

**INTERNATIONAL COAL GROUP, INC.**  
(formerly known as ICG Holdco, Inc.)  
**COMPENSATION COMMITTEE CHARTER**

**Purposes**

The Compensation Committee (the “Committee”) of the Board of the Company establishes and administers the Company’s policies, programs and procedures for compensating its senior management and Board. Among other things, the Committee will have the direct responsibility to:

- (1) review and approve corporate goals and objectives relevant to Chief Executive Officer compensation, evaluate the Chief Executive Officer’s performance in light of those goals and objectives and either as a committee or together with the other independent directors (as directed by the Board) determine and approve the Chief Executive Officer’s compensation level based on this evaluation;
- (2) make recommendations to the Board with respect to non-Chief Executive Officer compensation, incentive-compensation plans and equity-based compensation plans;
- (3) take such actions as are contemplated to be taken by the Committee under the Company’s equity incentive and other employee plans; and
- (4) produce a report on executive compensation for inclusion in the Company’s proxy statement for its annual meeting of stockholders in accordance with applicable rules and regulations.

**Composition**

**Size.** The size of the Committee shall be determined by the Board, but should have at least two members.

**Qualifications.** Each Committee member must satisfy the applicable independence requirements set forth in the rules of the New York Stock Exchange.

**Appointment.** The Board will select Committee members and the Chairman of the Committee based on recommendations made by the Company’s Nominating and Corporate Governance Committee. Committee members will serve at the pleasure of the Board for such term or terms as the Board may from time to time determine.

**Duties and Responsibilities**

The duties and responsibilities of the Committee will include the following:

- (1) ***Establish Executive Compensation Policies and Programs:*** The Committee will develop and implement the Company's compensation policies and programs for executive officers and members of the Board.
- (2) ***Review and Approve Executive Officer Compensation:*** The Committee will review and approve, at least annually, corporate goals and objectives relevant to the compensation of the Chief Executive Officer and the other executive officers of the Company. The Committee will, either as a Committee or together with the independent directors of the Board (as directed by the Board), evaluate the performance of the executive officers in the light of those corporate goals and objectives and set compensation levels for these executive officers based on those evaluations and any other factors as it deems appropriate.
- (3) ***Recommend Incentive Compensation Plans:*** The Committee will make recommendations to the Board with respect to the approval, adoption and amendment of all cash- and equity-based incentive compensation plans in which any executive officer of the Company participates. In determining the long-term incentive component of Chief Executive Officer compensation, the Committee will consider the Company's performance and relative stockholder returns, the value of similar incentive awards to Chief Executive Officers at comparable companies and the awards previously given to the Company's Chief Executive Officer.
- (4) ***Recommend Equity-Based Plans:*** The Committee will also make recommendations to the Board with respect to the approval, adoption and amendment of all other equity-based plans.
- (5) ***Administer Compensation Plans:*** The Committee will administer the Company's equity-based incentive compensation plans and other plans adopted by the Company that contemplate administration by the Committee. The Committee, or a subcommittee, will approve all grants of stock options and other equity-based awards, subject to the terms and conditions of applicable plans. The Committee's administrative authority includes the authority to approve the acquisition by the Company of shares of the Company's stock from any plan participant.
- (6) ***Oversee Regulatory Compliance:*** The Committee will, in consultation with appropriate officers of the Company, oversee regulatory compliance with respect to compensation matters, including overseeing any compensation programs intended to preserve tax deductibility and, as may be required, establishing performance goals and determining whether performance goals have been attained for purposes of Section 162(m) of the Internal Revenue Code.
- (7) ***Review Employment Agreements and Severance Arrangements:*** The Committee will review and approve any proposed employment agreement

with, and any proposed severance or retention plans or agreements applicable to, any executive officer of the Company.

- (8) **Review Director Compensation:** In accordance with the Company's Guidelines on Significant Corporate Governance Issues, the Committee will periodically review Director compensation in relation to other comparable companies and in the light of such other factors as the Committee may deem appropriate. The Committee will discuss this review with the Board.
- (9) **Board Reports:** The Committee will report its activities to the Board at least annually in such manner and at such times as the Committee or the Board deem appropriate.
- (10) **Other Delegated Duties or Responsibilities:** The Committee will perform any other duties or responsibilities delegated to the Committee by the Board from time to time.

This Audit Committee Charter has been adopted prior to the time that the Sarbanes-Oxley Act applied by its terms to the Company. Until the Sarbanes-Oxley Act actively applies to the Company, references to its requirements are for general guidance only and are not to be interpreted as mandatory.

## Meetings

The Committee will meet in person or telephonically as frequently as it determines to be necessary to carry out its responsibilities under this Charter. The Chairman of the Committee will, in consultation with the other members of the Committee and appropriate officers of the Company, be responsible for calling meetings of the Committee establishing the agenda therefor and supervising the conduct thereof. Each Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Chairman of the Committee or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the number of Committee members selected by the Board will constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Committee members present at a Committee meeting at which a quorum is in attendance will be the act of the Committee, unless a greater number is required by law, the Company's Certificate of Incorporation or its Bylaws. The Chairman of the Committee will supervise the conduct of the meetings and will have other responsibilities as the Committee may designate from time to time.

The Committee may request any officer or other employee of the Company, or any representative of the Company's legal counsel or other advisors, to attend a meeting or to meet with any members or representatives of the Committee. Any board member may attend meetings for informational purposes. Any individual whose performance or compensation is to be discussed at a Committee meeting should not attend such meeting unless specifically invited by the Committee. Any Committee member may be excused from a meeting to permit the remaining members of the

Committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting.

### **Delegation**

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee or, to the extent permitted by applicable law, to any other body or individual. In particular, the Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Committee who are (a) "non-employee directors" within the meaning under Rule 16b-3 of the Securities Exchange Act of 1934 and (b) "outside directors" for the purposes of Section 162(m) of the Internal Revenue Code.

### **Resources and Authority**

The Committee will have appropriate resources and authority to discharge its responsibilities as required by law, including appropriate funding, in such amounts as the Committee deems necessary, to compensate any consultants and any independent advisors retained by the Committee. The Committee will have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director or executive officer compensation and the sole authority to approve the fees and other retention terms of such compensation consultants. The Committee may also retain independent counsel and other independent advisors to assist it in carrying out its responsibilities.

### **Compensation Committee Report**

The Committee will prepare, with the assistance of management and any outside advisors the Committee deems appropriate, a report for inclusion in the Company's proxy statement relating to the Company's annual meeting of stockholders when required by law.

### **Annual Review**

Prior to December 1st of each year, the Chief Executive Officer will cause a review of the Committee's actions during such year to be undertaken and report to the Chairman of the Committee as to whether management believes that the Committee has carried out each responsibility or function set forth herein. Confirmation of such report will be submitted to each Committee member in writing.

At least annually, the Committee will (a) review this Charter with the Board and recommend any changes to the Board and (b) evaluate its own performance against the requirements of this Charter and review this evaluation with the Board. This evaluation should also set forth the goals and objectives of the Committee for the upcoming year. The Committee will conduct its review and evaluation in such manner as it deems appropriate.

## **Defined Terms**

In addition to the terms defined elsewhere herein, terms used herein with additional capital letters that are defined in the Company's Certificate of Incorporation or Bylaws are used herein as so defined.

April 19, 2005