

**EVERGREEN ENERGY INC.
COMPENSATION COMMITTEE CHARTER**

Purpose

The purpose of the Compensation Committee (the “Committee”) of the board of directors (the “board”) of Evergreen Energy Inc. (the “Company”) is to (i) discharge the board’s responsibilities relating to compensation of the Company’s executive officers; (ii) review and approve goals and objectives relevant to the chief executive officer’s (“CEO”) compensation and evaluate CEO’s performance; (iii) review and recommend to the board compensation plans, policies and programs, as well as approve individual executive officer compensation, and (iv) prepare the annual report on executive compensation required to be included in the Company’s annual proxy statement. Additionally, the Committee will oversee CEO and executive succession as well as executive management appointments at the Company and its major subsidiaries.

Committee Membership

The Committee shall be comprised of three or more directors each of whom (i) meets the independence requirements of NYSE Arca, (ii) qualifies as “independent” under the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “Exchange Act”), (iii) qualifies as a “non-employee director,” as that term is defined in Rule 16b-3 promulgated under the Exchange Act, and (iv) qualifies as an “outside director,” as that term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended. The board shall make determinations as to whether a particular director satisfies the requirements for membership on the Committee.

The members of the Committee shall be appointed by the board on the recommendation of the Committee and shall serve such terms as the board may determine, or until their earlier resignation, death or removal by the board.

Meetings

The Committee shall meet with such frequency and at such intervals as it shall determine is necessary to carry out its duties and responsibilities, but in any case, not less than three times a year. The board shall designate one member of the Committee to serve as its chairman. The Committee will meet at such times as determined by its chairman or as requested by any two of its members. Notice of all meetings shall be given. The chairman will preside, when present, at all meetings of the Committee. The Committee may meet by telephone or video conference and may take action by unanimous written consent.

Each member of the Committee shall have one vote. One-third of the members, but not less than two, shall constitute a quorum. The Committee shall be authorized to take any permitted action only by the affirmative vote of a majority of the Committee members present at any meeting at which a quorum is present, or by the unanimous written consent of all of the Committee members.

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The Committee shall maintain copies of minutes of each meeting of the Committee, and each written consent to action taken without a meeting, reflecting the actions so authorized or taken by the Committee.

Resources and Authority

The Committee shall have the sole authority to retain and terminate compensation consultants to assist in the evaluation of director, CEO or executive officer compensation, including sole authority to approve the consultants' fees (which shall be paid by the Company) and other retention terms. The Committee shall also have authority to obtain advice and assistance from any officer or employee of the Company or any outside legal expert or other advisor, and the Company shall pay the fees of any such legal expert or advisor.

Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

1. Annually review and approve corporate goals and objectives relevant to CEO compensation, evaluate the CEO's performance in light of those goals and objectives and establish the individual elements of the CEO's total compensation based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee shall consider the Company's performance and shareholder returns relative to comparable companies, the value of similar incentive awards to CEOs at comparable companies and the awards given to the CEO in past years. The Committee shall approve the CEO's compensation based on the foregoing evaluations.
2. Review and make recommendations to the board regarding the Company's compensation plans, including with respect to incentive-compensation plans and equity-based plans, policies and programs.
3. Review and monitor the Company's employee and management compensation and benefit plans and policies, provide oversight of any employee benefit plan, and review and approve the compensation of the Company's executive officers.
4. The Committee shall recommend to the board the compensation of executive officers other than the CEO. The CEO may be present at deliberations on such matters, but may not be present during any vote thereon.
5. Approve grants and/or awards of restricted stock, stock options and other forms of equity-based compensation under the Company's stock option, incentive-compensation and equity-based plans, to the extent such function is delegated to the Committee.
6. Review and approve, for the CEO and other executive officers of the Company, when and if appropriate, employment agreements, severance agreements and change in control provisions/agreements.

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7. Review the level and form of director compensation and recommend changes to the board for consideration and approval.
8. The Committee shall report on executive compensation as required by applicable laws and regulations for inclusion in the Company's proxy statement or other SEC filings, discussing among other things: (i) the criteria on which compensation paid to the CEO for the last completed fiscal year is based; (ii) the relationship of such compensation to the Company's performance; (iii) the Committee's executive compensation policies applicable to executive officers; and (iv) whether the Company's allowable deduction for compensation to the Company's executive officers could be limited pursuant to Section 162(m) of the Internal Revenue Code.
9. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the board for approval.
10. Conduct an annual performance evaluation of the Committee and provide to the board a report of the same.
11. Report to the board on a regular basis and make such recommendations with respect to any of the above and other matters, as the Committee deems necessary or appropriate.
12. Perform such other duties and responsibilities, consistent with this Charter, delegated to the Committee by the board or required under the provisions of any compensation or benefit plan maintained by the Company.