuest, which are expected to occur prior to the effectiveness of the registration statement of which this prospectus forms a part. Immediately prior to this offering, ICG and its subsidiaries will be reorganized so that ICG will be the parent holding company and ICG, Inc., the current parent holding company, will become a subsidiary of ICG. Unless the context otherwise indicates, as used in this prospectus, the terms ICG, we, our, us and similar terms refer to International Coal Group, Inc. and its consolidated subsidiaries, after giving effect to the corporate reorganization and the Anker and CoalQuest acquisitions. For purposes of the discussion in this prospectus, references to ICG include all the assets and coal reserves resulting from the Anker and CoalQuest acquisitions. For purposes of all financial disclosure contained in this prospectus, ICG, Inc. and Horizon (together with its predecessor AEI Resources Holding, Inc. and its consolidated subsidiaries) are the predecessors to ICG. All information in this prospectus relating to the beneficial ownership of our common stock is presented assuming that all existing shares of ICG, Inc. common stock are exchanged at a 1-for-1 exchange ratio in the corporate reorganization and that we issue 30,950,129 shares of common stock in the Anker and CoalQuest acquisitions. The term coal reserves as used in this prospectus means proven and probable reserves and the term coal resources in this prospectus means inferred and indicated reserves.

THE COMPANY

We are a leading producer of coal in Northern and Central Appalachia with a broad range of mid to high Btu, low sulfur steam and metallurgical coal. Our Appalachian mining operations, which include 11 of our mining complexes, are located in West Virginia, Kentucky and Maryland. We also have a complementary mining complex of mid to high sulfur steam coal strategically located in the Illinois Basin. We market our coal to a diverse customer base of largely investment grade electric utilities, as well as domestic and international industrial customers. The high quality of our coal and the availability of multiple transportation options, including rail, truck and barge, throughout the Appalachian region enable us to participate in both the domestic and international coal markets. Due to the decline in Appalachian coal production in recent years, these markets are currently characterized by strong demand with limited supply response and elevated spot and contract prices.

The company was formed by WL Ross & Co. LLC, or WLR, and other investors in May 2004 to acquire and operate competitive coal mining facilities. As of September 30, 2004, ICG, Inc. 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 our initial capitalization, we were 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, the Anker and CoalQuest acquisitions further diversify our reserves. On or about the same time as the Anker and CoalQuest acquisitions, we will complete a corporate reorganization. With the proceeds of this offering, we expect to retire substantially all of our debt, including debt assumed through the Anker and CoalQuest acquisitions, and, thus, we will be strategically well-positioned.

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As of January 1, 2005 (pro forma for the Anker and CoalQuest acquisitions), we owned or controlled approximately 315 million tons of metallurgical quality coal reserves and approximately 572 million tons of steam coal reserves. Coal reserves are the part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserve determination. Based on expected 2005 production rates, our Northern and Central Appalachian reserves could support existing production levels for approximately 35 years and all of our reserves could support existing production levels for approximately 49 years. Further, we own or control approximately 707 million tons of coal resources, pro forma for the Anker and CoalQuest acquisitions. Coal resources are 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.

Steam coal is primarily consumed by large electric utilities and industrial customers as fuel for electricity generation. Demand for low sulfur steam coal has grown significantly since the introduction of certain controls associated with the Clean Air Act and the decline in coal production in the eastern half of the United States.

Metallurgical coal is primarily used to produce coke, a key raw material used in the steel making process. Generally, metallurgical coal sells at a premium to steam coal because of its higher quality and its importance and value in the steel making process. During 2004 and the first quarter of 2005, the demand for metallurgical coal increased substantially as the global demand for steel increased.

For the year ended December 31, 2004 (pro forma for the Anker and CoalQuest acquisitions), we sold 18.4 million tons of coal, of which 18.2 million tons were steam coal and 0.2 million tons were metallurgical coal. Our steam coal sales volume in 2004 consisted of mid to high quality, high Btu (greater than 12,000 Btu/lb.), low sulfur (1.5% or less) coal, which typically sells at a premium to lower quality, lower Btu, higher sulfur steam coal. We generated total pro forma revenues of $673.8 million and $84.4 million of pro forma earnings before interest, taxes, depreciation and amortization, as adjusted, or Adjusted EBITDA, for the year ended December 31, 2004 and total pro forma revenues of $200.7 million and $33.5 million of pro forma Adjusted EBITDA, for the three months ended March 31, 2005. For a reconciliation of Adjusted EBITDA to the most comparable financial measure calculated in accordance with GAAP and of Adjusted EBITDA to pro forma Adjusted EBITDA, an explanation of why we present Adjusted EBITDA, and pro forma Adjusted EBITDA, and how management uses these financial measures, see Summary historical consolidated and pro forma financial data of ICG.

OUR STRENGTHS

Ability to provide variety of high-quality steam and metallurgical coal. Our customers, which include largely investment grade electric utilities, as well as domestic and international industrial customers, demand a variety of coal products. Our variety of coal qualities also allows us to blend coal in order to meet the specifications of our customers. Our access to a comprehensive range of high Btu steam and metallurgical quality coal allows us to market differentiated coal products to a variety of customers with different coal quality demands, which allows us to benefit from particularly strong pricing dynamics in the current market.

Concentration in highly valued Central Appalachian region. Our operations are primarily located in Central Appalachia, a region known for its high quality coal characterized by low sulfur and high Btu content. Production from Central Appalachian mines accounted for approximately 73.2% of our 2004 coal sales volume, pro forma for the Anker and CoalQuest acquisitions. We believe that generally favorable market dynamics and trends in Central Appalachian coal supply and demand, the high quality of Central Appalachian coal and the low transportation costs that result from the relative proximity of Central Appalachian producers and customers have created favorable pricing dynamics that will continue to provide us with an advantage over producers from other regions.

Significant reserve base providing internal expansion opportunities. We own approximately 613 million tons of reserves and control an additional 274 million tons of reserves through long-term leases, pro forma for the Anker and CoalQuest acquisitions. We own or control an additional 707 million tons of coal resources, pro forma for the Anker and CoalQuest acquisitions. We have not yet developed approximately 73% of these owned and controlled reserves. We believe these owned and controlled but as yet undeveloped reserves and resources would allow us to as much as double our existing production levels over the next several years. Our ownership and control of such a substantial portion of undeveloped reserves in both Northern and Central Appalachia and the Illinois Basin provides us with significant internal growth opportunities, which is in contrast to other U.S. coal producers who must acquire or lease new reserves to enable their growth. We also have coalbed methane reserves in our owned reserves in West Virginia, which provides us with additional growth opportunities in this complementary energy market.

Ability to capitalize on strong coal market dynamics. A significant portion of our coal supply contracts were renegotiated during the second half of 2004 in connection with Horizon s bankruptcy and were re-priced at that time to then-current (and more favorable) market prices and terms. Our marketing effort is focused on maintaining a balance of longer-term contracts and spot sales. We typically have 50% of our production contracted by the early part of the previous year with another 35% contracted by the second half of the year with the remainder of our production used to take advantage of market dynamics and maximize value in the spot market.

Diversity of reserves, resources and production. Our production, reserves and resources are located in three of the four major coal regions in the United States. Our production, reserves and resources in Northern and Central Appalachia and the Illinois Basin provide important geographical diversity in terms of markets, transportation and labor. The diversity of our operations and reserves provides us with a significant competitive advantage, allowing us to source coal from multiple operations to meet the needs of our customers and reduce transportation costs.

Minimal level of long-term liabilities. We believe that compared to other publicly traded U.S. coal producers we have among the lowest legacy reclamation liabilities and post-retirement employee obligations. As of March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had total accrued reclamation liabilities of only $68.9 million, post-retirement employee obligations of only $8.4 million, black lung liabilities of approximately $10.6 million and Coal Act liabilities of only $4.7 million. In addition, our entire workforce is union free, which minimizes employee-related liabilities commonly associated with union-represented mines. As of March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), our total debt was $216.7 million and after this offering we expect to retire all of this debt, excluding $7.1 million of capitalized leases and other debt obligations. We believe this low leverage will afford significant financial and operational flexibility.

Highly skilled management team. The members of our senior management team have, on average, 23 years of industry work experience across a variety of mining methods, including longwall mining. We have substantial Appalachian mining experience in increasing productivity, reducing costs, enhancing work safety practices, and maintaining strong customer relationships. In addition, the majority of our senior management team has extensive mine development and expansion experience.

Recognized leadership in safety and environmental stewardship. The injury incident rates at our mines throughout 2004, according to the Mine Safety and Health Administration, or MSHA, were below industry averages. We have been recognized by safety and environmental agencies with several prestigious awards for our safety and environmental record, such as the Sentinels of Safety Award from MSHA, The Department of Interior Excellence in Surface Coal Mining and Reclamation Award and a reclamation award for innovative methods from the West Virginia Coal Association. Our focus on safety and environmental performance results in the reduced likelihood of disruption of production at our mines, which leads to higher productivity and improved financial performance.

OUR BUSINESS STRATEGY

Maximize profitability through highly efficient and productive mining operations. We are continuing to evaluate and assess our current operations in order to maximize operating efficiency and returns on invested capital. We are focused on maintaining low-cost, highly productive operations by continuing to invest substantial capital in state-of-the-art equipment and advanced technologies. We expect to internally fund approximately $304 million of capital expenditures in the next two years. As we take advantage of planned expansion opportunities from 2007 through 2009 principally as a result of the Anker and CoalQuest acquisitions, we expect to spend approximately $627 million on capital expenditures, which may require external financing.

Leverage owned and controlled reserve base to generate substantial internal growth. We own a large undeveloped reserve in Northern Appalachia containing approximately 194 million tons of high Btu, low sulfur steam and metallurgical quality coal, pro forma for the Anker and CoalQuest acquisitions. We currently expect underground longwall mining operations at this reserve to commence within the next four years, which will increase our production level by providing highly valued premium quality coal in an increasingly tight supply market. In addition, we have two substantial undeveloped reserves in Central Appalachia (pro forma for the Anker and CoalQuest acquisitions), which contain 56.5 million tons of premium metallurgical coal and are expected to be developed in the next three to six years. Further, the substantial reserve position that we own in the Illinois Basin is expected to allow us to benefit from the expected increase in demand for high sulfur coal to generate electricity. We are in the process of developing and exploiting our coalbed methane reserves. Finally, we intend to opportunistically acquire new coal reserves and/or coal companies to expand our coal market opportunities and increase shareholder value.

Capitalize on favorable industry fundamentals by opportunistically marketing coal. U.S. coal market fundamentals are among the strongest in the last 20 years. We believe this generally favorable pricing environment will persist given systemic changes in market dynamics such as long-term supply constraints and increasing demand, particularly in Central Appalachia and for our metallurgical coal. Furthermore, because of the high quality of our coal, our access to a variety of alternative transportation methods, including truck, rail and barge, and our mix of long-term contract and spot market sales, we will be able to capitalize on the favorable industry dynamics to maximize our revenues and profits. We plan to extend the life of our longer-term contract arrangements and limit price reopeners in order to lock in margins and enhance our financial stability, while at the same time, we plan to maintain an uncommitted portion of planned production to allow for additional future pricing upside exposure. As of May 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had entered into contracts to sell approximately 93% of 2005 planned production, approximately 69% of 2006 planned production and approximately 48% of 2007 planned production.

Continue to focus on improving workplace safety and environmental compliance. We have maintained and plan to continue to maintain an excellent safety and environmental performance record. We continue to implement safety measures and environmental initiatives that are designed to promote safe operating practices and improved environmental stewardship among our employees. Our ability to maintain a good safety and environmental record improves our productivity and lowers our overall cost structure as well as bolsters employee morale.

OUR HISTORY

On February 28, 2002, Horizon (at that time operating as AEI Resources Holdings, Inc.) filed a voluntary petition for Chapter 11; its plan of reorganization became effective on May 8, 2002. As a result of its continuing financial and operational difficulties, Horizon filed a second voluntary petition for relief under Chapter 11 on November 13, 2002. Certain of the Horizon assets were sold to us through a bankruptcy auction and the sale was completed as of September 30, 2004. The acquisition was financed through equity investments and borrowings under our senior secured credit facility, which we entered into at the closing of the Horizon acquisition. See Description of indebtedness for a discussion of our senior credit facility.

Prior to the closing of this offering, we plan to consummate the Anker and CoalQuest acquisitions pursuant to which each of Anker and CoalQuest are to become indirect wholly owned subsidiaries of ICG. Holders of the outstanding stock of Anker and the membership interests in CoalQuest will be issued in the aggregate up to a maximum of 30,950,129 shares of ICG common stock. The actual number of shares of common stock to be issued will be based upon the price of the shares of common stock sold in this offering and certain other contingencies. The acquisitions are subject to certain closing conditions. See Business Our history The Anker and CoalQuest acquisitions for additional information regarding the acquisitions.

On or about the same time as the Anker and CoalQuest acquisitions, we will complete a corporate reorganization. Prior to this reorganization, our current top-tier parent holding company is ICG, Inc. (formerly known as International Coal Group, Inc.). On completion, ICG (formerly known as ICG Holdco, Inc.) will become the new top-tier parent holding company. The stockholders of ICG, Inc. are expected to receive one share of our common stock for each share of ICG, Inc. common stock. The names of the entities were changed in anticipation of the corporate reorganization and this offering. ICG is issuing its shares of common stock to the public in this offering. All stockholders of ICG, Inc., all Anker stockholders and all CoalQuest members will be stockholders of ICG after the corporate reorganization and the Anker and CoalQuest acquisitions. The following chart reflects our corporate organizational structure following the consummation of the Anker and CoalQuest acquisitions, the corporate reorganization and this offering:

COAL MARKET OUTLOOK

According to traded coal indices and reference prices, U.S. and international coal demand is currently strong, and coal pricing has increased year-over-year in each of our coal production markets. We believe that the current strong fundamentals in the U.S. coal industry result primarily from:

4 stronger industrial demand following a recovery in the U.S. manufacturing sector, evidenced by the preliminary estimate of 3.5% real gross domestic product growth in the first quarter of 2005, as reported by the Bureau of Economic Analysis;

4 relatively low customer stockpiles, estimated by the U.S. Energy Information Administration, or EIA, to be approximately 99 million tons at the end of February 2005, down 8% from the same period in the prior year;

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4 declining coal production in Central Appalachia, including a decline of 11% in Central Appalachian coal production volume from 2000 to 2004, primarily a result of the depletion of economically attractive reserves, permitting issues that delay mine development and increasing costs of production;

4 capacity constraints of U.S. nuclear-powered electricity generators, which operated at an average utilization rate of 88.4% in 2003, up from 70.5% in 1993, as estimated by the EIA;

4 high current and forward prices for natural gas and oil, the primary alternative fuels for electricity generation, with spot prices as of June 2, 2005 for natural gas and heating oil at $6.66 per million Btu and $1.54 per gallon, respectively, as reported by Bloomberg L.P.; and

4 increased international demand for U.S. coal for steelmaking, driven by global economic growth, high ocean freight rates and the weak U.S. dollar.

U.S. spot steam coal prices have steadily increased since mid-2003, particularly for coals sourced in the eastern United States. As reported by Bloomberg L.P., the average price of high Btu, low sulfur Central Appalachia coal was $58.50/ton, during the week of June 3, 2005. This price level represents a dramatic 64.9% increase in the price of coal since January 2004.

CENTRAL APPALACHIA COAL REFERENCE PRICE[1]

Source: Bloomberg L.P.

Note: (1) Represents coal which meets the specifications (minimum 12,000 Btu/lb, maximum 1.00% sulfur) for Central Appalachian steam coal traded on the New York Mercantile Exchange.

We expect near-term volume growth in U.S. coal consumption to be driven by greater utilization at existing coal-fired electricity generating plants. Nationally, capacity utilization for coal plants (excluding combined heat and power) is expected to rise from 72% in 2003 to 83% in 2025, according to the EIA. If existing U.S. coal-fired plants operate at estimated potential utilization rates of 85%, we believe they would consume approximately 180 million additional tons of coal per year, which represents an increase of approximately 18% over current coal consumption.

We expect longer-term volume growth in U.S. coal consumption to be driven by the construction of new coal-fired plants. The National Energy Technology Laboratory, or NETL, an arm of the U.S. Department of Energy, or DOE, projects that 112,000 megawatts of new coal-fired electric generation capacity will be constructed in the United States by 2025. The NETL has identified 106 coal-fired plants, representing 65,000 megawatts of electric generation capacity, that have been proposed and are currently in various stages of development.

The current pricing environment for U.S. metallurgical coal is also strong in both the domestic and seaborne export markets. Demand for metallurgical coal in the United States has recently increased due

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to a recovery in the U.S. steel industry. In addition, the supply for metallurgical coal in the United States has been temporarily restricted as Consol Energy was forced to seal its Buchanan mine on February 14, 2005 due to an underground fire. The Buchanan mine produced 4.4 million tons of metallurgical coal in 2004 and has yet to return into service. In addition to increased demand for metallurgical coal in the United States, demand for metallurgical coal has increased in international markets. According to the International Iron and Steel Institute, Chinese steel consumption increased 25% in 2003 as compared to 2002, and Asia-Pacific Rim consumption of metallurgical coal continues to strain supply. For example, BHP Billiton, a major Australian coal producer, reported average 2005 price settlement increases of 120% for approximately three quarters of its annually priced metallurgical coal contracts from the prior year. Fording Canadian Coal Trust, a major Canadian metallurgical coal producer, announced substantially all metallurgical coal contracts for the 2005 coal year are priced at an average of $125 per ton, an increase of 140% over the average sales price during 2004. The dramatic rise in metallurgical coal prices in global markets is due in part to concerns over the availability of sufficient supply and the significant increase in steel production in China. In addition, weakness of the U.S. dollar has made U.S. metallurgical coal more competitive in international markets.

RISKS RELATED TO OUR BUSINESS AND STRATEGY

Our ability to execute our strategy is subject to the risks that are generally associated with the coal industry. For example, our profitability could decline due to changes in coal prices or coal consumption patterns, as well as unanticipated mine operating conditions, loss of customers, changes in our ability to access our coal reserves and other factors that are not within our control. Furthermore, the heavily regulated nature of the coal industry imposes significant actual and potential costs on us, and future regulations could increase those costs or limit our ability to produce coal.

We are also subject to a number of risks related to our competitive position and business strategies. For example, our business strategy exposes us to the risks involving our long-term coal supply contracts, the demand for coal, electricity and steel, our projected plans and objectives for future operations and expansion or consolidation, the integration of Anker and CoalQuest into our business, and future economic or capital market conditions. In addition, our focus on the Central Appalachian region exposes us to the risks of operating in this region, including higher costs of production as compared to other coal-producing regions and more costly and restrictive permitting, licensing and other environmental and regulatory requirements.

For additional risks relating to our business, the coal industry and this offering, see Risk factors beginning on page 13 of this prospectus.

OUR SPONSOR

WL Ross & Co. LLC was organized on April 1, 2000 by Wilbur L. Ross, Jr. and other members of the Restructuring Group of Rothschild Inc. This team had restructured more than $200 billion of liabilities in North America and other parts of the world. The firm maintains offices in New York City and has become the sponsor of more than $2.0 billion of alternative investment partnerships on behalf of major U.S., European and Japanese institutional investors. Selected current and recent portfolio companies include International Steel Group, the largest integrated steel producer in North America, and International Textile Group, a combination of Burlington Industries and Cone Mills.

Our principal executive office is located at 2000 Ashland Drive, Ashland, Kentucky 41101 and our telephone number is (606) 920-7400.

You should carefully consider the information contained in the Risk factors section of this prospectus before you decide to purchase shares of our common stock.

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The offering

Common stock we are offering	shares
Common stock to be outstanding after this offering	shares
Use of proceeds after expenses	We estimate that the net proceeds from this offering, after expenses, will be approximately $, or approximately $ if the underwriters exercise their over-allotment option in full, assuming a public offering price of $ per share. As of March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), our total debt was $216.7 million. We expect to retire all of this debt, excluding $7.1 million of capitalized leases and other debt obligations, with the net proceeds of this offering and to use the remaining net proceeds for general corporate purposes. See Use of proceeds.
Over-allotment option	We have granted the underwriters an option to purchase up to additional shares of our common stock to cover over-allotments.
Proposed New York Stock Exchange symbol	ICO

The number of shares of our common stock outstanding immediately after this offering is based on approximately shares outstanding as of , 2005. Unless otherwise indicated, all information in this prospectus assumes that we issue shares of our common stock in the Anker and CoalQuest acquisitions and all outstanding shares of common stock of ICG, Inc. are exchanged for shares of our common stock at a 1-for-1 exchange ratio in the reorganization.

The number of shares of our common stock to be outstanding immediately after this offering excludes:

- the shares of our common stock issuable upon exercise of options we plan to grant prior to the effectiveness of the registration statement of which this prospectus is a part; and
- the shares of our common stock expected to be available for future grant under the equity incentive plan we plan to adopt prior to the effectiveness of the registration statement of which this prospectus is a part.

Unless we specifically state otherwise, all information in this prospectus assumes no exercise by the underwriters of their option to purchase additional shares. See Underwriting.

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Summary historical consolidated and pro forma financial data of ICG

ICG 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, Inc., 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, Inc. and the summary historical consolidated financial data as of and for the three months ended March 31, 2005 have been derived from ICG, Inc. 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) and the summary historical consolidated financial statements for the three months ended March 31, 2004 have been derived from Horizon s unaudited consolidated financial statements. 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 ICG 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, Inc. and its subsidiaries as of and for the year ended December 31, 2004 and the three months ended March 31, 2005 have been prepared to give pro forma effect to our corporate reorganization and our acquisitions of Horizon, Anker and CoalQuest, as if each had occurred on January 1, 2004, in the case of unaudited pro forma statement of operations data, and on March 31, 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 information, Management s discussion and analysis of financial condition and results of operations and the audited consolidated financial statements and related notes of each of ICG, Inc., Horizon (and its predecessors), Anker and CoalQuest, each included elsewhere in this prospectus.

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	AEI RESOURCES Predecessor to Horizon	HORIZON Predecessor to ICG, Inc.			ICG, Inc.	HORIZON Predecessor to ICG, Inc.	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	Three months ended March 31, 2004	Three months ended March 31, 2005	Pro forma year ended December 31, 2004[3]	Pro forma three months ended March 31, 2005[3]
	(in thousands)								
Statement of operations data:									
Revenues:									
Coal sales revenues	$ 136,040	$ 264,235	$ 441,291	$ 346,981	$ 130,463	$ 110,013	$ 144,197	$ 624,120	$ 186,339
Freight and handling revenues	2,947	6,032	8,008	3,700	880	1,811	2,499	15,996	5,653
Other revenues	21,183	27,397	31,771	22,702	4,766	6,452	6,536	33,696	8,684
Total revenues	160,170	297,664	481,070	373,383	136,109	118,276	153,232	673,812	200,676
Cost and expenses:									
Freight and handling costs	2,947	6,032	8,008	3,700	880	1,811	2,499	15,996	5,653
Cost of coal sales and other revenues (exclusive of depreciation, depletion	114,767	251,361	400,652	306,429	113,707	98,002	117,184	564,723	157,690

and amortization shown separately below)									
Depreciation, depletion and amortization	32,316	40,033	52,254	27,547	7,943	9,502	8,522	46,054	11,656
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	9,677	16,695	23,350	8,477	4,194	2,454	4,935	17,257	6,045
(Gain)/loss on sale of assets	(93)	(39)	(4,320)	(226)	(10)	(185)		(236)	(58)
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	111,584	133,140	653,812	180,986
Income (loss) from operations	(7,767)	(746,371)	(7,974)	17,438	9,395	6,692	20,092	20,000	19,690
Other income (expense):									
Interest expense	(36,666)	(80,405)	(145,892)	(114,211)	(3,453)	(37,217)	(3,145)	(16,293)	(3,946)
Reorganization items	1,567,689	(143,663)	(52,784)	727		21,375		727	
Other, net	499	1,256	187	1,581	898	4	636	8,329	2,134
Total interest and other income (expense)	1,531,522	(222,812)	(198,489)	(111,903)	(2,555)	(15,838)	(2,509)	(7,237)	(1,812)

Income (loss) before income taxes	1,523,755	(969,183)	(206,463)	(94,465)	6,840	(9,146)	17,583	12,763	17,878
Income tax expense					(2,591)		(6,726)	(4,835)	(6,839)
Net income (loss)	$ 1,523,755	$ (969,183)	$ (206,463)	$ (94,465)	$ 4,249	$ (9,146)	$ 10,857	$ 7,928	$ 11,039

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	AEI RESOURCES Predecessor to Horizon	HORIZON Predecessor to ICG, Inc.			ICG, Inc.	HORIZON Predecessor to ICG, Inc.	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	Three months ended March 31, 2004	Three months ended March 31, 2005	Pro forma year ended December 31, 2004[(3)]	Pro three m Mar 2
	(in thousands, except per share and per ton data)								
gs er):									
					0.04		0.10	0.06	
d					0.04		0.10	0.06	
ge on nding									
					106,605,999		106,605,999	137,556,128	137,5
d					106,605,999		106,605,999	137,556,128	137,5
e ata iod									
nd									
ents	$ 87,278	$ 114	$ 859	$	$ 23,967	$ 567	$ 24,974	$	$
ssets	1,521,318	484,212	407,064	370,298	459,975	414,373	480,349		8
erm d	933,106	1,157	315	29	173,446	130	172,915		2
es	1,286,318	1,222,218	1,351,393	1,409,092	305,575	1,367,847	315,092		4
olders ers	$ 235,000	$ (738,006)	$ (944,329)	$ (1,038,794)	$ 154,400	$ 235,000	$ 165,257	$	$ 4

es olders ers	$ 1,521,318	$ 484,212	$ 407,064	$ 370,298	$ 459,975	$ 414,373	$ 480,349	$	$ 8
al **ited):**									
d A(2)	$ 33,371	$ 24,871	$ 53,567	$ 56,584	$ 18,236	$ 16,198	$ 29,250	$ 84,401(4)	$
h d by)									
ing ities	$ (298,196)	$ 76,372	$ 17,753	$ 34,057	$ 30,209	$ 17,025	$ 21,837	$	$
ng ities	$ (10,841)	$ (12,799)	$ (1,549)	$ (2,535)	$ (329,166)	$ (1,720)	$ (18,519)	$	$
ing ities	$ 259,011	$ (78,025)	$ (15,459)	$ (32,381)	$ 322,924	$ (15,597)	$ (2,311)	$	$
itures	$ 10,963	$ 13,435	$ 16,937	$ 6,624	$ 5,583	$ 1,890	$ 18,519	$	$
ing **ited):**									
ld	5,416	11,124	16,655	10,421	3,582	3,478	3,554	18,400	
ed	4,231	7,139	12,041	8,812	2,959	2,984	3,015	14,591	
e es ion)	$ 25.12	$ 23.75	$ 26.50	$ 33.30	$ 36.42	$ 31.63	$ 40.57	$ 33.92	$

(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, the period from January 1, 2004 to September 30, 2004 and the three months ended March 31, 2004 because they were prepared on a carve-out basis.*

(2) *Adjusted EBITDA represents net income (but excluding reorganization items and writedowns and other items) before deducting net interest expense, income taxes and depreciation, depletion and amortization. We present Adjusted EBITDA and pro forma Adjusted 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 Adjusted EBITDA when reporting their results.*

We also use Adjusted 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 Adjusted EBITDA (with additional adjustments) to measure our compliance with covenants, such as interest coverage and debt incurrence. Adjusted EBITDA is also widely used by us and others in our industry to evaluate and price potential acquisition candidates.*

Adjusted EBITDA and pro forma Adjusted 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:

4 *Adjusted EBITDA and pro forma Adjusted EBITDA do not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;*

4 *Adjusted EBITDA and pro forma Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;*

4 *Adjusted EBITDA and pro forma Adjusted EBITDA do not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debts;*

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4 *Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and Adjusted EBITDA and pro forma Adjusted EBITDA do not reflect any cash requirements for such replacements; and*

4 *Other companies in our industry may calculate Adjusted EBITDA and pro forma Adjusted EBITDA differently than we do, limiting their usefulness as comparative measures*

4 *Adjusted EBITDA and pro forma Adjusted 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. Adjusted EBITDA and pro forma Adjusted 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.*

The following table reconciles (i) net income, which we believe to be the closest GAAP performance measure, to EBITDA and (ii) EBITDA to Adjusted EBITDA.

	AEI Resources (Predecessor to Horizon)	Horizon (Predecessor to ICG, Inc.)			ICG, Inc.	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 from January 1, 2004 to September 30, 2004	Period from May 13, 2004 to December 31, 2004	Three months ended March 31, 2004(3)	Three months ended March 31, 2005(3)
	(in thousands)						
Net income (loss)	$ 1,523,755	$ (969,183)	$ (206,463)	$ (94,465)	$ 4,249	$ (9,146)	$ 10,857
Interest expense	36,666	80,405	145,892	114,211	3,453	37,217	3,145
Income tax expense					2,591		6,726
Depreciation, depletion and amortization expense	32,316	40,033	52,254	27,547	7,943	9,502	8,522
EBITDA	$ 1,592,737	$ (848,745)	$ (8,317)	$ 47,293	$ 18,236	$ 37,573	$ 29,250
Reorganization items(a)	(1,567,689)	143,663	52,784	(727)		(21,375)	
Writedowns and other items(a)	8,323	729,953	9,100	10,018			

Total EBITDA adjustments	(1,559,366)	873,616	61,884	9,291		(21,375)	
Adjusted EBITDA	$ 33,371	$ 24,871	$ 53,567	$ 56,584	$ 18,236	$ 16,198	$ 29,250

(a) See Notes 14-15 to Horizon s audited combined financial statements included elsewhere in this prospectus.

(3) The summary unaudited pro forma data of ICG, Inc. and its subsidiaries as of and for the year ended December 31, 2004 and the three months ended March 31, 2005 have been prepared to give pro forma effect to our corporate reorganization, the acquisition of Horizon, Anker and CoalQuest, as if each had occurred on January 1, 2004, in the case of unaudited statements of operations data, and on March 31, 2005, in the case of unaudited pro forma balance sheet data.

(4) The following table reconciles (i) pro forma net income, which we believe to be the closest GAAP performance measure, to pro forma EBITDA and (ii) pro forma EBITDA to pro forma Adjusted EBITDA.

	Pro forma year ended December 31, 2004	**Pro forma three months ended March 31, 2005**
	(in thousands)	
Net income	$ 7,928	$ 11,039
Interest expense	16,293	3,946
Income tax expense	4,835	6,839
Depreciation, depletion and amortization expense	46,054	11,656
Pro forma EBITDA	75,110	33,480
Reorganization items	(727)	
Writedowns and other items	10,018	
Total pro forma EBITDA adjustments	9,291	
Pro forma Adjusted EBITDA	$84,401	$ 33,480

Risk factors

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, together with the other information contained in this prospectus, before investing in our common stock. 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, we believe that historical information regarding our company prior to October 1, 2004 and for Horizon, our predecessor for accounting purposes, 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. ICG was incorporated in March 2005 as a holding company and our predecessor, ICG, Inc., was incorporated in May 2004 for the sole purpose of acquiring certain assets of Horizon. Until we completed that acquisition we 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 three months ended March 31, 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, Selected historical consolidated financial data of ICG and Management s discussion and analysis of financial condition and results of operations.

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

Our results of operations are substantially dependent upon the prices we receive for our coal. The prices we receive for coal depend upon factors beyond our control, including:

4 the supply of and demand for domestic and foreign coal;

4 the demand for electricity;

4 domestic and foreign demand for steel and the continued financial viability of the domestic and/or foreign steel industry;

4 the proximity to, capacity of and cost of transportation facilities;

4 domestic and foreign governmental regulations and taxes;

4 air emission standards for coal-fired power plants;

4 regulatory, administrative and judicial decisions;

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Risk factors

4 the price and availability of alternative fuels, including the effects of technological developments; and

4 the effect of worldwide energy conservation measures.

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.

Our coal mining production is subject to operating risks that could result in higher operating expenses and/or decreased production.

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:

4 the unavailability of qualified labor;

4 our inability to acquire, maintain or renew necessary permits or mining or surface rights in a timely manner, if at all;

4 unfavorable geologic conditions, such as the thickness of the coal deposits and the amount of rock embedded in or overlying the coal deposit;

4 failure of reserve estimates to prove correct;

4 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;

4 mining and processing equipment failures and unexpected maintenance problems;

4 adverse weather and natural disasters, such as heavy rains and flooding;

4 increased water entering mining areas and increased or accidental mine water discharges;

4 increased or unexpected reclamation costs;

4 interruptions due to transportation delays;

4 the unavailability of required equipment of the type and size needed to meet production expectations; and

4 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. In addition, we may experience disruptions in our supply of coal from third parties who produce coal for us due to the foregoing conditions and events. Any interruptions in the production of coal by us or third parties who supply us with coal could adversely affect our business and revenues.

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Risk factors

Any change in coal consumption patterns by North American electric power generators resulting in a decrease in the use of coal by those consumers could result in lower prices for our coal, which would 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.

We expect that many new power plants will be built to produce electricity during peak periods of demand, when the demand for electricity rises above the base load demand, or minimum amount of electricity required if consumption occurred at a steady rate. However, 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 and changes in purchasing patterns in the coal industry may make it difficult for us to extend existing agreements or enter into long-term supply agreements, 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 three months ended March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), approximately 70% of our revenues were derived from coal sales that were made under long-term coal supply agreements. As of that date, we had 28 long-term sales agreements with a volume-weighted average term of approximately 5.1 years. The

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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. For additional information relating to these contracts, see Business 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, 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.

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

Portions of our coal reserves possess quality characteristics that 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. We will decide whether to mine, process and market these coals as metallurgical or steam coal based on management s assessment as to which market is likely to provide us with a higher margin. We will consider a number of factors when making this assessment, including the difference between the current and anticipated future market prices of steam coal and metallurgical coal, the lower volume of saleable tons that results from producing a given quantity of reserves for sale in the metallurgical market instead of the steam market, the increased costs incurred in producing coal for sale in the metallurgical market instead of the steam market, the likelihood of being able to secure a longer-term sales commitment by selling coal into the steam market and our contractual commitments to deliver different types of coals to our customers. 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 metallurgical coal reserves possess quality characteristics that enable us to mine, process and market them as high quality steam coal. However, some of our mines 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.

We face numerous uncertainties in estimating our economically recoverable coal reserves, and inaccuracies in our estimates could result in lower than expected revenues, higher than expected costs or decreased profitability.

We base our reserve 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:

4 geological and mining conditions which may not be fully identified by available exploration data or which may differ from experience in current operations;

4 historical production from the area compared with production from other similar producing areas; and

4 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

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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 three months ended March 31, 2005 were Georgia Power, Carolina Power & Light and Duke Power and we derived approximately 49% of our pro forma coal revenues from sales to our five largest customers, pro forma for the Anker and CoalQuest acquisitions. At March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had 11 coal supply agreements with these customers that expire at various times from 2005 to 2014. We are currently discussing the extension of existing agreements or entering into new long-term agreements with some of these customers, but we cannot assure you that these negotiations will be successful or that those customers will continue to purchase coal from us without 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.

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 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.

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Fluctuations in transportation costs could reduce revenues by causing us to reduce our production or impairing 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 the 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.

Because our profitability is substantially dependent on the availability of an adequate supply of coal reserves that can be mined at competitive costs, the unavailability of these types of reserves would cause our profitability to decline.

We have not yet applied for or obtained all of the permits required, or developed the mines necessary, to use all of our reserves. Furthermore, we may not be able to mine all of our reserves as profitably as we do at our current operations. Our planned development projects and acquisition activities may not result in significant additional reserves and we may not have continuing success developing new mines or expanding existing mines beyond our existing reserve base. Most of our mining operations are conducted on properties owned or leased by us. Because title to most of our leased properties and mineral rights is not thoroughly verified until a permit to mine the property is obtained, our right to mine some of our reserves may be materially adversely affected if defects in title or boundaries exist. In addition, in order to develop our reserves, we must receive various governmental permits. We may be unable to obtain the permits necessary for us to operate profitably in the future. Some of these permits are becoming increasingly more difficult and expensive to obtain and the review process continues to lengthen.

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

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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 results.

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. If the price of steel or other of these materials increase, our operational expenses will increase, which could have a significant negative impact on our operating results.

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 results of operations.

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, Inc. 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 cannot assure you that we would 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 cannot assure you that we will continue to employ key personnel or that we will be able to attract and retain qualified personnel in the future. Our failure to retain or attract key personnel could have a material adverse effect on our operations.

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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 are able to acquire, our profitability may decline and we could experience a material adverse effect on our business, financial condition, or results of operations. Acquisition transactions involve various inherent risks, including:

4 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;

4 the potential loss of key customers, management and employees of an acquired business;

4 the ability to achieve identified operating and financial synergies anticipated to result from an acquisition;

4 problems that could arise from the integration of the acquired business; and

4 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.

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:

4 the loss of key employees or customers;

4 the challenge of maintaining the quality of customer service;

4 the need to coordinate geographically diverse operations;

4 retooling and reprogramming of equipment and information technology systems; and

4 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.

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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 $183.9 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 cannot provide assurance that we will not 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:

4 lack of availability, higher expense or unfavorable market terms of new bonds;

4 restrictions on availability of collateral for current and future third-party surety bond issuers under the terms of our credit facility; and

4 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 March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had $49.9 million of letters of credit in place, of which $40.5 million serve as collateral for reclamation surety bonds and $9.4 million secure miscellaneous obligations. Included in the $40.5 million letters of credit securing collateral for reclamation surety bonds is a $10.0 million letter of credit related to Lexington Coal Company. Our credit facility currently provides for a $110.0 million revolving credit facility, of which up to $60.0 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.

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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 March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had cash of approximately $35.0 million and total consolidated indebtedness, including current maturities and capital lease obligations, of approximately $216.7 million before application of the proceeds of this 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 this 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.

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Increased consolidation and competition in the U.S. coal industry may adversely affect our ability to sell coal.
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 mine 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 could adversely affect our ability to mine the associated reserves. Title to most of our 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. 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. 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 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:

4 incur additional debt;

4 pay dividends on, redeem or repurchase capital stock;

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

4 make investments;

4 make acquisitions;

4 incur or permit to exist liens;

4 enter into transactions with affiliates;

4 guarantee the debt of other entities, including joint ventures;

4 merge or consolidate or otherwise combine with another company; and

4 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.

Additionally, 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.

See Management s discussion and analysis of financial condition and results of operations Liquidity and capital resources and Note 6 to our audited consolidated financial statements appearing elsewhere in this prospectus.

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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

The government extensively regulates our mining operations, which imposes significant costs on us, 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:

4 limitations on land use;

4 employee health and safety;

4 mandated benefits for retired coal miners;

4 mine permitting and licensing requirements;

4 reclamation and restoration of mining properties after mining is completed;

4 air quality standards;

4 water pollution;

4 protection of human health, plantlife and wildlife;

4 the discharge of materials into the environment;

4 surface subsidence from underground mining; and

4 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

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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 how we may dispose 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

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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.

We have significant reclamation and mine closure obligations. If the assumption underlying our accruals 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 liability could change significantly if actual amounts change significantly from our assumptions.

Our operations may substantially impact the environment or cause exposure to hazardous substances, 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

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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.

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

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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. 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 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.

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RISKS RELATING TO OUR COMMON STOCK AND THIS OFFERING

Implementation of required public company corporate governance and financial reporting practices and policies will increase our costs, and 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, Horizon, and the Anker and CoalQuest businesses that we have acquired, each of which 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 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.

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 this 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.

Our stock price may be extremely volatile, and you may not be able to resell your shares at or above the public offering price.

There has been significant volatility in the market price and trading volume of equity securities, which is unrelated to the financial performance of the companies issuing the securities. These broad market fluctuations may negatively affect the market price of our common stock. The public offering price for the shares of common stock being sold in this offering will be determined by negotiations between the representative of the underwriters and us and may not be indicative of prices that will prevail in the open market following this offering. You may not be able to resell your shares at or above the public offering price due to fluctuations in the market price of our common stock caused by changes in our operating performance or prospects and other factors.

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

4 actual or anticipated fluctuations in our operating results or future prospects;

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4 the public s reaction to our press releases, our other public announcements and our filings with the SEC;

4 strategic actions by us or our competitors, such as acquisitions or restructurings;

4 new laws or regulations or new interpretations of existing laws or regulations applicable to our business;

4 changes in accounting standards, policies, guidance, interpretations or principles;

4 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;

4 sales of common stock by us or members of our management team; and

4 changes in stock market analyst recommendations or earnings estimates regarding our common stock, other comparable companies or the coal industry generally.

Prior to this offering, there has not been a public market for our common stock. 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 an active trading market does not develop, you may have difficulty selling any of our common stock that you buy. Consequently, you may not be able to sell our common stock at prices equal to or greater than the price you paid in this offering.

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.

You will incur immediate and substantial dilution as a result of this offering.

Investors purchasing shares of our common stock in this offering will incur immediate and substantial dilution in net tangible book value per share because the price that new investors pay will be substantially greater than the net tangible book value per share of the shares acquired. This dilution is due in large part to the fact that our existing investors paid substantially less than the public offering

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price of the shares of common stock being sold in this offering when they purchased their shares. To the extent that we raise additional capital by issuing equity security or shares of our common stock are issued upon the exercise of stock options or under the restricted stock plan we intend to adopt prior to the consummation of this offering, investors may experience additional substantial dilution.

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 % of our common stock on a fully consolidated basis following the completion of the offering and after giving effect to the Anker and CoalQuest acquisitions, assuming 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 this 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 this offering, the market price of our common stock may decline.

Sales of shares of our common stock in the public market following this offering, or the perception that these sales may occur, could cause the market price of our common stock to decline. After this offering, our corporate reorganization and after giving effect to the Anker and CoalQuest acquisitions, we will have approximately shares of common stock outstanding. 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 this prospectus 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 this offering, as well as of the shares to be issued by us in the corporate reorganization to the holders of ICG, Inc. 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 this 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 shares of common stock covering the shares of common stock to be issued pursuant to the exercise of options expected to be granted under our employee stock option plan.

In addition, under a registration rights agreement that we entered into with certain of our existing stockholders, certain of our stockholders have demand and piggyback registration rights in connection with this 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

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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. None of our stockholders have exercised their registration rights in connection with this offering. We will also grant piggyback registration rights to the former Anker and CoalQuest holders who will receive shares of our common stock at the closing of the Anker and CoalQuest acquisitions. 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 this 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 may not be able to do so in a timely fashion or without incurring material costs.

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, investors 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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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:

4 market demand for coal, electricity and steel;

4 availability of qualified workers;

4 future economic or capital market conditions;

4 weather conditions or catastrophic weather-related damage;

4 our production capabilities;

4 our consummation of the corporate reorganization and the Anker and CoalQuest acquisitions and the integration of these businesses;

4 the consummation of financing, acquisition or disposition transactions and the effect thereof on our business;

4 our plans and objectives for future operations and expansion or consolidation;

4 our relationships with, and other conditions affecting, our customers;

4 timing of reductions or increases in customer coal inventories;

4 long-term coal supply arrangements;

4 risks in coal mining;

4 unexpected maintenance and equipment failure;

4 environmental laws and regulations, including those directly affecting our coal mining and production, and those affecting our customers coal usage;

4 competition;

4 railroad, barge, trucking and other transportation performance and costs;

4 employee benefits costs and labor relations issues;

4 our assumptions concerning economically recoverable coal reserve estimates;

4 regulatory and court decisions;

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

4 the impairment of the value of our goodwill; and

4 our liquidity, results of operations and financial condition.

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Special note regarding forward-looking statements

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.

Industry data

In this prospectus, we rely on and refer to information regarding the coal industry in the United States from the U.S. Department of Energy, or DOE, the U.S. Energy Information Administration, or EIA, the National Mining Association, or NMA, the National Energy Technology Laboratory, or NETL, the Bureau of Economic Analysis and Bloomberg L.P. These organizations are not affiliated with us. They are not aware of and have 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. Statements relating to our leadership in safety and environmental performance are based on our receipt of numerous awards from state and federal agencies, including awards from the Mine Safety and Health Administration, or MSHA, the principal federal agency regulating health and safety in the coal mining industry, and the Office of Surface Mining, the principal federal agency regulating environmental performance in the coal mining industry.

Price range of ICG, Inc. common stock

The following table shows, for the quarterly periods indicated, the high and low quotes at the end of the day for the shares of the common stock of ICG, Inc. as reported on the Pink Sheets Electronic Quotation Service. Certain of the shares of ICG, Inc. were issued to former creditors of Horizon in a transaction exempt from the registration requirements of the Securities Act. Prior to this offering, there has not been a public market for our common stock. These quotes are provided solely for informational purposes and are not necessarily representative of trading prices in a public trading market nor of any price at which the shares of common stock purchased in this offering may trade in the future. See Risk Factors Risks relating to our common stock and this offering Our stock price may be extremely volatile and you may not be able to resell your shares at or above the public offering price.

	Stock Price		**Average Daily**
	High	**Low**	**Volume(1)**
November 15, 2004 through December 31, 2004(2)	$ 14.50	$ 7.63	673,493
January 1, 2005 through March 31, 2005	$ 15.00	$ 12.13	224,952
April 1, 2005 through May 31, 2005	$ 15.00	$ 12.60	94,266

(1) Does not include days on which there were no quotes for the shares of the ICG, Inc. common stock.

(2) Quotes for the shares of ICG, Inc. common stock were not reported prior to November 15, 2004.

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Use of proceeds

We estimate that the net proceeds to us from the sale of shares of common stock in this offering will be approximately $ million, or $ million if the underwriters exercise their over-allotment option in full, based on the public offering price of $ and after deducting estimated underwriting discounts and commissions and the estimated offering expenses, which are payable by us. Under the terms of our credit facilities, we are required to use 50% of our net proceeds from this offering to repay amounts outstanding under our term loan facility, which otherwise matures on October 1, 2010. As of March 31, 2005 (pro forma for the Anker and CoalQuest acquisitions), our total debt was $216.7 million. As of March 31, 2005, amounts outstanding under our term loan facility bore interest at a weighted average rate of approximately 5.36% and the Anker debt bore interest at an average rate ranging from 8% to 10%. For additional information, see Description of indebtedness.

We expect to retire all of our debt, excluding $7.1 million of capitalized leases and other debt obligations, with the net proceeds of this offering and use our remaining net proceeds for general corporate purposes. We may also use a portion of the remaining proceeds to pursue possible acquisitions of businesses, technologies, products or assets complementary to our business. Although we currently have no commitments or agreements to make any additional material acquisitions for cash, we may make acquisitions in the future. Pending our use of any excess net proceeds, we intend to invest the excess net proceeds of this offering in short-term, interest-bearing investment-grade or government securities.

Dividend policy

We have never declared or paid a dividend on our common stock. 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 dividends or make payments or distributions with respect to our capital stock.

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Capitalization

The following unaudited table sets forth cash and cash equivalents and capitalization as of March 31, 2005:

4 for ICG, Inc. on an actual basis;

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

4 for ICG on a pro forma, as adjusted basis, to give effect to the Anker and CoalQuest acquisitions and the sale by us of approximately shares of our common stock in this offering at an assumed public offering price of $, the last sale price of our common stock on , 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 as described under Use of proceeds.

The following unaudited table assumes no exercise of the underwriter s over-allotment option in connection with this offering. You should read the information in this table in conjunction with Unaudited consolidated pro forma financial information, Management s discussion and analysis of financial condition and results of operations, Description of indebtedness and the consolidated financial statements included elsewhere in this prospectus.

	As of March 31, 2005 (unaudited)		
	Actual	**Pro forma**	**Pro forma, as adjusted for the offering**
		(in thousands)	
Cash and cash equivalents	$ 24,974	$ 35,032	$
Long-term debt, including current portion:			
Term loan facility[1]	174,563	209,563	
Other long-term debt, including capital leases	2,593	7,090	
Total debt	$ 177,156	$ 216,653	$
Stockholders equity:			
Common stock, par value $0.0001 per share, 1,800,000,000 shares authorized, 106,605,999 shares issued and outstanding, actual and shares issued and outstanding, as adjusted for the offering and the Anker and CoalQuest acquisitions[2]	11	1,376	
Preferred stock, par value $0.0001 per share, 200,000,000 shares authorized, no shares issued and outstanding[2]			
Paid-in-capital	150,140	440,025	
Retained earnings	15,106	15,106	
Total stockholders equity	165,257	456,507	
Total capitalization	$ 342,413	$ 673,160	$

(1) *Our current credit facility provides for a $110.0 million revolving credit facility, of which up to $60.0 million may be used for letters of credit. As of March 31, 2005, $49.9 million of letters of credit were outstanding.*

(2) *Represents stock of our predecessor, ICG, Inc. The par value of our common stock is $0.01 per share and the par value of our preferred stock is $0.01 per share.*

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Dilution

If you invest in our common stock, you will experience dilution to the extent of the difference between the public offering price per share you pay in this offering and the pro forma net tangible book value per share of our common stock immediately after this offering.

Our pro forma net tangible book value as of March 31, 2005, pro forma for the Anker and CoalQuest acquisitions, equaled approximately $ million, or $ per share of common stock. Pro forma net tangible book value per share of common stock is equal to the amount of our total tangible assets (total assets less intangible assets) less total liabilities, divided by the total number of shares of common stock outstanding.

On a pro forma basis, after giving effect to the sale of shares of common stock offered by us in this offering at an assumed public offering price of $ per share (the last sale price of our common stock on , 2005, as quoted on the Pink Sheets Electronic Quotation Service) and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us and the application of the estimated net proceeds of this offering as described under Use of proceeds, and after giving effect to the issuance of shares of common stock upon completion of the Anker and CoalQuest acquisitions at an implied value of $ per share, our pro forma as adjusted net tangible book value, as of March 31, 2005 would have equaled approximately $, or $ per share of common stock. This represents an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate dilution in net tangible book value of $ per share to new investors of common stock in this offering. If the public offering price in this offering is higher or lower, the dilution to new investors will be greater or less, respectively. The following table illustrates this per share dilution to new investors purchasing our common stock in this offering.

Assumed public offering price per share		$
Pro forma net tangible book value per share as of March 31, 2005	$	
Increase in pro forma net tangible book value per share attributable to this offering		
Net tangible book value per share after this offering		
Dilution per share to new investors		$

The following table as of March 31, 2005 summarizes, on a pro forma basis, to give effect to the shares issued in connection with the Anker and CoalQuest acquisitions and the corporate reorganization, the number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by the existing stockholders and by new investors. The calculations with respect to existing stockholders include shares that would be issued by us on the exercise of currently outstanding options or other rights to acquire shares of our common stock by directors, officers and affiliated parties, and the proceeds that would be received by us in connection with this exercise. The calculations with respect to shares purchased by new investors in this offering reflect an assumed public offering price of $ per share (the last sale price of our common stock on , 2005, as quoted on the Pink Sheets Electronic Quotation Service).

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Dilution

	Shares purchased or issuable upon the exercise of currently outstanding options		Total consideration		Average price per share
	Number	Percent	Amount	Percent	
Existing stockholders, directors, officers and affiliated parties					
Former Anker stockholders and CoalQuest members					
New investors					
Total					

The table and calculations above assume no exercise of outstanding options. As of , 2005, shares of common stock were subject to outstanding options at a weighted average exercise price of $ per share. To the extent outstanding options are exercised, there will be further dilution to new investors.

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Unaudited consolidated pro forma financial data

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

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

4 our corporate reorganization, involving the exchange of ICG common stock for existing shares of ICG, Inc. common stock at a 1-for-1 exchange ratio;

4 our 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);

4 borrowings under our credit facilities, in part, to finance the Horizon asset acquisition and the Anker and CoalQuest acquisitions;

4 the Anker and CoalQuest acquisitions; and

4 this 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 Business 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, Inc. (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 operations.

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 consolidated pro forma financial data

Unaudited pro forma balance sheet data
as of March 31, 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	$ 24,974	$ 2,342	$ 1,862	$ 5,854(1)	$	$	$	$ 35,032
Trade accounts receivable	50,560							