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An Investor's Guide To Help Evaluate Evergreen's Dusty Performance.

On August 7, 2006, almost 8 months after Evergreen Energy, Inc. (NYSE: EEE, \$13.25) announced that its experimental PRB coal drying plant was operational, it loaded an undisclosed quantity of some unverified, alleged PRB coal product onto a train and shipped it to FirstEnergy Corp.'s (NYSE FE: \$58.85) Warrenton River Barge Terminal. This triggered a set of events that led to it abandoning its 30 year old moniker: Kfx.

An October 24, 2006 asensio.com report focused on a statement made by EEE's Chief Executive Officer Mark Sexton in a September 26, 2006 interview on CNBC's Squawk Box referring to "doctored videos on some short-seller's website." Further analysis of the chronology of events leading up to the "doctored" statement may provide insight into the potential significance of the images and the company's statement. Investors may find this timeline helpful in their deliberations and in preparing for EEE's conference call scheduled for later today.

On September 18, 2006 images of EEE's product being handled at FirstEnergy's Warrenton River Barge Terminal and trans-loaded to the R.E. Berger plant became available under asensio.com's user agreement. [Click Here](http://www.asensio.com/Reports/ReportView.aspx?ReportId=750&CompanyId=141&CompanyName=Report/) to read an accompanying report and to see the images.

Prior to September 18th, EEE had issued two press releases and held a conference call describing the FirstEnergy shipment. These descriptions did not reconcile with the above images.

In the first of the two press releases, issued on September 12, 2006, the company reported "no significant problems."

The second press release came after the market close and after trading in the stock was halted on September 13, 2006, following an 18% decline from the previous day's close of \$14.23. After this decline the company issued a press release providing an "additional update" about the FirstEnergy shipment.

The update was an admission of previously undisclosed fugitive dust emissions and the elevated heat content of some of the rail cars transporting the shipment. However, the press release minimized the severity of the problem by again stating that "no significant problems were reported."

The downplaying continued on a September 14, 2006 conference call held by the company to "discuss recent events." On the call Mr. Sexton stated that the second press release "only had a few more words in it" and reiterated that "no significant problems were reported with the train shipment." Mr. Sexton went on to state that "somehow missed in all of this is that there were no problems at the utility."

At the time of the conference call the existence of the images was still unknown. Only after the images became available, did EEE make its doctored statement and later changed its name. The images show a very serious dust problem at First Energy that required emergency treatment. Mr. Sexton has now admitted that Evergreen's shipment required a chemical spraying to control the dust.

Later it became known that Mr. Sexton, at the time he made the "doctored" claim, hadn't seen the videos. According to an October 6, 2006 SmartMoney.com article titled ["Another One Bites The Coal Dust,"](http://www.asensio.com/data/press/272.pdf) Mr. Sexton "acknowledged he hadn't actually seen the videos but rather was getting reports from other people in the company," in an interview with SmartMoney.

The correctness and meaning of the images may not be easily known to investors or even analysts. However, investors may want to give some weight to the above circumstances. Investors may also want to consider asking on today's call for some factual commentary from a company representative that has actually seen the images and actually witnessed the handling.

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