International Coal Group, Inc.
Form 424B4
December 08, 2005

Table of Contents

Filed Pursuant to Rule 424(b)(4)
Registration No. 333-124393
Registration No. 333-130166

PROSPECTUS

21,000,000 Shares
Common Stock

We are offering 21,000,000 shares of common stock. Shares of our common stock are listed on The New York Stock Exchange under the symbol ICO. On December 6, 2005, the last reported sale price of our common stock was $11.33 per share.

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	$ 11.0000	$ 231,000,000
Underwriting discounts and commissions	$ 0.7425	$ 15,592,500
Proceeds, before expenses, to us	$ 10.2575	$ 215,407,500

The underwriters may also purchase up to an additional 3,150,000 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 $17,931,375, and our total proceeds, before expenses, will be $247,718,625.

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 December 12, 2005.

UBS Investment Bank **Lehman Brothers**

Bear, Stearns & Co. Inc.

Goldman, Sachs & Co.

JPMorgan

Morgan Stanley

The date of this prospectus is December 7, 2005.

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.

TABLE OF CONTENTS

Through and including January 1, 2006 (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 (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule). This requirement is in addition to the dealers obligation to deliver a prospectus (whether physically or through compliance with Rule 172 under the Securities Act or any similar rule) when acting as underwriters and with respect to their unsold allotments or subscriptions.

Table of Contents

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 our acquisition, respectively, of each of Anker and CoalQuest, which occurred on November 18, 2005.

Immediately prior to this offering, we and our subsidiaries underwent a corporate reorganization in which we became the parent holding company and ICG, Inc., the prior parent holding company, became our subsidiary. 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 includes the 24,090,909 shares of common stock issued in the Anker and CoalQuest acquisitions based on the public offering price. The term coal reserves as used in this prospectus means proven and probable reserves that are the part of a mineral deposit that can be economically and legally extracted or produced at the time of the reserve determination and the term non-reserve coal deposits in this prospectus means a coal bearing body that has been sufficiently sampled and analyzed to assume continuity between sample points but do not qualify as a commercially viable coal reserve as prescribed by SEC rules until a final comprehensive SEC prescribed evaluation is performed.

THE COMPANY

We are a leading producer of coal in Northern and Central Appalachia with a broad range of mid to high Btu, low to medium sulfur steam and metallurgical coal. Our Appalachian mining operations, which include 12 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. With the proceeds of this offering, we expect to retire

Table of Contents

substantially all of our debt, including debt assumed through the Anker and CoalQuest acquisitions, and, thus, we will be strategically well-positioned.

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. Based on expected 2005 production rates, our Northern and Central Appalachian reserves could support existing production levels for approximately 44 years and all of our reserves could support existing production levels for approximately 61 years. Further, we own or control approximately 707 million tons of non-reserve coal deposits, pro forma for the Anker and CoalQuest acquisitions.

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 to medium 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 $61.9 million of pro forma earnings before interest, taxes, depreciation and amortization for the year ended December 31, 2004 and total pro forma revenues of $580.2 million and $80.9 million of pro forma EBITDA, for the nine months ended September 30, 2005. For a reconciliation of pro forma EBITDA to the most comparable financial measure calculated in accordance with generally accepted accounting principles, or GAAP, see footnotes 2 and 5 to 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 reserves 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 non-reserve coal deposits, pro forma for the Anker and CoalQuest acquisitions. We have not yet

Table of Contents

developed approximately 73% of these owned and controlled reserves. We believe these owned and controlled but as yet undeveloped reserves and non-reserve coal deposits would allow us to as much as double our existing production levels over the next several years. Prospecting and testing on our properties in West Virginia indicates the presence of coalbed methane, the development of which is expected to provide 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, non-reserve coal deposits and production. Our production, reserves and non-reserve coal deposits are located in three of the four major coal regions in the United States. Our production, reserves and non-reserve coal deposits in Northern and Central Appalachia and the Illinois Basin provide important geographical diversity in terms of markets, transportation and labor. We believe the diversity of our operations and reserves provides us with a significant advantage over competitors with operations located primarily in a single coal producing region as it allows 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 September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had total accrued reclamation liabilities of only $67.9 million, post-retirement employee obligations of only $9.1 million, black lung liabilities of approximately $11.7 million, Coal Act liabilities of only $4.9 million and workers compensation liabilities of $0.4 million. In addition, our entire workforce is union free, which minimizes employee-related liabilities commonly associated with union-represented mines. As of September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), our total debt was $240.5 million and after this offering we expect to repay $188.7 million of our term loan debt and $21.2 million of borrowings under our revolving credit facility. 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 reserves to generate substantial internal growth. We own a large undeveloped reserve in Northern Appalachia containing approximately 194 million tons of high Btu, low to medium 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, 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. In addition, CoalQuest has entered into an arrangement that will allow the recovery of coalbed methane from the Hillman property. 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 September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), we had entered into contracts to sell all of 2005 planned production, approximately 75% of 2006 planned production and approximately 51% 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.

On November 18, 2005, we consummated the Anker and CoalQuest acquisitions pursuant to which each of Anker and CoalQuest became our indirect wholly owned subsidiaries. In connection with the acquisitions, the maximum number of shares issuable have been deposited with an escrow agent for the benefit of the holders of the outstanding stock of Anker and the membership interests in CoalQuest

Table of Contents

until the final number of shares issuable is determined. 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. See Business Our history The Anker and CoalQuest acquisitions for additional information regarding the acquisitions. On November 18, 2005, we also completed a corporate reorganization. Prior to this reorganization, our top-tier parent holding company was ICG, Inc. (formerly known as International Coal Group, Inc.). On completion of the reorganization, we became the new top-tier parent holding company. The stockholders of ICG, Inc. received one share of our common stock for each share of ICG, Inc. common stock. The following chart reflects our corporate organizational structure upon completion of 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 4.3% real gross domestic product growth in the third 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 100 million tons at the end of August 2005, down 8% from the same period in the prior year;

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 90.1% in 2004, 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 December 2, 2005 for natural gas and heating oil at $12.90 per million Btu and $1.77 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.

Table of Contents

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 $61.50/ton, during the week of December 2, 2005. This price level represents a dramatic 66.2% 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 to a recovery in the U.S. steel industry. 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 13% in 2004 as compared to 2003, 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.

Table of Contents

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

WLR Ross & Co. LLC, together with other investors, formed ICG, Inc. in May 2004 to acquire key assets of Horizon through a bankruptcy auction. Following this offering WLR will own approximately 13.76% of our common stock, assuming no exercise of the underwriters over-allotment option. Additionally, Wilbur L. Ross, the principal of WLR, is our Chairman of the Board. We also pay WLR a management fee. See Certain relationships and related party transactions.

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 $4.0 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.

Table of Contents

The offering

Common stock we are offering	21,000,000 shares
Common stock to be outstanding after this offering	152,321,908 shares, which is based on 107,230,999 shares outstanding as of September 30, 2005 plus the 24,090,909 shares issued in the Anker and CoalQuest acquisitions based on the public offering price.
Use of proceeds after expenses	Our net proceeds from this offering, after expenses, will be $209.9 million, or $242.2 million if the underwriters exercise their over-allotment option in full. As of September 30, 2005 (pro forma for the Anker and CoalQuest acquisitions), our total debt was $240.5 million. We expect to repay $188.7 million of our term loan debt and $21.2 million of borrowings under our revolving credit facility with the net proceeds of this offering. See Use of proceeds.
Over-allotment option	We have granted the underwriters an option to purchase up to 3,150,000 additional shares of our common stock to cover over-allotments.
New York Stock Exchange symbol	ICO

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

4 the shares of our common stock issuable upon exercise of options we have granted or that we will grant at the closing of this offering under our employee stock option plan having an average exercise price of $10.99 per share; and

4 the shares of our common stock expected to be available for future grant under the equity incentive plan we have adopted.

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.

Table of Contents

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 nine months ended September 30, 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). 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 for the year ended December 31, 2004 and as of and for the nine months ended September 30, 2005 have been prepared to give pro forma effect to our corporate reorganization, our acquisitions of Horizon, Anker and CoalQuest and the offering of 21,000,000 shares of our common stock at the public offering price of $11.00 per share, as if each had occurred on January 1, 2004, in the case of unaudited pro forma statement of operations data, and on September 30, 2005, in the case of unaudited pro forma balance sheet data. The successor balance sheet data and pro forma adjustments used in preparing the pro forma financial data reflect our preliminary estimates of the purchase price allocation to certain assets and liabilities. The pro forma financial data are for informational purposes only and should not be considered indicative of actual results that would have been achieved had the transactions actually been consummated on the dates indicated and do not purport to indicate balance sheet data or results of operations as of any future date or for any future period. You should read the following data in conjunction with Unaudited consolidated pro forma financial 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.

Table of Contents

	AEI RESOURCES Predecessor to Horizon	HORIZON Predecessor to ICG, Inc.			ICG, Inc.			
	Period from January 1, 2002 to May 9, 2002(6)	Period from May 10, 2002 to December 31, 2002(6)	Year ended December 31, 2003(6)	Period January 1, 2004 to September 30, 2004(6)	Period May 13, 2004 to December 31, 2004	Nine months ended September 30, 2005	Pro forma year ended December 31, 2004(4)	Pro forma nine months ended September 30, 2005(4)
	(in thousands)							
Statement of operations data:								
Revenues:								
Coal sales revenues	$ 136,040	$ 264,235	$ 441,291	$ 346,981	$ 130,463	$ 441,662	$ 624,120	$ 542,744
Freight and handling revenues	2,947	6,032	8,008	3,700	880	6,236	15,996	15,307
Other revenues	21,183	27,397	31,771	22,702	4,766	17,757	33,696	22,131
Total revenues	160,170	297,664	481,070	373,383	136,109	465,655	673,812	580,183
Cost and expenses:								
Freight and handling costs	2,947	6,032	8,008	3,700	880	6,236	15,996	15,307
Cost of coal sales and other revenues (exclusive of depreciation, depletion and amortization shown separately	114,767	251,361	400,652	306,429	113,707	357,076	564,723	465,415

below)								
Depreciation, depletion and amortization	32,316	40,033	52,254	27,547	7,943	29,489	46,054	39,266
Selling, general and administrative (exclusive of depreciation, depletion and amortization shown separately above)	9,677	16,695	23,350	8,477	4,194	23,592	17,257	28,256
(Gain)/loss on sale of assets	(93)	(39)	(4,320)	(226)	(10)	(518)	(236)	(518)
Writedowns and other items	8,323	729,953	9,100	10,018			10,018	
Total costs and expenses	167,937	1,044,035	489,044	355,945	126,714	415,875	653,812	547,726
Income (loss) from operations	(7,767)	(746,371)	(7,974)	17,438	9,395	49,780	20,000	32,457
Other income (expense):								
Interest expense	(36,666)	(80,405)	(145,892)	(114,211)	(3,453)	(10,453)	(7,128)	(4,776)
Reorganization items	787,900	(4,075)	(23,064)	(12,471)			(12,471)	
Other, net	499	1,256	187	1,581	898	4,007	8,329	9,130
Total interest and other income (expense)	751,733	(83,224)	(168,769)	(125,101)	(2,555)	(6,446)	(11,270)	4,354
Income (loss) before income taxes	743,966	(829,595)	(176,743)	(107,663)	6,840	43,334	8,730	36,811
Income tax expense					(2,591)	(14,786)	(3,308)	(12,589)

Net income (loss)	$ 743,966	$ (829,595)	$ (176,743)	$ (107,663)	$ 4,249	$ 28,548	$ 5,422	$ 24,222

10

Table of Contents

AEI RESOURCES Predecessor to