

Ameresco, Inc.  
Form FWP  
August 12, 2010

**Filed Pursuant to Rule 433  
Issuer Free Writing Prospectus dated August 22, 2010  
Relating to Prospectus dated July 21, 2010  
Registration No. 333-165821**

This free writing prospectus consists of a press release issued by Ameresco, Inc. (the Company) on August 12, 2010 and relates only to the securities described in, and should be read together with, the prospectus dated July 21, 2010 (the Prospectus) contained in the Registration Statement on Form S-1 (Registration No. 333-165821) originally filed by the Company on March 31, 2010. To review a filed copy of the Prospectus, please visit <http://www.sec.gov/Archives/edgar/data/1488139/000095012310067046/b79273b4e424b4.htm>.

FOR IMMEDIATE RELEASE

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**Ameresco Reports Second Quarter 2010 Financial Results**

**Second Quarter 2010 Financial Highlights**

Second quarter revenues increased 58% year-over-year to \$141.4 million

Second quarter net income increased 348% year-over-year to \$7.7 million

Net income per diluted share was \$0.21 in the second quarter of 2010 compared to \$0.05 per diluted share in the second quarter of 2009

Provides revenues and earnings guidance for full-year 2010

**FRAMINGHAM, MA** August 12, 2010 Ameresco, Inc. (NYSE:AMRC) a leading provider of comprehensive energy solutions, today announced financial results for the quarter ended June 30, 2010. Ameresco had revenues of \$141.4 million in the second quarter of 2010, compared to \$89.5 million in the second quarter of 2009, an increase of 58%. Net income for the second quarter of 2010 was \$7.7 million, compared to \$1.7 million in second quarter of 2009, an increase of 348%. Net income per diluted share was \$0.21 in the second quarter of 2010, compared to \$0.05 per diluted share in the same quarter of 2009.

Ameresco achieved strong growth in the second quarter as we continued to successfully implement our 2010 business plan, said George Sakellaris, president and chief executive officer of Ameresco. In the second quarter, we continued to execute on our strategy of signing more projects across regions, including Massachusetts, Maryland and California, in our energy efficiency business. In addition, we signed the Grand Erie District School Board project which represents our largest solar project to-date in Canada in our renewable energy business. With strong operating results, continued market expansion, and the capital provided from our recent IPO, we believe that Ameresco is well positioned to continue to deliver top-quality customer-driven solutions, while creating value for our shareholders.

With greater market demand for energy solutions, Ameresco's second quarter results were driven by stronger overall revenues, improved gross profit margins particularly from renewable energy projects, and by increased operating leverage.

For the six months ended June 30, 2010, Ameresco reported total revenues of \$247.0 million, compared to \$162.8 million for the same period in 2009, an increase of 52%. Net income for the first six months of 2010 was \$9.0 million, or \$0.24 per diluted share, compared with \$2.1 million,



or \$0.06 per diluted share for the first six months of 2009. Net income for the period increased 320%.

**Operating Highlights**

EBITDA for the second quarter of 2010 increased by 278% over the second quarter of 2009 to \$14.6 million.

EBITDA for the first six months of 2010 increased 216% over the first six months of 2009 to \$19.7 million.

Operating cash flows were \$2.5 million for the second quarter of 2010.

Total backlog of contracted, and awarded but not yet contracted, projects remains strong at \$1.1 billion.

**Some Key Project Highlights for Q2 2010**

**City of Lowell, MA** Ameresco signed a 20-year energy savings performance contract for \$21.1 million which includes 28 energy conservation measures to be implemented city wide.

**NASA Goddard Space Flight Center, MD** Ameresco signed a \$4.5 million, 11 year, energy savings performance contract with NASA's Goddard Space Flight Center, Maryland, where Ameresco will comprehensively retro-commission several buildings and implement site-wide energy efficient retrofits.

**San Francisco Housing Authority, CA** Ameresco signed an \$11.7 million contract with the SFHA covering three developments and 455 units of housing. This contract is funded with the U.S. Department of Housing and Urban Development Capital Fund Recovery Competition Grants as part of the American Recovery and Reinvestment Act stimulus funding that HUD received.

**Grand Erie District School Board, Ontario** This project, the company's largest solar project to-date, involves 22 schools in Canada. Ameresco will install 3.2 MW of solar rooftop PV under the OPA standard offer program.

**Outlook**

Ameresco expects that for the year ending December 31, 2010, it will earn total revenues in the range of \$575 million to \$585 million, EBITDA will be in the range of \$52 million to \$54 million, and net income will be in the range of \$26.5 million to \$27.2 million. The company also expects that net income per diluted share for 2010 will be in the range of \$0.62 to \$0.65.

**Webcast Reminder**

Ameresco will hold its earnings conference call today, August 12, at 10:30 a.m. Eastern Time with president and CEO, George Sakellaris, and vice president and chief financial officer, Andrew Spence, to discuss details regarding the company's second quarter 2010 results, business outlook

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and strategy. Participants may access it by dialing domestically (888) 679-8034 or internationally (617) 213-4847. The passcode is 26427295. Those who wish to listen only to the conference call webcast may visit the Investor Relations section of the Company's website at [www.ameresco.com](http://www.ameresco.com). Participants are advised to dial-in at least ten minutes prior to the call to register.

Pre-Registration for the call is available at:

<https://www.theconferencingservice.com/prereg/key.process?key=PYPFH9J34>. Pre-registrants will be issued a pin number to use when dialing into the live call which will provide quick access to the conference by bypassing the operator upon connection.

The webcast will be available on the Company's website shortly after the call.

#### **Use of Non-GAAP Financial Measures**

This press release and the accompanying tables reflect EBITDA, which is a non-GAAP financial measure. For a description of this non-GAAP financial measure, including the reasons management uses this measure and a reconciliation of EBITDA to operating income, the most directly comparable financial measure prepared in accordance with GAAP, please see the section of the accompanying tables titled Non-GAAP Financial Measures in Exhibit A.

#### **About Ameresco, Inc.**

Ameresco, Inc. was incorporated in Delaware in April 2000 and is a leading independent provider of comprehensive energy efficiency solutions for facilities throughout North America. Ameresco's solutions include upgrades to a facility's energy infrastructure, and the development, construction, and operation of renewable energy plants. With corporate headquarters located in Framingham, MA, Ameresco has 54 offices in 29 states and four Canadian provinces. For more information, visit [www.ameresco.com](http://www.ameresco.com).

#### **Safe Harbor Statement**

Any statements in this press release about future expectations, plans and prospects for Ameresco, Inc., including statements about backlog, estimated future revenues and projects, as well as other statements containing the words believes, anticipates, plans, expects, will and similar expressions, constitute forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may differ materially from those indicated by such forward-looking statements as a result of various important factors, including demand for our energy efficiency and renewable energy solutions; our ability to arrange financing for our projects; changes in federal, state and local government policies and programs related to energy efficiency and renewable energy; the timing of work we do on projects where we recognize revenue on a percentage of completion basis; seasonality in construction and in demand for our products and services; a customer's decision to delay our work on, or other risks involved with, a particular project; availability and costs of labor and equipment the addition of new customers or the loss of existing customers; and other factors discussed in Ameresco's final prospectus related to its initial public offering, filed with the U.S. Securities and Exchange Commission on July 22, 2010, as well as in its Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q, which will be filed with the SEC. In addition, the forward-looking statements included in this press release represent Ameresco's views as of the date of this press release. Ameresco anticipates that subsequent events and developments will cause its views to change. However, while Ameresco may elect to update these forward-looking statements at some point in the future, it specifically disclaims any obligation to do so. These forward-looking statements should not be relied upon as representing Ameresco's views as of any date subsequent to the date of this press release.

A registration statement relating to Ameresco's Class A common stock has been filed with, and declared effective by, the Securities and Exchange Commission. The offering of these securities may be made only by means of a prospectus. A copy of the final prospectus relating to the offering may be obtained from BofA Merrill Lynch at 4 World Financial Center, New York, NY 10080, Attn: Prospectus Department, or by emailing [dg.prospectus\\_requests@baml.com](mailto:dg.prospectus_requests@baml.com). It may also be obtained from the Securities and Exchange Commission website at <http://www.sec.gov/Archives/edgar/data/1488139/000095012310067046/b79273b4e424b4.htm>. This press release shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.



**AMERESCO, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF DECEMBER 31, 2009 AND JUNE 30, 2010**

|  | <b>2009</b>    | <b>2010</b><br><b>(Unaudited)</b> |
|--|----------------|-----------------------------------|
| <b>ASSETS</b>                                      |                |                                   |
| Current assets:                                    |                |                                   |
| Cash and cash equivalents                          | \$ 47,927,540  | \$ 21,134,396                     |
| Restricted cash                                    | 9,249,885      | 12,678,202                        |
| Accounts receivable, net                           | 61,279,515     | 61,796,173                        |
| Accounts receivable retainage                      | 9,242,288      | 11,467,635                        |
| Costs and estimated earnings in excess of billings | 14,009,076     | 21,694,313                        |
| Inventory, net                                     | 4,237,909      | 5,332,967                         |
| Prepaid expenses and other current assets          | 8,077,761      | 11,748,800                        |
| Deferred income taxes                              | 9,279,473      | 10,071,666                        |
| Project development costs                          | 8,468,974      | 8,386,250                         |
| Total current assets                               | 171,772,421    | 164,310,402                       |
| Federal ESPC receivable financing                  | 51,397,347     | 110,087,030                       |
| Property and equipment, net                        | 4,373,256      | 4,204,292                         |
| Project assets, net                                | 117,637,990    | 126,439,662                       |
| Deferred financing fees, net                       | 3,582,560      | 4,311,988                         |
| Goodwill   | 16,132,429     | 16,132,429                        |
| Other assets                                       | 10,648,605     | 8,627,293                         |
|  | 203,772,187    | 269,802,694                       |
|  | \$ 375,544,608 | \$ 434,113,096                    |

**LIABILITIES AND STOCKHOLDERS EQUITY**

|   |              |              |
|---|--------------|--------------|
| Current liabilities:                              |              |              |
| Current portion of long-term debt                 | \$ 8,093,016 | \$ 9,304,492 |
| Accounts payable                                  | 75,578,378   | 64,795,981   |
| Accrued expenses                                  | 18,362,674   | 9,815,128    |
| Billings in excess of cost and estimated earnings | 28,166,364   | 31,737,557   |
| Incomes taxes payable                             | 2,129,529    | 3,705,988    |
| Total current liabilities                         | 132,329,961  | 119,359,146  |
| Long-term debt, less current portion              | 102,807,203  | 163,411,373  |
| Subordinated debt                                 | 2,998,750    | 2,998,750    |
| Deferred income taxes                             | 11,901,645   | 11,901,645   |
| Deferred grant income                             | 4,158,508    | 4,049,541    |
| Other liabilities                                 | 18,578,754   | 21,628,116   |
|   | 140,444,860  | 203,989,425  |

Stockholders' equity:

|   |                |                |
|---|----------------|----------------|
| Series A convertible preferred stock, \$0.0001 par value, 3,500,000 shares authorized, 3,210,000 shares issued and outstanding  | 321            | 321            |
| Common stock, \$0.0001 par value, 60,000,000 shares authorized, 17,998,168 shares issued and 13,282,284 outstanding at 12/31/2009, 19,044,060 shares issued and 14,210,776 outstanding at 6/30/2010 | 1,800          | 1,904          |
| Additional paid-in capital  | 10,466,312     | 11,986,225     |
| Retained earnings   | 97,882,985     | 106,868,301    |
| Accumulated other comprehensive income  | 2,831,970      | 1,090,345      |
| Less treasury stock, at cost, 4,715,884 shares and 4,833,284 shares, respectively   | (8,413,601)    | (9,182,571)    |
| Total stockholders' equity  | 102,769,787    | 110,764,525    |
| Total liabilities and stockholders' equity  | \$ 375,544,608 | \$ 434,113,096 |

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**AMERESCO, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2010**

|   | <b>Three Months Ended June 30,</b> |                |
|---|------------------------------------|----------------|
|   | <b>2009</b>                        | <b>2010</b>    |
|   | <b>(Unaudited)</b>                 |                |
| Revenue:  |                                    |                |
| Energy efficiency revenue                                 | \$ 77,258,254                      | \$ 100,827,659 |
| Renewable energy revenue                                  | 12,199,224                         | 40,526,848     |
|   | 89,457,478                         | 141,354,507    |
| Direct expenses:  |                                    |                |
| Energy efficiency expenses                                | 64,100,331                         | 83,064,955     |
| Renewable energy expenses                                 | 10,011,218                         | 32,135,716     |
|   | 74,111,549                         | 115,200,671    |
| Gross Profit  | 15,345,929                         | 26,153,836     |
| Operating expenses:                                       |                                    |                |
| Salaries and benefits                                     | 5,387,395                          | 5,327,713      |
| Project development costs                                 | 2,857,289                          | 2,047,505      |
| General, administrative and other                         | 5,331,328                          | 6,765,107      |
|   | 13,576,012                         | 14,140,325     |
| Operating income  | 1,769,917                          | 12,013,511     |
| Other income (expense), net                               | 612,798                            | (1,216,698)    |
| Income before provision for income taxes                  | 2,382,715                          | 10,796,813     |
| Income tax provision                                      | 662,266                            | 3,089,175      |
| Net income  | 1,720,449                          | 7,707,638      |
| Other comprehensive income (loss):                        |                                    |                |
| Unrealized loss from interest rate hedge, net of tax      |                                    | (1,231,352)    |
| Foreign currency translation adjustment                   | 402,628                            | (1,183,944)    |
| Comprehensive income:                                     | \$ 2,123,077                       | \$ 5,292,342   |
| Net income per share attributable to common shareholders: |                                    |                |
| Basic   | \$ 0.18                            | \$ 0.56        |
| Diluted   | \$ 0.05                            | \$ 0.21        |
| Weighted average common shares outstanding:               |                                    |                |
| Basic   | 9,549,427                          | 13,742,472     |
| Diluted   | 34,926,267                         | 38,412,419     |

**Non-GAAP Financials Measures****Other non-GAAP Disclosures****Gross Margins**

|                           |       |       |
|---------------------------|-------|-------|
| Energy efficiency revenue | 17.0% | 17.6% |
| Renewable energy revenue  | 17.9% | 20.7% |

|       |              |              |
|-------|--------------|--------------|
| Total | <b>17.2%</b> | <b>18.5%</b> |
|-------|--------------|--------------|

|   |              |              |
|---|--------------|--------------|
| <b>Operating expenses as a percent of revenue</b> | <b>15.2%</b> | <b>10.0%</b> |
|---|--------------|--------------|

**Earnings before interest, taxes, depreciation and amortization (EBITDA)**

|                             |              |               |
|-----------------------------|--------------|---------------|
| Operating income            | \$ 1,769,917 | \$ 12,013,511 |
| Depreciation and impairment | 1,479,307    | 1,919,581     |
| Stock-based compensation    | 616,386      | 668,065       |

|               |                     |                      |
|---------------|---------------------|----------------------|
| <b>EBITDA</b> | <b>\$ 3,865,610</b> | <b>\$ 14,601,157</b> |
|---------------|---------------------|----------------------|

|                      |             |              |
|----------------------|-------------|--------------|
| <b>EBITDA margin</b> | <b>4.3%</b> | <b>10.3%</b> |
|----------------------|-------------|--------------|

**Construction backlog**

|         |                |                |
|---------|----------------|----------------|
| Awarded | \$ 711,026,718 | \$ 464,968,041 |
|---------|----------------|----------------|

|                  |             |             |
|------------------|-------------|-------------|
| Fully-contracted | 457,394,099 | 668,106,767 |
|------------------|-------------|-------------|

|                            |                  |                  |
|----------------------------|------------------|------------------|
| Total construction backlog | \$ 1,168,420,817 | \$ 1,133,074,808 |
|----------------------------|------------------|------------------|

Note: Awarded represents estimated future revenues from projects that have been awarded, though the contracts have not yet been signed.

**AMERESCO, INC.**  
**CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2010**

|   | <b>Six Months Ended June 30,</b> |                |
|---|----------------------------------|----------------|
|   | <b>2009</b>                      | <b>2010</b>    |
|   | <b>(Unaudited)</b>               |                |
| Revenue:  |                                  |                |
| Energy efficiency revenue                                 | \$ 134,486,311                   | \$ 175,715,228 |
| Renewable energy revenue                                  | 28,358,248                       | 71,267,865     |
|   | 162,844,559                      | 246,983,093    |
| Direct expenses:  |                                  |                |
| Energy efficiency expenses                                | 110,870,599                      | 145,589,102    |
| Renewable energy expenses                                 | 22,935,046                       | 56,841,126     |
|   | 133,805,645                      | 202,430,228    |
| Gross Profit  | 29,038,914                       | 44,552,865     |
| Operating expenses:                                       |                                  |                |
| Salaries and benefits                                     | 11,453,135                       | 13,484,742     |
| Project development costs                                 | 5,594,996                        | 5,176,942      |
| General, administrative and other                         | 9,553,489                        | 11,315,045     |
|   | 26,601,620                       | 29,976,729     |
| Operating income  | 2,437,294                        | 14,576,136     |
| Other income (expense), net                               | 588,357                          | (2,072,387)    |
| Income before provision for income taxes                  | 3,025,651                        | 12,503,749     |
| Income tax provision                                      | 887,293                          | 3,518,433      |
| Net income  | 2,138,358                        | 8,985,316      |
| Other comprehensive income (loss):                        |                                  |                |
| Unrealized loss from interest rate hedge, net of tax      |                                  | (1,551,579)    |
| Foreign currency translation adjustment                   | (261,110)                        | (190,045)      |
| Comprehensive income:                                     | \$ 1,877,248                     | \$ 7,243,692   |
| Net income per share attributable to common shareholders: |                                  |                |
| Basic   | \$ 0.22                          | \$ 0.66        |
| Diluted   | \$ 0.06                          | \$ 0.24        |
| Weighted average common shares outstanding:               |                                  |                |
| Basic   | 9,585,190                        | 13,513,649     |
| Diluted   | 34,962,030                       | 38,115,517     |

**Non-GAAP Financial Measures**

**Other non-GAAP Disclosures**

**Gross Margins**

|                           |       |       |
|---------------------------|-------|-------|
| Energy efficiency revenue | 17.6% | 17.1% |
| Renewable energy revenue  | 19.1% | 20.2% |

|       |              |              |
|-------|--------------|--------------|
| Total | <b>17.8%</b> | <b>18.0%</b> |
|-------|--------------|--------------|

|   |              |              |
|---|--------------|--------------|
| <b>Operating expenses as a percent of revenue</b> | <b>16.3%</b> | <b>12.1%</b> |
|---|--------------|--------------|

**Earnings before interest, taxes, depreciation and amortization  
(EBITDA)**

|                             |              |               |
|-----------------------------|--------------|---------------|
| Operating income            | \$ 2,437,294 | \$ 14,576,136 |
| Depreciation and impairment | 2,585,908    | 4,062,244     |
| Stock-based compensation    | 1,232,986    | 1,107,151     |

|               |                     |                      |
|---------------|---------------------|----------------------|
| <b>EBITDA</b> | <b>\$ 6,256,188</b> | <b>\$ 19,745,531</b> |
|---------------|---------------------|----------------------|

|                             |             |             |
|-----------------------------|-------------|-------------|
| <b><i>EBITDA margin</i></b> | <b>3.8%</b> | <b>8.0%</b> |
|-----------------------------|-------------|-------------|

**AMERESCO, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2009 AND 2010**

|   | <b>Three Months Ended June 30,</b> |              |
|---|------------------------------------|--------------|
|   | <b>2009</b>                        | <b>2010</b>  |
|   | <b>(Unaudited)</b>                 |              |
| Cash flows from operating activities:   |                                    |              |
| Net income  | \$ 1,720,449                       | \$ 7,707,638 |
| Adjustments to reconcile net income to cash provided by operating activities: |                                    |              |
| Depreciation of project assets  | 1,249,390                          | 1,661,726    |
| Depreciation of property and equipment  | 229,917                            | 257,855      |
| Amortization of deferred financing fees                                       | 37,444                             | 97,655       |
| Provision for bad debts   |                                    | 2,111,000    |
| Unrealized (gain) loss on interest rate swaps                                 | 1,306,578                          | 2,861,794    |
| Stock-based compensation expense  | 616,386                            | 668,065      |
| Deferred income taxes   | (1,667,352)                        | (2,394,601)  |
| Changes in operating assets and liabilities:                                  |                                    |              |
| (Increase) decrease in:   |                                    |              |
| Restricted cash draws   | 5,746,160                          | 55,536,045   |
| Accounts receivable   | (18,419,853)                       | (13,865,733) |
| Accounts receivable retainage   | 2,279,034                          | 1,007,235    |
| Federal ESPC receivable financing   | (6,352,109)                        | (60,539,815) |
| Inventory   | 893,238                            | (551,643)    |
| Costs and estimated earnings in excess of billings                            | (3,862,955)                        | (5,096,250)  |
| Prepaid expenses and other current assets                                     | (2,373,616)                        | (185,082)    |
| Project development costs   | (1,127,285)                        | (50,222)     |
| Other assets  | 4,714,428                          | 821,536      |
| Increase (decrease) in:   |                                    |              |
| Accounts payable and accrued expenses   | 213,592                            | 8,907,545    |
| Billings in excess of cost and estimated earnings                             | 5,752,093                          | 4,358,402    |
| Other liabilities   | 1,903,822                          | (2,163,890)  |
| Income taxes payable  | 601,670                            | 1,329,064    |
| Net cash provided by (used in) operating activities                           | (6,538,969)                        | 2,478,324    |
| Cash flows from investing activities:   |                                    |              |
| Purchases of property and equipment   | (545,590)                          | (59,719)     |
| Purchases of project assets   | (7,440,852)                        | (6,492,890)  |
| Net cash provided by (used in) investing activities                           | (7,986,442)                        | (6,552,609)  |
| Cash flows from financing activities:   |                                    |              |
| Payments of financing fees  |                                    | (711,355)    |
| Issuance of stock   |                                    | 412,866      |
| Repurchase of stock   |                                    | (768,970)    |
| Proceeds from (repayments of) senior secured credit facility                  | 4,746,895                          | 6,418,897    |
| Proceeds from long-term debt financing  | 11,628,546                         |              |
| Restricted cash   | (1,052,492)                        | (509,477)    |

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|  |              |               |
|--|--------------|---------------|
| Payments on long-term debt                           | (295,308)    | (3,450,145)   |
| Net cash provided by (used in) financing activities  | 15,027,641   | 1,391,816     |
| Effect of exchange rate changes on cash              | 1,423,105    | (544,614)     |
| Net increase (decrease) in cash and cash equivalents | 1,925,335    | (3,227,083)   |
| Cash and cash equivalents, beginning of year         | 6,930,067    | 24,361,479    |
| Cash and cash equivalents, end of year               | \$ 8,855,402 | \$ 21,134,396 |

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**AMERESCO, INC.**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE SIX MONTHS ENDED JUNE 30, 2009 AND 2010**

|   | <b>Six Months Ended June 30,</b> | <b>2009</b>  | <b>2010</b>  |
|---|----------------------------------|--------------|--------------|
|   | <b>(Unaudited)</b>               |              |              |
| Cash flows from operating activities:   |                                  |              |              |
| Net income  | \$                               | 2,138,358    | \$ 8,985,316 |
| Adjustments to reconcile net income to cash provided by operating activities: |                                  |              |              |
| Depreciation of project assets  |                                  | 2,052,797    | 3,416,858    |
| Depreciation of property and equipment  |                                  | 533,111      | 645,386      |
| Amortization of deferred financing fees                                       |                                  | 102,646      | 168,005      |
| Provision for bad debts   |                                  |              | 2,111,000    |
| Unrealized (gain) loss on interest rate swaps                                 |                                  | 1,988,945    | 2,728,203    |
| Stock-based compensation expense  |                                  | 1,232,986    | 1,107,151    |
| Deferred income taxes   |                                  | 733,141      | (792,193)    |
| Changes in operating assets and liabilities:                                  |                                  |              |              |
| (Increase) decrease in:   |                                  |              |              |
| Restricted cash draws   |                                  | 7,934,602    | 55,750,984   |
| Accounts receivable   |                                  | (8,081,111)  | (2,933,663)  |
| Accounts receivable retainage   |                                  | 1,522,245    | (2,287,508)  |
| Federal ESPC receivable financing   |                                  | (8,296,695)  | (58,689,683) |
| Inventory   |                                  | 308,353      | (1,095,058)  |
| Costs and estimated earnings in excess of billings                            |                                  | (12,121,185) | (7,800,862)  |
| Prepaid expenses and other current assets                                     |                                  | (1,618,440)  | (3,701,125)  |
| Project development costs   |                                  | (1,643,651)  | 82,038       |
| Other assets  |                                  | 6,118,743    | 2,021,312    |
| Increase (decrease) in:   |                                  |              |              |
| Accounts payable and accrued expenses   |                                  | (10,120,902) | (19,190,845) |
| Billings in excess of cost and estimated earnings                             |                                  | 1,991,911    | 3,652,554    |
| Other liabilities   |                                  | (9,360,668)  | (1,230,357)  |
| Income taxes payable  |                                  | (1,607,697)  | 1,595,453    |
| Net cash provided by (used in) operating activities                           |                                  | (26,192,511) | (15,457,034) |
| Cash flows from investing activities:   |                                  |              |              |
| Purchases of property and equipment   |                                  | (922,138)    | (484,095)    |
| Purchases of project assets   |                                  | (16,928,569) | (12,367,371) |
| Net cash provided by (used in) investing activities                           |                                  | (17,850,707) | (12,851,466) |
| Cash flows from financing activities:   |                                  |              |              |
| Payments of financing fees  |                                  | (70,063)     | (897,433)    |
| Issuance of stock   |                                  |              | 412,866      |
| Repurchase of stock   |                                  | (874,948)    | (768,970)    |
| Proceeds from (repayments of) senior secured credit facility                  |                                  | 10,612,791   | 11,435,901   |
| Proceeds from long-term debt financing  |                                  | 26,722,299   | 812,398      |
| Restricted cash   |                                  | (1,282,874)  | (4,819,258)  |

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|--|--------------|---------------|
| Payments on long-term debt                           | (1,448,529)  | (4,792,696)   |
| Net cash provided by (used in) financing activities  | 33,658,676   | 1,382,808     |
| Effect of exchange rate changes on cash              | 1,090,799    | 132,548       |
| Net increase (decrease) in cash and cash equivalents | (9,293,743)  | (26,793,144)  |
| Cash and cash equivalents, beginning of year         | 18,149,145   | 47,927,540    |
| Cash and cash equivalents, end of year               | \$ 8,855,402 | \$ 21,134,396 |

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### **Non-GAAP Financial Measures**

Ameresco defines EBITDA as operating income before depreciation and impairment expense and share-based compensation expense. EBITDA is a non-GAAP financial measure and should not be considered as an alternative to operating income or any other measure of financial performance calculated and presented in accordance with GAAP. The Company believes EBITDA is useful to investors in evaluating its operating performance for the following reasons: EBITDA and similar non-GAAP measures are widely used by investors to measure a company's operating performance without regard to items that can vary substantially from company to company depending upon financing and accounting methods, book values of assets, capital structures and the methods by which assets were acquired; securities analysts often use EBITDA and similar non-GAAP measures as supplemental measures to evaluate the overall operating performance of companies; and by comparing our EBITDA in different historical periods, our investors can evaluate our operating results without the additional variations of depreciation and amortization expense, and share-based compensation expense.

Ameresco's management uses EBITDA: as a measure of operating performance, because it does not include the impact of items that management does not consider indicative of our core operating performance; for planning purposes, including the preparation of the annual operating budget; to allocate resources to enhance the financial performance of the business; to evaluate the effectiveness of Ameresco's business strategies; and in communications with the board of directors and investors concerning Ameresco's financial performance.

The Company understands that, although measures similar to EBITDA are frequently used by investors and securities analysts in their evaluation of companies, EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for GAAP operating income or an analysis of Ameresco's results of operations as reported under GAAP. Some of these limitations are: EBITDA does not reflect the Company's cash expenditures or future requirements for capital expenditures or other contractual commitments; EBITDA does not reflect changes in, or cash requirements for, Ameresco's working capital needs; EBITDA does not reflect stock-based compensation expense; EBITDA does not reflect cash requirements for income taxes; EBITDA does not reflect net interest income (expense); although depreciation, amortization and impairment are non-cash charges, the assets being depreciated, amortized or impaired will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for these replacements; and other companies in Ameresco's industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

To properly and prudently evaluate Ameresco's business, we encourage you to review our GAAP financial statements included above, and not to rely on any single financial measure to evaluate the business. Please refer to the above reconciliation of EBITDA to operating income, the most comparable GAAP measure.

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