

EVERGREEN ENERGY INC.

GUIDELINES FOR CORPORATE GOVERNANCE

1. Chairman and Chief Executive Officer

The Board shall select the Chairman and Chief Executive Officer of the Company from time to time as the Board determines to be in the best interest of the Company. The individual selected as Chairman may, but need not be, an employee of the Company. The Board may select a single individual to serve both as Chairman and as Chief Executive Officer.

2. Director Responsibilities

- A. Attendance at the Board Meetings. Board members are expected to attend all board meetings and all meetings of committees on which they serve. The Board recognizes that occasional meetings may need to be scheduled on short notice when participation of a Director is not possible and that conflicts may arise from time to time that will prevent a director from attending a regularly scheduled meeting. However, the Board expects that each Director will make every possible effort to keep such absences to a minimum. While attendance at Board meetings in person is preferred, it is recognized that on occasion a member may need to attend by telephone.
- B. Attendance at Stockholder Meetings. Board members are expected, to the extent possible, to attend the annual meeting of stockholders.
- C. Review of Materials. Board members should review in advance all board materials distributed for a meeting.
- D. Change of Position. Directors will offer their resignation upon a change of position, including retirement from the position on which their original nomination was based. It is not the sense of the Board that such Directors should necessarily leave the Board. There should, however, be an opportunity for the Board, through the Nominating and Corporate Governance Committee, to review continued appropriateness of Board membership under these circumstances.
- E. Conflict of Interest. If an actual or potential conflict of interest develops because of a change in the business operations of the Company, or in a Director's circumstances, the Director should report the matter immediately to the Lead Director of the Board for evaluation. A significant conflict must be resolved or the Director should resign. If a Director has a personal interest in a matter before the Board, the Director shall disclose the interest to the full Board and excuse himself or herself from participation in the discussion and shall not vote on the matter.

3. Committees of the Board

The Board shall have an Audit Committee, Compensation Committee, Governance & Nominating Committee, and such other committees as the Board may determine from time to time. Members of the Audit Committee, Compensation Committee and Governance & Nominating Committee shall all meet the “independence” requirements of the NYSE Arca listing requirements. In addition, members of the Audit Committee shall meet any heightened “independence” requirements established by applicable law, and at least one member of the Audit Committee shall satisfy the definition of an “audit committee financial expert” in accordance with rules adopted by the Securities and Exchange Commission. The Board, in compliance with applicable laws and regulations and the rules of the NYSE Arca, will determine the responsibilities and membership of its committees. The committee chairperson, in consultation with committee members, will determine the frequency and length of the meetings of the committee, in accordance with applicable regulations and committee charters.

4. Orientation and Continuing Education

- A. Orientation Program. The Board shall establish an orientation program for new directors which includes comprehensive information about the Company’s business and operations; meetings with the executive officers and management of the Company; general information about the Board and its Committees, including a summary of Director compensation and benefits; a review of the Company’s policies and procedures; and a review of Director duties and responsibilities. Where appropriate, new directors will also be asked to attend educational programs or institutes concerning membership on boards.
- B. Continuing Education. While the Board does not believe there should be a formal process for continuing education, it does recognize the importance that all Directors need to remain current on the operations and businesses of the Company and external factors that affect it such as changes in the law. Review of materials provided by management and professional advisors to the Company, special briefings, periodic in-depth reviews and on-site visits to new or changed operations are among the ways the Directors will be continually educated on the Company.

5. Frequency and Length of Committee Meetings

The committee chairman, in consultation with committee members and appropriate Company personnel, shall determine the frequency and length of committee meetings, provided that such determinations are consistent with these guidelines and the Company’s articles of incorporation and bylaws.

6. Committee Agenda

Each committee chairman, in consultation with committee members and appropriate Company personnel, shall develop the committee’s agenda for each meeting and distribute it to committee members in advance of meeting. At the beginning of each year, each committee shall

issue a preliminary schedule of agenda items to be discussed. This preliminary agenda shall be shared with the Board.

7. Board Materials

To the extent reasonably practicable, all presentations to be made to the Board and all information and data to be considered by the Board in making decisions about the business of the Company shall be distributed in writing to each director in advance of Board meetings. Such materials shall be as brief as possible while providing the Board with pertinent information.

8. Regular Attendance of Nondirectors at Board Meetings

Certain key executives, as suggested by the Chief Executive Officer, shall be authorized to attend Board meetings regularly to ensure that directors' questions and concerns are properly addressed.

9. Board Access to Senior Management

Directors shall have complete access to senior management of the Company, subject to reasonable time constraints related to the ongoing business operations of the Company. Any written communications between a director and any member of management shall be copied to the Chairman and Chief Executive Officer.

The Chief Executive Officer shall have the opportunity, from time to time, to bring managers into Board meetings to provide additional insight into items being discussed or considered by the Board and to introduce and expose to the Board those managers with potential for advancement.

10. Board Compensation

The Board shall be responsible for setting the compensation of the Board. Changes in Board compensation, if any, shall be recommended by the Compensation Committee, and shall be subject to full discussion and consideration by the Board.

11. Size of the Board

The Board shall be comprised of sufficient number of inside and independent directors to perform the functions traditionally assigned to committees and to effectively and efficiently discuss, consider and make decisions concerning the business of the Company.

12. Independent Directors

A majority of the Board shall consist of independent directors. An independent director is one who (i) is not a present or former officer or employee of the Company or its subsidiaries, and (ii) does not have a relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director.

13. Annual Assessment

The Board, in conjunction with the Governance & Nominating Committee, will annually evaluate the effectiveness of the Board and its committees. Each director will complete a written assessment of the Board's performance in specified categories, including but not limited to, fiduciary oversight, Board governance and process, strategic planning and business decisions, and financial matters. In addition, each committee shall conduct an annual evaluation of its effectiveness. The Board will meet in executive session to discuss these assessments. The purpose of these evaluations is to increase the effectiveness of the Board as a whole, each committee, and each individual Board member. Unless otherwise determined by the Board, the Governance & Nominating Committee shall be responsible for establishing the evaluation criteria and implementing the process for such evaluations.

14. Evaluation of the Chief Executive Officer

The Board's independent directors shall prepare annually a formal written evaluation of the Chief Executive Officer and shall provide a copy to the Chief Executive Officer and the Board at least 30 days prior to the meeting of the Compensation Committee at which the Committee formulates its recommendation to the Board concerning the Chief Executive Officer's compensation for the ensuing year. The evaluation shall be based upon objective criteria, including performance of the Company, accomplishment of short and long-term strategic objectives and development of management. The evaluation shall be used by the Compensation Committee when considering the compensation of the Chief Executive Officer.

15. Succession Planning

The Compensation Committee shall consult with the Chief Executive Officer and shall submit each year to the Board a report on succession planning. The Compensation Committee shall advise the Board from time to time as to the status of the succession plan and potential issues related to succession, including its recommendation concerning successors.

16. Board Interaction with Institutional Investors, the Press, Customers and the General Public

Management shall be authorized to speak for the Company in all matters related to the business of the Company. The Board or individual directors may also communicate with various constituencies of the Company from time to time where circumstances require it, but only with the prior knowledge of management and preferably at the request of management.