EVERGREEN RESOURCES INC
Form S-4
May 21, 2003

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As Filed with the Securities and Exchange Commission on May 20, 2003

Registration No. 333-

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

EVERGREEN RESOURCES, INC.

(Exact name of registrant as specified in its charter)

Colorado	**1311**	**84-0834147**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

1401 17th Street, Suite 1200
Denver, Colorado 80202
(303) 298-8100

(Address, including Zip Code, and telephone number, including area code, of registrant's principal executive offices)

Mark S. Sexton, Chairman, President and Chief Executive Officer
Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
(303) 298-8100

(Name, address, including Zip Code, and telephone number, including area code, of agent for service)

The Commission is requested to send copies of all communications to:

Garza Baldwin, III, Esq.
Womble Carlyle Sandridge & Rice, PLLC
One Wachovia Center, Suite 3300
301 South College Street
Charlotte, North Carolina 28202

Mark R. Levy, Esq.
Holland & Hart LLP
555-17th Street
Suite 3200
Denver, Colorado 80202

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this Registration Statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box: o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering: o

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per unit(2)	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee
Common Stock, no par value(1)	1,856,523	$13.72	$25,471,496	$2,061

(1) Each share of the registrant's common stock includes one preferred share purchase right.

(2) Computed in accordance with Rule 457(f) based on the average of the high ($13.74) and low ($13.70) sales price of the common stock of Carbon Energy Corporation on May 14, 2003 as reported on the American Stock Exchange.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

Special Meeting of Shareholders

MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT

The Board of Directors of Carbon Energy Corporation has unanimously approved a merger in which Carbon will become a subsidiary of Evergreen Resources, Inc. **In the merger, you will receive 0.275 shares of Evergreen common stock for each share of Carbon common stock that you own plus cash instead of any fractional share.**

Evergreen common stock is listed on the New York Stock Exchange under the symbol "EVG." On March 28, 2003, the last trading day prior to the public announcement of the merger, the closing price of Evergreen common stock was $45.40. On , 2003, the latest practicable date prior to the printing of this document, the closing price of Evergreen common stock was $. Based on the 0.275 exchange ratio and the closing price of Evergreen common stock on March 28, the implied value of the merger consideration was approximately $12.485 per share, and the implied transaction value was approximately $84,300,000 based on the implied value of the merger consideration and the number of shares of Carbon common stock outstanding on that date. Based on the 0.275 exchange ratio and the closing price of Evergreen common stock on , the implied dollar value of the merger consideration was approximately $ per share, and the implied transaction value was approximately $ based on that value and the number of shares of Carbon common stock outstanding on that date.

Evergreen expects to issue approximately 1,691,339 shares of common stock in the merger, which will represent approximately 8% of the outstanding Evergreen common stock immediately after the merger.

The price of Evergreen common stock will fluctuate prior to completion of the merger. As explained in more detail in this proxy statement/prospectus, the merger does not include a price-based termination right or other protection against declines in the market price of Evergreen common stock, and Carbon has not obtained an updated fairness opinion from its financial advisor. Carbon shareholders do not have the right to seek an appraisal of the value of their Carbon shares in the merger.

You generally will not recognize gain or loss for federal income tax purposes on your receipt of the Evergreen common stock. However, Evergreen will pay cash instead of issuing fractional shares of common stock in the merger, and you generally will recognize gain or loss on any cash you receive instead of a fractional share.

At the meeting, you will consider and vote on the merger. **The merger cannot be completed unless holders of at least a majority of the shares of Carbon common stock entitled to vote, voting as a single class, approve the merger. Carbon's Board of Directors believes the merger is in the best interests of Carbon's shareholders and recommends that the shareholders vote to approve it.** No vote of Evergreen shareholders is required to approve the merger.

Yorktown Energy Partners III, L.P. and I have agreed to vote our shares of Carbon's common stock for approval of the merger. Yorktown and I own 73.2% and 3.8%, respectively, of Carbon's outstanding common stock.

The special meeting will be held at .m., Mountain Daylight Time, on , 2003 at .

This proxy statement/prospectus provides you with detailed information about the proposed merger. We encourage you to read this entire document carefully.

YOU SHOULD CAREFULLY READ THE "RISK FACTORS" SECTION BEGINNING ON PAGE .

Your vote is very important. Whether or not you plan to attend the meeting, please take the time to vote by completing and mailing the enclosed proxy card to us. **If you fail to return your proxy card and fail to vote in person, the effect will be the same as a vote against the merger.**

On behalf of the Board of Directors of Carbon, I urge you to vote "FOR" approval of the merger.

Patrick R. McDonald
President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved of the Evergreen common stock to be issued in the merger or determined if this proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated , 2003 and is expected to be first mailed to shareholders of Carbon on or about , 2003.

ADDITIONAL INFORMATION

This proxy statement/prospectus incorporates important business and financial information about Evergreen and Carbon from other documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain those documents, which are incorporated by reference in this proxy statement/prospectus, by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers:

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202

Carbon Energy Corporation
1700 Broadway, Suite 1150
Denver, Colorado 80290

(303) 298-8100 (303) 863-1555 (ext. 231)
Attention: Director of Investor Relations Attention: Corporate Relations Department

IF YOU WOULD LIKE TO REQUEST DOCUMENTS, PLEASE DO SO BY **[INSERT DATE NO LATER THAN 5 BUSINESS DAYS PRIOR TO MEETING]** IN ORDER TO RECEIVE THEM BEFORE THE SPECIAL MEETING.

See "Where You Can Find More Information" on page .

Carbon Energy Corporation

1700 Broadway, Suite 1150
Denver, Colorado 80290

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS TO BE HELD ON , 2003

Carbon Energy Corporation will hold a special meeting of shareholders on , 2003 at .m., Mountain Daylight Time, at located at , for the following purposes:

To consider and vote upon a proposal to approve the Agreement and Plan of Reorganization, dated as of March 31, 2003, among Carbon Energy Corporation, Evergreen Resources, Inc. and Evergreen Merger Corporation (the "merger subsidiary"), and a related plan of merger (collectively, the "merger agreement"), providing for the merger of the merger subsidiary with and into Carbon (the "merger"). In the merger, each share of Carbon common stock will be converted into the right to receive 0.275 shares of Evergreen common stock plus cash instead of fractional shares, all as described in more detail in the accompanying proxy statement/prospectus. A copy of the merger agreement and related plan of merger is attached as Appendix A to the accompanying proxy statement/prospectus.

To approve the adjournment of the special meeting, if necessary, to solicit additional proxies, in the event that there are not sufficient votes at the time of the special meeting to approve the above proposals.

To transact any other business that may properly come before the meeting or any adjournment or postponement of the meeting.

Additional information about the proposals set forth above may be found in the accompanying proxy statement/prospectus. Please carefully review the accompanying proxy statement and the merger agreement and related plan of merger attached as Appendix A.

Holders of shares of Carbon common stock as of the close of business on , 2003 are entitled to notice of the meeting and to vote at the meeting. If your shares are not registered in your own name, you will need additional documentation from the record holder in order to vote personally at the meeting.

You are strongly urged to vote on the above proposals. The enclosed proxy is solicited by and on behalf of the Carbon Board of Directors. Carbon shareholders have two ways to vote by proxy: (1) by mail and (2) by telephone. To vote by telephone, Carbon shareholders should follow the instructions on the enclosed proxy form. To vote by mail, Carbon shareholders should complete, sign, date and return the enclosed proxy form in the envelope provided, which requires no postage if mailed in the United States. You may revoke your proxy at any time before the vote is taken by voting again by delivering to the Secretary of Carbon a written revocation or a proxy with a later date or by oral revocation in person to any of the persons named on the enclosed proxy card at the special meeting. Attendance at the meeting will not by itself revoke a proxy.

By Order of the Board of Directors

Patrick R. McDonald
Secretary

Denver, Colorado
, 2003

Regardless of the number of shares you hold, your vote is very important. Please complete, sign, date and promptly return the proxy card in the enclosed envelope so that your shares will be represented whether or not you plan to attend the special meeting. Failure to secure a quorum on the date set for the special meeting would require an adjournment that would cause us to incur considerable additional expense.

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SUMMARY

This summary highlights selected information from this proxy statement/prospectus and may not contain all of the information that is important to you. To understand the merger fully and for a more complete description of the legal terms of the merger, you should read carefully this entire document and the documents to which we refer you. See "Where You Can Find More Information" on page .

You Will Receive 0.275 Shares of Evergreen Stock for Each Share of Carbon Stock

If the merger is completed, you will receive 0.275 shares of Evergreen common stock for each outstanding share of Carbon common stock you own plus cash instead of any fractional share of Evergreen common stock that would otherwise be issued.

Please do not send your Carbon common stock certificate until after receipt of written instructions following completion of the merger. See "What You Need to Do Now."

The table below shows the closing prices of Evergreen common stock and Carbon common stock and the implied dollar value of the merger consideration on March 26, 2003 (the last date on which Carbon common stock was traded on the American Stock Exchange before public announcement of the merger), March 28, 2003 (the last full trading day on the New York Stock Exchange before public announcement of the merger) and on , 2003. The implied dollar value of the merger consideration is calculated by multiplying Evergreen's per share closing price on the applicable date by the exchange ratio of 0.275, which is the number of shares of Evergreen common stock that you would receive in the merger for each share of Carbon common stock you own.

	March 26, 2003	March 28, 2003	, 2003
Evergreen	$ 43.96	$ 45.40	
Carbon	$ 10.50	N/A	
Implied dollar value of the merger consideration	N/A	$ 12.49	

Because the 0.275 exchange ratio is fixed but the market price of Evergreen will fluctuate prior to the merger, the pro forma equivalent price for Carbon common stock will also fluctuate prior to the merger, and you will not know the final implied dollar value of the merger consideration when you vote upon on the merger. Evergreen common stock is trade on the New York Stock Exchange under the symbol "EVG." Carbon common stock is traded on the American Stock Exchange under the symbol "CRB." You should obtain current stock price quotations from a newspaper, the Internet or your broker. We urge you to obtain information on the market value of Evergreen and Carbon common stock that is more recent than that provided in this proxy statement/prospectus.

You Will Not Be Subject to Federal Income Tax on Shares Received in the Merger (Page)

Neither company is required to complete the merger unless it receives a legal opinion from Evergreen's legal counsel, dated as of the closing date, to the effect that, based on specified facts, representations and assumptions, the merger will be treated as a "reorganization" for federal income tax purposes. Therefore, it is expected that, for federal income tax purposes, you generally will not recognize any gain or loss on the conversion of shares of Carbon common stock into shares of Evergreen common stock. You will be taxed, however, if you receive any cash instead of any fractional share of Evergreen common stock that would otherwise be issued. **Tax matters are complicated, and the tax consequences of the merger may vary among shareholders.** We urge you to contact your own tax advisor to understand fully how the merger will affect you.

Evergreen Does Not Expect to Pay Dividends Following the Merger

Evergreen has not declared or paid and does not anticipate declaring or paying any dividends on its common stock in the near future. Any future determination as to the declaration and payment of dividends will be at the discretion of Evergreen's Board of Directors and will depend on then existing conditions, including Evergreen's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and such other factors as the Board deems relevant.

Carbon's Board of Directors Unanimously Recommends Shareholder Approval (Page)

The Carbon Board of Directors believes that the merger is in the best interests of Carbon shareholders and unanimously recommends that you vote "FOR" approval of the merger agreement and the related plan of merger. The Carbon Board believes that, as a result of the merger, you will be able to achieve greater value on a long term basis than you would if Carbon remained independent.

Yorktown Energy Partners III, L.P., which owns 73.2% of Carbon's outstanding common stock, and Patrick R. McDonald, who owns directly or indirectly 3.8% of Carbon's outstanding common stock, have agreed to vote their shares in favor of the merger.

Carbon's Board Received a Fairness Opinion from RBC Dain Rauscher Inc. (Page)

Carbon's financial advisor, RBC Dain Rauscher Inc., or RBC, has given an opinion to the Carbon Board that, as of March 31, 2003 (the date the merger agreement was executed), the exchange ratio in the merger was fair from a financial point of view to you as holders of Carbon common stock. The full text of this opinion is attached as Appendix B to this proxy statement/prospectus. We encourage you to read the opinion carefully to understand the assumptions made, matters considered and limitations of the review undertaken by RBC in rendering its fairness opinion. The opinion of RBC will not be updated prior to closing and does not reflect changes in circumstances after the signing of the merger agreement. Carbon has agreed to pay a fee of $500,000 to RBC for advisory services in connection with the potential merger with Evergreen. At the time this proxy statement/prospectus is mailed to you, Carbon has paid $300,000 to RBC as a fee for the fairness opinion delivered to the Carbon Board on March 31, 2003. The fairness opinion fee was payable upon delivery of the opinion without regard to whether the merger is completed but will be credited against the transaction fee mentioned above. Carbon will pay RBC the balance of $200,000 at the time the merger is completed. Carbon has also agreed to reimburse RBC for reasonable expenses and to indemnify RBC and related parties against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement.

You Do Not Have Dissent and Appraisal Rights (Page)

You do not have the right to dissent from the merger and demand an appraisal of the fair value of your shares in connection with the merger.

Special Meeting to Approve Merger to be Held , 2003 (Page)

Carbon will hold the special meeting at .m., Mountain Daylight Time, on , 2003 at located at . At the meeting, you will vote on the merger agreement and the plan of merger, the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any other business that properly arises.

Information About the Companies (Page ,)

Evergreen Resources, Inc.
1401 17th Street, Suite 1200
Denver, Colorado 80202
(303) 298-8100

Evergreen is a Colorado corporation organized on January 14, 1981. Evergreen is an independent energy company engaged in the operation, development, production, exploration and acquisition of unconventional natural gas properties. Evergreen is one of the leading developers of coal bed methane reserves in the United States. Its current operations are principally focused on developing and expanding its coal bed methane project located in the Raton Basin in southern Colorado. In addition, Evergreen has begun a coal bed methane project in southern Alaska.

Carbon Energy Corporation
1700 Broadway, Suite 1150
Denver, Colorado 80290
(303) 863-1555

Carbon is an independent oil and gas company engaged in the exploration, development and production of natural gas and crude oil in the United States and Canada. Carbon's areas of operations in the United States are the Piceance Basin in Colorado and the Uintah Basin in Utah. Carbon's areas of operations in Canada are central and northwest Alberta and southeast Saskatchewan.

As a Result of the Merger, Carbon Will Become a Subsidiary of Evergreen (Page)

In the merger, Evergreen's merger subsidiary will merge into Carbon, and Carbon will become a wholly-owned subsidiary of Evergreen. If the Carbon shareholders approve the merger agreement and the plan of merger at the special meeting, we currently expect to complete the merger in the third quarter of 2003.

We have included the merger agreement as Appendix A to this proxy statement/prospectus. We encourage you to read the merger agreement in full, as it is the legal document that governs the merger.

Majority Shareholder Vote Required to Approve the Merger (Page)

Approval of the merger agreement and the plan of merger requires the affirmative vote of the holders of at least a majority of the outstanding shares of Carbon common stock entitled to vote, voting as a single class. If you fail to vote or abstain, it will have the effect of a vote against the merger agreement and the plan of merger. At the record date, the directors and executive officers of Carbon and their affiliates together owned about 81.8% of the outstanding Carbon common stock entitled to vote at the meeting. Yorktown Energy Partners III, L.P., the largest shareholder of Carbon, and Patrick R. McDonald, the Company's President and Chief Executive Officer, have agreed to vote their shares in favor of the merger.

Brokers who hold shares of Carbon stock as nominees will not have authority to vote those shares on the merger unless the beneficial owners of those shares provide voting instructions. If you hold your shares in street name, please see the voting form provided by your broker for additional information regarding the voting of your shares. If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person.

The merger does not require the approval of Evergreen's shareholders.

Record Date Set at , 2003; One Vote per Share of Carbon Stock (Page)

If you owned shares of Carbon common stock at the close of business on , 2003, the record date, you are entitled to vote on the merger agreement, the plan of merger, the proposal to adjourn the special meeting, if necessary, to solicit additional proxies to approve the matters being voted upon at the meeting and any other matters that may be properly considered at the meeting.

On the record date, there were shares of Carbon common stock outstanding. At the meeting, you will have one vote for each share of Carbon common stock that you owned on the record date.

Certain Interests of Carbon Directors and Executive Officers in the Merger Differ From Your Interests (Page)

Some of Carbon's directors and executive officers have interests in the merger that differ from, or are in addition to, the interests of other Carbon shareholders. These interests include acceleration of vesting of stock-based awards upon a change of control under benefit and compensation plans maintained by Carbon and, in the case of certain key employees and executive officers of Carbon, severance benefits payable to the employee upon termination in the event of a change in control under existing employment agreements with Carbon. The Carbon Board of Directors was aware of these and other interests and considered them when it approved and adopted the merger agreement.

Employment Agreements. In 1999, Carbon entered into an employment agreement with Patrick R. McDonald providing for Mr. McDonald to serve as Carbon's President and Chief Executive Officer. This employment agreement was renewed in October 2002 with a new three-year employment agreement containing similar terms. Either Carbon or Mr. McDonald may terminate the agreement if there is a change in control of Carbon, which includes shareholder approval of the merger. In the event of a change in control supported by the Carbon Board of Directors, Mr. McDonald is to be paid 300% of his average annual compensation for the prior three years upon termination of the employment agreement by Mr. McDonald or Carbon. In addition, the employment agreement provides that any outstanding stock options and incentive awards granted to Mr. McDonald will become 100% vested, without any restrictions, upon a change in control.

Carbon has also entered into an employment agreement with Kevin D. Struzeski providing for Mr. Struzeski to serve as Carbon's Chief Financial Officer. The employment agreement provides that either Carbon or Mr. Struzeski may terminate the agreement if there is a change in control of Carbon, which includes shareholder approval of the merger. In the event of a change in control supported by the Carbon Board of Directors, Mr. Struzeski is to be paid 200% of his average annual compensation for the prior two years upon termination of his employment agreement by Carbon or 100% of his average annual compensation upon termination of his employment by him. In addition, the employment agreement provides that any outstanding stock options and incentive awards granted to Mr. Struzeski will become 100% vested, without any restrictions, upon a change in control.

Carbon has entered into employment agreements with six other employees, including three Canadian employees. These agreements provide for severance benefits in the event of a change in control of Carbon followed by termination of the employee's employment. The severance benefits range from 100% to 200% of the employee's average annual compensation for the prior two years upon termination of employment following a change in control supported by the Board of Directors. The agreements also provide that upon a change in control, any outstanding stock options and incentive awards granted to the employee will become 100% vested, without restrictions.

Voting Agreements. Evergreen has entered into voting agreements with each of Yorktown Energy Partners, III, L.P. and Mr. McDonald, pursuant to which Yorktown and Mr. McDonald have agreed to vote their shares in favor of adoption and approval of the merger agreement and against any action that could delay, postpone or impair completion of the merger. Yorktown and Mr. McDonald have also agreed not to transfer or dispose of their shares prior to the effective date of the merger or termination of the merger agreement.

Registration Rights Agreement. Pursuant to a registration rights agreement, Evergreen has agreed to file a registration statement with the SEC within 45 days after the date the merger becomes effective

to register for one year the resale of the Evergreen shares to be received in the merger by Yorktown and its limited partners and Mr. McDonald and his related entities.

Indemnification of Directors and Executive Officers. The merger agreement provides that for three years after the merger becomes effective Evergreen or one of its subsidiaries will maintain directors' and officers' liability insurance covering directors and officers of Carbon for acts or omissions occurring before the merger becomes effective. The insurance will provide at least the same coverage and amounts as contained in Carbon's policy on the date of the merger agreement, subject to certain limits on the premiums that Evergreen will be required to pay. Evergreen has also agreed to indemnify all individuals who are or have been officers, directors or employees of Carbon or a Carbon subsidiary before the merger becomes effective from any acts or omissions in such capacities before the merger becomes effective to the extent such indemnification is permitted by Carbon's governing documents and applicable law.

The material terms and financial provisions of these arrangements are described under the heading "Interests of Carbon's Directors and Officers in the Merger" on page .

Evergreen Will Assume Carbon Stock Options and Restricted Stock Awards (Page)

When the merger is completed, outstanding options to purchase Carbon common stock granted to Carbon employees and directors under Carbon's equity-based plans will be assumed by Evergreen and become options in respect of Evergreen common stock (or substitute options to acquire Evergreen common stock will be granted). The number of shares subject to these options and the exercise price thereof will be adjusted to reflect the exchange ratio. In addition, upon approval of the merger agreement by the shareholders of Carbon, all outstanding and unvested Carbon stock options will vest and become immediately exercisable.

In addition, the executive officers and certain employees of Carbon have received grants of restricted stock awards. All restricted stock outstanding under Carbon's plan becomes fully vested upon a change in control, which includes shareholder approval of the merger agreement.

Certain Conditions Must Be Satisfied for the Merger to Occur (Page)

A number of conditions must be met for us to complete the merger, including, but not limited to:

- approval of the merger agreement by the Carbon shareholders;
- receipt of the opinion of Evergreen's counsel that the merger will constitute a reorganization under Section 368 of the Internal Revenue Code, as amended, and that Carbon shareholders will not recognize gain or loss to the extent they exchange their Carbon common stock for Evergreen common stock;
- the continuing accuracy of the parties' representations in the merger agreement;
- the continuing effectiveness of the registration statement filed with the Securities and Exchange Commission (the "SEC") covering the shares of Evergreen common stock to be issued in the merger;
- the shares of Evergreen common stock issuable pursuant to the merger agreement shall have been approved for listing on the New York Stock Exchange; and
- none of Carbon's properties and assets shall have suffered a casualty loss or have been taken in condemnation such that, when considered with any inaccurate representations and warranties, there is a material adverse effect on Carbon after taking into account proceeds of insurance and any condemnation award.

The Merger Agreement May Be Terminated or Amended Under Certain Circumstances (Page)

Evergreen and Carbon can mutually agree at any time to terminate the merger agreement without completing the merger. Either company can also unilaterally terminate the merger agreement if:

- the merger is not completed by October 31, 2003;
- the shareholders of Carbon do not approve the merger;
- any condition that must be satisfied to complete the merger cannot be satisfied or fulfilled prior to the closing date;
- the other company violates, in a material way, any of its representations, warranties or obligations under the merger agreement and the violation is not cured in a timely fashion; or

any of the required regulatory approvals are denied, and the time period for appeals and requests for reconsideration have expired.

Generally, the party seeking to terminate because a condition cannot be satisfied or fulfilled cannot itself be in violation of the merger agreement in a way that would allow the other party to terminate.

Evergreen and Carbon can agree to amend the merger agreement in any way, except that after the shareholders' meeting we cannot decrease the consideration that Carbon shareholders will receive in the merger. Either company can waive any of the requirements of the other company contained in the merger agreement, except that neither company can waive any required regulatory approval.

Carbon Could Be Required to Pay a Termination Fee to Evergreen (Page)

Carbon will be required to pay Evergreen a termination fee of $2,500,000 if the merger agreement is terminated:

by Evergreen or Carbon because Carbon's Board of Directors fails to recommend to Carbon's shareholders that they approve the merger, and Carbon's shareholders fail to approve the merger;

by Evergreen because Carbon breaches its non-solicitation covenant or its covenant to recommend that the Carbon shareholders approve the merger; or

by Evergreen because Carbon has breached any of its representations, warranties or covenants under the merger agreement (other than the non-solicitation covenant or its covenant to recommend that the Carbon shareholders approve the merger), the violation is not cured in a timely fashion and Carbon has received notice of a competing proposal from a third party at the time of or prior to the breach.

Share Price Information (Page)

Evergreen common stock is traded on the New York Stock Exchange under the symbol "EVG". Carbon common stock is traded on the American Stock Exchange under the symbol "CRB". On March 28, 2003, the last full NYSE trading day before public announcement of the merger, Evergreen common stock closed at $45.40. On March 26, 2003, the last date on which Carbon common stock was traded on AMEX before public announcement of the merger, the closing price of Carbon common stock was $10.50. On , 2003, Carbon common stock closed at $, and Evergreen common stock closed at $. The market prices of Evergreen and Carbon, and the pro forma equivalent price for Carbon common stock, will fluctuate prior to the merger. You should obtain current stock price quotations from a newspaper, the Internet or your broker.

There are Differences Between the Rights of Carbon's and Evergreen's Shareholders (Page)

Both Evergreen and Carbon are governed by the Colorado Business Corporation Act (the "CBCA"). However, the rights of Carbon's shareholders are governed by Carbon's articles of incorporation and bylaws, which differ from Evergreen's articles of incorporation and bylaws with respect to certain matters, including:

Directors may be removed from office under Evergreen's articles of incorporation and bylaws only for cause and only by the vote of 80% of the outstanding shares entitled to vote in the election of directors, while directors may be removed from office under Carbon's articles of incorporation and bylaws with or without cause by a majority of votes cast at a special shareholders meeting called for the purpose of the removal; and

Evergreen's articles of incorporation and bylaws require the vote of 80% of the shares entitled to vote to approve an amendment to the provisions of the articles of incorporation concerning the composition of the Board of Directors, while Carbon's articles of incorporation do not alter the statutory requirement that a majority of the outstanding shares approve such an amendment to the articles of incorporation.

A more complete discussion of the differences in rights of Evergreen and Carbon shareholders is set forth in "Comparison of the Rights of Evergreen and Carbon Shareholders" on page .

Evergreen Common Stock Issued in Merger Will Be Listed on NYSE

Evergreen will list the shares of its common stock to be issued in the merger on the New York Stock Exchange.

What You Need to Do Now

After you have carefully read this document, please vote your shares of Carbon common stock by telephone by following the telephone instructions on the reverse side of the enclosed proxy form, or by signing and mailing the enclosed proxy form in the return envelope provided as soon as possible so that your shares will be represented at the annual meeting. If you sign and send in your proxy and do not indicate how you want to vote, your proxy will be counted as a vote in favor of the proposals. If you do not vote or you abstain, it will have the effect of a vote against the merger proposal.

After the merger, you will have to surrender your Carbon common stock certificates to receive new certificates representing the number of shares of common stock of Evergreen you are entitled to receive in the merger. Please **do not** send certificates until after receipt of written instructions following completion of the merger.

Comparative Market Prices and Dividends

Evergreen common stock is listed on the New York Stock Exchange under the symbol "EVG," and Carbon common stock is listed on the American Stock Exchange under the symbol "CRB." The table below shows the high and low prices of Evergreen common stock and Carbon common stock for the last two fiscal years and 2003 to date. Neither company has paid dividends on its common stock since inception, and the merger agreement restricts Carbon's ability to pay dividends. See page .

	Evergreen		Carbon	
	High	Low	High	Low
Quarter Ended				
March 31, 2003	$ 46.49	$ 41.29	$ 11.95	$ 9.80
June 30, 2003 (through May 16, 2003)	52.10	44.60	14.00	12.00
For year 2003 (through May 16, 2003)	52.10	41.29	14.00	9.80
Quarter Ended				
March 31, 2002	$ 43.65	$ 33.01	$ 8.70	$ 7.81
June 30, 2002	45.40	39.26	9.99	8.51
September 30, 2002	42.51	30.90	9.89	9.50
December 31, 2002	47.00	37.75	10.25	9.70
For year 2002	47.00	30.90	10.25	7.81
Quarter Ended				

	Evergreen		Carbon	
March 31, 2001	$ 43.50	$ 29.45	$ 8.80	$ 6.81
June 30, 2001	50.99	34.80	12.40	8.80
September 30, 2001	42.35	30.65	9.90	8.10
December 31, 2001	43.00	32.04	9.59	8.50
For year 2001	50.99	29.45	12.40	6.81

The table below shows the closing price of Evergreen common stock on March 28, 2003, the last full NYSE trading day before public announcement of the proposed merger, and the closing price of Carbon common stock on March 26, 2003, the last date on which Carbon common stock was traded on AMEX before public announcement of the merger.

Evergreen historical	$ 45.40
Carbon historical	$ 10.50
Carbon pro forma equivalent*	$ 12.49

* Calculated by multiplying Evergreen's per share closing price by the exchange ratio of 0.275.

Selected Unaudited Pro Forma Condensed Combined Financial Information

The following unaudited pro forma condensed combined financial information shows the pro forma effect of the proposed merger. The unaudited pro forma condensed combined financial information includes statements of operations for the three months ended March 31, 2003 and the year ended December 31, 2002 and certain production and other data, which assume the merger occurred on January 1, 2002. The unaudited pro forma condensed combined financial information also includes certain balance sheet information as of March 31, 2003, which assumes the merger occurred on that date.

This information is only a summary. You should read the unaudited pro forma condensed combined financial information and the accompanying notes that are included in this document. You should also read the historical information of Evergreen that is incorporated by reference into this document and for Carbon that is incorporated by reference in, and accompanies, this document.

We are providing the unaudited pro forma condensed combined financial and other data that is preliminary and is being furnished solely for information purposes. The pro forma information does not purport to represent what the financial position and the results of operations of the combined company would have actually been had the proposed merger in fact occurred on the dates indicated, nor is it necessarily indicative of the results of operations or financial position that may occur in the future.

The information was prepared based on the fact that both Evergreen and Carbon use the full cost method of accounting for their oil and gas producing activities. We have not reflected as an adjustment to the historical data any annual cost savings that may result from the merger.

No pro forma adjustments have been made with respect to the following items. These items are reflected in the historical results of Evergreen and Carbon, as applicable, and should be considered in reading the pro forma results:

In 2002, Evergreen recognized a $51.5 million expense related to the impairment of its international properties.

In 2002, Carbon recognized a $13.2 million reduction to the carrying value of its oil and gas properties pursuant to the full cost ceiling test limitation.

Unaudited Pro Forma Condensed Combined Company Statements of Operations

(in thousands, except per share amounts)

	Three Months Ended March 31, 2003	Year Ended December 31, 2002
Revenues:		
Oil and gas revenues	$ 54,430	$ 125,068
Interest and other	(3)	920
Total revenues	54,427	125,988
Expenses:		
Lease operating expense	6,009	20,949
Transportation costs	3,367	12,233
Production and property taxes	3,111	6,610
Depreciation, depletion and amortization	8,047	30,716
Full cost ceiling impairment		13,218
Impairment of international properties		51,546
General and administrative expenses	4,120	14,113
Interest expense	2,526	8,818
Other	(76)	645
Total expenses	27,104	158,848
Income (loss) from continuing operations, before income taxes	27,323	(32,860)
Income tax provision (benefit)	9,873	(5,732)
Net income (loss) from continuing operations	$ 17,450	$ (27,128)
Basic income (loss) from continuing operations per common share	$ 0.84	$ (1.31)
Diluted income (loss) from continuing operations per common share	$ 0.82	$ (1.31)
Weighted average shares outstanding:		
Basic	20,749	20,646
Diluted	21,410	20,646

	Pro Forma Combined Company Three Months Ended March 31, 2003

PRODUCTION AND OTHER DATA:		
Production:		
Gas (Bcf)		11.64
Oil and NGLs (MBbls)		22.5
Bcfe		11.8
Cost per Mcfe:		
Lease operating expense	$	0.51
Depreciation, depletion and amortization of oil and gas properties	$	0.68

		Pro Forma Combined Company as of March 31, 2003
		(in thousands)
BALANCE SHEET DATA:		
Cash and cash equivalents	$	9,046
Total assets	$	812,750
Total long-term obligations	$	260,242
Total stockholders' equity	$	406,934

Selected Consolidated Financial Data

We are providing the following information to help you analyze the financial aspects of the merger. We derived the information below from Evergreen's unaudited financial statements for the three months ended March 31, 2003 and 2002 and its audited financial statements for 1998 through 2002. This information is only a summary, and you should read it in conjunction with Evergreen's historical financial statements and the related notes contained in the annual and quarterly reports and other documents that Evergreen has filed with the SEC. See "Where You Can Find More Information" on page .

Evergreen-Historical Financial Information

(Dollars in thousands, except for per share amounts)

	Three Months Ended March 31,		**Years Ended December 31,**				
	2003	**2002**	**2002**	**2001**	**2000**	**1999**	**1998**
			(in thousands, except per share amounts)				
Statement of Operations Data							
Revenues:							
Natural gas revenues	$ 48,974	$ 20,192	$ 111,550	$ 119,745	$ 59,128	$ 26,722	$ 21,582
Interest and other	147	122	576	1,025	565	207	178
Total revenues	49,121	20,314	112,126	120,770	59,693	26,929	21,760
Expenses:							
Lease operating expenses	4,717	3,685	16,161	12,228	7,475	4,245	2,280
Transportation costs	3,367	2,835	12,233	9,524	5,902	4,001	2,519
Production and property taxes	2,980	1,190	5,960	5,472	2,567	1,146	1,077
Depreciation, depletion and amortization	5,529	4,792	20,916	16,212	8,190	4,757	3,860

	Three Months Ended March 31,		Years Ended December 31,				
Impairment of international properties			51,546				
General and administrative	2,606	2,189	9,226	6,985	4,364	3,024	1,933
Interest expense	2,199	1,920	8,345	8,331	3,330	1,927	1,870
Other	(76)	7	645	653	178	175	286
Total expenses	21,322	16,618	125,032	59,405	32,006	19,275	13,825
Income (loss) from continuing operations before income taxes, discontinued operations and cumulative effect of change in accounting principle	27,799	3,696	(12,906)	61,365	27,687	7,654	7,935
Income tax provision-deferred	10,147	1,312	(4,582)	22,838	10,695	2,979	3,062
Income (loss) from continuing operations before discontinued operations and cumulative effect of change in accounting principle	17,652	2,384	(8,324)	38,527	16,992	4,675	4,873
Discontinued operations							
Gain on disposal of discontinued operations, net						452	
Equity in earnings of discontinued operations, net							339
Net income (loss) before cumulative effect of change in accounting principle	17,652	2,384	(8,324)	38,527	16,992	5,127	5,212
Cumulative effect of change in accounting principle, net of tax	713						
Net income (loss)	16,939	2,384	(8,324)	38,527	16,992	5,127	5,212
Preferred stock dividends					(2,929)		
Net income (loss) attributable to common stockholders	$ 16,939	$ 2,384	$ (8,324)	$ 38,527	$ 14,063	$ 5,127	$ 5,212
Basic income (loss) per common share							
From continuing operations	$ 0.93	$ 0.13	$ (0.44)	$ 2.08	$ 0.91	$ 0.36	$ 0.47
From discontinued operations						0.03	0.03
Cumulative effect in change in accounting principle, net of tax	(0.04)						
Basic income (loss) per common share	$ 0.89	$ 0.13	$ (0.44)	$ 2.08	$ 0.91	$ 0.39	$ 0.50
Diluted income (loss) per common share							
From continuing operations	$ 0.90	$ 0.12	$ (0.44)	$ 1.98	$ 0.87	$ 0.34	$ 0.44
From discontinued operations						0.03	0.03
Cumulative effect in change in accounting principle, net of tax	(0.04)						
Diluted income (loss) per common share	$ 0.86	$ 0.12	$ (0.44)	$ 1.98	$ 0.87	$ 0.37	$ 0.47

Statement of Cash Flows Data							
Net cash provided by (used in):							
Operating activities	$ 20,343	$ 10,495	$ 53,602	$ 90,113	$ 31,274	$ 12,731	$ 12,147
Investing activities	(26,888)	(28,461)	(114,766)	(122,547)	(144,196)	(43,864)	(47,202)
Financing activities	6,971	17,268	58,990	31,457	116,269	30,471	34,260

		December 31,				
	March 31, 2003	2002	2001	2000	1999	1998
		(in thousands)				
Balance Sheet Data						
Cash and cash equivalents	$ 1,310	$ 871	$ 3,024	$ 4,034	$ 651	$ 1,334
Working (deficit) capital	(2,228)	(5,138)	(6,793)	6,850	(62)	(468)
Total assets	650,103	606,761	556,025	450,745	184,369	139,626
Total long-term obligations	239,000	236,000	181,000	149,748	15,500	47,045
Total stockholders' equity	324,734	312,428	314,940	266,852	153,510	76,679

We derived the information below from the audited financial statements of Carbon and its predecessor Bonneville Fuels for 1998 through 2002 and from its unaudited financial statements for the three months ended March 31, 2003 and 2002. For 1999, the table presents the activities of Carbon for November and December 1999 (Carbon's activities prior to November 1, 1999 were minimal) and Bonneville Fuels for the period January through October 1999, and the results of operations and cash flow of Carbon and Bonneville Fuels on a pro forma basis for the year ended December 31, 1999. This information is only a summary, and you should read it in conjunction with Carbon's historical financial statements and the related notes contained herein. See "Where You Can Find More Information" on page .

Carbon-Historical Financial Information

(Dollars in thousands, except for per share amounts)

	As of or for the Three Months Ended March 31, 2003	As of or for the Three Months Ended March 31, 2002	As of or for the Year Ended December 31,			Pro Forma for the Year Ended December 31, 1999	As of or for the Two Months Ended December 31, 1999	As of or for the Ten Months Ended October 31, 1999	As of or for the Year Ended December 31, 1998
			2002	2001	2000				
Statement of Operations Data									
Revenues	$ 6,274	$ 3,626	$ 16,520	$ 21,955	$ 16,603	$ 10,299	$ 1,775	$ 8,524	$ 7,281
Net earnings (loss)	1,493	(532)	(14,555)	1,573	1,456	147	(491)	638	(2,191)
Basic income (loss) per share:									
Income (loss) before cumulative effect of change in accounting principle	$ 0.19	$ (0.09)	$ (2.39)	$ 0.51	$ 0.25	n/a	$ (0.12)	n/a	n/a
Cumulative effect of change in accounting principle, net of tax	0.05			(0.25)		n/a		n/a	n/a
Basic income (loss) per share	$ 0.24	$ (0.09)	$ (2.39)	$ 0.26	$ 0.25	n/a	$ (0.12)	n/a	n/a

	As of or for the Three Months Ended March 31, 2003	As of or for the Three Months Ended March 31, 2002					As of or for the Two Months Ended December 31, 1999	As of or for the Ten Months Ended October 31, 1999	
Diluted income (loss) per share:									
Income (loss) before cumulative effect of change in accounting principle	0.18	(0.09)	$ (2.39)	$ 0.49	$ 0.25	n/a	(0.12	n/a	n/a
Cumulative effect of change in accounting principle, net of tax	0.05			(0.24)		n/a		n/a	n/a
	$	$					$	)	
Diluted income (loss) per share	$ 0.23	$ (0.09)	$ (2.39)	$ 0.25	$ 0.25	n/a	$ (0.12)	n/a	n/a
Statement of Cash Flows Data									
Cash provided by (used in) operating activities	$ 2,592	$ (2,065)	$ 2,657	$ 14,232	$ 3,755	$ (713)	$ 999	$ (1,712)	$ 4,696
Cash provided by (used in) investing activities	7,223	(2,439)	(7,572)	(17,297)	(8,266)	(28,841)	(24,110)	(4,731)	(5,948)
Cash provided by (used in) financing activities	(2,027)	4,504	4,875	3,089	3,526	28,056	24,106	3,950	3,450
Balance Sheet Data									
Total assets	$ 58,342	n/a	$ 52,304	$ 62,368	$ 62,480	n/a	$ 39,298	$ 22,912	$ 22,840
Working capital (deficit)	3,489	n/a	(3,671)	(5,051)	(267)	n/a	232	1,954	562
Long-term debt	21,242	n/a	22,709	17,870	15,082	n/a	9,100	9,800	5,850
Stockholders' equity	20,688	n/a	18,608	33,854	32,235	n/a	24,315	9,701	9,063

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Comparative Per Share Data

The following table presents: (1) historical per share data for Evergreen; (2) historical, pro forma and equivalent pro forma per share data for Carbon; and (3) pro forma per share data of the combined company after giving effect to the merger.

The combined company pro forma per share data was derived by combining information from the historical consolidated financial statements of Evergreen and Carbon using the purchase method of accounting for the merger. You should read this table together with the historical consolidated financial statements of Evergreen and Carbon that are filed with the Securities and Exchange Commission and incorporated by reference into this document. See "Additional Information Where You Can Find More Information" on page . You should not rely on the pro forma per share data as being necessarily indicative of actual results had the merger occurred on January 1, 2002.

	Three Months Ended March 31, 2003(3)	Year Ended December 31, 2002(3)
Historical Evergreen		
Earnings (loss) from continuing operations per share:		
Basic	$ 0.93	$ (0.44)
Diluted	$ 0.90	$ (0.44)
Book value per share	$ 17.01	N/A
Historical Carbon		
Earnings (loss) from continuing operations per share:		

	Three Months Ended March 31, 2003(3)	Year Ended December 31, 2002(3)
Basic	$ 0.19	$ (2.39)
Diluted	$ 0.18	$ (2.39)
Book value per share	$ 3.38	N/A
Pro forma Carbon		
Earnings (loss) from continuing operations per share(4):		
Basic	$ 0.10	$ (2.57)
Diluted	$ 0.10	$ (2.57)
Equivalent Pro Forma Carbon		
Earnings (loss) from continuing operations per share(2):		
Basic	$ 0.28	$ (0.36)
Diluted	$ 0.28	$ (0.36)
Book value per share	$ 5.38	N/A
Pro Forma Combined Company		
Earnings (loss) from continuing operations per share(1):		
Basic	$ 0.84	$ (1.31)
Diluted	$ 0.82	$ (1.31)
Book value per share	$ 19.58	N/A

(1) The combined company's pro forma data includes the effect of the merger on the basis described in the notes to the unaudited pro forma condensed combined financial statements included elsewhere in this document.

(2) Carbon's equivalent pro forma amounts have been calculated by multiplying the combined company's pro forma earnings (loss) from continuing operations, and book value per share amounts by the 0.275 exchange ratio.

(3) Evergreen and Carbon declared no cash dividends during the periods presented.

(4) The pro forma earnings (loss) from continuing operations per share data gives effect to Carbon's sale in March 2003 of certain properties as discussed in the notes to the unaudited pro forma condensed combined financial statements included elsewhere in this document.

A WARNING ABOUT FORWARD-LOOKING INFORMATION

Evergreen and Carbon have each made forward-looking statements in this document and in other documents to which this document refers that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of the managements of Evergreen and Carbon and on information currently available to them or, in the case of information that appears under the heading "The Merger Background of and Reasons for the Merger" on page , information that was available to the managements of Evergreen and Carbon as of the date of the merger agreement, and should be read in connection with the notices about forward-looking statements made by Evergreen and Carbon in their reports filed with the SEC under the Securities Exchange Act of 1934. All statements other than statements of historical facts included in this document are forward-looking statements. Such statements address activities, events or developments that Evergreen and Carbon expect,

believe, project, intend or anticipate will or may occur, including such matters as future capital, development and exploration expenditures, reserve estimates (including estimates of future net revenues associated with such reserves and the present value of such future net revenues), future production of oil and natural gas, business strategies, expansion and growth of operations, cash flow and anticipated liquidity, prospect development and property acquisition, obtaining financial or industry partners for prospect or program development, or marketing of oil and natural gas. See "Where You Can Find More Information" on page .

Any statements in this document about the anticipated effects of the merger and Evergreen's anticipated performance in future periods are subject to risks relating to, among other things, the following possibilities:

- costs or difficulties related to the integration of the business of Evergreen and its merger partners, including Carbon;
- a decline in natural gas prices;
- incorrect estimates of required capital expenditures;
- increases in the costs of drilling and completing wells and for gas gathering;
- an increase in the cost of production and operations;
- an inability to meet projections;
- adverse changes in the securities markets;
- general economic conditions;
- risks associated with exploration;
- ability to find, acquire, market, develop and produce new properties;
- operating hazards attendant to the oil and natural gas business;
- uncertainties in the estimation of proved reserves and in the projection of future rates of production and timing of development expenditures;
- the strength and financial resources of our competitors;
- our ability to find and retain skilled personnel;
- climatic conditions;
- labor relations;
- environmental risks; and

regulatory developments.

Management of each of Evergreen and Carbon believes the forward-looking statements about its company are reasonable; however, shareholders of Carbon should not place undue reliance on them. Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions. The future results and shareholder values of Evergreen following completion of the merger may differ materially from those expressed or implied in these forward-looking statements. Many of the factors that will determine these results and values are beyond Evergreen's and Carbon's ability to control or predict.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to Evergreen or Carbon or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Neither Evergreen nor Carbon undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

RISK FACTORS

By electing to receive Evergreen's common stock, you will be subject to the risks of ownership of that security. You are urged to consider carefully the following important risk factors, as well as those other risk factors that Evergreen has filed with the SEC and that are incorporated by reference into this document.

Risks Related to the Merger

We may be unable to successfully integrate our operations, which could have an adverse effect on the business, results of operations, financial condition or prospects of Evergreen after the merger.

To be successful after the merger, Evergreen and Carbon will need to combine and integrate the operations of their separate companies into one company. Evergreen and Carbon could encounter difficulties in the integration process. Integration will require substantial management attention and could divert attention away from the day-to-day business of the combined company. If Evergreen and Carbon cannot integrate their businesses successfully, they may fail to realize the benefits they expect from the merger. See "The Merger Background of and Reasons for the Merger."

Failure to consummate the merger could negatively impact Carbon and its business.

In order to complete the merger, Carbon must meet all merger conditions. If for any reason the merger does not occur, that failure could adversely affect Carbon's business and make it difficult for Carbon to attract other acquisition partners. In addition, in the event the merger agreement is terminated, Carbon may be required to pay Evergreen a $2,500,000 termination fee. See "The Merger Termination Fee" beginning on page .

Executive officers and directors of Carbon have potential conflicts of interest in their recommendation that Carbon shareholders vote for approval of the merger.

When considering the recommendation of Carbon's Board of Directors, you should be aware that some executive officers and directors of Carbon have interests in the merger that are somewhat different from your interests. These arrangements may create potential conflicts of interest. These and certain other additional interests of Carbon's directors and executive officers may cause some of these persons to view the proposed transaction differently than you view it, as a shareholder. See "The Merger Interests of Carbon Directors and Executive Officers in the Merger" beginning on page .

You will receive a fixed ratio of 0.275 shares of Evergreen common stock for each share of Carbon common stock that you own plus cash instead of any fractional share, regardless of any change in the market values of Carbon common stock or Evergreen common stock before the completion of the merger.

Upon completion of the merger, each share of Carbon common stock will be converted into the right to receive 0.275 shares of Evergreen common stock plus cash in lieu of fractional shares. The market values of Evergreen common stock and Carbon common stock have varied since Evergreen and Carbon entered into the merger agreement and are likely to continue to vary in the future due to changes in the business, operations or prospects of Evergreen and Carbon, market assessments of the merger, regulatory considerations, market and economic considerations and other factors. The dollar value of Evergreen common stock that holders of Carbon common stock will receive upon completion of the merger will depend on the market value of Evergreen common stock at the time of completion of the merger, which may be lower than the closing price of Evergreen common stock on the last full trading day preceding public announcement that Evergreen and Carbon entered into the merger agreement, the last full trading day prior to the date of this proxy statement/prospectus or the date of the special meeting. There will be no adjustment to the exchange ratio, and the parties do not have a

right to terminate the merger agreement based solely upon changes in the market price of either Evergreen common stock or Carbon common stock.

Sales of substantial amounts of Evergreen's common stock in the open market by Carbon shareholders could depress Evergreen's stock price.

Other than shares held by certain affiliates of Carbon, shares of Evergreen's common stock that are issued to shareholders of Carbon will be freely tradable without restrictions or further registration under the Securities Act of 1933. Two of Carbon's affiliates, Yorktown Energy Partners III, L.P. and Patrick R. McDonald, Carbon's President and Chief Executive Officer, own 73.2% and 3.8%, respectively, of Carbon's outstanding common stock. Evergreen has agreed to file a registration statement with the SEC to permit Yorktown and its limited partners and Mr. McDonald and his related entities to sell their shares free of restrictions applicable to other affiliates of Carbon for a period of one year from the effective date of the registration statement. If the merger with Carbon closes and if Carbon shareholders, including Yorktown, its limited partners and Mr. McDonald, sell substantial amounts of Evergreen common stock in the public market following the transaction, the market price of Evergreen common stock could fall. These sales might also make it more difficult for Evergreen to sell equity or equity-related securities at a time and price that it otherwise would deem appropriate.

Loss of Key Carbon employees may have a negative impact on the transition to combined operations.

Carbon has several key employees who are familiar with the interests and operations of Carbon. Loss of such key employees could have an adverse effect on Evergreen's ability to exploit and operate efficiently Carbon's properties. Some of these key Carbon employees have employment agreements pursuant to which they can terminate their employment after a change in control and receive a severance payment. See "The Merger Interests of Carbon's Directors and Officers in the Merger."

Evergreen may encounter difficulties expanding its oil and gas activities into the international areas in which Carbon operates.

If the merger is completed, Evergreen will acquire Carbon's working interests in Alberta and Saskatchewan, Canada. These international operations may be adversely affected by currency fluctuations. The expenses of such operations are payable in Canadian dollars. As a result, Evergreen's Canadian operations will be subject to the risk of fluctuations in the relative value of the Canadian and United States dollars. In addition, international operations are subject to political, economic and other uncertainties, including, among others, risk of war, revolution, border disputes, expropriation, re-negotiation or modification of existing contracts, import, export and transportation regulations and tariffs, taxation policies, including royalty and tax increase and retroactive tax claims, exchange controls, limits on allowable levels of production, labor disputes and other uncertainties arising out of foreign government sovereignty over Evergreen's international operations.

After the merger, Evergreen may be affected by the gas prices in the Rocky Mountain Region.

Oil and gas commodity markets are influenced by global and regional supply and demand factors. Worldwide political events can also impact commodity prices. The prices to be received by Evergreen for the natural gas production from Carbon's properties acquired in the merger will be determined mainly by factors affecting the regional supply of and demand for natural gas. Based on recent experience as described below, regional differences could cause published indices used generally to establish the price received for natural gas production in the United States to be higher than the market price received by Carbon for natural gas produced from its properties.

At December 31, 2002, approximately 60% of Carbon's United States production was in the Piceance Basin in Colorado and the Uintah Basin in Utah. After March, 2002, natural gas prices for

production in these areas were unusually low relative to Evergreen's operations and the majority of the producing areas in the United States. Reduced regional seasonal demand and inadequate pipeline transportation capacity linking Carbon's production in the Piceance and Uintah Basins to consuming regions are principal factors contributing to these price differentials. While there is the prospect for additional pipeline capacity out of this region, which is expected to help alleviate the price differentials received by Rocky Mountain gas producers, continued volatility is expected to affect the price received for natural gas produced from Carbon's properties after the merger with Evergreen.

Risks Related to Evergreen Common Stock

Oil and gas prices are volatile, and an extended decline in prices would hurt Evergreen's profitability and financial condition.

Evergreen's revenues, operating results, profitability, future rate of growth and the carrying value of its oil and gas properties depend heavily on prevailing market prices for oil and gas. Evergreen's management expects the markets for oil and gas to continue to be volatile. Any substantial or extended decline in the price of oil or gas would have a material adverse effect on Evergreen's financial condition and results of operations. Such a decline could reduce Evergreen's cash flow and borrowing capacity, as well as the value and the amount of its gas reserves. All of Evergreen's proved reserves are natural gas. Therefore, Evergreen is more directly impacted by volatility in the price of natural gas. Various factors beyond Evergreen's control can affect prices of oil and gas, including:

- worldwide and domestic supplies of oil and gas,
- the ability of the members of the Organization of Petroleum Exporting Countries to agree to and maintain oil price and production controls,
- political instability or armed conflict in oil or gas producing regions,
- the price and level of foreign imports,
- worldwide economic conditions,
- marketability of production,
- the level of consumer demand,
- the price, availability and acceptance of alternative fuels,
- the availability of pipeline capacity,
- weather conditions, and
- actions of federal, state, local and foreign authorities.

These external factors and the volatile nature of the energy markets make it difficult to estimate future commodity prices.

Evergreen periodically reviews the carrying value of its oil and gas properties under the full cost accounting rules of the SEC. Under these rules, capitalized costs of proved oil and gas properties may not exceed the present value of estimated future net revenues from proved reserves, discounted at 10%. Application of the ceiling test generally requires pricing future reserves at the unescalated prices in effect as of the end of each fiscal quarter and requires a write-down for accounting purposes if the ceiling is exceeded, even if prices were depressed for only a short

period of time. Evergreen may be required to write down or impair the carrying value of its oil and gas properties when oil and gas prices are depressed or unusually volatile. If a write-down is required, it would result in a charge to earnings and book value but would not impact cash flow from operating activities. Once incurred, a write-down of oil and gas properties is not reversible at a later date.

Evergreen's operations require large amounts of capital.

Evergreen's current development plans will require it to make large capital expenditures for the exploration and development of its natural gas properties. Historically, Evergreen has funded its capital expenditures through a combination of funds generated internally from sales of production or properties, the issuance of equity, long-term debt financing and short-term financing arrangements. Management cannot be sure that any additional financing will be available to Evergreen on acceptable terms. Future cash flows and the availability of financing will be subject to a number of variables, such as:

- the success of Evergreen's coal bed methane project in the Raton Basin,
- Evergreen's success in locating and producing new reserves,
- the level of production from existing wells, and
- prices of oil and natural gas.

Issuing equity securities to satisfy Evergreen's financing requirements could cause substantial dilution to existing shareholders. In addition, debt financing could lead to:

- a substantial portion of Evergreen's operating cash flow being dedicated to the payment of principal and interest,
- Evergreen being more vulnerable to competitive pressures and economic downturns, and
- restrictions on Evergreen's operations.

If Evergreen's revenues were to decrease due to lower oil and natural gas prices, decreased production or other reasons, and if it could not obtain capital through its credit facility or otherwise, Evergreen's ability to execute its development plans, replace its reserves or maintain its production levels could be greatly limited.

Information concerning Evergreen's reserves and future net revenue estimates is uncertain.

There are numerous uncertainties inherent in estimating quantities of proved oil and natural gas reserves and their values, including many factors beyond the control of Evergreen. Estimates of proved undeveloped reserves, which comprise a significant portion of Evergreen's reserves, are by their nature uncertain. The reserve data incorporated in this proxy statement/prospectus by reference to Evergreen's Form 10-K for the year ended December 31, 2002 are estimates. Although management believes they are reasonable, estimates of production, revenues and capital and operating expenditures will likely vary from actual results, and these variances may be material.

Estimates of oil and natural gas reserves, by necessity, are projections based on geologic and engineering data, and there are uncertainties inherent in the interpretation of such data as well as the projection of future rates of production and the timing of development expenditures. Reserve engineering is a subjective process of estimating underground accumulations of oil and natural gas that are difficult to measure. The accuracy of any reserve estimate is a function of the quality of available data, engineering and geological interpretation and judgment. Estimates of economically recoverable oil and natural gas reserves and future net cash flows necessarily depend upon a number of variable factors and

assumptions, such as historical production from the area compared with production from other producing areas, the assumed effects of regulations by governmental agencies and assumptions governing future oil and natural gas prices, future operating costs, severance, ad valorem and excise taxes, development costs and workover and remedial costs, all of which may in fact vary considerably from actual results. For these reasons, estimates of the economically recoverable quantities of oil and natural gas attributable to any particular group of properties, classifications of such reserves based on risk of recovery, and estimates of the future net cash flows expected therefrom may vary substantially.

Any significant variance in the assumptions could materially affect the estimated quantity and value of the reserves. Actual production, revenues and expenditures with respect to Evergreen's reserves will likely vary from estimates, and such variances may be material.

Analysts and investors should not construe the present value of future net reserves, or PV-10, as the current market value of the estimated oil and natural gas reserves attributable to Evergreen's properties. Management has based the estimated discounted future net cash flows from proved reserves on prices and costs as of the date of the estimate, in accordance with applicable regulations, whereas actual future prices and costs may be materially higher or lower. Many factors will affect actual future net cash flows, including:

- the amount and timing of actual production,
- supply and demand for natural gas,
- curtailments or increases in consumption by natural gas purchasers, and
- changes in governmental regulations or taxation.

The timing of the production of oil and natural gas properties and of the related expenses affect the timing of actual future net cash flows from proved reserves and, thus, their actual present value. In addition, the 10% discount factor, which Evergreen is required to use to calculate PV-10 for reporting purposes, is not necessarily the most appropriate discount factor given actual interest rates and risks to which Evergreen's business or the oil and natural gas industry in general are subject.

Evergreen depends heavily on expansion and development of the Raton Basin.

All of Evergreen's proved reserves are in the Raton Basin, and its future growth plans rely heavily on increasing production and reserves in the Raton Basin. Evergreen's proved reserves will decline as reserves are depleted, except to the extent Evergreen conducts successful exploration activities or acquires other properties containing proved reserves.

At December 31, 2002, Evergreen had estimated net proved undeveloped reserves of approximately 443 Bcf, which constituted approximately 36% of its total estimated net proved reserves. Evergreen's development plan includes increasing its reserve base through continued drilling and development of its existing properties in the Raton Basin. Evergreen cannot be sure that its planned projects in the Raton Basin will lead to significant additional reserves or that it will be able to continue drilling productive wells at anticipated finding and development costs.

Future acquisitions pose risks to Evergreen's business and growth prospects.

As part of its growth strategy, Evergreen may make additional acquisitions of businesses and properties. However, suitable acquisition candidates may not be available on terms and conditions Evergreen finds acceptable. In pursuing acquisitions, Evergreen competes with other companies, many of which have greater financial and other resources to acquire attractive companies and properties. Even if future acquisitions are completed, the following are some of the risks associated with acquisitions, including the proposed acquisition of Carbon, that could have a material adverse effect on Evergreen's business, financial condition and results of operations:

some of the acquired businesses or properties may not produce revenues, earnings or cash flow at anticipated levels,

Evergreen may assume liabilities that were not disclosed or exceed Evergreen's estimates,

Evergreen may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems,

acquisitions could disrupt Evergreen's ongoing business, distract management, divert resources and make it difficult to maintain Evergreen's current business standards, controls and procedures,

Evergreen may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of Evergreen's stockholders, and

Evergreen may incur additional debt related to future acquisitions.

Evergreen's industry is highly competitive.

Major oil companies, independent producers and institutional and individual investors are actively seeking oil and gas properties throughout the world, along with the equipment, labor and materials required to operate properties. Many of Evergreen's competitors have financial and technological resources vastly exceeding those available to Evergreen. Many oil and gas properties are sold in a competitive bidding process in which Evergreen may lack technological information or expertise available to other bidders. Evergreen cannot be sure that it will be successful in acquiring and developing profitable properties in the face of this competition.

The oil and gas exploration business involves a high degree of business and financial risk.

The business of exploring for and, to a lesser extent, developing oil and gas properties is an activity that involves a high degree of business and financial risk. Property acquisition decisions generally are based on various assumptions and subjective judgments that are speculative. Although available geological and geophysical information can provide information about the potential of a property, it is impossible to predict accurately the ultimate production potential, if any, of a particular property or well. Moreover, the successful completion of an oil or gas well does not ensure a profit on investment. A variety of factors, both geological and market-related, can cause a well to become uneconomic or marginally economic.

Evergreen's business is subject to operating hazards that could result in substantial losses.

The oil and natural gas business involves operating hazards such as well blowouts, craterings, explosions, uncontrollable flows of oil, natural gas or well fluids, fires, formations with abnormal pressures, pipeline ruptures or spills, pollution, releases of toxic gas and other environmental hazards and risks, any of which could cause Evergreen a substantial loss. In addition, Evergreen may be held liable for environmental damage caused by previous owners of property it owns or leases. As a result, Evergreen may face substantial liabilities to third parties or governmental entities, which could reduce or eliminate funds available for exploration, development or acquisitions or cause Evergreen to incur losses. An event that is not fully covered by insurance for example, losses resulting from pollution and environmental risks, which are not fully insurable could have a material adverse effect on Evergreen's financial condition and results of operations.

Exploratory drilling is an uncertain process with many risks.

Exploratory drilling involves numerous risks, including the risk that Evergreen will not find any commercially productive natural gas or oil reservoirs. The cost of drilling, completing and operating wells is often uncertain, and a number of factors can delay or prevent drilling operations, including:

unexpected drilling conditions,

pressure or irregularities in formations,

equipment failures or accidents,

adverse weather conditions,

compliance with governmental requirements, and

shortages or delays in the availability of drilling rigs and the delivery of equipment.

Evergreen's future drilling activities may not be successful, nor can Evergreen management be sure that Evergreen's overall drilling success rate or its drilling success rate for activity within a particular area will not decline. Unsuccessful drilling activities could have a material adverse effect on Evergreen's results of operations and financial condition. Also, Evergreen may not be able to obtain any options or lease rights in potential drilling locations that it identifies. Although Evergreen has identified numerous potential drilling locations, management cannot be sure that Evergreen will ever drill them or that it will produce natural gas from them or any other potential drilling locations.

Hedging transactions may limit Evergreen's potential gains or expose Evergreen to loss.

To manage Evergreen's exposure to price risks in the marketing of its natural gas, Evergreen enters into natural gas fixed price physical delivery contracts as well as commodity price swap and collar contracts from time to time with respect to a portion of its current or future production. While intended to reduce the effects of volatile natural gas prices, these transactions may limit Evergreen's potential gains if natural gas prices were to rise substantially over the price established by the contracts. In addition, such transactions may expose Evergreen to the risk of financial loss in certain circumstances, including instances in which:

Evergreen's production is less than expected,

there is a widening of price differentials between delivery points for Evergreen's production and the delivery point assumed in the contracts,

the counterparties to Evergreen's futures contracts fail to perform under the contracts, or

a sudden, unexpected event materially impacts natural gas prices.

Evergreen may face unanticipated water disposal costs.

Evergreen's management believes that the State of Colorado will continue to routinely approve permits for the use of well-site pits, water disposal wells and evaporation ponds for the disposal of produced water. Where groundwater produced from the Raton Basin coal seams meets surface discharge permit levels, Evergreen can lawfully discharge the water into arroyos and surface waters pursuant to permits it has obtained from the State of Colorado. All of these disposal options require a laboratory analysis program to ensure compliance with state permit standards. Additionally, Evergreen contracts with an independent water sampling company that collects the water samples and monitors Evergreen's water management program. These monitoring costs are directly related to the number of well-site pits, evaporation ponds and discharge points.

Where water of lesser quality is discovered or Evergreen's wells produce water in excess of the applicable volumetric permit limits, Evergreen may have to drill additional disposal wells to re-inject the produced water back into deep underground rock formations. Produced water is currently injected at eight such wells, and two more of these underground injection control (UIC) wells are under development. The costs to dispose of this produced water may increase, which could have a material adverse effect on Evergreen's operations in this area, if any of

the following occur: (1) Evergreen cannot obtain future permits from the State of Colorado, (2) water of lesser quality is produced, (3) Evergreen's wells produce excess water or (4) new laws or regulations require water to be disposed of in a different manner.

Evergreen has limited protection for its technology and depends on technology owned by others.

Evergreen uses operating practices that management believes are of significant value in developing coal bed methane reserves. In most cases, patent or other intellectual property protection is unavailable for this technology. Evergreen's use of independent contractors in most aspects of its drilling and some completion operations makes the protection of such technology more difficult. Moreover, Evergreen relies on the technological expertise of the independent contractors that it retains for its oil and gas operations. Evergreen has no long-term agreements with these contractors, and management cannot be sure that Evergreen will continue to have access to this expertise.

Evergreen's industry is heavily regulated.

Federal, state and local authorities extensively regulate the oil and gas industry. Legislation and regulations affecting the industry are under constant review for amendment or expansion, raising the possibility of changes that may affect, among other things, the pricing or marketing of oil and gas production. Noncompliance with statutes and regulations may lead to substantial penalties, and the overall regulatory burden on the industry increases the cost of doing business and, in turn, decreases profitability. State and local authorities regulate various aspects of oil and gas drilling and production activities, including the drilling of wells (through permit and bonding requirements), the positioning of wells, the unitization or pooling of oil and gas properties, environmental matters, safety standards, the sharing of markets, production limitations, plugging and abandonment, and restoration.

Evergreen must comply with complex environmental regulations.

Evergreen's operations are subject to complex and constantly changing environmental laws and regulations adopted by United States federal, state and local governmental authorities. New laws or regulations, or changes to current requirements, could have a material adverse effect on its business. State, federal and local environmental agencies have relatively little experience with the regulation of coal bed methane operations, which are technologically different from conventional oil and gas operations. This inexperience has created uncertainty regarding how these agencies will interpret air, water and waste requirements and other regulations to coal bed methane drilling, fracture stimulation methods, production and water disposal operations. Evergreen will continue to be subject to uncertainty associated with new regulatory interpretations and inconsistent interpretations between state and federal agencies. Evergreen could face significant liabilities to the government and third parties for discharges of oil, natural gas or other pollutants into the air, soil or water, and Evergreen could have to spend substantial amounts on investigations, litigation and remediation. Evergreen cannot be sure that existing environmental laws or regulations, as currently interpreted or enforced, or as they may be interpreted, enforced or altered in the future, will not materially adversely affect its results of operations and financial condition. As a result, Evergreen may face material indemnity claims with respect to properties it owns or leases or has owned or has leased.

Evergreen's business depends on transportation facilities owned by others.

The marketability of Evergreen's gas production depends in part on the availability, proximity and capacity of pipeline systems owned by third parties. Although Evergreen has some contractual control over the transportation of its product, material changes in these business relationships could materially affect its operations. Federal and state regulation of gas and oil production and transportation, tax and energy policies, changes in supply and demand, pipeline pressures, and general economic conditions could adversely affect Evergreen's ability to produce, gather and transport natural gas.

Market conditions could cause Evergreen to incur losses on its transportation contracts.

Evergreen has gas transportation contracts that require it to transport minimum volumes of natural gas. If Evergreen ships smaller volumes, it may be liable for the shortfall. Unforeseen events, including production problems or substantial decreases in the price or demand for natural gas, could cause Evergreen to ship less than the required volumes, resulting in losses on these contracts.

Evergreen depends on key personnel.

Evergreen's success will continue to depend on the continued services of its executive officers and a limited number of other senior management and technical personnel. Loss of the services of any of these people could have a material adverse effect on Evergreen's operations. Evergreen does not have employment agreements with its executive officers.

Evergreen does not pay dividends.

Evergreen has never declared nor paid any cash dividends on its common stock, and it has no intention to do so in the near future.

Evergreen's articles of incorporation and bylaws have provisions that discourage corporate takeovers and could prevent shareholders from realizing a premium on their investment.

Evergreen's articles of incorporation and bylaws contain provisions that may have the effect of delaying or preventing a change in control. These provisions, among other things, provide for a staggered Board of Directors and noncumulative voting in the election of the Board and impose procedural requirements on shareholders who wish to make nominations for the election of directors or propose other actions at shareholders' meetings. Also, Evergreen's articles of incorporation authorize the Board to issue up to 24,900,000 shares of preferred stock without shareholder approval and to set the rights, preferences and other designations, including voting rights, of those shares as the Board may determine. These provisions, alone or in combination with each other and with the rights plan described below, may discourage transactions involving actual or potential changes of control, including transactions that otherwise could involve payment of a premium over prevailing market prices to shareholders for their common stock.

On July 7, 1997 Evergreen's Board of Directors adopted a shareholder rights agreement, which provides for the distribution of uncertificated stock purchase rights to shareholders of Evergreen at a rate of one right for each share of common stock held of record. The rights plan is designed to enhance the Board's ability to prevent an acquirer from depriving shareholders of the long-term value of their investment and to protect shareholders against attempts to acquire Evergreen by means of unfair or abusive takeover tactics. However, the existence of the rights plan may impede a takeover of Evergreen not supported by the Board, including a takeover that may be desired by a majority of Evergreen's shareholders or involving a premium over the prevailing stock price.

Evergreen's stock price has been and is likely to continue to be volatile.

The market price of Evergreen common stock has been volatile. During 2002, the sale price of the common stock on the NYSE has ranged from a low of $30.90 per share to a high of $47.00 per share. For the period January 1, 2003 through May 16, 2003, the price has ranged from a low of $41.29 to a high of $52.10. The market price of Evergreen's common stock is subject to many factors, including:

prices for oil and natural gas,

general stock market conditions,

conditions in Evergreen's industry,

changes in Evergreen's revenues and earnings, and

changes in analyst recommendations and projections.

MEETING OF SHAREHOLDERS

General

This proxy statement/prospectus is being furnished to you in connection with the solicitation of proxies by the Carbon Board of Directors from holders of Carbon common stock, for use at the special meeting of shareholders to be held at on , , 2003 at .m., Mountain Daylight Time, and at any adjournments or postponements of the special meeting. At the special meeting of shareholders, holders of Carbon common stock will be asked to vote upon the following proposals:

approval and adoption of the Agreement and Plan of Reorganization, dated March 31, 2003, among Carbon Energy Corporation, Evergreen Resources, Inc. and Evergreen Merger Corporation and the related plan of merger pursuant to which Evergreen Merger Corporation would merge into Carbon, and Carbon would become a wholly-owned subsidiary of Evergreen. In this proxy statement/prospectus, we refer to the Agreement and Plan of Reorganization and the related plan of merger as the "merger agreement" and to Evergreen Merger Corporation as the "merger subsidiary." A copy of the merger agreement is attached as Appendix A; and

adjournment of the special meeting, if necessary, to solicit additional proxies to approve of the matters being voted upon at the meeting, and such other matters as may properly come before the special meeting.

Proxies may be voted on other matters that may properly come before the meeting, if any, at the discretion of the proxy holders. The Carbon Board of Directors knows of no such other matters except those incidental to the conduct of the meeting.

Who Can Vote at the Meeting

The Carbon Board of Directors has fixed the close of business (p.m., Mountain Daylight Time) on , 2003 as the record date for determining the holders of Carbon common stock entitled to notice of, and to vote at, the special meeting. Only holders of record of Carbon common stock at the close of business on the record date will be entitled to notice of, and to vote at, the special meeting.

On the record date, there were shares of Carbon common stock issued and outstanding and entitled to vote at the special meeting, held by approximately holders of record. Holders of record of Carbon common stock are entitled to one vote per share on any matter which may properly come before the special meeting. Votes may be cast at the special meeting in person or by proxy.

The presence at the special meeting, either in person or by proxy of the holders of a majority of the outstanding Carbon common stock entitled to vote, is necessary to constitute a quorum in order to transact business at the special meeting. However, in the event that a quorum is not present at the special meeting, it is expected that the meeting will be adjourned or postponed in order to solicit additional proxies.

Attending the Meeting

If you are a beneficial owner of Carbon common stock held by a broker, bank or other nominee (i.e., in "street name"), you will need proof of ownership to be admitted to the meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Carbon common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other nominee who holds your shares.

Vote Required

Approval of the proposal to approve and adopt the merger agreement will require the affirmative vote of a majority of the shares of Carbon common stock outstanding on the record date, voting as a single class. Under applicable Colorado law, in determining whether the proposal to approve and adopt the merger agreement has received the requisite number of affirmative votes, non-votes and abstentions will have the same effect as a vote against the proposal. Brokers who hold shares of Carbon common stock as nominees will not have discretionary authority to vote such shares in the absence of instructions from the beneficial owners of those shares. Any shares which are not voted because the nominee-broker lacks such discretionary authority ("broker non-votes") will have the same effect as a vote against the proposal.

Action on any other matter that is properly presented at the meeting for consideration of the shareholders will be approved if a quorum is present for that matter and the votes cast favoring the action exceed the votes cast opposing the action. A quorum will be present for a particular matter if a majority of the outstanding shares of Carbon common stock entitled to vote on that matter is represented at the meeting in person or by proxy. For purposes of determining whether a quorum is present for a particular matter, shares with respect to which proxies have been marked as abstentions and any broker non-vote shares will be treated as shares present. The Carbon Board of Directors is not aware of any other business to be presented at the meeting other than matters incidental to the conduct of the meeting.

Because approval of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Carbon common stock entitled to vote, and abstentions and broker non-vote shares will have the same effect as votes against the merger, the Carbon Board of Directors urges you to complete, date and sign the accompanying proxy and return it promptly in the enclosed postage-prepaid envelope or to otherwise vote your shares in another approved manner.

You should not return your stock certificates with your proxy cards. The procedure for surrendering your stock certificates is described under "The Merger Exchange of Carbon Stock Certificates" on page .

As of the record date, Carbon's directors and executive officers and their affiliates may be deemed to be the owners of approximately 5,031,300 outstanding shares of Carbon common stock (not including shares that may be acquired upon the exercise of stock options) (representing approximately 81.8% of the voting power of Carbon common stock). Yorktown Energy Partners III, L.P., the largest shareholder of Carbon, and Patrick R. McDonald, President and Chief Executive Officer, are obligated pursuant to agreements with Evergreen to vote the outstanding shares they own (77.0% of Carbon's stock in the aggregate) in favor of approval and adoption of the merger agreement. See "The Merger Voting Agreement." As of the record date, the directors and officers of Evergreen, their affiliates, Evergreen and its subsidiaries have no ownership in the shares of Carbon common stock.

Voting and Revocation of Proxies

Shares represented by properly executed proxies received in time for the special meeting will be voted at the special meeting in the manner specified by such proxies unless the proxies are revoked as described below. If your proxy is properly executed but does not contain voting instructions, your proxy will be voted **"for"** approval of the merger agreement. If other matters are properly presented before the special meeting, the persons named in such proxy will have authority to vote in accordance with their judgment on any other such matters. It is not expected that any matter other than as described in this proxy statement/prospectus will be brought before the special meeting.

The grant of a proxy on the enclosed proxy card does not preclude a shareholder from voting in person. You may revoke a proxy at any time prior to your proxy being voted at the special meeting by:

- voting again by telephone; or
- delivering, prior to the special meeting, to Patrick R. McDonald, Secretary of Carbon, at Carbon, 1700 Broadway, Suite 1150, Denver, Colorado 80290, a written notice of revocation bearing a later date or time than the proxy; submitting another proxy by mail that is later dated and that is properly signed, dated and completed; or oral revocation in person to any of the persons named on the enclosed proxy card at the special meeting.

Attendance at the special meeting will not by itself constitute revocation of a proxy. If you hold your shares in street name, please see the voting form provided by your broker for additional information regarding the voting of your shares.

Your broker may allow you to deliver your voting instructions via the telephone or the internet. Please see the voting instruction form from your broker. If your shares are not registered in your name, you will need additional documentation from your record holder to vote the shares in person.

Solicitation of Proxies

Carbon will pay the cost of printing this proxy statement/prospectus and all other costs of soliciting proxies. Directors, officers and other employees of Carbon or its subsidiaries may solicit proxies personally, by telephone or facsimile or otherwise. None of these people will receive any special compensation for solicitation activities. Carbon will arrange with brokerage firms and other custodians, nominees and fiduciaries for the forwarding of solicitation material to the beneficial owners of stock held of record by such brokerage firms and other custodians, nominees and fiduciaries, and Carbon will reimburse these record holders for their reasonable out-of-pocket expenses. Carbon has engaged to assist in distributing proxy materials and contacting record and beneficial owners of Carbon common stock. Carbon has agreed to pay approximately $, including out-of-pocket expenses for its services to be rendered on behalf of Carbon.

The special meeting may be adjourned for the purpose of soliciting additional proxies in favor of the merger. Any adjournment of the special meeting may be made without notice, other than by an announcement made at the special meeting, by approval of the holders of a majority of the shares of Carbon common stock present in person or represented by proxy at the special meeting, whether or not a quorum exists. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Carbon shareholders who have already sent in their proxies to revoke them at any time prior to their use.

Recommendation of the Carbon Board

The Carbon Board has unanimously approved the merger agreement and believes that the proposed transaction is fair to and in the best interests of Carbon and its shareholders. **The Carbon Board unanimously recommends that Carbon's shareholders vote "FOR" approval of the merger agreement.** See "The Merger Background of and Reasons for the Merger" on page .

THE MERGER

The following information describes the material aspects of the merger. This description does not purport to be complete and is qualified in its entirety by reference to the appendices to this proxy statement/prospectus, including the merger agreement, which is attached to this proxy statement/prospectus as Appendix A and incorporated herein by reference. You are urged to read the appendices in their entirety.

General

The merger agreement provides for the merger of the merger subsidiary with and into Carbon, with Carbon becoming a wholly-owned subsidiary of Evergreen. As a result of the merger, holders of Carbon common stock will exchange their shares of Carbon for shares of common stock of Evergreen. On the effective date of the merger, each share of Carbon common stock then issued and outstanding will be converted into and exchanged for the right to receive 0.275 shares of Evergreen common stock plus cash instead of fractional shares. Shares held by Carbon, Evergreen or any Evergreen subsidiaries will not be converted to Evergreen common stock.

Background of and Reasons for the Merger

Background of the Merger

In 2000 and 2001 at regularly scheduled meetings and from time to time, various directors and executive officers of Carbon discussed the long-term growth objectives for Carbon as well as the means and strategy required to achieve these objectives. Carbon's Board and management generally discussed the following: obtaining additional capital in order to develop Carbon's oil and natural gas properties; alternatives to acquire additional capital; potential barriers to raising capital; achieving a greater degree of liquidity for Carbon's shareholders; the possibility of Carbon's merging with a larger company with greater access to capital; growing through one or more acquisitions of assets or companies; and other means of achieving Carbon's objectives.

In February, 2001, Carbon retained Dain Rauscher Wessels (which was subsequently acquired by Royal Bank of Canada and is now known as RBC Dain Rauscher Inc., "RBC") to act as financial adviser to and provide investment banking services for Carbon. RBC worked with Carbon's management and Board to assess Carbon's strategic objectives.

After retaining RBC, Carbon and RBC had discussions with financial institutions, institutional investors and private equity sources regarding the possibility of raising additional capital by issuing equity. Carbon's small capitalization and public float and the illiquidity of its

shares were concerns to the entities contacted. Carbon's management and Board determined that raising equity financing at an attractive price was not feasible at that time. Carbon and RBC had discussions with several other companies which, in Carbon's and RBC's view, might have a strategic interest in Carbon's properties located in Colorado, Utah and Alberta, Canada. Several of the companies contacted declined to express an interest in Carbon's assets, and no further discussions were held with such companies. Four of the companies contacted expressed an interest in Carbon. After execution of confidentiality agreements, Carbon management met with representatives of each of these companies to present an overview of Carbon's assets in the United States and Canada and to gauge their interest in Carbon's assets. Each of these companies declined to pursue additional discussions with Carbon, citing the relatively small size of Carbon's assets or the lack of operating or geographical synergy as the reason.

Commencing in September 2001, Carbon held discussions relating to a possible acquisition of a Canadian public company listed on the Toronto Stock Exchange. In November 2001 Carbon retained RBC to provide financial advisory and investment banking services in connection with a possible transaction with that company. After conducting its due diligence review, Carbon submitted an offer to acquire such company for cash and common stock of Carbon. The Board of Directors of the target company responded with an alternative proposal. Negotiations continued, but the parties could not

reach an agreement on the consideration to be paid, at which point discussions between the two companies ceased.

In May 2002, Carbon considered another possible transaction with a Canadian public company listed on the Canadian Venture Exchange. In July 2002, Carbon retained RBC to provide financial advisory and investment banking services in connection with the possible transaction. After conducting its due diligence review, Carbon submitted an offer to acquire the target company for cash. The Board of Directors of the target company declined to accept Carbon's offer. Carbon's offer expired and there were no further discussions.

In June 2002, Carbon engaged in discussions with another company, larger than Carbon, and retained RBC to provide financial advisory and investment banking services in connection with a possible transaction. After conducting its due diligence review of the target company, Carbon submitted an offer to acquire the company in a merger in which the proposed target company stockholders would have the choice of receiving Carbon stock or cash as consideration in the transaction. The Board of Directors of the target company declined Carbon's offer and subsequently accepted an offer to be acquired by a NYSE-listed company for cash and stock.

Throughout the remainder of 2002, Carbon continued to explore and consider various strategic alternatives, including, but not limited to, equity financing, merger opportunities and asset or corporate acquisitions. At the regularly scheduled Board meeting during the second quarter of 2002, and from time to time between individual Board members and management, the alternatives were discussed. In July 2002, Carbon received an unsolicited inquiry from a public oil and gas company, and Mr. McDonald contacted during September 2002 one other public oil and gas company, regarding a potential transaction involving Carbon. Mr. McDonald met with each company, and, after preliminary discussions with each regarding a share-for-share merger, Carbon executed confidentiality agreements with each company. Mr. McDonald presented to each company an overview of Carbon's operations, assets and business objectives. Both companies subsequently orally indicated to Carbon that, in their estimation, the value of Carbon was less than or equal to the then trading price of Carbon shares and that the geographical locations of some of Carbon's assets were not a strategic fit. The Carbon Board of Directors discussed the indications of value and the prospects for the share appreciation of the two companies, and based on their analysis, advised Mr. McDonald to discontinue discussions with these companies. During the course of the discussions noted above, Carbon did not receive any written offers regarding a potential business combination.

The first contact between Carbon and Evergreen was on October 3, 2002, when Mr. McDonald was introduced to Mark S. Sexton, President and Chief Executive Officer of Evergreen and both informally discussed their business strategies. Mr. McDonald subsequently forwarded to Mr. Sexton public information regarding Carbon. Mr. Sexton reviewed the information and, at Mr. McDonald's suggestion, agreed to meet to learn more about Carbon's business and operations.

On November 13, 2002, the parties executed a confidentiality agreement. After signing the agreement, Mr. McDonald met with Evergreen's senior management and independent reserve engineers to discuss the companies' business objectives, assets and operations. Mr. McDonald presented an overview of Carbon's operations, reserves and production, undeveloped potential and strategy.

Following the initial discussion with Mr. Sexton and again after the November 13, 2002 meeting, Mr. McDonald informed Carbon's Board about the possibility of a combination with Evergreen. Mr. McDonald met with members of Carbon's Board collectively and individually to discuss the business and operations of Evergreen. Mr. McDonald and members of Carbon's Board reviewed and analyzed public information regarding the financial condition, operations, production, reserves and undeveloped potential of Evergreen. The directors advised Mr. McDonald to continue discussions with Evergreen. Subsequently, Mr. McDonald at least weekly had contacts with each of the Carbon directors to report to them on the status of a possible transaction with Evergreen.

On December 2, 2002, the Evergreen Board of Directors authorized Evergreen's management to pursue a transaction with Carbon subject to the Board's approval of a definitive merger agreement.

On December 4, 2002, Carbon held a regularly scheduled Board meeting at which Mr. McDonald updated the Board of Directors regarding the strategic and business considerations relating to the transaction, the ongoing due diligence review, the status of discussions between the parties and other matters relating to a possible transaction. Following the discussion, the Board of Directors authorized Mr. McDonald to continue discussions with Evergreen. After this meeting concluded, Mr. Sexton and Dennis R. Carlton, Executive Vice President Exploration and Chief Operating Officer of Evergreen, by telephone, and Kevin R. Collins, Executive Vice President Finance, Chief Financial Officer and Treasurer of Evergreen, joined the directors to introduce themselves and Evergreen.

On December 23, 2002, Mr. McDonald met with representatives of Evergreen's management to review the results of Evergreen's valuation of the reserves and other assets of Carbon. The parties also reviewed and discussed Evergreen's proved reserves and other assets and business operations. The parties reviewed the relative contributions of Evergreen and Carbon from a financial, production and reserves basis.

On December 30, 2002, Mr. Sexton and Mr. Collins, along with other representatives of Evergreen, met with Mr. McDonald to discuss the potential benefits and the structure of a business combination transaction. Both parties indicated a willingness to consider a share-for-share exchange.

During January and February 2003, Carbon, Mr. McDonald and Evergreen officers and technical persons continued valuation analyses of both companies and discussed information regarding production, oil and natural gas reserves, drilling opportunities, undeveloped acreage, personnel, regulatory matters and other business and operational items pertaining to the activities of both companies. In late January, 2003, Carbon prepared and furnished to Evergreen a draft letter of intent for a transaction, which did not include the financial terms of the proposed transaction.

On February 3, 2003, Carbon announced that it had entered into an agreement with a third party to sell the Company's interest in 97 gross wells (23.3 net wells) and 25,400 gross acres (8,200 net acres) located primarily in southeast New Mexico, for a sale price of $14.4 million in cash, net of normal closing adjustments. This sale represented a complete exit from this region and completed Carbon's program of selling assets which did not fit with its focus on the development of natural gas properties in the Piceance and Uintah Basins of the United States and in central Alberta. Net proved reserves at December 31, 2002 of the divested properties were 7.3 billion cubic feet of natural gas and 172,000 barrels of oil.

In early February, 2003, Mr. McDonald and Mr. Sexton held discussions regarding the possible exchange ratios for the business combination. Each person commented on the basis for that party's proposed exchange ratio.

On February 11, 2003, following considerable discussion among representatives from Evergreen and between Mr. McDonald and the Carbon Board of Directors, Messrs. Sexton and McDonald preliminarily agreed on an exchange ratio of 0.275 shares of Evergreen for every one share of Carbon, subject to approval by the Boards of Carbon and Evergreen and satisfactory resolution of all other remaining legal and business issues. On February 14, 2003, Mr. McDonald, counsel for Carbon, a representative of Yorktown Energy Partners III, L.P. ("Yorktown") and Yorktown's counsel explained to Evergreen Yorktown's need to receive shares of Evergreen that would be freely transferable, and the parties considered the possibility of a registration statement by Evergreen covering the resale of Evergreen shares by Yorktown. The parties also discussed some terms in the draft letter of intent.

Also, in February, 2003, Evergreen prepared a revised draft of the letter of intent, and the parties negotiated terms of the letter of intent. On March 3, 2003, Carbon sent to Evergreen proposed changes to the draft letter of intent. The parties then decided that it would be more efficient and expeditious to

negotiate the terms of a definitive agreement for the proposed merger and not to enter into a letter of intent.

On March 7, 2003, Evergreen provided a draft of the merger agreement to Carbon and thereafter, through March 30, 2003, prepared additional drafts of the merger agreement to reflect negotiations of the parties. Mr. McDonald, on behalf of Carbon, and officers of Evergreen,

together with their legal counsel, negotiated the final terms of the merger agreement during this time period.

On March 10, 2003, Evergreen provided to Carbon drafts of the voting agreement, registration rights agreement and affiliate agreement contemplated by the merger agreement, and the parties negotiated changes to those agreements between March 10, 2003 and March 31, 2003.

On March 24, 2003, Carbon closed its sale of the interests described above in southeast New Mexico. The proceeds from this asset sale were used to repay borrowings under Carbon's United States credit facility.

On March 24, 2003, Carbon engaged RBC to provide investment banking and financial advisory services in connection with the transaction with Evergreen.

On March 24, 2003, the Evergreen Board approved the merger agreement and related agreements in the form submitted to the Board by management and authorized management to execute and deliver on behalf of Evergreen definitive agreements with such changes as management determined appropriate.

During the period of March 29 through March 31, 2003, the parties prepared and completed a letter agreement regarding the availability of a cashless exercise feature to be offered to option holders of Carbon after they exchange their Carbon options for Evergreen options and the minimum severance benefit in the event of termination of Carbon employees.

By March 30, 2003, Mr. McDonald, Mr. Sexton and Mr. Collins, with the assistance of their Boards of Directors and financial and legal advisers, had resolved all remaining business and legal issues for the merger agreement. The officers then presented the merger agreement to their Boards for approval.

On March 31, 2003, the Board of Directors of Carbon held a special meeting to review the proposed transaction. At the meeting, Carbon's management, together with Carbon's financial and legal advisers, apprised the Carbon Board of Directors of the status of discussions and reviewed the proposed terms of the transaction. Carbon management discussed the results of their diligence review. A representative of Carbon's law firm for the sale, Welborn, Sullivan, Meek and Tooley, P.C., reviewed the terms of the transaction agreements. RBC made a presentation to Carbon's Board in which it discussed the information described under "Opinion of Carbon's Financial Advisor." At that meeting, RBC provided to the Board of Directors an oral opinion (subsequently confirmed in writing) that, as of March 31, 2003, and subject to no material changes occurring to the terms of the documents relating to the proposed merger, the exchange ratio was fair from a financial point of view to the holders of Carbon common stock. The Carbon Board also considered reasons for the proposed merger, strategic alternatives previously considered by the Board, the Company's current condition, its growth potential, the current condition and growth potential of Evergreen, the equal treatment of the shareholders, the likelihood of the merger closing and risks of not closing the merger, the intended tax treatment for the merger and other factors. The Carbon Board determined that the merger and the other transactions contemplated by the merger agreement were fair and in the best interests of Carbon and its shareholders. The Carbon Board approved the merger and the merger agreement and resolved to recommend that Carbon shareholders vote to approve the merger agreement. Shortly after the meeting of the Carbon Board, the merger agreement, the voting agreements and the registration rights agreement were executed by the parties.

On March 31, 2003, Evergreen and Carbon issued separate press releases announcing that the parties had entered into the merger agreement and terms of the merger.

Carbon's Reasons for the Merger

At its special meeting held March 31, 2003, the Carbon Board of Directors unanimously approved the merger agreement and resolved to recommend the approval of the merger agreement by the Carbon shareholders.

In reaching its decision, the Carbon Board of Directors considered a number of factors, including the following:

Larger, Better Capitalized Company. Carbon has a significant inventory of undrilled exploratory and development prospects located in the Rocky Mountain region of the United States and in Canada, including the Piceance and Uintah Basins of Colorado and Utah and the Carbon and Rowley areas of central Alberta. Carbon has a limited amount of capital with which to develop its properties. The merger represents an opportunity for Carbon shareholders to have an interest in Evergreen, which has the financial flexibility and capital resources to accelerate the drilling of exploratory and development drilling projects and to fund corporate and asset acquisition opportunities in the United States and Canada.

Liquidity of Stock. The merger will increase liquidity for the shareholders of Carbon in the combined company compared to its present illiquid position. The Board considered the current financial market conditions, historical market price for Carbon stock since the inception of Carbon, trading information with respect to Carbon's common stock, the relatively illiquid and inactive trading pattern for Carbon common stock since Carbon became a publicly-held corporation and the fact that securities analysts have generally not followed the common stock of the Carbon. Evergreen stock is listed on the New York Stock Exchange, and it trades with substantially greater volumes and will potentially receive higher multiples than that of Carbon. In addition, approximately 10 securities analysts issue reports on Evergreen.

Premium to Trading Price. The consideration offered in the merger, consisting of Evergreen shares, represented an approximately 18.9% premium over the closing price of Carbon's common stock on the trading day preceding the announcement of the merger.

Tax Consequences. The parties intend that the merger be a tax-free reorganization for federal income tax purposes, and the receipt of an opinion on this subject is a condition to closing the merger. Accordingly, the merger should not be taxable either to Carbon or its United States shareholders, except for cash issued for fractional shares.

Previous Efforts. Carbon was unsuccessful in attempts prior to 2003 to secure additional equity financing, consummate merger transactions or make a significant corporate or asset acquisition.

Consolidation of the Industry. Carbon's management and its Board of Directors believes that the energy industry will continue to experience consolidation of companies, which affects the ability of Carbon to acquire lands for development, producing assets and acquisitions of other businesses. Larger oil and gas companies may also benefit from cost savings and economies of scale in the exploration, development and operation of properties.

Technical Expertise. The merger of the two companies will result in a company with a combined technical team which has a strong track record in the oil and gas industry.

Fairness Opinion. Carbon's Board considered the opinion of RBC that, as of March 31, 2003, based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio in the merger was fair from a financial point of view to the Carbon shareholders.

In determining to approve the merger, the Carbon Board of Directors also considered information presented by management of Carbon and advisers to Carbon with respect to the merger, including but not limited to the following:

Reports from management of Carbon as to the results of due diligence review of Evergreen and its business;

Strategic alternatives of Carbon, including growth through acquisitions, expansion through internal growth and diversification, and raising additional capital;

Carbon's current condition, including results of operations, financial condition, and operations capabilities;

Carbon's growth potential in the United States and Canada and risks involved in Carbon's business;

The current condition of Evergreen, including results of operations, financial condition and operations capabilities;

Information with respect to historical trading prices and trading multiples of the common stock of Evergreen; and

The terms of the merger agreement.

The Carbon Board did not quantify or assign relative weights to the factors considered in reaching its conclusion. Rather, the Carbon Board views its recommendation as being based on the totality of the information presented to and considered by it. In addition, individual Carbon directors may have given different weights to different factors. In considering the recommendation of the Carbon Board with respect to the merger, you should be aware that some officers and directors of Carbon have interests in the merger that may be different from, or in addition to, the interests of Carbon shareholders generally (discussed in greater detail in "The Merger Interests of Carbon's Directors and Officers in the Merger" beginning on page). The Carbon Board of Directors was aware of these interests and considered them in approving the merger and merger agreement.

Evergreen's Reasons for the Merger

Over the past several years Evergreen has developed a substantial asset in the Raton Basin. With over 900 producing wells, daily net gas production in excess of 120 MMcfd and total proved reserves of 1.3 tcf, Evergreen has grown substantially over the past eight years. Evergreen has had substantial success with its business model.

The company's business focus includes the following:

Unconventional natural gas plays;

North American prospects;

Large acreage positions for economies of scale;

Low finding and development costs;

Vertical integration; and

Technical plays, proven commercial by advances in industry extraction technology.

Evergreen's current business strategy is to enhance shareholder value by increasing reserves, production, revenues, cash flow, earnings and net asset value per share.

While the Raton Basin project has developed into a significant resource and cash flow generator, Evergreen believes that it can continue to add value through the development of other unconventional gas resource plays using the Raton Basin excess cash flow and technologies to accelerate new basin development.

Evergreen has developed a unique business model in the oil and gas industry. Evergreen has focused entirely on unconventional natural gas resources with the development of its coal bed methane (CBM) project in southern Colorado and the start of a CBM pilot project in Alaska. The focus will be on unconventional natural gas plays located within North American prospects, emphasizing the Rocky Mountain region, with large acreage positions and drilling locations, as well as low operating, finding and development costs. The unconventional natural gas resources include CBM, tight gas sands and fractured shales. These resources have several characteristics that require special attention for successful exploration and production, thus separating them from conventional gas resources.

The United States Energy Information Administration recently noted that due to technological improvements and rising natural gas prices, natural gas production from unconventional sources is projected to increase more rapidly than conventional gas production. Unconventional gas production is projected to grow from 5.4 trillion cubic feet in 2001 to 9.5 trillion cubic feet in 2025, increasing from 28% of total U.S production in 2001 to 36% in 2025.

Successful unconventional natural gas exploration, development and production are technology-driven operations, and Evergreen is structured to optimize the development of unconventional natural gas reservoirs. Vertical integration makes Evergreen unique in the industry, as Evergreen has direct control of nearly every phase of its operations. Through various subsidiaries, Evergreen performs its own well cementing services and fracture stimulation treatments, provides workover completion rigs, designs and constructs its own gas collection lines, owns and operates compressor stations, and markets its own gas production. This operational control provides Evergreen with a strong competitive edge and efficient cost structure while also providing the quality control and experimentation that Evergreen believes is necessary to succeed in unconventional natural gas development.

Evergreen believes that the Carbon assets fit nicely into the Evergreen business model for the following reasons:

United States

- Access to large acreage position in the Piceance and Douglas Creek Arch and Uintah Basins with approximately 150,000 gross acres;
- Potential to increase production and reserves through additional development and exploratory drilling in multiple formations and existing well remediations;
- Low operating, finding and development costs; and
- A proven technical team in place with specific knowledge of the Piceance and Uintah Basins.

Canada

- Good Canadian acreage position in a known hydrocarbon-bearing sedimentary basin with 77,000 gross acres;
- A proven Canadian management and technical team in place that has demonstrated an ability to create value in Canada;
- Opportunity to increase the value of the Canadian assets through drilling unexploited potential in numerous formations, including coal seams and tight gas sands;
- Low operating, finding and development costs; and
- Potential to consolidate additional acreage in strategic areas.

The acquisition provides Evergreen with diversification into new areas of economic potential outside of its core Raton Basin assets. Evergreen believes it will create additional value in these areas using its own methods and equipment.

Opinion of Carbon's Financial Advisor

On March 31, 2003, RBC delivered to Carbon's Board an oral opinion (subsequently confirmed in writing) that, as of March 31, 2003 and based upon and subject to the factors and assumptions set forth in the opinion, the exchange ratio was fair, from a financial point of view, to the holders of Carbon's common stock.

THE FULL TEXT OF RBC'S OPINION, DATED MARCH 31, 2003, WHICH SETS FORTH ASSUMPTIONS MADE, MATTERS CONSIDERED AND LIMITATIONS ON THE REVIEW UNDERTAKEN IN CONNECTION WITH THE OPINION, IS ATTACHED TO THIS DOCUMENT AS APPENDIX B AND IS INCORPORATED INTO THIS DOCUMENT BY REFERENCE. YOU SHOULD CAREFULLY READ THE OPINION IN ITS ENTIRETY. RBC'S OPINION IS DIRECTED TO CARBON'S BOARD, ADDRESSES ONLY THE FAIRNESS, FROM A FINANCIAL POINT OF VIEW, OF THE EXCHANGE RATIO TO HOLDERS OF CARBON'S COMMON STOCK AND DOES NOT ADDRESS OTHER TERMS AND AGREEMENTS RELATING TO THE MERGER.

RBC's opinion does not address the merits of the underlying decision by Carbon to engage in the transaction, or the relative merits of the transaction compared to any alternative business strategy or transaction in which Carbon might engage. RBC's opinion was provided for the information and assistance of Carbon's Board and does not constitute a recommendation to any shareholder as to how such holder should vote on the approval and adoption of the merger agreement or any matter related thereto. RBC does not express any opinion as to the prices at which Carbon's common stock has traded or will trade following the announcement of the transaction.

In arriving at its opinion, RBC:

- Reviewed the financial terms of the merger agreement;
- Reviewed and analyzed certain publicly available business, financial and other data with respect to Carbon and Evergreen and certain other relevant historical operating data relating to Carbon and Evergreen made available to RBC from published sources and from the internal records of Carbon and Evergreen;
- Conducted discussions with members of the senior management of Carbon with respect to the business prospects and financial outlook of Carbon;
- Conducted discussions with members of the senior management of Evergreen with respect to the business prospects and financial outlook of Evergreen and the combined company;
- Received and reviewed financial forecasts prepared by Carbon's management and Evergreen's management on the potential future performance of Carbon and Evergreen, respectively, each on a stand alone basis, and combined; and
- Reviewed Carbon's and Evergreen's Summary Reserve Reports, each dated December 31, 2002, prepared by their respective independent reserve engineers.

In arriving at its opinion, RBC performed the following analyses in addition to the review and inquiries referred to in the preceding paragraph:

- Reviewed the reported prices and trading activity for Carbon common stock and Evergreen common stock;
- Compared the implied historical exchange ratios between Evergreen common stock and Carbon common stock with the exchange ratio;
- Considered the relative contribution of Carbon and Evergreen;

Compared selected market valuation metrics of Carbon, Evergreen and other comparable publicly-traded companies;

Compared the financial metrics, to the extent publicly available, of selected precedent transactions; and

Performed other studies and analyses as it deemed appropriate.

In connection with its review, RBC assumed and relied upon the accuracy and completeness of the financial, legal, tax, operating and other information provided to RBC by Carbon and Evergreen, and did not independently verify such information. RBC did not perform an independent evaluation or appraisal of any of the respective assets or liabilities of Carbon or Evergreen, and was not furnished with any such valuations or appraisals. In addition, RBC did not conduct any physical inspection of the property or facilities of Carbon or Evergreen.

RBC has assumed that the merger will qualify as a tax-free reorganization for United States federal income tax purposes. RBC has also assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct, that each party will perform all of the covenants and agreements required to be performed by it under the merger agreement, and that all conditions to the consummation of the merger will be satisfied without waiver thereof. In addition, RBC assumed that, in the course of obtaining the necessary regulatory approvals for the merger, no restrictions, including any divestiture requirements, will be imposed that would have a material effect on the combined company.

RBC's Financial Analysis

The following is a presentation of the material financial analyses used by RBC in connection with rendering its opinion. The following summary does not purport to be a complete description of the analyses performed by RBC. To the extent that the following quantitative information is based on market data, it is based on market data as they existed on March 28, 2003, and is not necessarily indicative of current conditions. Some of the summaries of the financial analyses below include information in tabular format. The tables alone are not a complete description of RBC's financial analyses and should be read in conjunction with the text of the analyses.

Exchange Ratio and Premium Analysis

RBC calculated the ratio of the average market price of Carbon common stock to the average of Evergreen common stock over selected periods ending March 28, 2003. In addition, RBC calculated the implied premium being paid in the merger based on the exchange ratio of 0.275 shares of Evergreen common stock for each share of Carbon common stock relative to historic implied exchange ratios based on Evergreen and Carbon common stock prices over the selected periods ending March 28, 2003.

	Ratio	Premium
Offer Exchange Ratio	0.275	
Average Exchange Ratio Since February 2000	0.228	20.6%
Average Exchange Ratio for Latest Twelve Months	0.237	16.2%
Average Exchange Ratio for Latest Sixty Days	0.242	13.8%
Average Exchange Ratio for Latest Thirty Days	0.246	11.6%
Current Exchange Ratio (3/28/03)	0.231	18.9%

Relative Contribution

RBC analyzed the relative contribution of Carbon and Evergreen to the combined company resulting from the merger based on selected historical and estimated future operating and financial

information for Carbon, Evergreen and the combined company based on Carbon and Evergreen managements' forecasts. The results of the analyses are summarized as follows:

	Enterprise Value Percent Contribution	Annual Production (Bcfe)			Year-End Reserves (BCFE)		
		2002	2003E	2004E	2002	2003E	2004E
Carbon	7%	11%	13%	13%	5%	5%	5%
Evergreen	93%	89%	87%	87%	95%	95%	95%

	Enterprise Value Percent Contribution	PV-10% Value at 12/31/02	EBITDA 2002	EBITDA 2003E	EBITDA 2004E
Carbon	7%	5%	6%	11%	12%
Evergreen	93%	95%	94%	89%	88%

		Cash Flow			
	Equity Value Percent Contribution	2002	2003E	2004E	Risked Net Asset Value
Carbon	9%	6%	9%	10%	5%
Evergreen	91%	94%	91%	90%	95%

Enterprise value is defined as equity value plus book value of debt and liquidation or market value of preferred stock, less excess cash and cash equivalents. EBITDA is defined as net income, plus interest, income tax expense, depreciation, depletion and amortization (DD&A). PV-10 is defined as estimated future net revenues from proved reserves, discounted at 10%. Cash flow is defined as net income, plus DD&A, deferred taxes and other non-cash items.

Comparable Public Company Analysis

RBC reviewed and compared selected financial information, ratios and public market multiples for Carbon and Evergreen to corresponding financial information, ratios and public market multiples of eight publicly traded middle capitalization exploration and production companies. The group of comparable companies used in the comparison included: Cimarex Energy Co., Patina Oil & Gas Corporation, Prima Energy Corporation, Quicksilver Resources Inc., St. Mary Land & Exploration Company, Tom Brown, Inc., Ultra Petroleum Corp. and Westport Resources Corporation.

The selected companies were chosen because they are publicly traded companies with operations that for the purposes of analysis may be considered similar to Carbon and/or Evergreen. RBC calculated and compared various financial multiples and ratios. The multiples and ratios were calculated using the closing prices for the common stock of Evergreen and Carbon and each of the selected companies on March 28, 2003 and were based on the most recent publicly available information and Evergreen and Carbon management forecasts. RBC's analyses of the selected companies compared the following to the results of Evergreen and Carbon: enterprise value to historical 2002 and forecasted 2003 and 2004 EBITDA, price to historical 2002 and forecasted 2003 and 2004 cash flow, adjusted enterprise value to historical 2002 and forecasted 2003 and 2004 daily

production and adjusted enterprise value to proved reserves. Adjusted enterprise value is defined as enterprise value less book value of non-oil and gas assets and undeveloped acreage.

	Enterprise Value/EBITDA			Price/Cash Flow Per Share		
	2002	2003E	2004E	2002	2003E	2004E
Carbon multiples 3/28/03	15.5x	3.5x	3.3x	17.8x	4.4x	3.8x
Carbon transaction multiples	19.0x	4.3x	4.0x	21.2x	5.2x	4.6x
Range of multiples for comparable companies	5.6x - 28.1x	3.3x - 9.9x	3.7x - 7.2x	4.4x - 28.8x	3.4x - 12.9x	3.8x - 6.1x

	Enterprise Value/EBITDA			Price/Cash Flow Per Share		
Median for comparable companies	8.7x	5.3x	5.0x	7.9x	5.1x	4.9x

	Adjusted Enterprise Value/Daily Production			Adjusted Enterprise Value/Proved Reserves
	2002	2003E	2004E	
Carbon multiples 3/28/03	$ 4,945	$ 3,305	$ 2,766	$ 1.08
Carbon transaction multiples	6,198	4,142	3,466	1.36
Range of multiples for comparable companies	4,157 - 14,063	4,143 - 10,217	3,820 - 5,973	0.73 - 2.00
Median for comparable companies	6,003	5,089	4,491	1.30

Comparable Precedent Merger & Acquisition Analysis

RBC compared certain information of selected publicly disclosed acquisitions of exploration and production companies from 2000 through 2003, in which the consideration paid ranged between $50 million and $1 billion, which RBC considered reasonably comparable to the merger. RBC reviewed 18 public corporate transactions, 17 private corporate transactions, 13 Rocky Mountain asset transactions and 29 Canadian public corporate transactions.

RBC calculated a range of multiples of enterprise value to latest twelve months ("LTM") EBITDA and adjusted enterprise value to proved reserves and latest twelve months production implied in these transactions. The range and median results for the comparable transactions are compared to the implied acquisition metrics of the merger below.

	Adjusted Enterprise Value/		
	Proved Reserves	2002 Daily Production	Enterprise Value/ LTM EBITDA
Carbon transaction multiples	$ 1.36	$ 6,198	19.0x
Public Corporate Transactions			
Range of multiples for comparable transactions	0.66 - 2.11	1,092 - 12,196	2.9x - 39.2x
Median for comparable transactions	0.95	3,968	5.3x
Private Corporate Transactions			
Range of multiples for comparable transactions	0.54 - 1.71	2,620 - 8,255	
Median for comparable transactions	1.02	4,920	
Rocky Mountain Asset Transactions			
Range of multiples for comparable transactions	0.53 - 2.12	2,240 - 9,308	
Median for comparable transactions	0.83	5,253	
Public Corporate Canadian Transactions			
Range of multiples for comparable transactions	0.76 - 2.77	2,294 - 7,947	2.9x - 10.0x
Median for comparable transactions	1.35	3.738	6.0x

Other Considerations

In performing its analyses, RBC made numerous assumptions with respect to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of RBC, Carbon and Evergreen. Any estimates contained in the analyses performed by RBC are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by such analyses. Additionally, estimates of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. Accordingly, such analyses and estimates are inherently subject to substantial uncertainty. RBC, Carbon and Evergreen assume no responsibility for their accuracy. RBC's opinion and RBC's presentation to

Carbon's Board were among several factors taken into consideration by Carbon's Board in making its determination to approve the merger agreement. Consequently, RBC's analyses described above should not be viewed as determinative of the decision of Carbon's Board or Carbon's executive management to engage in the transaction.

The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances. Therefore, such an opinion is not readily susceptible to partial analysis or summary description. In arriving at its opinion, RBC did not attribute any particular weight to any analysis or factor considered by it, or make any conclusion as to how the results of any given analysis, taken alone, supported its opinion. Accordingly, RBC believes that its analyses must be considered as a whole and that selecting portions of its analyses and the factors considered by it, without considering all of the factors and analyses, would create a misleading view of the processes underlying RBC's opinion. In addition, in certain of its analyses RBC compared Carbon and the transaction with Evergreen to public companies and to other transactions that RBC deemed comparable. No public company or transaction utilized by RBC as a comparison is identical to Carbon or to the transaction with Evergreen. An analysis of the results of such comparisons is not mathematical; rather, it involves complex considerations and judgments concerning differences in financial and operating characteristics of the comparable companies and transactions and other factors that could affect the public trading value of the comparable companies or enterprise value of the comparable transactions to which Carbon and the transaction with Evergreen were being compared.

RBC's opinion was based on circumstances as they existed and could be evaluated on, and the information made available to it at, the date of such opinion and was without regard to any market, economic, financial, legal or other circumstances or event of any kind or nature which may have existed or occurred after such date. RBC has not undertaken to reaffirm or revise its opinion or otherwise comment upon any events occurring after the date thereof and does not have any obligation to update, revise or reaffirm the opinion.

RBC was retained to render its opinion on the basis of its experience with mergers and acquisitions in the energy industry in general, and on the basis of its experience with companies in the exploration and production sector of the energy industry. RBC is a nationally recognized investment banking firm and is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, corporate restructurings, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes. RBC has, in the past, provided financial advisory services to Carbon. In the ordinary course of its business, RBC and its affiliates may actively trade the equity securities of Carbon and Evergreen for their own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Pursuant to the terms of the engagement of RBC, Carbon has agreed to pay RBC an advisory fee of $500,000, payable upon consummation of the transaction, and a fee of $300,000 for rendering its fairness opinion. The fairness opinion fee is creditable against the transaction fee and payment is not

contingent on consummation of the merger. Carbon also has agreed to reimburse RBC for reasonable expenses and to indemnify RBC and related parties against certain liabilities, including liabilities under the federal securities laws, arising out of its engagement.

Exchange Ratio

Upon completion of the merger, each outstanding share of Carbon common stock will be converted into the right to receive 0.275 shares of Evergreen common stock plus cash instead of any fractional shares of Evergreen common stock that would otherwise be issued. Shares of Carbon common stock held by Carbon, Evergreen or any Evergreen subsidiaries will be canceled.

You should be aware that the market value of a share of Evergreen common stock will fluctuate and that neither Evergreen nor Carbon can give you any assurance as to what the price of Evergreen common stock will be when the merger becomes effective or when certificates for those shares are delivered following surrender and exchange of your certificates for shares of Carbon stock. We urge you to obtain information on the market value of Evergreen common stock that is more recent than that provided in this proxy statement/prospectus. See "Summary Comparative Market Prices and Dividends" on page .

No fractional shares of Evergreen common stock will be issued in the merger. If you would otherwise be entitled to a fractional share of Evergreen common stock in the merger, you will be paid an amount in cash determined by multiplying the fractional part of the share of Evergreen common stock by the average of the closing prices per share of Evergreen common stock on the New York Stock Exchange (the "NYSE") for the 20 trading days preceding the closing date of the merger as reported daily in *The Wall Street Journal*.

Exchange of Carbon Stock Certificates

When the merger is completed, without any action on the part of Carbon or the Carbon shareholders, shares of Carbon common stock will be converted into and will represent the right to receive, upon surrender of the certificate representing such shares as described below, whole shares of Evergreen common stock and cash instead of any fractional share of Evergreen common stock that would otherwise be issued. Promptly after the merger becomes effective, Evergreen will deliver or mail to you a form of letter of transmittal and instructions for surrender of your Carbon stock certificates. When you properly surrender your certificates or provide other satisfactory evidence of ownership and return the letter of transmittal duly executed and completed in accordance with its instructions and any other documents as may be reasonably requested, Evergreen will promptly deliver to you the shares of Evergreen common stock and cash, if any, to which you are entitled.

You should not send in your stock certificates until you receive the letter of transmittal and instructions.

After the merger is completed, and until surrendered as described above, each outstanding Carbon stock certificate will be deemed for all purposes to represent only the right to receive the merger consideration. No interest will be paid or accrued on any cash payable for fractional shares as part of the merger consideration. With respect to any Carbon stock certificate that has been lost, stolen or destroyed, Evergreen will pay the merger consideration attributable to the shares represented by such certificate upon receipt of a surety bond in a reasonable amount or other adequate indemnity, as required in accordance with Evergreen's standard policy, and evidence reasonably satisfactory to Evergreen of ownership of the shares in question. After the merger is completed, Carbon's transfer books will be closed and no transfer of the shares of Carbon stock outstanding immediately before the time that the merger becomes effective will be made on Evergreen's stock transfer books.

To the extent permitted by law, after the merger becomes effective, you will be entitled to vote at any meeting of Evergreen shareholders the number of whole shares of Evergreen common stock into which your shares of Carbon stock are converted, regardless of whether you have exchanged your Carbon stock certificates for Evergreen stock certificates. In the event Evergreen declares a dividend or other distribution on the Evergreen common stock which has a record date after the merger becomes effective, the declaration will include dividends or other distributions on all shares of Evergreen common stock issuable under the merger agreement. However, no dividend or other distribution payable to the holders of record of Evergreen common stock will be delivered to you until you surrender your Carbon stock certificate for exchange as described above. Upon surrender of your Carbon stock certificate, the certificate representing the Evergreen common stock into which your shares of Carbon stock have been converted, together with cash instead of any fractional share of Evergreen common stock to which you would otherwise be entitled and any undelivered dividends, will be delivered and paid to you, without interest.

The Merger Agreement

Effective Date and Time of the Merger

The merger agreement provides that the closing of the merger will take place as soon as practicable following the satisfaction of the conditions to the completion of the merger, or a later date mutually acceptable to the parties. The merger will become effective at the time and date specified in the articles of merger to be filed with the Secretary of State of Colorado. It is currently anticipated that the merger will become effective in the third quarter of 2003, assuming all conditions to the respective obligations of Evergreen and Carbon to complete the merger have been satisfied.

Conditions to the Merger

The obligations of Evergreen and Carbon to carry out the merger are subject to satisfaction (or, if permissible, waiver) of the following conditions at or before the time the merger becomes effective:

all corporate action necessary to authorize the performance of the merger agreement must have been duly and validly taken, including the approval of the shareholders of Carbon of the merger agreement;

Evergreen's registration statement on Form S-4 relating to the merger (including any post-effective amendments) must be effective under the Securities Act, no proceedings may be pending or, to Evergreen's knowledge, threatened by the SEC to suspend the effectiveness of the registration statement and the Evergreen common stock to be issued in the merger must

either have been registered or exempt from registration under applicable state securities laws;

the parties must have received all regulatory approvals and third party consents required in connection with the transactions contemplated by the merger agreement. All notice periods and waiting periods required with respect to the consents and approvals must have passed, and all approvals must be in effect;

neither Evergreen nor Carbon nor any of their respective subsidiaries may be subject to any order, decree or injunction of a court or agency of competent jurisdiction that enjoins or prohibits completion of the transactions provided in the merger agreement;

Carbon and Evergreen must have received an opinion of Evergreen's legal counsel, in form and substance satisfactory to Carbon and Evergreen, to the effect that the merger will constitute one or more reorganizations under Section 368 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"), and that the shareholders of Carbon will not recognize any gain or loss to the extent that they exchange shares of Carbon common stock for shares of Evergreen common stock; and

the shares of Evergreen common stock issuable pursuant to the merger shall have been approved for listing on the NYSE, subject to official notice of issuance.

The obligations of Carbon to carry out the transactions in the merger agreement are subject to the satisfaction of the following additional conditions at or before the time the merger becomes effective, unless, where permissible, waived by Carbon:

Evergreen must have performed in all material respects all obligations and complied in all material respects with all covenants required by the merger agreement;

Carbon must have received certain closing certificates from Evergreen and legal opinions from Evergreen's counsel;

Evergreen must have entered into a registration rights agreement with Yorktown Energy Partners III, L.P. and with Patrick R. McDonald and entities related to him, providing for the registration of the shares to be received in the merger by Yorktown, Mr. McDonald and those entities;

The representations and warranties of Evergreen concerning the following must be true and correct (except for *de minimis* inaccuracies):

its capitalization;

its and its subsidiaries' organization and authority to conduct business;

its authorization of, and the binding nature of, the merger agreement; and

the absence of any conflict between the transactions in the merger agreement and Evergreen's articles of incorporation or bylaws; and

There must not be inaccuracies in the representations and warranties of Evergreen in the merger agreement that, individually or in the aggregate, have or are reasonably likely to have a material adverse effect on Evergreen and its subsidiaries taken as

a whole, including, without limitation, the accuracy of reports and other filings with the SEC.

The obligations of Evergreen to carry out the transactions in the merger agreement are subject to satisfaction of the following additional conditions at or before the time the merger becomes effective, unless, where permissible, waived by Evergreen:

No regulatory approval shall have imposed any condition or requirement that would, in the opinion of Evergreen's Board of Directors, have a material adverse effect on Evergreen's business or render the merger unadvisable or unduly burdensome;

Carbon must have performed in all material respects all of its obligations and complied in all material respects with all of its covenants required by the merger agreement;

Evergreen must have received agreements from certain affiliates of Carbon concerning their shares of Carbon common stock and the shares of Evergreen common stock to be received by them;

Evergreen must have received certain closing certificates from Carbon and legal opinions from Carbon's counsel;

None of Carbon's properties and assets shall have suffered a casualty loss (meaning a loss, damage or reduction in value resulting from catastrophic occurrences or acts of God or any other loss which is not a result of normal wear and tear) nor have been taken in condemnation, and no proceeding for such loss shall be pending, such that, when aggregated with inaccuracies in Carbon's representations and warranties, they would have a material adverse effect (as

defined in the merger agreement) after taking into account proceeds of insurance or any condemnation award;

The representations and warranties of Carbon concerning the following must be true and correct (except for *de minimis* inaccuracies):

- its capitalization;
- its and its subsidiaries' organization and authority to conduct business;
- its ownership of its subsidiaries and other equity interests;
- its authorization of, and the binding nature of, the merger agreement;
- the absence of conflict between the transactions in the merger agreement and Carbon's articles of incorporation or bylaws;
- actions taken to exempt the merger from any applicable anti-takeover laws; and
- its labor relations; and

There must not be inaccuracies in the representations and warranties of Carbon in the merger agreement that, individually or in the aggregate, have or are reasonably likely to have a material adverse effect on Carbon and its subsidiaries taken as a

whole (evaluated without regard to whether the merger is completed).

Conduct of Carbon's and Evergreen's Businesses Before the Merger Becoming Effective

Except with the consent of Evergreen, until the merger is effective, neither Carbon nor any of its subsidiaries may:

carry on its business other than in the usual, regular and ordinary course in substantially the same manner as previously conducted, or establish or acquire any new subsidiary or engage in any new type of activity or expand any existing activities;

declare, set aside, make or pay any dividend or other distribution in respect of its capital stock;

issue, grant or authorize any rights to acquire capital stock or effect any recapitalization, reclassification, stock dividend, stock split or similar change in capitalization;

amend its articles of incorporation or bylaws;

impose or permit the imposition or existence of any lien, charge or encumbrance on any share of stock held by it in any Carbon subsidiary, or permit any such lien, charge or encumbrance to exist; or waive or release any material right or cancel or compromise any debt or claim, in each case other than in the ordinary course of business;

fail to comply in any material respect with any laws, regulations, ordinances or governmental actions applicable to it and to the conduct of its business;

increase the rate of compensation of any of its directors, officers or employees (excluding increases in compensation resulting from the exercise of compensatory stock options that are outstanding as of the date of the merger agreement) or pay or agree to pay any bonus to, or provide any new employee benefit or incentive to, any of its directors, officers or employees, except for increases or payments made in the ordinary course of business consistent with past practice pursuant to plans or arrangements in effect on the date of the merger agreement;

enter into or substantially modify (except as provided for in the merger agreement or as may be required by applicable law or regulation) any pension, retirement, stock option, stock purchase, stock appreciation right, savings, profit sharing, deferred compensation, consulting, bonus, group

insurance or other employee benefit, incentive or welfare contract, plan or arrangement, or any trust agreement related thereto, in respect of any of its directors, officers or other employees; provided, however, that this subparagraph shall not prevent renewal of any of the foregoing consistent with past practice;

merge with any other entity or permit any other entity to merge into it, or consolidate with any other entity; acquire control over any other entity; or liquidate, sell or otherwise dispose of any assets or acquire any assets other than in the ordinary course of its business consistent with past practices;

solicit or encourage inquiries or proposals with respect to, furnish any information relating to, or participate in any negotiations or discussions concerning, any acquisition or purchase of all or a substantial portion of the assets of or a substantial equity interest in, or any recapitalization, liquidation or dissolution involving or a business combination or similar transaction with, Carbon or any Carbon subsidiary other than as contemplated by the merger agreement; or authorize any officer, director, agent or affiliate of Carbon or any Carbon subsidiary to do any of the above; or fail to notify Evergreen immediately if any such inquiries or proposals are received, any such information is requested or required, or any such negotiations or discussions are sought to be initiated; provided, that this paragraph does not apply to furnishing information to or participating in negotiations or discussions with any person that has made, or that the Carbon Board of Directors

determines in good faith is reasonably likely to make, a superior offer if the Carbon Board of Directors determines in good faith, after consultation with outside legal counsel, that it should take such actions in light of its fiduciary duty to Carbon's shareholders (a superior offer means a proposal or offer to acquire or purchase all or a substantial portion of the assets of or a substantial equity interest in, or to effect any recapitalization, liquidation or dissolution involving or a business combination or other similar transaction with, Carbon or any Carbon subsidiary (including, without limitation, a tender offer or exchange offer to purchase Carbon common stock) other than as contemplated by the merger agreement: (a) that did not arise from or involve a breach or violation by Carbon of any provision of the merger agreement; (b) that the Carbon Board of Directors determines in its good faith judgment, based, among other things, on advice of its financial advisor, to be more favorable to the Carbon shareholders than the merger; and (c) the financing for the implementation of which, to the extent required, is then committed as evidenced by a letter of the lender issued to Carbon and provided by Carbon to Evergreen's Board of Directors, which commitment will be subject only to conditions that are usual and customary for transactions of the type contemplated by the letter, or the Carbon Board of Directors, based among other things on advice of its financial advisor, has a reasonable basis for being highly confident that the party making such proposal or offer will obtain such financing to the extent required);

enter into (a) any material agreement, arrangement or commitment not made in the ordinary course of business, (b) any agreement, indenture or other instrument not made in the ordinary course of business relating to the borrowing of money by Carbon or a Carbon subsidiary or guarantee by Carbon or a Carbon subsidiary of any obligation, (c) any agreement, arrangement or commitment relating to the employment or severance of a consultant or the employment, severance, election or retention in office of any present or former director, officer or employee (this clause shall not apply to the election of directors by shareholders or the reappointment of officers in the normal course), or (d) any contract, agreement or understanding with a labor union;

change its methods of accounting in effect at December 31, 2002, except as required by changes in generally accepted accounting principals concurred to by Evergreen (which may not unreasonably withhold its concurrence) or change in any material respect its methods of reporting income and deductions for federal income tax purposes from those used in the

preparation of its federal income tax returns for the year ended December 31, 2002, except as required by changes in law or regulation;

incur any commitments for capital expenditures or obligations to make capital expenditures in excess of $50,000, for any one expenditure, or $250,000, in the aggregate;

take any action that would or could reasonably be expected to (a) cause the merger not to constitute a reorganization under Section 386 of the Internal Revenue Code as determined by Evergreen, (b) result in any inaccuracy of a representation or warranty that would permit termination of the merger agreement or (c) cause any of the conditions precedent to the transactions contemplated by the merger agreement to fail to be satisfied;

dispose of or acquire any material assets, other than in the ordinary course of its business;

issue any shares of capital stock (including treasury shares), except pursuant to Carbon's stock option plans with respect to the stock options outstanding as of March 31, 2003 (or that may become outstanding after March 31, 2003 other than in violation of the merger agreement);

incur any indebtedness other than in the ordinary course of business; and

agree to do any of the foregoing.

In addition, Carbon has agreed, among other things:

to convene and hold a meeting of shareholders to obtain the necessary vote to approve the merger as soon as reasonably practicable following the effectiveness of Evergreen's registration statement filed in connection with the merger. Subject to their fiduciary duties, the Carbon Board of Directors will recommend to the Carbon shareholders the approval of the merger agreement;

to take such actions as may be reasonably necessary to modify the structure of or to add parties to (so long as such addition is an Evergreen subsidiary) the transactions, as long as the modification does not change the consideration to be received by Carbon shareholders, abrogate the covenants and other agreements contained in the merger agreement or substantially delay or impair the prospects of completing the merger;

to keep Evergreen advised of all material developments relevant to its business prior to completion of the merger;

to provide Evergreen access to Carbon's books and records;

to cooperate with Evergreen and its agents with respect to any environmental audits of Carbon's properties;

to maintain the confidentiality of all information obtained in connection with the merger agreement; and

use its best efforts to cause all Carbon affiliates to execute and deliver to Evergreen agreements concerning the shares of Evergreen common stock to be received by them as necessary to promote compliance with federal securities laws.

Except with the consent of Carbon, until the merger is effective, neither Evergreen nor any of its subsidiaries may take any action that would or might be expected to:

cause the merger not to constitute a reorganization under Section 368 of the Internal Revenue Code;

result in any inaccuracy of a representation or warranty that would allow termination of the merger agreement;

cause any of the conditions precedent to the transactions contemplated in the merger agreement to fail to be satisfied; or

fail to comply in any material respect with any laws, regulations, ordinances or governmental actions applicable to it and to the conduct of its business.

Evergreen has also agreed, among other things, to keep Carbon advised of all material developments relevant to its business before the completion of the merger, to provide Carbon access to Evergreen's books and records and to maintain the confidentiality of all information obtained in connection with the merger agreement.

Waiver; Amendment; Termination; Expenses

Except with respect to any required regulatory approval, Evergreen or Carbon may at any time (whether before or after approval of the merger agreement by the Carbon shareholders) extend the time for the performance of any of the obligations or other acts of the other party and may waive (a) any inaccuracies of the other party in the representations or warranties contained in the merger agreement or any document delivered pursuant thereto, (b) compliance with any of the covenants, undertakings or agreements of the other party, or satisfaction of any of the conditions precedent to its obligations, contained in the merger agreement, or (c) the performance by the other party of any of its obligations set out in the merger agreement. The parties may also mutually amend or supplement the merger agreement in writing at any time. However, no extension, waiver, amendment or supplement which would reduce the exchange ratio to be provided to holders of Carbon common stock upon

completion of the merger or the payment terms for fractional interests will be made after the Carbon shareholders approve the merger agreement.

The merger agreement may be terminated, and the merger may be abandoned:

at any time before the merger becomes effective, by the mutual consent in writing of Evergreen and Carbon;

at any time before the merger becomes effective, by either party: (a) in the event of a material breach by the other party of any covenant or agreement contained in the merger agreement; or (b) in the event of an inaccuracy of any representation or warranty of the other party contained in the merger agreement that would provide the nonbreaching party the ability to refuse to complete the merger under the applicable standard in the merger agreement (see " Conditions to the Merger" on page); and, in either case, if the breach or inaccuracy has not been cured by the earlier of 30 days following notice of the breach or inaccuracy to the breaching party or the effective time of the merger;

at any time before the merger becomes effective, by either party in writing, if any of the conditions precedent to the obligations of the other party to complete the transactions contemplated by the merger agreement cannot be satisfied or fulfilled before the time the merger becomes effective, and the party giving the notice is not in material breach of any of its representations, warranties, covenants or undertakings;

at any time, by either party in writing, if any of the applications for prior approval required to complete the merger are denied, and the time period for appeals and requests for reconsideration has run;

at any time, by either party in writing, if the shareholders of Carbon do not approve the merger agreement by the required vote;

at any time following October 31, 2003 by either party in writing, if the merger has not yet become effective and the party giving the notice is not in material breach of any of its representations, warranties, covenants or undertakings; and

at any time prior to 11:59 p.m. on May 10, 2003 by Evergreen in writing, if Evergreen determines in good faith, through review of information disclosed by Carbon, or as a result of Evergreen's due diligence investigation following the date of the merger agreement, or otherwise, that there exist (a) any conditions which represent or are reasonably likely to result in a breach of Carbon's representation and warranty regarding environmental matters, (b) any defects in title that would render Carbon's title to any of the properties or assets less than good and marketable, (c) any contracts or agreements to which Carbon or any of its properties or assets are bound that contain terms that are not typical of similar contracts dealing with similar subject matter, or (d) any other conditions, defects or circumstances, whether or not relating to Carbon's properties and assets, that would materially and adversely affect the ownership, use or value of any of Carbon's properties or that would make the financial condition, results of operations, business or business prospects of Carbon and its subsidiaries, taken as a whole, materially adversely different from Evergreen's reasonable expectations on the date of execution of the merger agreement. The fact that Carbon has disclosed information to Evergreen will not prevent Evergreen from terminating the merger agreement pursuant to this paragraph on account of such information.

If the merger agreement is terminated pursuant to any of the provisions described above, both the merger agreement and the plan of merger will become void and have no effect, except that (a) provisions in the merger agreement relating to confidentiality, the termination fee and expenses will survive the termination and (b) a termination for an uncured breach of a covenant or agreement or inaccuracy in a representation or warranty will not relieve the breaching party from liability for that breach or inaccuracy.

Each party will pay the expenses it incurs in connection with the merger agreement and the merger.

Termination Fee

In the event that the merger agreement is terminated:

by either Carbon or Evergreen because the shareholders of Carbon fail to approve the merger agreement and either (a) at the time of the Carbon shareholders' meeting or (b) prior to such shareholders' meeting, the Carbon Board of Directors withdraws its recommendation or refuses to recommend to the shareholders of Carbon that they vote to approve the plan of merger;

by Evergreen because Carbon has breached its non-solicitation covenant or its covenant to submit the merger to the Carbon shareholders for approval and recommend approval of the merger agreement to the Carbon shareholders; or

by Evergreen because (a) Carbon has knowingly breached its representations, warranties or covenants (other than its non-solicitation covenant or its covenant to submit the merger to the Carbon shareholders for approval and recommend approval of the merger agreement to the Carbon shareholders); (b) all applicable notice and cure periods have expired; and (c) an overture has been communicated to the Carbon Board of Directors at or before the time of the breach to engage in an agreement or plan to purchase all or a substantial portion of the assets of, or a substantial equity interest in, Carbon, to effect a recapitalization, liquidation or dissolution involving Carbon or to effect a business combination or similar transaction with Carbon other than with Evergreen,

then Carbon will pay a termination fee of $2,500,000 to Evergreen.

Interests of Carbon's Directors and Officers in the Merger

Some members of Carbon's management and the Carbon Board have interests in the merger that are in addition to or different from their interests as Carbon shareholders. The Carbon Board was aware of these interests and considered them in approving the merger agreement and the merger.

Vesting of Stock Options

Directors and executive officers of Carbon have received grants of stock options under Carbon's stock incentive plans. Under the terms of these plans, all unvested options will vest and become exercisable as a result of Carbon shareholder approval of the merger agreement. As of April 30, 2003, Carbon directors and executive officers held options to acquire 35,003 shares of Carbon common stock at an average exercise price of $9.1214 that will vest on an accelerated basis. Upon completion of the merger, each outstanding option to acquire Carbon common stock will be converted into an option to acquire 0.275 shares of Evergreen common stock, and the exercise price will be adjusted correspondingly. Employees of Carbon or a Carbon subsidiary at the time of the merger ("transferred employees") will be allowed to exercise their Evergreen options by share delivery or cashless exercise, or both, to the extent that such payment methods are generally available to other holders of Evergreen options. See "Effect on Employee Benefit Plans and Options Stock Options" on page .

Restricted Stock

The executive officers and certain employees of Carbon have received grants of restricted stock awards under Carbon's 1999 Restricted Stock Plan. The restricted stock vests 33.33% each year over a three-year period from the date of grant. All restricted stock outstanding under this plan becomes fully vested upon a change of control as defined in the plan, which includes shareholder approval of the merger agreement. Mr. McDonald (President, Chief Executive Officer and a director of Carbon) and Kevin D. Struzeski (Chief Financial Officer of Carbon) own 10,001 and 7,501 shares of restricted stock of Carbon, respectively, as to which vesting will be accelerated if the shareholders of Carbon approve the merger agreement.

Carbon Employment Agreements

In October 1999, Patrick R. McDonald and Carbon entered into a three-year employment agreement which provided for Mr. McDonald to be the President and Chief Executive Officer of Carbon. This employment agreement was renewed in October 2002 by the parties entering into a new three-year employment agreement with similar terms. Either Carbon or Mr. McDonald may terminate the agreement if there is a change in

control of Carbon as defined in the employment agreement. A change in control includes shareholder approval of the merger agreement. In the event of a change in control supported by the Board of Directors, Mr. McDonald is to be paid 300% of his average annual compensation upon termination of the employment agreement by Carbon or Mr. McDonald. In the event of a change in control not supported by a majority of the Board of Directors, Mr. McDonald is to be paid 400% of his average annual compensation upon termination of the employment agreement by Carbon or Mr. McDonald. For this purpose, Mr. McDonald's compensation means the arithmetic average of Mr. McDonald's annual base salary and incentive compensation for the three years prior to termination of his employment, which is currently approximately $610,000 (which is multiplied by a percentage stated above if his employment is terminated after shareholder approval of the merger). In addition, upon a change in control, the employment agreement provides that any outstanding stock options and incentive awards (including restricted stock) granted to Mr. McDonald become 100% vested, without any restrictions.

In October 1999, Carbon entered into a two-year employment agreement with Mr. Struzeski, which provides for Mr. Struzeski to be the Chief Financial Officer of Carbon. The initial two-year term ended

in October 2001, after which the agreement continues from year to year unless Carbon or Mr. Struzeski gives a written notice of termination at least three months preceding the date of termination. The employment agreement with Mr. Struzeski provides that either Carbon or Mr. Struzeski may terminate the contract if there is a change in control of Carbon, which includes shareholder approval of the merger agreement. In the event of a change in control supported by the Board of Directors, Mr. Struzeski is to be paid 200% of his average annual compensation upon termination of his employment agreement by Carbon or 100% of his average annual compensation upon termination of his employment by him. In the event of a change in control not supported by a majority of the Board of Directors, Mr. Struzeski is to be paid 300% of his average annual compensation upon termination of the employment agreement. Mr. Struzeski's compensation for this purpose is an annualized amount of base salary and incentive compensation which is equal to approximately $277,000 (which is multiplied by a percentage stated above if his employment is terminated after shareholder approval of the merger). His employment agreement also provides that, in the event of a change in control, any outstanding stock options, stock appreciation rights and incentive awards (including restricted stock) granted to Mr. Struzeski will become 100% vested, without restrictions.

In addition, Carbon has entered into employment agreements with six other employees, including three Canadian employees. These agreements provide for severance benefits in the event of a change in control of Carbon followed by termination of the employee's employment. The severance benefits range from 100% to 200% of the employee's average annual compensation upon termination of employment following a change in control supported by the Board of Directors and from 200% to 300% of the employee's average annual compensation upon termination of employment following a change in control not supported by the Board of Directors. These employment agreements also generally provide that in the event of a change in control, any outstanding stock options, stock appreciation rights and incentive awards (including restricted stock) granted to the employee will become 100% vested, without restrictions.

Voting Agreements

Evergreen has entered into voting agreements with each of Yorktown Energy Partners III, L.P., the largest shareholder of Carbon, and Patrick R. McDonald, Carbon's President and Chief Executive Officer. Pursuant to the voting agreements, Yorktown and Mr. McDonald have agreed to vote their shares in favor of adoption and approval of the merger agreement and against any action that could delay, postpone or impair the completion of the merger. The voting agreements also state that the voting agreements will not be construed to require Yorktown or Mr. McDonald to take any action or fail to take any action that the party determines in good faith, after consulting with legal counsel, would be in violation of any applicable law or legal duty. In addition, Yorktown and Mr. McDonald have agreed not to transfer or dispose of their shares prior to the effective date of the merger or termination of the merger agreement.

Registration Rights Agreement

Pursuant to a registration rights agreement, Evergreen has agreed to file a registration statement with the SEC within 45 days after the effective date of the merger to register for one year the resale of the shares to be received in the merger by Yorktown and its limited partners and Mr. McDonald and entities related to him. Evergreen is to maintain the registration statement in effect for a period of one year from the date of effectiveness.

Indemnification of Directors and Officers

The merger agreement provides that Evergreen or one of its subsidiaries will maintain for three years after the merger becomes effective directors' and officers' liability insurance covering directors and officers of Carbon for acts or omissions occurring before the merger becomes effective. This

insurance will provide at least the same coverage and amounts as contained in Carbon's policy on the date of the merger agreement, unless the annual premium on the policy for the first year of such coverage would exceed 125% of the annual premium payments on Carbon's policy, and for any subsequent year exceed 125% of the premium for the immediately preceding year, in which case Evergreen would maintain the most advantageous policies of directors' and officers' liability insurance obtainable for such year for a premium equal to that amount. Evergreen has also agreed to indemnify all individuals who are or have been officers, directors or employees of Carbon or a Carbon subsidiary before the merger becomes effective from any acts or omissions in such capacities before the merger becomes effective to the extent such indemnification is permitted by Carbon's articles of incorporation and bylaws at the date of the merger agreement and the CBCA.

Material United States Federal Income Tax Consequences of the Merger

The following is a summary of the material anticipated federal income tax consequences of the merger generally applicable to the shareholders of Carbon and to Evergreen and Carbon. This summary is not intended to be a complete description of all of the federal income tax consequences of the merger. No information is provided with respect to the tax consequences of the merger under any other tax laws, including applicable state, local and foreign tax laws. In addition, the following discussion may not be applicable with respect to certain specific categories of shareholders, including but not limited to:

- corporations, trusts, dealers in securities, financial institutions, insurance companies or tax exempt organizations;
- persons who are not United States citizens or resident aliens or domestic entities (partnerships or trusts);
- persons who are subject to alternative minimum tax (to the extent that tax affects the tax consequences of the merger), who elect to apply a mark-to-market method of accounting, or who are subject to the "golden parachute" provisions of the Internal Revenue Code (to the extent that tax affects the tax consequences of the merger);
- persons who acquired Carbon stock pursuant to employee stock options or otherwise as compensation if such shares are subject to any restriction related to employment;
- persons who do not hold their shares as capital assets; or
- persons who hold their shares as part of a "hedge," "constructive sale," "straddle," "conversion transaction or similar integrated transaction."

No ruling has been or will be requested from the Internal Revenue Service with respect to the tax effects of the merger. The federal income tax laws are complex, and a shareholder's individual circumstances may affect the tax consequences to the shareholder. Consequently, each Carbon shareholder is urged to consult his or her own tax advisor regarding the tax consequences, including the applicable United States federal, state, local, and foreign tax consequences, of the merger to him or her.

Tax Consequences of the Merger Generally

In the opinion of Berenbaum, Weinshienk & Eason, P.C., counsel to Evergreen:

- the merger will constitute a reorganization under Section 368(a) of the Internal Revenue Code of 1986, as amended;

each of Evergreen, Evergreen Merger Corporation and Carbon will be a party to that reorganization within the meaning of Section 368(b) of the Internal Revenue Code of 1986, as amended;

no gain or loss will be recognized by Evergreen, Evergreen Merger Corporation or Carbon by reason of the merger;

the shareholders of Carbon will recognize no gain or loss for federal income tax purposes to the extent Evergreen common stock is actually received in the merger in exchange for Carbon common stock;

a shareholder of Carbon who receives cash instead of a fractional share of Evergreen common stock will recognize gain or loss as if the shareholder was deemed to receive the fractional share and such fractional share was then redeemed for cash in an amount equal to the amount paid by Evergreen in respect of the fractional share, provided that such redemption is treated as an exchange under Section 302 of the Internal Revenue Code;

the tax basis in the Evergreen common stock received by a shareholder (including any fractional share interest deemed received) will be the same as the tax basis in the Carbon common stock surrendered in exchange; and

the holding period for Evergreen common stock received (including any fractional share interest deemed received) in exchange for shares of Carbon common stock will include the period during which the shareholder held the shares of Carbon common stock surrendered in exchange, provided that the Carbon common stock was held as a capital asset at the time the merger becomes effective.

The completion of the merger is conditioned upon the receipt by Evergreen and Carbon of the legal opinion of Evergreen's legal counsel, dated as of the date the merger is completed, to the effect of the first and fourth bulleted items described above. Neither party intends to waive this condition.

Cash Received Instead of a Fractional Share of Evergreen Common Stock

A shareholder of Carbon who receives cash instead of a fractional share of Evergreen common stock will be treated as having received the fractional share pursuant to the merger and then as having exchanged the fractional share for cash in a redemption by Evergreen, provided that such redemption is treated as an exchange under Section 302 of the Internal Revenue Code. As a result, a Carbon shareholder will generally recognize gain or loss equal to the difference between the amount of cash received and the portion of the basis of the shares of Evergreen common stock allocable to his or her fractional interest. This gain or loss will generally be capital gain or loss, and will be long-term capital gain or loss if, as of the date of the exchange, the holding period for such shares is greater than one year. Long-term capital gain of a non-corporate holder is generally subject to tax at a maximum federal tax rate of 20%.

Backup Withholding and Information Reporting

Payments of cash to a holder surrendering shares of Carbon stock will be subject to information reporting and backup withholding (whether or not the holder also receives Evergreen common stock) at a rate of 30% of the cash payable to the holder, unless the holder furnishes its taxpayer identification number in the manner prescribed in applicable Treasury Regulations, certifies that such number is correct, certifies as to no loss of exemption from backup withholding and meets certain other conditions. Penalties apply for failure to furnish correct information and for failure to include reportable payments in income. Any amounts withheld from payments to a holder under the backup withholding rules will be allowed as a refund or credit against the holder's United States federal income tax liability, provided the required information is furnished to the Internal Revenue Service.

Each holder of Carbon common stock should consult with his own tax advisor as to this qualification for exemption from backup withholding and the procedure for obtaining such exemption.

Tax matters are very complicated, and the tax consequences of the merger to each holder of Carbon common stock will depend on the facts of that shareholder's particular situation. The United States federal income tax discussion set forth above does not address all United States federal income tax consequences that may be relevant to a particular holder and may not be applicable to holders in special situations. Holders of Carbon common stock are urged to consult their own tax advisors regarding the specific tax consequences

of the merger.

Material Canadian Federal Income Tax Considerations

In the opinion of Burnet Duckworth & Palmer LLP, counsel to Evergreen, the following is a summary of the principal Canadian federal income tax considerations under the Income Tax Act (Canada) (the "Tax Act"), as of the date hereof, generally applicable to a shareholder of Carbon in respect of merger who, at all relevant times, for the purposes of the Tax Act and any applicable income tax treaty or convention, (i) is, or is deemed to be, resident in Canada, (ii) in respect of whom neither Carbon nor Evergreen is a foreign affiliate; (iii) deals at arm's length with Carbon and Evergreen; (iv) is not affiliated with Carbon or Evergreen and (v) holds Carbon shares as capital property. Carbon shares generally will be considered capital property to such a shareholder unless the shareholder holds such Carbon shares in the course of carrying on a business, or the shareholder has acquired them in a transaction or transactions considered to be an adventure in the nature of trade. Carbon shares are not Canadian securities (as defined in the Tax Act) and therefore an election in accordance with subsection 39(4) of the Tax Act is not available in respect of such shares. This summary does not apply to Carbon shareholders who are "financial institutions", "specified financial institutions" or an interest in which would be a "tax shelter investment" each as defined in the Tax Act.

The summary is based on the provisions of the Tax Act in force on the date hereof and counsel's understanding of the current published administrative practices of the Canada Customs and Revenue Agency (the "CCRA"). The CCRA has a long standing administrative practice which applies to various corporate reorganizations where cash is paid in lieu of issuing fractional shares. While this practice has not been specifically approved for the type of transaction described herein, it is anticipated and this opinion assumes that such practice will be adopted by the CCRA and made applicable to this type of transaction The summary takes into account all specific proposals to amend the Tax Act which have been publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Proposed Amendments") and assumes that all such Proposed Amendments will be enacted in their present form. No assurances can be given that the Proposed Amendments will be enacted in the form proposed, if at all. The summary does not otherwise take into account or anticipate any changes in law, whether by judicial, governmental or legislative decision or action or changes in administrative practices of the CCRA (save as noted above), nor does it take into account provincial, territorial or foreign income tax legislation or considerations. The provisions of provincial income tax legislation vary from province to province in Canada and in some cases differ from federal income tax legislation.

Disposition of Carbon Shares in Exchange for Evergreen Shares

A holder of Carbon shares who receives Evergreen shares in exchange for Carbon shares pursuant to the merger will, unless the holder elects in a tax return for the taxation year in which the merger takes place not to have this provision apply, be deemed to have disposed of such Carbon shares for proceeds of disposition equal to the holder's adjusted cost base and consequently will realize neither a gain or loss as a result of such disposition. The holder will be deemed to acquire the Evergreen shares at a cost equal to such proceeds and will generally be required to average such cost with the cost of any other Evergreen shares held as capital property for the purpose of determining the adjusted cost base of each Evergreen share held.

A holder of Carbon shares who receives less than Cdn$200 cash in lieu of a fraction of an Evergreen share pursuant to the merger may, choose to reduce the cost of the Evergreen shares acquired by the amount of such cash or recognize a gain (or loss) equal to the amount by which the cash exceeds (or is less than) the adjusted cost base of the applicable Carbon shares.

A holder of Carbon shares who receives Evergreen shares (including a holder who receives cash in lieu of a faction of an Evergreen share) in exchange for Carbon shares pursuant to the merger and who elects in a tax return for the taxation year in which the merger takes place not to have the provisions noted above apply, will be deemed to have disposed of such Carbon shares for proceeds of disposition equal to their fair market and to have acquired the Evergreen shares for the same amount (less any cash received in lieu of a fraction of share). The holder will generally be required to average such cost with the cost of any other Evergreen shares held as capital property for the purpose of determining the adjusted cost base of each Evergreen share held. Such a shareholder will be required to include one-half of the amount of any capital gain (a "taxable capital gain") in income, and one-half of the amount of any capital loss (an "allowable capital loss") will be required to be deducted against taxable capital gains realized in the year of disposition. Allowable capital losses not deducted in the taxation year in which they are realized may ordinarily be carried back and deducted in any of the three preceding years or carried forward and deducted in any following year against taxable capital gains realized in such years, to the extent and under the circumstances specified in the Tax Act.

A Shareholder that is, throughout the relevant taxation year, a "Canadian-controlled private corporation" (as defined in the Tax Act) may be liable to pay an additional refundable tax of 6$^{1}/_{2}$% on its "aggregate investment income" for the year, which is defined to include an amount in respect of taxable capital gains. 80% of capital gains realized by an individual or a trust, other than certain specified trusts, will be taken into account in determining liability for alternative minimum tax under the Tax Act.

The summary is of a general nature only and is not exhaustive of all possible Canadian federal income tax considerations and is not intended to be, nor should it be construed to be, legal, business or tax advice or representations to any particular Carbon shareholder. Accordingly, Carbon shareholders should consult their own tax advisors with respect to their particular circumstances, including the application and effect of the income and other tax laws of any country, province, state or local tax authority.

Regulatory Considerations

No filing under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, is required in connection with the merger. Neither Carbon nor Evergreen is aware of a material U.S. governmental or regulatory approval required for completion of the merger, other than compliance with the applicable corporate laws of Colorado.

No filing under Canada's Competition Act or application for review under Canada's Investment Canada Act are anticipated to be required in connection with the merger. The parties are not aware of a material Canadian governmental or regulatory approval required for the completion of the merger.

Accounting Treatment

Under purchase accounting, Evergreen would record the acquired identifiable assets and liabilities assumed at their fair market value at the time the merger is completed. Any excess of the cost of Carbon over the sum of the fair values of tangible and identifiable intangible assets would be recorded as goodwill. Evergreen's reported income would include the operations of Carbon after the merger. Financial statements of Evergreen issued after completion of the merger would reflect the impact of the merger with Carbon. Financial statements of Evergreen issued before completion of the merger would not be restated retroactively to reflect Carbon's historical financial position or results of

operations. The unaudited pro forma financial information contained in this proxy statement/prospectus has been prepared using the purchase method of accounting. See "Summary Comparative Per Share Data" on page .

Effect on Employee Benefit Plans and Stock Options

Employee Benefit Plans

Each transferred employee will become an employee of Evergreen or an Evergreen subsidiary (an "Evergreen employer"). As of a date (the "benefit plan date") determined by Evergreen with respect to the 401(k) plan and separately with respect to each other plan or program of Carbon, and to be not later than the first day following the calendar year during which Carbon is merged into Evergreen or an Evergreen subsidiary, Evergreen will cause Carbon's 401(k) plan either to be merged with Evergreen's 401(k) plan or to be frozen or terminated, as determined by Evergreen and subject to receipt of applicable regulatory or governmental approvals. Each transferred employee who is a participant in Carbon's 401(k) plan at the time the merger becomes effective and continues in the employment of an Evergreen employer until the benefit plan date will be eligible to participate in Evergreen's 401(k) plan as of the benefit plan date. All rights to participate in Evergreen's 401(k) plan are subject to Evergreen's right to amend or terminate the plan. Evergreen will maintain Carbon's 401(k) plan and any related supplemental plans for the benefit of participating employees until the benefit plan date. In administering Evergreen's 401(k) plan, service with Carbon and its subsidiaries will be deemed to be service with Evergreen for participation and vesting purposes, but not for purposes of benefit accrual.

Each transferred employee will be eligible to participate in group hospitalization, medical, dental, life, disability and other welfare benefit plans and programs available to employees of the Evergreen employer as of the benefit plan date with respect to each such plan or program, conditional upon the transferred employee's being employed by the Evergreen employer as of the benefit plan date and subject to complying with eligibility requirements of the respective plans and programs. With respect to any plan or program of Carbon that the Evergreen employer determines in its discretion provides benefits of the same type or class as a corresponding plan or program maintained by the Evergreen employer, Evergreen will cause the Evergreen employer to continue the Carbon welfare plans and programs in effect for the benefit of the transferred employees so long as they remain eligible to participate and until they become eligible to participate in the corresponding plan or program maintained by the Evergreen employer (and, with respect to any such plan or program, subject to complying with eligibility requirements and subject to the right of the Evergreen employer to terminate the plan or program). For purposes of administering these plans and

programs, service with Carbon will be deemed to be service with the Evergreen employer for the purpose of determining eligibility to participate and vesting (if applicable), but not for purposes of computing benefits, if any, determined in whole or in part with reference to service.

Except to the extent of contractual commitments specifically made or assumed by Evergreen, all transferred employees will be employees at will (to the extent permitted by applicable law) of the Evergreen employer, and no Evergreen employer will have any obligation arising from the merger to continue any transferred employees in its employ or in any specific job or to provide to any transferred employee any specified level of compensation or any incentive payments, benefits or perquisites. Each transferred employee who is terminated by an Evergreen employer after the merger becomes effective, excluding any employee who has a then-existing contract providing for severance, will be entitled to severance pay in accordance with the special severance policy adopted by Evergreen for transferred employees, if and to the extent that the employee is entitled to severance pay under the applicable policy. Such an employee's service with Carbon will be aggregated with Evergreen service for purposes of determining the amount of severance pay, if any, under the applicable severance policy.

Evergreen has agreed to honor all employment agreements, severance agreements and deferred compensation agreements that Carbon and its subsidiaries have with their current and former employees and directors and which have been disclosed to Evergreen pursuant to the merger agreement, except to the extent any agreements are superseded or terminated when the merger becomes effective or thereafter. Except as these agreements may provide otherwise, and except as otherwise described above, the employee benefit plans of Carbon will be frozen, terminated or merged into comparable plans of Evergreen, as Evergreen may determine in its sole discretion.

Stock Options

At the time the merger becomes effective, each then outstanding stock option granted under Carbon's various stock option plans will be converted into rights with respect to Evergreen common stock. Unless it elects to substitute options as described below, Evergreen will assume each of these stock options in accordance with the terms of the Carbon plan, except that: (a) Evergreen and the compensation committee of the Evergreen Board will be substituted for Carbon and its committee with respect to administering its stock option plan; (b) each stock option may be exercised solely for shares of Evergreen common stock; (c) the number of shares of Evergreen common stock subject to each stock option will be the number of whole shares (omitting any fractional share) determined by multiplying the number of shares of Carbon common stock subject to the stock option by the exchange ratio in the merger and (d) the per share exercise price for each stock option will be adjusted by dividing the per share exercise price for the stock option by the exchange ratio in the merger and rounding up to the nearest cent.

As an alternative to converting the stock options, Evergreen may choose to substitute options under the Evergreen Resources, Inc. 2000 Stock Incentive Plan or any other comparable plan for all or a part of the Carbon stock options, subject to the adjustments described in (c) and (d) in the preceding paragraph, and further subject to the condition that such modification will not constitute a modification, extension or renewal of any of the stock options. Except as provided above, the substituted options will continue in effect on the same terms and conditions provided in Carbon's stock option plans and the stock option agreements relating to the options.

Pursuant to a letter agreement between Carbon and Evergreen, Evergreen will allow transferred employees the opportunity to exercise stock options by (a) delivering shares of Evergreen common stock owned by the transferred employee at the time of exercise for a period of at least six months; or (b) delivering written notice of exercise to Evergreen and delivering to a broker written notice of exercise and irrevocable instructions to promptly deliver to Evergreen the amount of sale or loan proceeds to pay the option price, or a combination of both methods, to the extent and so long as Evergreen continues to offer such methods to Evergreen option holders in general.

Each grant of a converted or substitute option to any individual who will be a director or officer of Evergreen (as construed under Rule 16b-3 of the SEC) will, as a condition to such conversion or substitution, be approved in accordance with the provisions of Rule 16b-3. Each incentive stock option will be adjusted as required by Section 424 of the Internal Revenue Code, and the related regulations, so that it continues to be an incentive stock option, and so that it will not constitute a modification, extension or renewal of the option within the meaning of Section 424(h) of the Internal Revenue Code.

Evergreen has reserved and will continue to reserve adequate shares of Evergreen common stock for the exercise of any converted or substitute options. As soon as practicable after the merger, if it has not already done so, and to the extent Carbon has a registration statement in effect or an obligation to file a registration statement, Evergreen will file a registration statement under the Securities Act with respect to the shares of Evergreen common stock subject to converted or substitute options, and Evergreen will use its reasonable efforts to maintain the effectiveness of the registration statement (and maintain the current status of the related prospectus or prospectuses) for so long as the converted or

substitute options remain outstanding. With respect to those directors and officers, if any, who following the merger may be subject to the reporting requirements under Section 16(a) of the Securities Exchange Act of 1934, Evergreen will administer the assumed Carbon stock option plan (or the Evergreen option plan, if applicable) in a manner that complies with Rule 16b-3 of the SEC to the extent necessary to preserve the benefits of Rule 16b-3 to the extent such benefits were available to these officers and directors prior to the effective time of the merger.

Based on stock options outstanding as of the record date, options to purchase an aggregate of approximately shares of Carbon common stock may be outstanding at the effective time of the merger. Any shares of Carbon common stock issued pursuant to the exercise of stock options under the stock option plans before the effective time of the merger will be converted into shares of Evergreen common stock in the same manner as other outstanding shares of Carbon common stock.

Evergreen will deliver to each Carbon employee who receives converted or substitute options an appropriate notice setting forth the employee's rights with respect to the converted or substitute options.

Eligibility to receive stock option grants after the merger will be determined by Evergreen in accordance with its plans and procedures and subject to any contractual obligations.

Severance Agreements

Pursuant to a letter agreement between Carbon and Evergreen, if Evergreen terminates any transferred employee who does not have an existing agreement providing for severance without fault of the transferred employee within one year after the effective time of the merger, the transferred employee will be entitled to a special severance benefit equal to the transferred employee's monthly base salary payable for the number of months following his or her termination equal to the number of years of combined continuous service of the transferred employee with Carbon and Evergreen. The letter agreement covers only those employees who are not otherwise a party to an agreement that provides severance payments and, accordingly, does not cover Carbon's executive officers. A transferred employee with less than three years of continuous service will be deemed to have three years of service, and the "monthly base salary" will be the annual base salary immediately prior to the termination divided by 12. Terminated employees will be entitled to partial months' severance benefits for partial years of continuous service. Both a voluntary termination by the transferred employee and a termination by Evergreen due to the transferred employee's failure to perform his or her job in accordance with reasonable performance standards established by Evergreen will be deemed to be a termination due to fault of the transferred employee. The severance benefit will no longer be available in the event that the employment of a transferred employee is transferred to a new employer pursuant to a sale of assets by Evergreen to an unrelated entity.

Restrictions on Resales by Affiliates

The shares of Evergreen common stock to be issued in the merger will be registered under the Securities Act and will be freely transferable, except any shares received by any shareholder who may be deemed to be an "affiliate" of Carbon at the effective time of the merger for purposes of Rule 145 under the Securities Act. Affiliates of Carbon may sell their shares of Evergreen common stock acquired in the merger only in transactions registered under the Securities Act or permitted by the resale provisions of Rule 145 under the Securities Act or as otherwise permitted by the Securities Act. Persons who may be deemed affiliates of Carbon generally include individuals or entities that directly, or indirectly through one or more intermediaries, control, are controlled by or are under common control with Carbon and include directors and certain executive officers of Carbon. The restrictions on resales by an affiliate extend also to related parties of the affiliate, including parties related by marriage who live in the same home as the affiliate.

Carbon has agreed to use its best efforts to cause each of its affiliates to deliver to Evergreen a written agreement to the effect generally that he or she will not offer to sell, transfer or otherwise dispose of any shares of Evergreen common stock issued to that person in the merger, except in compliance with the Securities Act and the related rules and regulations.

These restrictions will be set forth in a legend on certificates issued to such affiliates pursuant to the merger.

As a condition to the merger, Evergreen will enter into registration rights agreements with each of Yorktown Energy Partners III, L.P. and with Patrick R. McDonald and entities related to him, providing for the registration of the resale of the shares of Evergreen common stock acquired in the merger by Yorktown and its limited partners and by Mr. McDonald and such entities.

Rights of Dissenting Shareholders

Carbon shareholders will not have any right to dissent from the merger and demand an appraisal of their shares of Evergreen common stock.

INFORMATION ABOUT EVERGREEN

General

Evergreen is a Colorado corporation organized on January 14, 1981 and engaged in the operation, development, production, exploration and acquisition of unconventional natural gas properties. Evergreen is one of the leading developers of coal bed methane reserves in the United States. Its current operations are principally focused on developing and expanding its coal bed methane project located in the Raton Basin in southern Colorado. The Company has also acquired a significant acreage position in Kansas and has begun a coal bed methane project in southern Alaska.

Evergreen is one of the largest holders of oil and gas leases in the Raton Basin. Evergreen holds interests in approximately 325,000 gross acres of coal bed methane properties in the basin. At December 31, 2002, Evergreen had estimated net proved reserves of 1.24 Tcf, 64% of which were proved developed, with a present value of future net reserves, or PV-10, of approximately $1.6 billion. Evergreen's net daily gas sales for the month of December 2002 were approximately 114 MMcf from a total of 837 net producing wells. Evergreen's Raton Basin drilling program has enabled Evergreen to build an extensive inventory of additional drilling locations. Evergreen has identified at least 700 additional drilling locations on its Raton Basin acreage, of which 377 were included in its estimated proved reserve base at December 31, 2002. Evergreen operates and has a 100% working interest in substantially all of its Raton Basin acreage and wells.

Since Evergreen began its drilling efforts in the Raton Basin, Evergreen has drilled more than 650 wells and achieved a success rate of approximately 98%. In addition, Evergreen has acquired over 250 producing wells in the Raton Basin since the beginning of the Raton Basin project. From March 31, 1995 through December 31, 2002, Evergreen grew its estimated proved reserves from 58 Bcf to 1,239 Bcf, which represents a compound annual growth rate of approximately 48%. During the same period, Evergreen's net daily gas sales increased from just over one MMcf to approximately 114 MMcf.

Evergreen's management believes Evergreen's success in the Raton Basin has enabled Evergreen to become one of the lowest-cost finders, developers and producers among United States publicly-traded independent oil and gas companies. From the beginning of Evergreen's Raton Basin project through December 31, 2002, Evergreen has spent approximately $330 million on the drilling and completion of its wells, pipelines, gas collection systems and compression equipment, and $244 million on the acquisition of additional properties. This represents an estimated total finding and development cost of $0.33 per proved Mcf excluding acquisitions and $0.44 per proved Mcf including acquisitions.

In 2001, Evergreen acquired a 100% working interest in approximately 64,000 gross acres of prospective coal bed methane properties in Alaska. The acreage is located in the Cook Inlet-Susitna Basin approximately 30 miles north of Anchorage. Evergreen began drilling operations in Alaska in late October 2002. By year-end, Evergreen had drilled two four-well pilot projects. All eight wells penetrated coal seams with aggregate thicknesses in excess of 100 feet. Completion and production testing operations are expected to be completed in the spring of 2003.

Additional Information

You can find additional information about Evergreen in Evergreen's Annual Report on Form 10-K for the fiscal year ended December 31, 2002 and Quarterly Report for the quarter ended March 31, 2003, which are incorporated by reference in this proxy statement/prospectus. See "Where You Can Find More Information" on page .

INFORMATION ABOUT CARBON

Carbon is an independent oil and gas company engaged in the exploration, development and production of natural gas and crude oil in the United States and Canada. Carbon's areas of operations in the United States are the Piceance Basin in Colorado and the Uintah Basin in Utah. Carbon's areas of operations in Canada are central Alberta and southeastern Saskatchewan.

You can find additional information about Carbon in the following reports, all of which are incorporated by reference into this proxy statement/prospectus: Carbon's Annual Report on Form 10-K and Annual Report on Form 10-K/A for the fiscal year ended December 31, 2002, attached hereto as Appendix C; Quarterly Report on Form 10-Q for the quarter ended March 31, 2003, attached hereto as Appendix D; and Current Reports on Form 8-K filed February 3, 2003, April 1, 2003, April 8, 2003 and May 16, 2003. See "Where You Can Find More Information" on page .

DESCRIPTION OF EVERGREEN CAPITAL STOCK

General

The authorized capital stock of Evergreen consists of 50,000,000 shares of Evergreen common stock, no par value, and 24,900,000 shares of preferred stock, no par value. As of April 30, 2003, there were 19,339,170 shares of Evergreen common stock issued and outstanding. There were no shares of Evergreen preferred stock issued and outstanding as of such date. Based on the number of shares of Carbon common stock outstanding at the record date, it is estimated that approximately shares of Evergreen common stock would be issued in the merger.

Evergreen Common Stock

Holders of shares of Evergreen common stock are entitled to one vote for each share held of record on all matters submitted to a vote of shareholders. There are no cumulative voting rights with respect to the election of directors. Accordingly, the holder or holders of a majority of the outstanding shares of Evergreen common stock will be able to elect Evergreen's entire Board of Directors. Holders of Evergreen common stock have no preemptive rights and are entitled to such dividends as may be declared by the Board of Directors out of legally available funds. Evergreen common stock is not entitled to any sinking fund, redemption or conversion provisions. If Evergreen liquidates, dissolves or winds up its business, the holders of Evergreen common stock will be entitled to share ratably in Evergreen's net assets remaining after the payment of all creditors, if any, and the liquidation preferences of any preferred shareholders. When issued to Carbon shareholders pursuant to the merger agreement, the shares of Evergreen common stock will be fully paid and nonassessable. The common stock is currently listed on the NYSE. The transfer agent and registrar for the common stock is Computershare Investor Services, L.L.C.

Evergreen Preferred Stock

The Evergreen Board of Directors is authorized to issue shares of preferred stock in one or more series and has the authority to fix the voting, conversion, dividend, redemption, liquidation and other rights, preferences, privileges and qualifications of the preferred stock, all without any further vote or action by Evergreen's shareholders. The issuance of preferred stock could decrease the amount of earnings and assets available for distribution to holders of Evergreen common stock, and adversely affect the rights and powers, including voting rights, of such holders.

The issuance of shares of Evergreen preferred stock, or the issuance of rights to purchase shares, could be used to discourage an unsolicited acquisition proposal. For instance, the issuance of a series of preferred stock might impede a business combination by including class or series voting rights that would enable the holders to block such a transaction, or might facilitate a business combination by including voting rights that would provide a required percentage vote of the shareholders. In addition, under certain circumstances, the issuance of Evergreen preferred stock could adversely affect the voting power of the holders of Evergreen common stock. Although Evergreen's Board of Directors is required to make any determination to issue such stock based on its judgment as to the best interests of Evergreen's shareholders, the Board could act in a manner that would discourage an acquisition attempt or other transaction that some or even a majority of the shareholders might believe to be in their best interests or in which shareholders might receive a premium for their stock over the then market price of such stock. The Board of Directors does not at present intend to seek shareholder approval prior to any issuance of currently authorized stock, unless otherwise required by law or the rules of any market on which Evergreen's securities are traded.

Shareholder Rights Plan

On July 7, 1997, Evergreen's Board of Directors adopted a shareholder rights plan pursuant to which stock purchase rights were distributed as a dividend to Evergreen's common shareholders at a rate of one right for each share of common stock held of record as of July 22, 1997 and for each share of stock issued thereafter. The rights plan is designed to enhance the Board's ability to prevent an acquiror from depriving shareholders of the long-term value of their investment and to protect shareholders against attempts to acquire Evergreen by means of unfair or abusive takeover tactics that have been prevalent in many unsolicited takeover attempts.

Under the rights plan, the rights will become exercisable only if a person or a group (except for those who held 20% or more of Evergreen's outstanding stock when the rights plan was adopted) acquires or commences a tender offer for 20% or more of Evergreen's common stock. Until they become exercisable, the rights attach to and trade with Evergreen common stock. The rights will expire July 22, 2007. The rights may be redeemed by the continuing members of the Board at $.001 per right prior to the day after a person or group has accumulated 20% or more of the common stock. If a person or group acquired 20% of Evergreen's outstanding common stock, the rights would then be modified to represent the right to receive, for the exercise price, common stock having a value worth twice the exercise price. If Evergreen were involved in a merger or other business combination at any time after a person or group has acquired 20% or more of Evergreen's common stock, the rights would entitle a holder to buy a number of shares of common stock of the acquiring entity having a market value of twice the exercise price of each right. All rights held or acquired by a person or group holding 20% or more of Evergreen's shares are void. The rights are not triggered by continued stock ownership of those who held 20% or more of Evergreen's stock when the rights plan was adopted, unless these shareholders increase their holdings in Evergreen above 30%.

Other Anti-Takeover Provisions

Evergreen's articles of incorporation and bylaws contain provisions that may have the effect of delaying, deferring or preventing a change in control of Evergreen. These provisions, among other things, provide for a Board of Directors with staggered terms and noncumulative voting in the election of directors and impose certain procedural requirements on shareholders who wish to make nominations for the election of directors or propose other actions at shareholders' meetings.

In addition, Evergreen's articles of incorporation authorize the Board to issue up to 24,900,000 shares of preferred stock without shareholder approval and to set the rights, preferences and other designations, including voting rights, of those shares as the Board of Directors may determine. These provisions, alone or in combination with each other and with the shareholder rights plan described above, may discourage transactions involving actual or potential changes of control of Evergreen, including transactions that otherwise could involve payment of a premium over prevailing market prices to holders of common stock.

COMPARISON OF THE RIGHTS OF EVERGREEN SHAREHOLDERS AND CARBON SHAREHOLDERS

When the merger becomes effective, holders of Carbon common stock will become shareholders of Evergreen. The following is a summary of material differences between the rights of holders of Evergreen common stock and holders of Carbon common stock. Since Evergreen and Carbon are both organized under the laws of the State of Colorado, the differences in the rights of holders of Evergreen common stock and those of holders of Carbon common stock arise only from differing provisions of their respective articles of incorporation and bylaws and from Evergreen's shareholder rights plan.

The following summary does not purport to be a complete statement of the provisions affecting, and differences between, the rights of holders of Evergreen common stock and holders of Carbon common stock. This summary is qualified in its entirety by reference to the governing corporate instruments of Evergreen and Carbon, to which the shareholders of Carbon are referred.

Summary of Material Similarities and Differences of the Rights of Evergreen and Carbon Shareholders (a more complete description of the items in this chart immediately follows)

	Evergreen	Carbon
Authorized Capital Stock	50,000,000 shares common stock 24,900,000 shares preferred stock	20,000,000 shares common stock 10,000,000 shares preferred stock
Special Meetings of Shareholders	May be called by Chief Executive Officer or Board of Directors Must be called by Chief Executive Officer at request of holders of 10% of outstanding stock	May be called by President or Board of Directors Must be called by President or Secretary at request of holders of 10% of outstanding stock
Directors	Must have at least six members Divided into three classes May be removed from office only for cause and by the vote of 80% of the outstanding shares entitled to vote	No minimum or maximum number of members May be removed from office with or without cause by the vote of the majority of the outstanding shares entitled to vote
Dividends and Other Distributions	Subject to CBCA requirements regarding distributions to shareholders	Subject to CBCA requirements regarding distributions to shareholders
Shareholder Nominations and Shareholder Proposals	Bylaws establish advance notice procedures for shareholder proposals and for the nomination of candidates for election as directors	Bylaws do not establish advance notice procedures for shareholder proposals or for the nomination of candidates for election as directors
Exculpation and Indemnification	Directors must comply with CBCA regarding discharge of duties Directors have no personal liability for monetary damages for breach of duty as director Evergreen will indemnify its directors and officers against liabilities arising out of his or her status as a director or officer	Directors must comply with CBCA regarding discharge of duties Directors have no personal liability for monetary damages for breach of duty as director Carbon will indemnify its directors and officers against liabilities arising out of his or her status as a director
Mergers, Share Exchange and Sales of Assets	Must be approved by majority of shareholders, unless such approval is not required	Must be approved by majority of shareholders, unless such approval is not required

Amendments to Articles of Incorporation and Bylaws	The Articles of Incorporation and Bylaws require the vote of more than 80% of the outstanding shares entitled to vote to approve an amendment to the provisions of the Articles of Incorporation relating to composition of Evergreen Board and a unanimous vote to approve an amendment to the provisions of the Articles of Incorporation concerning indemnification of officers and directors Shareholders can approve an amendment to the Articles of Incorporation without Board approval if the amendment is proposed by shareholders entitled to cast at least 10% of the votes entitled to be cast Evergreen Board of Directors may amend Bylaws	Articles of Incorporation may be amended by approval of majority of votes entitled to be cast by each group entitled to vote Shareholders can approve an amendment to the Articles of Incorporation without Board approval if the amendment is proposed by shareholders entitled to cast at least 10% of the votes entitled to be cast Carbon Board of Directors may amend Bylaws
Consideration of Business Combinations	Articles of Incorporation set forth specific factors for consideration by the Evergreen Board of Directors	Neither Articles of Incorporation nor Bylaws set forth specific factors for consideration by the Carbon Board of Directors
Shareholders' Rights of Dissent and Appraisal	Under the CBCA, dissenters' rights are not available	Under the CBCA, dissenters' rights are not available
Shareholder Rights Plan		

Evergreen has a shareholder rights plan that may impede a non-negotiated business transaction	Carbon does not have a shareholder rights plan

Authorized Capital Stock

Evergreen

Evergreen's authorized capital stock consists of 50,000,000 shares of Evergreen common stock and 24,900,000 shares of Evergreen preferred stock. Evergreen's articles of incorporation authorize the Evergreen Board to issue shares of Evergreen preferred stock in one or more series and to fix the designation, powers, preferences, and rights of the shares of Evergreen preferred stock in each series. As of April 30, 2003, there were 19,339,170 shares of Evergreen common stock outstanding. No shares of Evergreen preferred stock were issued and outstanding as of that date.

Carbon

Carbon's authorized capital stock consists of 20,000,000 shares of Carbon common stock, no par value, and 10,000,000 shares of Carbon preferred stock, no par value. Carbon's articles of incorporation authorize the Carbon Board of Directors to issue shares of Carbon preferred stock in one or more series and to fix the designation, powers, preferences, and rights of the shares of Carbon preferred stock in each series. As of April 30, 2003, there were 6,150,323 shares of Carbon common stock outstanding and no shares of Carbon preferred stock outstanding.

Special Meetings of Shareholders

Evergreen

Special meetings of the shareholders of Evergreen may be called at any time by Evergreen's Chief Executive Officer or by the Evergreen Board. Special meetings must be called by the Chief Executive Officer at the request of the holders of at least 10% of the outstanding Evergreen stock.

Carbon

Special meetings of the Carbon shareholders may be called by the President or the Board of Directors. Special meetings must be called by the President or Secretary upon one or more written demands by holders of at least 10% of the outstanding Carbon stock.

Directors

Evergreen

Evergreen's articles of incorporation and bylaws provide for a Board of Directors having not less than six members as determined from time to time by resolution of a majority of the members of the Evergreen Board or by resolution of the shareholders of Evergreen. Currently, the Evergreen Board consists of nine directors. The Evergreen Board is divided into three classes, with directors serving staggered terms (typical