

POWERSECURE INTERNATIONAL, INC.

COMPENSATION COMMITTEE CHARTER

Amended and Restated as of January 18, 2007

Purposes

The purposes of the Compensation Committee (the “Committee”) of the Board of Directors (the “Board”) of PowerSecure International, Inc., a Delaware corporation (the “Company”), are to:

- (i) discharge the responsibilities of the Board with respect to the compensation of the Company’s executive officers;
- (ii) oversee and evaluate the Company’s executive compensation and benefit plans, policies and programs;
- (iii) provide recommendations regarding management successors; and
- (iv) prepare an annual report on executive compensation to be included in the Company’s annual proxy statement, in accordance with the rules and regulations of the Securities and Exchange Commission (“SEC”).

Structure and Membership

1. Number. The Committee shall consist of at least three members of the Board, with the exact number to be fixed from time to time by the Board.
2. Independence. Each member of the Committee shall meet the applicable independence requirements of any stock exchange or stock market on which the Corporation’s securities are from time to time listed or traded, and any other legal or SEC requirements, rules or regulations as may be in effect from time to time (the “Applicable Requirements”), except as otherwise permitted by the Applicable Requirements.
3. Selection, Removal and Vacancies. The members of the Committee shall be appointed annually by the Board, and shall serve until their respective successors are duly appointed, or until their earlier death, resignation or removal. Members of the Committee may be removed by the Board at any time, with or without cause, and shall be deemed to be automatically removed if they fail to meet the requirements and qualifications set forth in this Charter. Vacancies on the Committee shall be filled by the Board.
4. Chairman. The Chairman of the Committee shall be appointed by the Board, provided that if the Board fails to make such appointment, then the members of the Committee may elect a Chairman of the Committee by majority vote of the members of the Committee.
5. Subcommittees. The Committee may form and delegate authority to one or more subcommittees as it deems appropriate from time to time. Each such subcommittee shall consist of one or more members of the Committee. Any such subcommittee shall be formed and operate in compliance with any Applicable Requirements.

Meetings and Procedures

1. Frequency of Meetings. The Committee shall meet (in person or by telephone) as often as it deems necessary or appropriate in order to perform its responsibilities, but not less than two times a year.
2. Meeting Formalities. A majority of the members of the Committee shall constitute a quorum for a meeting. When a quorum is present, the act of a majority of the members of the Committee present at a meeting shall constitute the act of the Committee. The Committee may take actions by unanimous written consent of its members in lieu of a meeting. The Chairman of the Board, the Chairman of the Committee, the Board, any two members of the Committee, or the Chief Executive Officer of the Company may call meetings of the Committee. The Committee shall maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.
3. Taking Action by Unanimous Written Consents in Lieu of Meetings. The Committee may take actions by unanimous written consent of its members in lieu of a meeting.
4. Rules of Procedure. The Committee may from time to time establish and modify its own rules of procedure, provided such rules are consistent with this Charter.
5. Reports to Board. The Committee shall provide regular reports to the Board with respect to its meetings.
6. Attendance of Company Representatives. The Committee may request that any director, officer or employee of the Company, or any other persons whose advice and counsel are sought by the Committee, such as the Company's outside counsel or independent auditors, attend any meeting of the Committee or meet with any members of, or consultants to or advisors of, the Committee.
7. Charter. The Committee shall annually review and reassess the adequacy of this Charter and recommend any proposed changes to the Board for approval.

Authority and Resources

1. Generally. The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities.
2. Access to Company Property. The Committee shall have full access to all Company books, records, facilities, personnel and outside advisors.
3. Independent Advisors. The Committee shall have the authority, without further action by the Board, to engage to retain independent legal counsel, accounting or other consultants or experts as it deems necessary or appropriate to advise the Committee and to assist the Committee in the fulfillment of its responsibilities and duties, at the Company's expense. The Committee may also utilize the services of the Company's regular counsel and other advisors to the Company. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisors engaged by the Committee.

4. Investigations. The Committee shall have the power to conduct or authorize investigations into any matters within the Committee's scope of responsibilities. The Committee shall be empowered, without further action by the Board, to retain independent counsel, accountants or other advisors as the Committee deems necessary or appropriate to advise the Committee and to assist the Committee in any investigation or in the performance of its functions and duties, at the Company's expense. The Committee shall have full access to all Company books, records, facilities, personnel and outside advisors.

Responsibilities and Duties

1. CEO Compensation. The Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and set the CEO's compensation level based on this evaluation. In determining the long-term incentive component of the CEO's compensation, the Committee will consider, among other things, the Company's performance and relative shareholder return, the value of similar incentive awards to CEOs at comparable companies, and the awards given to the Company's CEO in past years.

2. Executive Officer Compensation. The Committee shall review and approve the compensation of the CEO and the other executive officers, including their salary, bonus, incentive compensation, deferred compensation, executive perquisites, equity compensation (including awards to induce employment), employment agreements, severance arrangements, change-in-control agreements, special or supplemental benefits, and other forms of executive officer compensation. The Committee shall meet without the presence of executive officers when approving CEO compensation but may, in its discretion, invite other executive officers to be present during approval of another executive officer's compensation.

3. Director Compensation. The Committee shall periodically review and approve the compensation of the Company's directors.

4. Plan Recommendations and Approvals. The Committee shall periodically review and make recommendations to the Board with respect to the adoption, administration and modification of incentive-compensation plans and equity-based plans.

5. Plan Administration. To the extent permitted by, and in accordance with, applicable law and the provisions of a given equity-based plan, and as authorized by the Board, the Committee shall administer any or all of the Company's stock options, stock incentives, employee stock purchase and other equity-based plans, provided, however, that, except as expressly authorized to do so by a plan or resolution of the Board, the Committee shall not be authorized to amend the terms of any such plans.

6. Compensation Committee Report on Executive Compensation. The Committee shall prepare an annual report on executive compensation for inclusion in the Company's annual report on Form 10-K and/or the Company's proxy statement relating to its annual meeting of stockholders, in accordance with the rules and regulations of the SEC.

7. Compensation Discussion and Analysis. The Committee shall review and discuss with management the Company's disclosure under "Compensation Discussion and Analysis" (the "CD&A") and, based on such review and discussion, make a recommendation to the Board as to whether the CD&A should be included in the Company's annual report on Form 10-K and/or the

Company's proxy statement relating to its annual meeting of stockholders, in accordance with the rules and regulations of the SEC.

8. Compensation Committee Report on Repricing of Options/SARs. If during the last fiscal year of the Company, any adjustment or amendment was made to the exercise price of any stock option or stock appreciation right previously awarded to a “named executive officer” (as such term is defined from time to time in Item 402(a)(3) of Regulation S-K), the Committee shall furnish the report required by Item 402(i) of Regulation S-K, or any successor rule or regulation.

9. Management Succession. The Committee shall periodically, as circumstances dictate, consult with the CEO and advise the Board with respect to senior management succession plans.

10. Performance Evaluation. The Committee shall annually conduct an evaluation of its own performance and, in light of this, consider changes in its membership, Charter or procedures. The Committee shall report to the Board the results of its evaluation, including recommended membership, Charter and other changes.

11. Additional Powers. The Committee shall take such other action, have such other authority and perform such other duties and responsibilities with respect to compensation matters as may be assigned or delegated to the Committee from time to time by the Board or as designated in or as plan documents.