Shareholder Advocates for Value Enhancement

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Mr. Alec Dreyer

Chairman of the Board

Comverge, Inc.

5390 Triangle Parkway, Suite 300

Norcross, GA 30092

July 29, 2011

Dear Mr. Dreyer,

Shareholder Advocates for Value Enhancement (SAVE) has been in communication with the Comverge board over the past eighteen months urging the company to improve its corporate governance with the goal of increasing the value of the company in the public markets. We have also urged the board to review strategic alternatives due to the company's high cost of capital. After the recent earnings pre-announcement, and the market's muted response, it is now obvious that the market and the company's shareholders share our sense of urgency.

Today, we are owners of more than 135,000 shares of the company's stock and in the past two weeks, we have communicated with shareholders who own more than 40% of the equity. We believe these owners of this company support exploring strategic alternatives including the sale of the company to a strategic buyer today.

When discussing the company, shareholders almost all agree on these general principles:

- Comverge has a valuable contracted backlog which is underappreciated by the market today.

- The company's high cost of capital is preventing greater growth and success. Without capital, the company can't compete effectively in PJM auctions (Comverge's largest customer) or large demand side management programs. Management has noted this challenge as they cited a lack of capital to participate in all sub-sections of the 2014/2015 RPM Base Residual Auction, where the company was not capable of defending its market share.

- The company's operating expenses, specifically the General & Administrative expenses, are well above industry average. We include "Exhibit A" which shows the average OpEx is 41.0% of revenues in the industry as compared to 55.1% of revenues at Comverge. The average industry G&A is 16.1% of revenues as compared to 33.0% of revenues at Comverge.

- Instead of simply de-staggering with a straight forward bylaw change, the board entrenched itself for three more years. A staggered board prevents suitors from approaching the company with bids.

The high cost of capital and the sub-optimal expense structure are not the only challenges the company is facing. Since the IPO, we have watched competition increase as federal stimulus dollars have attracted new entrants to the market. These well-funded players are challenging the company's growth rate – which we watch closely because the recent convert deal has a strict revenue covenant. Tripping the revenue covenant would force the company to pay back 45% of the $15mm convert within a year and possibly raise more equity. WE BELIEVE SHAREHOLDERS UNANIMOUSLY OPPOSE FURTHER DILUTION.

With this as a backdrop, we believe the company would have significantly more value in the hands of a strategic buyer and we know that more than 40% of the shareholders agree. Furthermore, we believe a strategic buyer could pay between $6.50 and $10.00 a share.

We base this valuation opinion on three methodologies:

Methodology #1 - Sum of the parts yields > $10 per share

- Commercial and Industrial (C&I): Enernoc is an independent C&I player concentrated in the PJM market with 6,300 MW under management. ENOC has a market cap of $430mm and an enterprise value of $330mm - implying a value of more than $50,000 per MW under management. A similar value on the company's 2,500 MW in this C&I segment would value this portion of the company's business at $125mm – **or $5.00 per share**.

- Turnkey Residential: Lime Energy is an independent energy efficiency contractor offering turnkey utility programs throughout the Northeast United States. In the trailing twelve months, it has generated $103mm in revenues at 22% gross margin. Its enterprise value is approximately $100mm or 1x revenues.

  Comverge has a similar turnkey residential business with six utilities and nearly 830,000 end points. Management has indicated that the average revenue per residence is $300, with gross margins above 30%. Management has also stated that the company will receive $30 per year at higher margin for five years after the installation. Given the rollout over the next three years, this business should generate approximately $60mm at greater than 40% gross margins. Valuing the turnkey residential business like Lime Energy at 1x revenue would value this portion of the company's business at $60mm – **or $2.50 per share**.

- VPC Residential: This is a unique asset for which there is no publicly traded comparable company. The replacement value stated during the IPO of the device and the truck roll would be $125 per endpoint. Valuing the business at the replacement cost would value the residential VPC business at $56mm – **or $2.25 per share**.

- Hardware: The company's hardware franchise with 500 utility customers is an unique asset. New entrants without utility customers would take decades to get this customer list. While the company may sell only $25mm in equipment, we believe an acquirer would value this asset at more than 1x revenues – **or $1.00 a share**.

- Tax and Cash: The company has a tax shield that is potentially valuable to an acquirer. The gross deferred income tax assets at the end of 2010 were $53.5mm. The company has placed a conservative valuation allowance against this asset, however, the NPV of this asset could be worth $1 a share. In addition, the company has close to $10mm in net cash at March 31, 2011. **The tax asset and cash are worth nearly $1.50 per share**.

Methodology #2 – Operational synergies yields value of $6.50 per share to strategic buyer

- Comverge presented an annual plan to Partners for Growth in an SEC filing dated 5/5/2011 forecasting revenues of $140mm. If Comverge achieved its historical gross margin of 37% and the acquirer could operate in the top quartile of operating expenses as a percent of revenue, the company would generate nearly $12mm in EBIT for the acquirer.

- Exhibit 2 is a group of eight industrial conglomerates who have been active and acquisitive in the smart grid space. They are valued at an average of 12.7x EBIT. Assuming the company's cash position and applying this multiple yields an enterprise value of close to $150mm for Comverge, **or $6.50 a share**.

Methodology #3 – Financial analysts have set $6.54 price targets on the stock

- According to Thomson/First Call, twelve analysts have a $6.54 mean price target on the stock.

Given the three valuation scenarios above, we believe the board has a fiduciary obligation to hold a well managed auction to maximize shareholder value. As the year progresses, if management falls short of the revenues and the covenants of the convert become a risk, management may press to raise more equity. We believe this would be a mistake given that today's price is far below takeout value.

Before the board votes to dilute shareholders at this depressed price, we believe it is the board's fiduciary responsibility to listen to shareholders and explore all strategic alternatives.

There is enormous value in the backlog, customer list, and megawatts under management at the company, but the G&A and public company costs are preventing further success. Additionally, the cost cuts announced on July 25th only marginally close the gap on Comverge's cost structure relative to the peer group as shown in Exhibit A. We recognize that the asset and backlog management has built is severely undervalued, but the market does not believe the company can thrive as a stand-alone niche player in the highly competitive smart grid market.

The stock is down nearly 70% in the past year. This is significantly worse than the company's peer group. We believe that the market fears a dilutive deal coming – essentially the fourth down round of equity since the IPO.

We have spoken to <u>more than 40% of the shareholders</u> at this company and we believe they support a sale of the company. We urge the company to explore strategic alternatives including a full sale of the company today.

Sincerely,

Bradley M. Tirpak

Cc: The Board of Directors, Comverge Inc.

Shareholder Advocates for Value Enhancement (SAVE) is an independent group of investors whose members are committed to enhancing long-term value for shareholders by advocating for improved corporate governance, efficient operations and aligning executive compensation with shareholder returns. SAVE was founded by Bradley M. Tirpak and Craig W. Thomas. Bradley M. Tirpak, Craig W. Thomas and SAVE Partners III, LLC are the beneficial owners of more than 135,000 shares of Comverge, Inc. common stock. For more information please visit www.savepartners.com

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Exhibit A: Operating Expenses and General and Administrative Expenses at Smart Grid Companies

Company	FY10 Sales	FY2010 G&A	FY2010 OpEx	G&A/Sales	OpEx/Sales
Active Power	$ 64.96	$ 5.32	$ 21.82	8.2%	33.6%
Echelon	$ 111.04	$ 17.65	$ 77.47	15.9%	69.8%
EnerNOC	$ 280.16	$ 53.58	$ 109.11	19.1%	38.9%
Lime Energy	$ 95.72		$ 26.47		27.7%
Orion Energy	$ 92.46	$ 11.43	$ 27.50	12.4%	29.7%
PowerSecure	$ 97.51	$ 29.34	$ 37.25	30.1%	38.2%
RuggedCom	$ 93.97	$ 10.22	$ 46.40	10.9%	49.4%
Group Average				**16.1%**	**41.0%**
Top Quartile					**28.7%**
Comverge	**$ 119.39**	**$ 39.36**	**$ 65.82**	**33.0%**	**55.1%**
Comverge pro-forma with 7/28 cost cuts	**$ 119.39**	**$ 37.36**	**$ 61.82**	**31.3%**	**51.8%**
* Assumes 2mm savings in G&A and 4mm saving in OpEx					

Exhibit B: Recent Acquirers of Smart Grid Companies

Company	FY11E EBIT	Current EV	EV/EBIT
ABB	$ 5,157	$ 55,378	10.7x
Ameresco	$ 56	$ 777	13.9x
Emerson	$ 4,028	$ 41,562	10.3x
General Electric	$ 22,258	$ 530,919	23.9x
Honeywell	$ 4,934	$ 46,125	9.3x
Johnson Controls	$ 2,125	$ 30,752	14.5x
Schneider Electric	€ 3,304	€ 31,064	9.4x
Siemens	€ 9,489	€ 87,524	9.2x
Group Average			**12.7x**