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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2008

Commission File Number: 001-33480

CLEAN ENERGY FUELS CORP.
(Exact name of registrant as specified in its charter)

Delaware	**33-0968580**
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

3020 Old Ranch Parkway, Suite 200, Seal Beach CA 90740
(Address of principal executive offices, including zip code)

(562) 493-2804
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o	Accelerated filer o
Non-accelerated filer x (Do not check if a smaller reporting company)	Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes o No x

As of November 12, 2008, there were 50,195,471 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

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PART I. – FINANCIAL INFORMATION

Item 1. – Financial Statements (Unaudited)

Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
December 31, 2007 and September 30, 2008 (Unaudited)

	December 31, 2007	September 30, 2008
Assets		
Current assets:		
Cash and cash equivalents	$ 67,937,602	$ 30,392,856
Restricted cash	—	2,502,032
Short-term investments	12,479,684	—
Accounts receivable, net of allowance for doubtful accounts of $501,751 and $878,358 as of December 31, 2007 and September 30, 2008, respectively	11,026,890	12,943,373
Other receivables	23,153,904	11,793,587
Inventory, net	2,403,890	2,460,328
Deposits on LNG trucks	15,515,927	10,160,721
Prepaid expenses and other current assets	3,633,318	4,946,082
Total current assets	136,151,215	75,198,979
Land, property and equipment, net	88,676,318	142,169,616
Capital lease receivables	763,500	464,250
Notes receivable and other long-term assets	2,126,007	5,266,654
Investments in other entities	385,806	3,549,723
Goodwill and other intangible assets	20,922,098	42,042,604
Total assets	$ 249,024,944	$ 268,691,826
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long-term debt and capital lease obligation	$ 63,520	$ 3,737,052
Accounts payable	10,547,451	9,291,037
Accrued liabilities	5,381,541	7,251,794
Deferred revenue	677,826	717,169
Total current liabilities	16,670,338	20,997,052
Long-term debt and capital lease obligation, less current portion	161,377	18,536,733
Other long-term liabilities	1,260,755	1,240,665
Total liabilities	18,092,470	40,774,450
Commitments and contingencies		
Minority interest in subsidiary	—	3,744,671
Stockholders' equity:		
Preferred stock, $0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares	—	—
Common stock, $0.0001 par value. Authorized 99,000,000 shares; issued and outstanding 44,274,375 shares and 44,641,520 shares at December 31, 2007 and September 30, 2008, respectively	4,428	4,463
Additional paid-in capital	297,866,745	310,899,518
Accumulated deficit	(69,086,583)	(87,565,158)
Accumulated other comprehensive income	2,147,884	833,882
Total stockholders' equity	230,932,474	224,172,705
Total liabilities and stockholders' equity	$ 249,024,944	$ 268,691,826

See accompanying notes to condensed consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
For the Three Months and Nine Months Ended
September 30, 2007 and 2008
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Revenue	$ 29,210,164	$ 35,273,687	$ 88,040,804	$ 99,823,025
Operating expenses:				
Cost of sales	20,252,744	26,111,054	64,100,466	77,138,760
Derivative losses	—	6,047,727	—	340,746
Selling, general and administrative	9,528,605	11,397,913	26,269,201	35,124,764
Depreciation and amortization	1,814,176	2,310,527	5,090,396	6,557,967
Total operating expenses	31,595,525	45,867,221	95,460,063	119,162,237
Operating loss	(2,385,361)	(10,593,534)	(7,419,259)	(19,339,212)
Interest income, net	1,414,120	78,399	2,253,083	1,182,962
Other income (expense), net	(50,000)	(28,801)	(229,177)	11,177
Equity in gains (losses) of equity method investee	—	19,881	—	(120,441)
Loss before income taxes	(1,021,241)	(10,524,055)	(5,395,353)	(18,265,514)
Income tax expense	(523,729)	(99,171)	(582,698)	(199,141)
Minority interest in net income	—	(13,920)	—	(13,920)
Net loss	$ (1,544,970)	$ (10,637,146)	$ (5,978,051)	$ (18,478,575)
Loss per share				
Basic	$ (0.03)	$ (0.24)	$ (0.15)	$ (0.42)
Diluted	$ (0.03)	$ (0.24)	$ (0.15)	$ (0.42)
Weighted average common shares outstanding				
Basic	44,195,339	44,330,818	38,919,129	44,304,636
Diluted	44,195,339	44,330,818	38,919,129	44,304,636

See accompanying notes to condensed consolidated financial statements.

Clean Energy Fuels Corp.
Condensed Consolidated Statements of Cash Flows
For the Nine Months Ended September 30, 2007 and 2008
(Unaudited)

	Nine Months Ended September 30,	
	2007	2008
Cash flows from operating activities:		
Net loss	$ (5,978,051)	$ (18,478,575)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,090,396	6,557,967
Provision for doubtful accounts	1,179,600	410,906
Gain (loss) on disposal of assets	178,674	(9,555)
Stock option expense	5,425,443	7,782,538
Common stock issued in exchange for services	—	22,500
Minority interest in net income	—	13,920
Changes in operating assets and liabilities, net of assets and liabilities acquired:		
Accounts and other receivables	9,099,031	9,989,396
Inventory	(1,221,776)	(56,438)
Deposits on LNG trucks	(7,928,016)	5,355,206
Margin deposits on futures contracts	—	(754,256)
Capital lease receivables	549,250	299,250
Prepaid expenses and other assets	(1,508,219)	(3,559,283)
Accounts payable	1,269,128	(561,936)
Accrued expenses and other	2,479,123	823,710
Net cash provided by operating activities	8,634,583	7,835,350
Cash flows from investing activities:		
Purchases of property and equipment	(29,874,682)	(59,828,850)
Proceeds from sale of property and equipment	—	48,432

Purchases of short-term investments	(14,809,636)	(45,230,061)
Maturity or sales of short-term investments	—	57,709,745
Acquisition, net of cash acquired	—	(19,615,122)
Investments in other entities	(377,855)	(3,238,866)
Restricted cash	—	(2,502,032)
Net cash used in investing activities	(45,062,173)	(72,656,754)
Cash flows from financing activities:		
Proceeds from issuance of common stock and exercise of stock options	110,301,745	5,227,770
Proceeds from long-term debt	—	22,124,120
Repayment of capital lease obligations and long-term debt	(42,583)	(75,232)
Net cash provided by financing activities	110,259,162	27,276,658
Net increase (decrease) in cash	73,831,572	(37,544,746)
Cash, beginning of period	937,445	67,937,602
Cash, end of period	$ 74,769,017	$ 30,392,856
Supplemental disclosure of cash flow information		
Income taxes paid	$ 250	$ 164,779
Interest paid	80,749	129,646

See accompanying notes to condensed consolidated financial statements.

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CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

Note 1 — General

Nature of Business: Clean Energy Fuels Corp. (the "Company") is engaged in the business of selling natural gas fueling solutions to its customers primarily in the United States and Canada. The Company has a broad customer base in a variety of markets including public transit, refuse, airports and regional trucking. Clean Energy operates or supplies approximately 175 natural gas fueling locations in California, Texas, Colorado, Maryland, New York, New Mexico, Nevada, Washington, Massachusetts, Georgia, Wyoming, Arizona, Ohio, and Alabama within the United States, and in British Columbia and Ontario within Canada. The Company also generates revenue through operation and maintenance agreements with certain customers, through building and selling or leasing natural gas fueling stations to its customers, and through financing its customers' vehicle purchases. In April 2008, the Company opened its first compressed natural gas ("CNG") station in Lima, Peru through the Company's joint venture, Clean Energy del Peru. In August 2008, the Company acquired 70% of the outstanding membership interests of Dallas Clean Energy, LLC ("DCE"). DCE owns a facility that collects, processes and sells landfill gas in Texas.

Basis of Presentation: The accompanying interim unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries, and, in the opinion of management, reflect all adjustments, which include only normal recurring adjustments, necessary to state fairly the Company's financial position, results of operations and cash flows for the three and nine months ended September 30, 2007 and 2008. All intercompany accounts and transactions have been eliminated in consolidation. The three and nine month periods ended September 30, 2007 and 2008 are not necessarily indicative of the results to be expected for the year ending December 31, 2008 or for any other interim period or for any future year.

Certain information and disclosures normally included in the notes to consolidated financial statements have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"), but the resultant disclosures contained herein are in accordance with accounting principles generally accepted in the United States of America as they apply to interim reporting. The condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2007 that are included in the Company's Annual Report on Form 10-K filed with the SEC.

Reclassification: A reclassification has been made to the presentation of the statement of cash flows for the nine months ended September 30, 2007 to conform to the current year presentation. Deposits on liquified natural gas ("LNG") trucks have been reclassified from prepaid expenses and other assets to a separate line item in the statement of cash flows for the nine months ended September 30, 2007.

Note 2 — Acquisition

On August 15, 2008, Clean Energy and Cambrian Energy McCommas Bluff LLC ("Cambrian") formed a joint venture to acquire all of the outstanding membership interests of DCE. DCE owns a facility that collects, processes and sells landfill gas at the McCommas Bluff landfill located in Dallas, Texas. This acquisition enables Clean Energy to participate in the production of renewable biogas which may be used as a vehicle fuel.

The Company paid an aggregate of $19.1 million to acquire a 70% interest in DCE. Of the purchase price, $1.0 million was deposited into a third-party escrow as security for indemnification claims. The amount remaining in the escrow will be released to the sellers on August 15, 2009, except for amounts subject to pending indemnification claims, if any.

The Company borrowed $18.0 million from PlainsCapital Bank to finance its acquisition of its membership interests in DCE. The Company also obtained a $12.0 million line of credit from PlainsCapital Bank to finance capital improvements of the DCE processing facility pursuant to a loan made by the Company to DCE and to pay certain costs and expenses related to the acquisition and the PlainsCapital Bank loan. As of September 30, 2008, the Company had borrowed $4.2 million under the line of credit (see note 11).

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The Company accounted for the acquisition in accordance with SFAS No. 141, *"Business Combinations."* The Company has completed a preliminary allocation of the purchase price. Such allocation and amounts may change as management finalizes its analyses. The assets acquired and liabilities assumed were recorded at their estimated fair values at the acquisition date. The following table summarizes the preliminary allocation of the aggregate purchase price to the fair value of the assets acquired and liabilities assumed, net of Cambrian's minority interest, in the DCE acquisition:

Current assets	$	1,129,389
Property, plant and equipment		1,821,770
Identifiable intangible assets		21,341,906
Total assets acquired		24,293,065
Current liabilities assumed		(1,480,770)
Minority interest		(3,730,751)
Total purchase price	$	19,081,544

Management preliminarily allocated approximately $21.3 million to the identifiable intangible asset related to the fair value of DCE's landfill lease with the City of Dallas that was acquired with the acquisition. The fair value of the identifiable intangible asset will be amortized on a straight-line basis over the remaining life of the lease, approximately 16.5 years at the acquisition date.

The results of DCE's operations have been included in the Company's consolidated financial statements since August 15, 2008. The pro-forma effect of the acquisition is not material to the Company's results of operations for the year ended December 31, 2007 and the first nine months of 2008.

Note 3 — Cash and Cash Equivalents

The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents. Cash and cash equivalents generally consist of cash, time deposits, commercial paper, money market funds and government and corporate debt securities with original maturity dates of three months or less. Such investments are stated at cost, which approximates fair value.

Note 4 — Short-Term Investments

Short-term investments, which are classified as "available for sale," generally consist of commercial paper and government and commercial debt securities with original maturity dates between three and nine months. Short-term investments are marked-to-market at each period end with any unrealized gains or losses included in the condensed consolidated balance sheets under the line item accumulated other comprehensive income. All of the short-term investments at December 31, 2007 matured or were sold during the nine months ended September 30, 2008.

Note 5 — Derivative Financial Instruments

The Company, in an effort to manage its natural gas commodity price risk exposures related to certain contracts, utilizes derivative financial instruments. The Company, from time to time, enters into natural gas futures contracts that are over-the-counter swap transactions that convert its index-based gas supply arrangements to fixed-price arrangements. The Company accounts for its derivative instruments in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (SFAS 133). SFAS 133 requires the recognition of all derivatives as either assets or liabilities in the consolidated balance sheet and the measurement of those instruments at fair value. Historically, the Company's derivative instruments have not qualified for hedge accounting under SFAS 133. The Company did not have any derivative instruments during the year ended December 31, 2007, but had certain futures contracts in place at September 30, 2008 to hedge a fixed-price LNG supply contract with a customer. The futures contracts at September 30, 2008 are being accounted for as cash flow hedges under SFAS 133 and are being used to mitigate the Company's exposure to changes in the price of natural gas and not for speculative purposes.

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The Company marks to market its open futures position at the end of each period and records the net unrealized gain or loss during the period in derivative (gains) losses in the consolidated statements of operations or in accumulated other comprehensive income in the condensed consolidated balance sheets in accordance with the provisions of SFAS 133. For the three and nine month periods ended September 30, 2008, the Company recorded losses of $6.0 million and $0.3 million, respectively, related to its futures contracts in the consolidated statements of operations. These futures contracts were related to the portion of an LNG supply contract that the Company bid on but was not awarded. The Company recorded unrealized losses of $1.1 million in accumulated other comprehensive income for the three months ended September 30, 2008 for the futures contracts applicable to the portion of the LNG supply contract it was awarded (see note 6). The liability for these contracts is in accrued liabilities on the Company's condensed consolidated balance sheet at September 30, 2008. There was no ineffectiveness of the futures contracts recognized during the period. The Company recognized losses of $0.2 million during the three and nine month periods ended September 30, 2008 related to futures contracts applicable to this supply contract. Such amounts are included in cost of sales in the condensed consolidated statements of operations.

The Company is required to make certain deposits on its futures contracts, should any exist. At September 30, 2008, the Company had $0.8 million of margin deposits related to its futures contracts, all of which was classified as current as of September 30, 2008.

Note 6 — Fixed Price and Price Cap Sales Contracts

The Company enters into contracts with various customers, primarily municipalities, to sell LNG or CNG at fixed prices or at prices subject to a price cap. The contracts generally range from two to five years. The most significant cost component of LNG and CNG is the price of natural gas.

As part of determining the fixed price or price cap in the contracts, the Company works with its customers to determine their future usage over the contract term. However, the Company's customers do not agree to purchase a minimum amount of volume or guarantee their volume of purchases. There is not an explicit volume in the contract as the Company agrees to sell its customers volumes on an "as needed" basis, also known as a "requirements contract." The volume required under these contracts varies each month, and is not subject to any minimum commitments. For U.S. generally accepted accounting purposes, there is not a "notional amount," which is one of the required conditions for a transaction to be a derivative pursuant to the guidance in SFAS 133.

The Company's sales agreements that fix the price or cap the price of LNG or CNG that it sells to its customers are, for accounting purposes, firm commitments, and U.S. generally accepted accounting principles do not require or allow the Company to record a loss until the delivery of the gas and corresponding sale of the product occurs. When the Company enters into these fixed price or price cap contracts with its customers, the price is set based on the prevailing index price of natural gas at that time. However, the index price of natural gas constantly changes, and a difference between the fixed price of the natural gas included in the customer's contract price and the corresponding index price of natural gas typically develops after the Company enters into the sales contract (with the price of natural gas having historically increased). From time to time, the Company has also entered into natural gas futures contracts to offset economically the adverse impact of rising natural gas prices (see note 5) and, if the Company believed the price of natural gas would decline in the future, periodically sold such contracts.

From an accounting perspective, during periods of rising natural gas prices, the Company's futures contracts have generally been marked-to-market through the recognition of a derivative asset and a corresponding derivative gain in its statements of operations. However, because the Company's contracts to sell LNG or CNG to its customers at fixed prices or an index-based price that is subject to a fixed price cap are not derivatives for purposes of U.S. generally accepted accounting principles, a liability or a corresponding loss has not been recognized in the Company's statements of operations during this historical period of rising natural gas prices for the future commitments under these contracts. As a result, the Company's statements of operations do not reflect its firm commitments to deliver LNG or CNG at prices that are below, and in some cases, substantially below, the prevailing market price of natural gas (and therefore LNG or CNG).

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The following table summarizes important information regarding the Company's fixed price and price cap supply contracts under which it is required to sell fuel to its customers as of September 30, 2008:

	Estimated volumes (a)		Average price (b)	Contracts duration
CNG fixed price contracts	1,207,617	$	1.17	through 12/13
LNG fixed price contracts	2,536,371	$	0.51	through 07/09
CNG price cap contracts	2,253,804	$	0.83	through 12/09
LNG price cap contracts	1,050,000	$	0.62	through 03/09

This table does not include two 2.1 million LNG gallon per year renewal options beginning April 1, 2009 that one of our customers possesses related to an LNG price cap contract. The contract contains a price cap of $7.50 per MMbtu on the SoCal Border Index.

(a) Estimated volumes are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes we anticipate delivering over the remaining duration of the contracts.

(b) Average prices are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts. The average prices represent the natural gas commodity component in the customer's contract.

At September 30, 2008, we estimate we will incur between $0.4 million and $0.5 million to cover the increased price of natural gas above the inherent price of natural gas embedded in our customer's fixed price and price cap contracts over the duration of the contracts. These estimates were based on natural gas futures prices on September 30, 2008, and these estimates may change based on future natural gas prices and may be significantly higher or lower. Our estimated volumes under these contracts, in gasoline gallon equivalents, expire as follows:

October 1, 2008 through December 31, 2008	2,062,785
2009	2,831,296
2010	230,000
2011	230,000
2012	230,000
2013	230,000

This table does not include the two 2.1 million LNG gallon per year renewal options that one of our customer possesses related to an LNG price cap contract.

On April 18, 2008, the Company purchased certain natural gas futures contracts to attempt to economically hedge the Company's exposure to cash flow variability related to the commodity component of an LNG supply contract for which the Company had submitted a fixed-price bid. As previously disclosed in the Company's Form 8-K dated June 19, 2008, the supply contract for which the futures contracts were purchased was awarded to a competitor of the Company. The Company protested the award of the contract to its competitor and ultimately the Company was awarded a portion of the contract representing approximately one-third of the contract volumes. In July 2008, the Company then sold the futures contracts related to the portion of the contract it was not awarded. Due to the decrease in the price of natural gas between the date the futures contracts were purchased and the date they were sold, the Company ultimately realized a net loss of $0.3 million related to the sale of the futures contracts purchased with respect to the portion of the fixed-price contract that was not awarded to the Company. The remaining futures contracts qualify for hedge accounting as cash flow hedges under SFAS 133 (see note 5).

Note 7 — Other Receivables

Other receivables at December 31, 2007 and September 30, 2008 consisted of the following:

	December 31, 2007	September 30, 2008
Loans to customers to finance vehicle purchases	$ 1,393,549	$ 1,906,777
Advances to vehicle manufacturers	4,871,373	2,903,707
Fuel tax credits	14,920,145	5,532,061
Other	1,968,837	1,451,042
	$ 23,153,904	$ 11,793,587

Note 8 — Land, Property and Equipment

Land, property and equipment at December 31, 2007 and September 30, 2008 are summarized as follows:

	December 31, 2007	September 30, 2008
Land	$ 472,616	$ 472,616
LNG liquefaction plant	12,898,178	12,921,046
Station equipment	48,318,709	52,442,945
LNG tanker trailers	11,698,145	11,793,681
Other equipment	6,937,083	10,524,396
Construction in progress	32,297,191	84,066,532
	112,621,922	172,221,216
Less accumulated depreciation	(23,945,604)	(30,051,600)
	$ 88,676,318	$ 142,169,616

Note 9 — Investments in Other Entities

In August 2008, the Company invested approximately $3.2 million in The Vehicle Production Group LLC ("VPG"), a company that is developing a natural gas vehicle made in the United States for taxi and paratransit use. The Company committed to fund up to $10 million in VPG from August 2008 through March 2010. $7.5 million is a firm commitment by the Company, and $2.5 million is contingent on VPG not being able to raise money on more-favorable terms than the funding from the original investor group. The Company accounts for its investment in VPG under the cost method of accounting as the Company does not have the ability to exercise significant influence over VPG's operations.

On August 27, 2008, a subsidiary of the Company converted outstanding commercial loans previously made to Bachman NGV, Inc. ("BAF"), a natural gas vehicle conversion company, into a secured convertible promissory note (the "Note") that is convertible into equity interests in BAF. The Note is convertible at the Company's option after August 27, 2009 and may be converted earlier upon an acquisition of BAF. As of September 30, 2008, the $3.6 million outstanding under the Note would convert into approximately 47% of the outstanding equity interests of BAF if fully converted. The Company may, at the Company's discretion, advance up to $2.4 million in additional funds to BAF under the Note. The Note bears interest at 5% per annum and is due August 30, 2010.

Note 10 — Accrued Liabilities

Accrued liabilities at December 31, 2007 and September 30, 2008 consisted of the following:

	December 31, 2007	September 30, 2008
Salaries and wages	$ 1,495,196	$ 1,008,327
Accrued gas purchases	1,840,358	1,820,241
Obligation under derivative liability	—	1,065,797
Accrued employee benefits	317,798	804,953
Other	1,728,189	2,552,476
	$ 5,381,541	$ 7,251,794

Note 11 — Long-term Debt

In conjunction with the Company's acquisition of its 70% interest in DCE (see note 2), on August 15, 2008, the Company entered into a Credit Agreement with PlainsCapital Bank. The Company borrowed $18.0 million (the "Facility A Loan") to finance the acquisition of its membership interests in DCE. The Company also obtained a $12.0 million line of credit from PlainsCapital Bank to finance capital improvements of the DCE processing facility and to pay certain costs and expenses related to the acquisition and the PlainsCapital Bank loans (the "Facility B Loan"). As of September 30, 2008, the Company had borrowed $4.2 million under the Facility B Loan. The Company may request funds up to $12.0 million under the Facility B Loan through February 15, 2009. Interest accrues daily on the Facility A and B Loans at the greater of the prime rate of interest for the United States plus 0.50% per annum or 5.50% per annum. The Company paid a facility fee of $300,000 in connection with the Credit Agreement. As of September 30, 2008, the unamortized balance of the facility fee was $292,500. Amortization of the facility fee is recorded as additional interest expense in the consolidated statements of operations.

The Facility A Loan is due in level payments of principal and interest based on a 14 year amortization period. Payments of principal and interest are due on the 15th of each month until August 15, 2013, at which time the remaining amount of the unpaid principal and interest on the Facility A Loan is due and payable.

Interest on the unpaid principal balance of the Facility B Loans is due and payable quarterly commencing on September 30, 2008. The principal amount of the Facility B Loans is due and payable in annual payments commencing on August 1, 2009, and continuing each anniversary date thereafter, with each such payment being in an amount equal to the lesser of the aggregate principal amount of the Facility B Loan then outstanding or $2,800,000. On August 15, 2013, the remaining amount of unpaid principal and interest under the Facility B Loans is due and payable.

The Credit Agreement requires the Company to comply with certain covenants. The Company may not incur indebtedness or liens except as permitted by the Credit Agreement, or declare or pay dividends. The Company must maintain minimum liquidity of not less than $6.0 million at each quarter end beginning December 31, 2008, maintain an accounts receivable balance, as defined, at each month end of not less than $10.0 million beginning August 31, 2008, maintain consolidated net worth, as defined, of not less than $150.0 million and a debt to equity ratio, as defined, of not more than 0.3 to 1 at each quarter end beginning September 30, 2008, and a debt service ratio, as defined, of not less than 1.5 to 1 for each quarterly period beginning June 30, 2009. If the Company defaults on the Credit Agreement, all of the obligations under the Credit Agreement will become immediately due and payable.

The Credit Agreement is secured by the Company's interest in, and note receivable from, DCE (described below), certain of the Company's accounts receivable and inventory balances and 45 of the Company's LNG tanker trailers.

As part of the transaction, the Company also entered into a Loan Agreement with DCE (the "DCE Loan") to provide secured financing of up to $14.0 million to DCE for future capital expenditures. Upon closing of the acquisition of DCE, the Company funded approximately $714,000 under the agreement. The funds were obtained as part of the initial $4.2 million funded under the Facility B Loan with PlainsCapital Bank to the Company. Interest on the unpaid balance accrues at a rate of 12% per annum and is payable quarterly beginning September 30, 2008. The principal amount of the loan is due and payable in annual payments commencing on August 1, 2009, and continuing each anniversary date thereafter, with each such payment being in an amount equal to the lesser of the aggregate principal amount of the DCE Loan then outstanding or $2,800,000. On August 1, 2013, the entire amount of unpaid principal and interest under the DCE Loan is due and payable. The principal and accrued interest balances as well as any interest income related to the DCE Loan are eliminated in the consolidated financial statements of the Company. Any event of default by DCE on the DCE Loan results in a cross-default of the Company's Credit Agreement with PlainsCapital Bank. Events of default include failure to make payments when due, DCE's failure to perform under the provisions of its landfill lease with the City of Dallas, DCE's violation of a covenant under its operating agreement and other standard events of default.

Also as part of the transaction, the Company granted DCE's minority investor an exclusive, non-assignable option to purchase from the Company up to and including a 19% membership interest in DCE. The exercise price of the option is $368,000 for each 1%, up to $6,992,000 for the total 19%. The option may be exercised in whole or in part (but only in 1% increments) during the ten-year period commencing on the date which the DCE Loan has been repaid in full.

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Principal payments under long-term debt and capital lease obligations for the annual periods ending September 30, are as follows:

	Facility A Loan	Facility B Loan	Capital Lease	Total
2009	$ 868,607	$ 2,800,000	$ 68,445	$ 3,737,052
2010	918,301	1,364,549	75,613	2,358,463
2011	970,838	—	33,797	1,004,635
2012	1,024,062	—	—	1,024,062
2013	14,149,573	—	—	14,149,573
Total	$ 17,931,381	$ 4,164,549	$ 177,855	$ 22,273,785

Note 12 — Issuance of Common Stock

On September 24, 2008, the Company entered into a subscription agreement with Boone Pickens Interests, Ltd. pursuant to which the Company issued and sold a total of 319,488 shares of its common stock at a purchase price of $15.65 per share, the closing price of its common stock on the Nasdaq Global Market, for an aggregate purchase price of approximately $5.0 million. Boone Pickens Interests, Ltd. is a limited partnership, the limited partner interest in which is owned collectively by certain trusts. Boone Pickens, a director of the Company and the Company's largest stockholder, is the settlor of such trusts.

Note 13 — Earnings Per Share

Basic earnings per share is based upon the weighted average number of shares outstanding during each period. Diluted earnings per share reflects the impact of assumed exercise of dilutive stock options and warrants. The information required to compute basic and diluted earnings per share is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Basic and diluted:				
Weighted average number of common shares outstanding	44,195,339	44,330,818	38,919,129	44,304,636

Certain securities were excluded from the diluted earnings per share calculations at September 30, 2007 and 2008, respectively, as the inclusion of the securities would be anti-dilutive to the calculation. The amounts outstanding as of September 30, 2007 and 2008 for these instruments are as follows:

	September 30,	
	2007	2008

Options	5,720,666	7,018,955
Warrants	15,000,000	15,000,000

Note 14 — Comprehensive Income (Loss)

The following table presents the Company's comprehensive loss for the nine months ended September 30, 2007 and 2008:

	Nine Months Ended September 30,	
	2007	2008
Net loss	$ (5,978,051)	$ (18,478,575)
Derivative unrealized losses	—	(1,065,797)
Foreign currency translation adjustments	663,665	(248,205)
Comprehensive loss	$ (5,314,386)	$ (19,792,577)

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Note 15 — Stock-Based Compensation

The following table summarizes the compensation expense and related income tax benefit related to stock-based compensation expense recognized during the periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Stock options:				
Stock-based compensation expense	$ 1,592,789	$ 2,684,207	$ 5,425,443	$ 7,782,538
Income tax benefit	—	—	—	—
Stock-based compensation expense, net of tax	$ 1,592,789	$ 2,684,207	$ 5,425,443	$ 7,782,538

Stock Options

The following table summarizes all stock option activity during the nine months ended September 30, 2008:

	Number of Shares	Weighted-Average Exercise Price
Outstanding at December 31, 2007	6,553,036	$ 9.37
Granted	616,000	15.86
Exercised	(45,914)	4.96
Cancelled/Forfeited	(104,167)	13.97
Outstanding at September 30, 2008	7,018,955	9.88
Exercisable at September 30, 2008	3,375,787	5.93

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants in 2008:

	Nine months Ended September 30, 2008
Dividend yield	0.00%
Expected volatility	54.67%
Risk-free interest rate	2.93%
Expected life in years	6.00

Based on these assumptions, the weighted average grant date fair value of options granted during the nine months ended September 30, 2008 was $8.57.

Note 16 — Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

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Note 17 — Environmental Matters, Litigation, Claims, Commitments and Contingencies

The Company is subject to federal, state, local, and foreign environmental laws and regulations. The Company does not anticipate any expenditures to comply with such laws and regulations which would have a material impact on the Company's consolidated financial position, results of operations, or liquidity. The Company believes that its operations comply, in all material respects, with applicable federal, state, local and foreign environmental laws and regulations.

From time to time, the Company may become party to legal actions arising in the ordinary course of its business. During the course of its operations, the Company is also subject to audit by tax authorities for varying periods in various federal, state, local, and foreign tax jurisdictions. Disputes may arise during the course of such audits as to facts and matters of law. It is impossible at this time to determine the ultimate liabilities that the Company may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters or the timing of these liabilities, if any. If these matters were to be ultimately resolved unfavorably, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon the Company's consolidated financial position or results of operations. However, the Company believes that the ultimate resolution of such actions will not have a material adverse affect on the Company's consolidated financial position, results of operations, or liquidity.

As of September 30, 2008, the Company has remaining contractual commitments related to constructing its LNG liquefaction plant in California of $9.9 million.

Note 18 — Income Taxes

FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109" (FIN 48), requires that the Company recognize the impact of a tax position in its financial statements if the position is more likely than not of being sustained by the taxing authority upon examination, based on the technical merits of the position. FIN 48 requires the Company to accrue interest based on the difference between the tax position recognized in the financial statements and the amount claimed on the return. The net interest incurred was immaterial for the nine months ended September 30, 2007 and 2008. FIN 48 further requires that penalties be accrued if the tax position does not meet the minimum statutory threshold to avoid penalties. No penalties have been accrued by the Company. The Company's unrecognized tax benefits as of September 30, 2008 are unchanged from December 31, 2007.

Income tax returns are subject to audit by federal, state and local governments, sometimes several years after a return is filed. The Company is currently under audit by the Internal Revenue Service for tax years 2005 through 2007 and the State of California for tax years 2004 and 2005. Disputes may arise during the course of such audits as to facts and different interpretations of tax law.

Note 19 — Recently Adopted Accounting Changes

On January 1, 2008, the Company adopted the applicable provisions of SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value and enhances disclosures about fair value measurements related to financial instruments. In December 2007, the FASB provided a one-year deferral of SFAS 157 for non-financial assets and non-financial liabilities, except those that are recognized or disclosed at fair value on a recurring basis, at least annually. Accordingly, the Company's adoption of SFAS 157 was limited to financial assets and liabilities.

During the nine months ended September 30, 2008, the Company's financial instruments have consisted of short-term investments and natural gas futures contracts. The Company uses quoted market prices to measure fair value of its short-term investments. The Company uses quoted forward price curves, discounted to reflect the time value of money, to value its natural gas futures contracts. At September 30, 2008, the Company did not have any short-term investments and its futures contracts qualified for hedge accounting under SFAS No. 133 and are recorded in accumulated other comprehensive income in the accompanying condensed consolidated balance sheet.

SFAS 157 includes a fair value hierarchy that is intended to increase consistency and comparability in fair value measurements and related disclosures. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable. Observable inputs reflect assumptions market participants would use in pricing an asset or liability based on market data obtained from independent sources while unobservable inputs reflect a reporting entity's pricing based upon their own market assumptions. SFAS 157 establishes a three-tiered fair value hierarchy which prioritizes the inputs used in measuring fair value as follows:

- *Level 1.* Observable inputs such as quoted prices in active markets;

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- *Level 2.* Inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active; and

- *Level 3.* Unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions.

The following table reflects the fair value as defined by SFAS 157, of the Company's natural gas futures contracts:

	Balance at September 30, 2008	Quoted Prices In Active Markets for Identical Items (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Natural gas futures contracts obligation	$ 1,065,797	$ —	$ 1,065,797	$ —

Note 20 — Subsequent Events

Termination of FuelMaker Acquisition – On September 5, 2008, the Company entered into a Share Purchase Agreement with American Honda Motor Co., Inc. ("Honda"), John G. Armstrong (as sole trustee of The FuelMaker Trust) and FuelMaker Corporation, pursuant to which the Company agreed to purchase FuelMaker Corporation for $17 million in cash. Under the terms of the purchase agreement, either the Company or Honda had the right to terminate the purchase agreement, without any obligation or liability thereunder, if the closing did not occur on or before October 3, 2008.

The closing did not occur by October 3, 2008 primarily due to the fact that the sellers (Honda and FuelMaker) were unable to deliver audited financial statements by October 3, 2008 for FuelMaker Corporation's parent company, a subsidiary of Honda, which financial statements were required to be prepared in accordance with Canadian generally accepted accounting principles and reconciled to U.S. generally accepted accounting principles. The Company continued negotiations with Honda after October 3, 2008 to extend the Share Purchase Agreement on revised terms.

On October 13, 2008, Honda delivered to the Company a notice that it intended to terminate the purchase agreement; and, after subsequent discussions, on October 15, 2008, the Company and Honda mutually agreed to terminate the purchase agreement in accordance with its terms. The Company expects to record expenses of between $0.6 million and $0.8 million in the fourth quarter of 2008 for costs associated with the transaction. There are no termination fees or other significant liabilities associated with the termination of the Share Purchase Agreement.

Issuance of Common Stock and Warrants – On October 28, 2008, the Company entered into a Placement Agent Agreement (the "Placement Agent Agreement") relating to the sale and issuance by the Company to select investors of up to 4,419,192 units (the "Units"), with each Unit consisting of (i) one share of the Company's common stock, par value $0.0001 per share, (ii) a warrant to purchase 0.75 shares of Common Stock (the "Series I Warrant"), and (iii) one warrant to purchase up to 0.2571 shares of Common Stock (the "Series II Warrant"). The price of each Unit was $7.92 per Unit. The transaction closed on November 3, 2008 and the Company issued 4,419,192 shares of common stock, Series I Warrants to purchase up to 3,314,394 shares of Common Stock, and Series II Warrants to purchase up to 1,136,364 shares of Common Stock. The Company received approximately $32.5 million after deducting the placement agents' fees and other offering expenses.

The Series I Warrants are exercisable beginning six months from the date of issuance for a period of seven years from the date they become exercisable, and carry an exercise price of $13.50 per share. On the first anniversary of the issuance of the Series I warrants, the exercise price will reset to an exercise price equal to one-hundred twenty percent (120%) of the closing price of the Company's common stock on such first anniversary date. On the second anniversary of the issuance of the Series I warrants, the exercise price will reset to an exercise price equal to one-hundred twenty percent (120%) of the closing price of the Company's common stock on such second anniversary date. However, under the terms of the Series I warrants, no such reset adjustment will operate to increase the exercise price above the then current exercise price at the time of the first or second anniversary of the issuance of the Series I warrant.

The Series II Warrants became exercisable on November 5, 2008 upon the failure of the California Alternative Fuel Vehicles and Renewable Energy Act, or Proposition 10, in the California statewide election. The Series II Warrants have all been exercised on a cashless basis at the exercise price of $0.01 per share, which resulted in the issuance of 1,134,759 shares of common stock to the Series II Warrant holders on November 12, 2008.

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Item 2. – Management's Discussion and Analysis of Financial Condition and Results of Operations.

The discussion in this section contains forward-looking statements. These statements relate to future events or our future financial performance. We have attempted to identify forward-looking statements by terminology such as "anticipate," "believe," "can," "continue," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "should," "would" or "will" or the negative of these terms or other comparable terminology, but their absence does not mean that a statement is not forward-looking. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, which could cause our actual results to differ from those projected in any forward-looking statements we make. See "Risk Factors" in Part II, Item 1A of this report for a discussion of some of these risks and uncertainties. This discussion should be read with our financial statements and related notes included elsewhere in this report.

We provide natural gas solutions for vehicle fleets primarily in the United States and Canada. In April 2008, we opened our first CNG station in Lima, Peru, through our joint venture, Clean Energy del Peru. Our primary business activity is selling CNG and LNG vehicle fuels to our customers. We also build, operate and maintain fueling stations, and help our customers acquire and finance natural gas vehicles and obtain local, state and federal clean air incentives. Our customers include fleet operators in a variety of markets, such as public transit, refuse hauling, airports, taxis and regional trucking. In August 2008, we acquired 70% of the outstanding membership interest of Dallas Clean Energy, LLC ("DCE"). DCE owns a facility that collects, processes and sells landfill gas at the McCommas Bluff landfill located in Dallas, Texas.

Overview

This overview discusses matters on which our management primarily focuses in evaluating our financial condition and operating performance.

Sources of revenue. We generate the vast majority of our revenue from selling CNG and LNG to our customers. The balance of our revenue is provided by operating and maintaining natural gas fueling stations, designing and constructing natural gas fueling stations, financing our customers' natural gas vehicle purchases and selling landfill gas through our interest in DCE.

Key operating data. In evaluating our operating performance, our management focuses primarily on (1) the amount of CNG and LNG gasoline gallon equivalents delivered (which we define as (i) the volume of gasoline gallon equivalents we sell to our customers, plus (ii) the volume of gasoline gallon equivalents dispensed to our customers at stations where we provide O&M services but do not directly sell the CNG or LNG, plus (iii) our proportionate share of the gasoline gallon equivalents sold through our joint venture in Peru and our interest in the McCommas Bluff Landfill in Dallas, Texas), and (2) our revenue and net income (loss). The following table, which you should read in conjunction with our condensed consolidated financial statements and notes contained elsewhere in this report, presents our key operating data for the years ended December 31, 2005, 2006 and 2007 and for the three and nine months ended September 30, 2007 and 2008:

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Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2005	Year Ended December 31, 2006	Year Ended December 31, 2007	Three Months Ended	Nine Months Ended	Three Months Ended September 30,	Nine Months Ended

				September 30, 2007	September 30, 2007	2008	September 30, 2008
CNG	36.1	41.9	48.0	12.9	36.3	12.9	36.3
LNG	20.7	26.5	27.3	7.1	20.8	5.8	18.5
Total	56.8	68.4	75.3	20.0	57.1	18.7	54.8
Operating data							
Revenue	$ 77,955,083	$ 91,547,316	$ 117,716,233	$ 29,210,164	$ 88,040,804	$ 35,273,687	$ 99,823,025
Net income (loss)	17,257,587	(77,500,741)	(8,894,362)	(1,544,970)	(5,978,051)	(10,637,146)	(18,478,575)

Key trends in 2005, 2006, and 2007. Vehicle fleet demand for natural gas fuels increased during the three years ended December 31, 2005, 2006 and 2007. We believe this growth in demand was attributable primarily to the rising prices of gasoline and diesel relative to CNG and LNG during these periods and increasingly stringent environmental regulations affecting vehicle fleets. We capitalized on this growing demand by securing new fleet customers in a variety of markets, including public transit, refuse hauling, airports, taxis and regional trucking.

The number of fueling stations we served grew from 147 at December 31, 2004 to 175 at September 30, 2008 (a 19.0% increase). The amount of CNG and LNG gasoline gallon equivalents we delivered from 2005 to 2007 increased by 32.6%. Our cost of sales also increased during these periods, which was attributable primarily to the increased price of natural gas and increased costs related to delivering CNG and LNG to our customers.

Recent developments. On September 5, 2008, we entered into a Share Purchase Agreement with American Honda Motor Co., Inc. (“Honda”), John G. Armstrong (as sole trustee of The FuelMaker Trust) and FuelMaker Corporation, pursuant to which we agreed to purchase FuelMaker Corporation for $17 million in cash. Under the terms of the purchase agreement, either we or Honda had the right to terminate the purchase agreement, without any obligation or liability thereunder, if the closing did not occur on or before October 3, 2008. On October 13, 2008, Honda delivered to us a notice that it intended to terminate the purchase agreement; and, after subsequent discussions, on October 15, 2008, we and Honda mutually agreed to terminate the purchase agreement in accordance with its terms. On November 3, 2008, we completed a sale of 4,419,192 units of common stock and warrants for $7.92 per unit (See note 20 to the accompanying condensed consolidated financial statements for a discussion of the transaction) and raised net proceeds of approximately $32.5 million after deducting offering costs.

In October and November of 2008, we spent approximately $15 million supporting Proposition 10, the California Alternative Fuel Vehicles and Renewable Energy Initiative. California voters failed to pass Proposition 10 in the November 4, 2008 election. The $15 million we spent supporting Proposition 10 in October and November 2008 will be reflected in selling, general and administrative expense in our financial statements for the fourth quarter of 2008.

Anticipated future trends. We anticipate that, over the long term, the prices for gasoline and diesel will continue to be higher than the price of natural gas as a vehicle fuel, and more stringent emissions requirements will continue to make natural gas vehicles an attractive alternative to traditional gasoline and diesel powered vehicles. We believe there will be significant growth in the consumption of natural gas as a vehicle fuel among vehicle fleets, and our goal is to capitalize on this trend and enhance our leadership position as this market expands. We have built a natural gas fueling station, and plan to build additional natural gas fueling stations, that will provide LNG to fleet vehicles at the Ports of Los Angeles and Long Beach. We also anticipate expanding our sales of CNG and LNG in the other markets in which we operate, including public transit, refuse hauling and airports. Consistent with the anticipated growth of our business, we also expect that our operating costs and capital expenditures will increase, primarily from the logistics of delivering more CNG and LNG to our customers, as well as from the anticipated expansion of our station network. We also continue to incur significant costs related to the LNG liquefaction plant we are in the process of building in California. Additionally, we have and will continue to increase our sales and marketing team and other necessary personnel as we seek to expand our existing markets and enter new markets, which will also result in increased costs.

Sources of liquidity and anticipated capital expenditures. In May 2007, we completed our initial public offering of 10,000,000 shares of common stock at a public offering price of $12.00 per share. Net cash proceeds from the initial public offering were approximately $108.5 million, after deducting underwriting discounts, commissions and offering expenses. Historically, our principal sources of liquidity have been cash provided by operations, capital contributions from our stockholders, our cash and cash equivalents and, during the third and fourth quarters of fiscal 2006, a revolving line of credit with Boone Pickens, a director and our largest stockholder. The line of credit was used to fund margin requirements on certain derivative contracts and was terminated in December 2006. On September 24, 2008, we sold 319,488 shares of our common stock at a purchase price of $15.65 per share to Boone Pickens Interests, Ltd. for proceeds of approximately $5.0 million. On November 3, 2008 we sold 4,419,192 shares of common stock and warrants exercisable for common stock and received net proceeds of approximately $32.5 million. (See note 20 to the accompanying condensed consolidated financial statements for a discussion of the transaction). After this transaction, we had approximately $38.5 million in total cash and cash equivalents.

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Our business plan for the last three months of 2008 calls for approximately $23.0 million in capital expenditures (primarily related to building our LNG liquefaction plant in California and constructing new fueling stations) and $0.8 million for financing natural gas vehicle purchases by our customers. We may also seek to acquire companies or assets in the natural gas fueling infrastructure, services and production industries. If we do so, we may need to raise additional capital as necessary to fund any such acquisitions, which are not budgeted for in our 2008 business plan. We anticipate that we will need to raise additional capital in 2009 to fund our 2009 capital expenditures program; however, the timing and necessity of any future capital raise will depend primarily on our rate of new station construction and other capital expenditures.

Volatility in operating results related to futures contracts. Historically, we have purchased futures contracts from time to time to help mitigate our exposure to natural gas price fluctuations in current periods and in future periods. Gains and losses related to our futures activities, which appear in the line item derivative (gains) losses in our condensed consolidated financial statements, have materially impacted our results of operations in recent periods. For the years ended December 31, 2005, 2006 and 2007, derivative (gains) losses were $(44,067,744), $78,994,947, and $0, respectively. For the nine months ended September 30, 2007 and 2008, derivative (gains) losses were $0 and $340,746, respectively. For this reason and others, we caution investors that our past operating results may not be indicative of future results. For more information, please read “Volatility of Earnings and Cash Flows” and “Risk Management Activities” below.

Business risks and uncertainties. Our business and prospects are exposed to numerous risks and uncertainties. For more information, see “Risk Factors” in Part II, Item 1A of this report.

Operations

We generate revenues principally by selling CNG and LNG to our vehicle fleet customers. For the nine months ended September 30, 2008, CNG represented 66% and LNG represented 34% of our natural gas sales (on a gasoline gallon equivalent basis). To a lesser extent, we generate revenues by operating and maintaining natural gas fueling stations that are owned either by us or our customers and selling landfill gas provided by our interest in DCE (commencing in August 2008). Substantially all of our operating and maintenance revenues are generated from CNG stations, as owners of LNG stations tend to operate and maintain their own stations. In addition, we generate a small portion of our revenues by designing and constructing fueling stations and selling or leasing those stations to our customers. Substantially all of our station sale and leasing revenues have been generated from CNG stations. In 2006, we began providing vehicle finance services to our customers.

CNG Sales

We sell CNG through fueling stations located on our customers' properties and through our network of public access fueling stations. At these CNG fueling stations, we procure natural gas from local utilities or brokers under standard, floating-rate arrangements and then compress and dispense it into our customers' vehicles. Our CNG sales are made primarily through contracts with our fleet customers. Under these contracts, pricing is determined primarily on an index-plus basis, which is calculated by adding a margin to the local index or utility price for natural gas. We sell a small amount of CNG under fixed-price contracts and also provide price caps to certain customers on their index-plus pricing arrangement. Effective January 1, 2007, we no longer intend to offer price-cap contracts to our customers, but we will continue to perform our obligations under price-cap contracts we entered into before January 1, 2007. We will continue to offer fixed price contracts as appropriate and consistent with our revised natural gas hedging policy revised in May 2008. Our fleet customers typically are billed monthly based on the volume of CNG sold at a station. The remainder of our CNG sales are on a per fill-up basis at prices we set at the pump based on prevailing market conditions. These customers typically pay using a credit card at the station. In April 2008, we opened our first CNG station in Lima, Peru through our joint venture Clean Energy del Peru.

LNG Sales

We sell substantially all of our LNG to fleet customers, who typically own and operate their fueling stations. We also sell a small volume of LNG to customers for non-vehicle use. We procure LNG from third-party producers and also produce LNG at our liquefaction plant in Texas. For LNG that we purchase from third-parties, we typically enter into "take or pay" contracts that require us to purchase minimum volumes of LNG at index-based rates. We deliver LNG via our fleet of 60 tanker trailers to fueling stations, where it is stored and dispensed in liquid form into vehicles. We sell LNG principally through supply contracts that are priced on either a fixed-price or index-plus basis. We also provided price caps to certain customers on the index component of their index-plus pricing arrangement for certain contracts we entered into on or prior to December 31, 2006. Effective January 1, 2007, we no longer intend to offer price-cap contracts to our customers, but we will continue to perform our obligations under price-cap contracts we

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entered into before January 1, 2007, including two one-year renewal periods beginning April 1, 2009 that one of our customers is entitled to should they choose to exercise such renewals. The renewal periods, if exercised, would obligate us to sell the customer approximately 2.1 million LNG gallons on an annual basis subject to a price cap of $7.50 per MMbtu on the SoCal Border index for each renewal year. We will continue to offer fixed price contracts as appropriate and consistent with our revised natural gas hedging policy adopted in May 2008. Our LNG contracts provide that we charge our customers periodically based on the volume of LNG supplied.

Government Incentives

From October 1, 2006 through December 31, 2009, we may receive a Volumetric Excise Tax Credit (VETC) of $0.50 per gasoline gallon equivalent of CNG and $0.50 per liquid gallon of LNG that we sell as vehicle fuel. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. We expect the tax credit will continue to factor into the price we charge our customers for CNG and LNG in the future. The legislation that created this tax credit also increased the federal excise taxes on sales of CNG from $0.061 to $0.183 per gasoline gallon equivalent and on sales of LNG from $0.119 to $0.243 per LNG gallon. These new excise tax rates are approximately the same as those for gasoline and diesel fuel.

Operation and Maintenance

We generate a smaller portion of our revenue from operation and maintenance agreements for CNG fueling stations where we do not supply the fuel. We refer to this portion of our business as "O&M." At these fueling stations, the customer contracts directly with a local broker or utility to purchase natural gas. For O&M services, we do not sell the fuel itself, but generally charge a per-gallon fee based on the volume of fuel dispensed at the station.

Station Construction

We generate a small portion of our revenue from designing and constructing fueling stations and selling or leasing the stations to our customers. For these projects, we act as general contractor or supervise qualified third-party contractors. We charge construction fees or lease rates based on the size and complexity of the project.

Vehicle Acquisition and Finance

In 2006, we commenced offering vehicle finance services for some of our customers' purchases of natural gas vehicles or the conversion of their existing gasoline or diesel powered vehicles to operate on natural gas. We loan to our customers up to 100% of the purchase price of their natural gas vehicles. We may also lease vehicles in the future. Where appropriate, we apply for and receive state and federal incentives associated with natural gas vehicle purchases and pass these benefits through to our customers. We may also secure vehicles to place with customers or pay deposits with respect to such vehicles prior to receiving a firm order from our customers, which we may be required to purchase if our customer fails to purchase the vehicle as anticipated. As of September 30, 2008, we have not generated significant revenue from vehicle finance activities.

Landfill Gas

In August 2008, we acquired 70% of the outstanding membership interests of DCE. DCE owns a facility that collects, processes and sells landfill gas at the McCommas Bluff landfill located in Dallas, Texas. A small portion of our revenues are derived from our interest in DCE.

Volatility of Earnings and Cash Flows

Our earnings and cash flows historically have fluctuated significantly from period to period based on our futures activities, as all but a few of our futures contracts have not historically qualified for hedge accounting under SFAS 133. See "Critical Accounting Policies" below. We have therefore recorded any changes in the fair market value of these contracts directly in our statements of operations in the line item derivative (gains) losses along with any realized gains or losses generated during the period. For example, we experienced derivative gains of $33.1 million and $5.7 million for the three months ended September 30, 2005 and June 30, 2008, and derivative losses of $19.9 million, $0.3 million, $65.0 million, $13.7 million and $6.0 million for the three months ended December 31, 2005, March 31, 2006, September 30, 2006, December 31, 2006 and September 30, 2008,

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respectively. We had no derivative gains or losses for the three months ended June 30, 2006, March 31, 2007, June 30, 2007, September 30, 2007, December 31, 2007 and March 31, 2008.

For the three months ended June 30, 2008, we recognized a $5.7 million derivative gain with respect to futures contracts purchased to hedge our exposure to a fixed price contract for which we bid, and we recognized a $6.0 million derivative loss during the three months ending September 30, 2008 with respect to the sale of certain of these contracts (see note 6 to the accompanying condensed consolidated financial statements). Commencing with the adoption of our revised natural gas hedging policy in February 2007 (as revised in May 2008), we plan to structure all subsequent futures contracts as cash flow hedges under SFAS 133, but we cannot be certain that they will qualify. See "Risk Management Activities" below. If the futures contracts do not qualify for hedge accounting, we could incur significant increases or decreases in our earnings based on fluctuations in the market value of these contracts from period to period.

Additionally, we are required to maintain a margin account to cover losses related to our natural gas futures contacts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Consequently, these payments could significantly impact our cash balances. At September 30, 2008, we had $0.8 million on deposit in margin accounts.

The decrease in the value of our futures positions and any required margin deposits on our futures contracts that are in a loss position could significantly impact our financial condition in the future.

Risk Management Activities

Our risk management activities, including the revised natural gas hedging policy adopted by our board of directors in February 2007 and revised by our board of directors on May 29, 2008 are discussed in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operation) of our annual report on Form 10-K for the year ended December 31, 2007 and our current report on Form 8-K dated June 19, 2008, which discussion is incorporated herein by reference.

On April 18, 2008, we purchased certain natural gas futures contracts to attempt to economically hedge our exposure to cash flow variability related to the commodity component of an LNG supply contract for which we had submitted a fixed-price bid. As previously disclosed in our Form 8-K dated June 19, 2008, the supply contract for which the futures contracts were purchased was awarded to our competitor. We protested the award of the contract to our competitor and ultimately we were awarded a portion of the contract representing approximately one-third of the contract volumes. Ultimately, we realized a net loss of $0.3 million related to the sale of the futures contracts purchased with respect to the portion of the fixed-price contract that we were not awarded. The remaining futures contracts currently qualify for hedge accounting as cash flow hedges under SFAS 133.

Critical Accounting Policies

For the period covered by this report, there have been no material changes to the critical accounting policies we use and have explained in our annual report on Form 10-K for the fiscal year ended December 31, 2007.

Recently Issued Accounting Pronouncements

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* ("SFAS 157"), which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. SFAS 157 does not require any new fair value measurements. In February 2008, the FASB amended SFAS 157 to exclude SFAS 13, "Accounting for Leases." In addition, the FASB delayed the effective date of SFAS 157 for non-financial assets and liabilities to fiscal years beginning after November 15, 2008. We adopted the provisions of SFAS 157 related to our financial assets and liabilities on January 1, 2008, which did not have a material impact on our financial statements. In accordance with the new standard, we have provided additional disclosures which are included in the notes to our condensed consolidated financial statements. With respect to our non-financial assets and liabilities, we are currently evaluating the impact, if any, SFAS 157 may have on our financial statements.

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In February 2007, the FASB issued Statement of Financial Accounting Standard No. 159, *The Fair Value Option for Financial Assets and Financial Liabilities* ("SFAS 159"). SFAS 159 permits entities to choose to measure certain financial instruments and other eligible items at fair value when the items are not otherwise currently required to be measured at fair value. Under SFAS 159, the decision to measure items at fair value is made at specified election dates on an irrevocable instrument-by-instrument basis. Entities electing the fair value option would be required to recognize changes in fair value in earnings

and to expense upfront costs and fees associated with the item for which the fair value option is elected. Entities electing the fair value option are required to distinguish, on the face of the statement of financial position, the fair value of assets and liabilities for which the fair value option has been elected and similar assets and liabilities measured using another measurement attribute. Unrealized gains and losses arising subsequent to adoption are reported in earnings. We adopted this statement as of January 1, 2008 and elected not to apply the fair value option to any of our financial instruments.

In December 2007, the FASB finalized the provisions of the Emerging Issues Task Force ("EITF") issue No. 07-1, *Accounting for Collaborative Arrangements* ("EITF 07-1"). EITF 07-1 provides guidance and required financial statement disclosures for collaborative arrangement. EITF 07-01 is effective for financial statements issued for fiscal years beginning after December 15, 2008. We are currently evaluating the impact, if any, EITF 07-1 may have on our financial statements.

In December 2007, the FASB issued Statement of Financial Accounting Standards No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) provides new accounting guidance and disclosure requirements for business combinations. SFAS 141(R) is effective for business combinations which occur in the first fiscal year beginning on or after December 15, 2008.

In December 2007, the FASB issued Statement of Financial Accounting Standard No. 160, *Minority Interests in Consolidated Financial Statements —an amendment of ARB No. 51* ("SFAS 160"). SFAS 160 provides new accounting guidance and disclosure and presentation requirements for non-controlling interests in a subsidiary. SFAS 160 is effective for the first fiscal year beginning on or after December 15, 2008. We are currently evaluating the impact, if any, SFAS 160 may have on our financial statements.

In March 2008, the FASB issued Statement of Financial Accounting Standards No. 161, "Disclosures about Derivative Instruments and Hedging Activities," an amendment of SFAS 133 ("SFAS 161"). SFAS 161 requires disclosures of how and why an entity uses derivative instruments, how derivative instruments and related hedged items are accounted for and how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for fiscal years beginning after November 15, 2008, with early adoption permitted. We are currently evaluating the impact, if any, SFAS 161 may have on our financial statements.

In April 2008, the FASB Staff Position ("FSP") issued SFAS No. 142-3, "*Determination of the Useful Life of Intangible Assets*" ("FSP SFAS 142-3"). FSP SFAS 142-3 amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "*Goodwill and Other Intangible Assets*." The intent of FSP SFAS 142-3 is to improve the consistency between the useful life of a recognized intangible asset under SFAS 142 and the period of expected cash flows used to measure the fair value of the asset under SFAS No. 141 (revised 2007), "*Business Combinations*," and other U.S. generally accepted accounting principles ("GAAP"). FSP SFAS 142-3 is effective for fiscal years beginning after December 15, 2008 and we will adopt the pronouncement in the first quarter of fiscal year 2009. We are currently evaluating the effect that the adoption of FSP SFAS 142-3 will have on our results of operation and financial position or cash flows, if any, but do not expect it will have a material impact.

In May 2008, the FASB issued SFAS No. 162, "*The Hierarchy of Generally Accepted Principles*" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles (the GAAP hierarchy). SFAS 162 will become effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU 411, "*The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles*." We do not expect the adoption of SFAS 162 will have a material impact on our results of operations and financial condition.

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Results of Operations

The following is a more detailed discussion of our financial condition and results of operations for the periods presented:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2007	2008	2007	2008
Statement of Operations Data::				
Revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Cost of sales	69.3	74.0	72.8	77.3
Derivative (gains) losses	—	17.1	—	0.3
Selling, general and administrative	32.6	32.3	29.8	35.2
Depreciation and amortization	6.2	6.6	5.8	6.6
Total operating expenses	108.1	130.0	108.4	119.4
Operating loss	(8.2)	(30.0)	(8.4)	(19.4)
Interest income, net	4.8	0.2	2.6	1.2
Other income (expense), net	(0.2)	(0.1)	(0.3)	0.0
Equity in gains (losses) of equity method investee	—	0.1	—	(0.1)
Loss before income taxes	(3.5)	(29.8)	(6.1)	(18.3)
Income tax expense	(1.8)	(0.3)	(0.7)	(0.2)
Minority interest in net income	—	(0.0)	—	(0.0)
Net loss	(5.3)	(30.2)	(6.8)	(18.5)

Three Months Ended September 30, 2008 Compared to Three Months Ended September 30, 2007

Revenue. Revenue increased by $6.1 million to $35.3 million in the three months ended September 30, 2008, from $29.2 million in the three months ended September 30, 2007. This increase was primarily the result of an increase in our average price per gallon between periods. Our effective price per gallon was $1.57 in the three months ended September 30, 2008, which represents a $0.35 per gallon increase from $1.22 in the three months ended September 30, 2007. Revenue also increased between periods as we recorded $5.6 million of revenue related to fuel tax credits in the third quarter of 2008, compared to $4.6 million in the third quarter of 2007. We also experienced a $0.1 million increase in station construction revenues between periods. These

increases were offset by the decrease in the number of gallons delivered between periods from 20.0 million gasoline gallon equivalents to 18.7 million gasoline gallon equivalents. The decrease in volume was primarily related to the loss of a portion of the new City of Phoenix LNG supply contract that began July 1, 2008.

Cost of sales. Cost of sales increased by $5.8 million to $26.1 million in the three months ended September 30, 2008, from $20.3 million in the three months ended September 30, 2007. Our cost of sales primarily increased between periods as our effective cost per gallon rose to $1.39 in the three months ended September 30, 2008, which represents a $0.38 per gallon increase over the three months ended September 30, 2007. Also contributing to the increase in cost of sales was an increase in station construction cost of $0.2 million between periods. Offsetting these increases was a $1.8 million decrease in costs related to delivering less CNG and LNG between periods.

Derivative (gains) losses. Derivative losses increased to $6.0 million in the three months ended September 30, 2008, from $0.0 million in the three months ended September 30, 2007. This increase was due to a loss we recognized in the three month period ended September 30, 2008 with respect to the sale of certain futures contracts we purchased in conjunction with the portion of a fixed-price bid on a LNG supply contract that we were not awarded (see note 6 to the accompanying condensed consolidated financial statements). We did not sell or own any futures contracts during the three months ended September 30, 2007.

Selling, general and administrative. Selling, general and administrative expenses increased by $1.9 million to $11.4 million in the three months ended September 30, 2008, from $9.5 million in the three months ended September 30, 2007. Our stock option expense accounted for $1.1 million of the increase between periods primarily due to options issued in 2008 for new employees. Our marketing expenses also increased $0.9 million between periods due to certain advertising we conducted at the Ports of Los Angeles and Long Beach and costs we incurred to support Proposition 10.

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Depreciation and amortization. Depreciation and amortization increased by $0.5 million to $2.3 million in the three months ended September 30, 2008, from $1.8 million in the three months ended September 30, 2007. This increase was primarily related to the result of additional amortization expense in the three months ended September 30, 2008 related to the amortization of the identifiable intangible asset recorded in connection with the acquisition of our 70% interest in DCE in August 2008 and our increased property and equipment balances between periods, primarily related to our expanded station network.

Interest income, net. Interest income, net, decreased by $1.3 million from $1.4 million in the three months ended September 30, 2007, to $0.1 million for the three months ended September 30, 2008. This decrease was primarily the result of a decrease in interest income in the three months ended September 30, 2008 due to lower average cash balances on hand during the three months ended September 30, 2008 as compared to the third quarter of 2007. We also incurred interest expense in the third quarter of 2008 related to the debt we incurred to acquire our interest in DCE in August 2008.

Other income (expense), net. There was no significant change in other income (expense), net, between the three months ended September 30, 2007 and the three months ended September 30, 2008.

Equity in gains (losses) of equity method investee. During the three months ended September 30, 2008, we recognized $20,000 of equity gains related to our joint venture in Peru. The CNG station owned by the joint venture opened in April 2008.

Minority interest in net income. During the three months ended September 30, 2008, we recorded $14,000 for the minority interest in the net income of DCE. The minority interest represents the 30% interest of our joint venture partner. The results of DCE's operations have been included in the consolidated financial statements since August 15, 2008, the date of acquisition.

Nine Months Ended September 30, 2008 Compared to Nine Months Ended September 30, 2007

Revenue. Revenue increased by $11.8 million to $99.8 million in the nine months ended September 30, 2008, from $88.0 million in the nine months ended September 30, 2007. This increase was primarily the result of an increase in our average price per gallon between periods. Our effective price per gallon was $1.52 in the nine months ended September 30, 2008, which represents a $0.27 per gallon increase from $1.25 in the nine months ended September 30, 2007. Revenue also increased between periods as we recorded $15.5 million of revenue related to fuel tax credits in the first nine months of 2008 compared to $12.8 million in the first nine months of 2007. These increases were offset by the decrease in the number of gallons delivered between periods from 57.1 million gasoline gallon equivalents to 54.8 million gasoline gallon equivalents. The loss of a portion of the City of Phoenix LNG supply contract after June 30, 2008, the loss of an LNG O&M contract related to a facility that was relocated, and the loss of a CNG supply contract with a customer who decided to procure their own natural gas supply together accounted for 4.7 million gasoline gallon equivalents of the decrease. These decreases were offset by the addition of 1.6 million gasoline gallon equivalents due to the addition of new customers (OCTA, Santa Cruz Metropolitan Transit Authority, City of Los Angeles, Southland Transit, Regional Transit Commission of Nevada, and Regional Transit Authority of Ohio), 0.2 million gasoline gallon equivalents related to our interest in our joint venture in Peru, and 0.6 million gasoline gallon equivalents from our 70% interest in DCE. We also experienced a $2.7 million decrease in station construction revenues between periods.

Cost of sales. Cost of sales increased by $13.0 million to $77.1 million in the nine months ended September 30, 2008, from $64.1 million in the nine months ended September 30, 2007. Our cost of sales increased between periods as our effective cost per gallon rose to $1.40 in the nine months ended September 30, 2008, which represents a $0.33 per gallon increase over the nine months ended September 30, 2007. Offsetting the increase in our effective cost per gallon was the decrease in station construction costs of $2.4 million between periods and a $3.3 million decrease in costs related to delivering less CNG and LNG between periods.

Derivative (gains) losses. Derivative losses increased to $0.3 million in the nine months ended September 30, 2008, from $0.0 million in the nine months ended September 30, 2007. This increase was due to a loss we recognized in the nine month period ended September 30, 2008 on futures contracts we purchased in April 2008 in conjunction with a fixed-price bid on a LNG supply contract we had submitted (see note 6 to the accompanying condensed consolidated financial statements) and sold in July 2008. We did not sell or own any futures contracts during the nine months ended September 30, 2007.

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Selling, general and administrative. Selling, general and administrative expenses increased by $8.8 million to $35.1 million in the nine months ended September 30, 2008, from $26.3 million in the nine months ended September 30, 2007. A significant portion of this increase related to a $4.2 million increase in our marketing expenses due to certain advertising we conducted related to the Ports of Los Angeles and Long Beach and costs we incurred to support Proposition 10. Stock option expense between periods increased $2.4 million due to options issued in 2008 for new employees. There was also an increase of $0.7 million in salaries and benefits between periods primarily related to the hiring of additional employees. Our headcount increased from 118 at September 30, 2007 to 134 at September 30, 2008. Our professional service fees increased $0.8 million between periods, primarily for legal, audit and consulting services related to our obligations as a public company. Our business insurance costs increased $0.5 million between periods primarily due to an increase in premiums related to our directors' and officers' insurance between periods.

Depreciation and amortization. Depreciation and amortization increased by $1.5 million to $6.6 million in the nine months ended September 30, 2008, from $5.1 million in the nine months ended September 30, 2007. This increase was due to additional depreciation expense in the nine months ended September 30, 2008 related to increased property and equipment balances between periods, primarily related to our expanded station network, and due to the amortization of the identifiable intangible asset recorded in connection with the acquisition of our 70% interest in DCE, in August 2008.

Interest income, net. Interest income, net, decreased by $1.1 million from $2.3 million in the nine months ended September 30, 2007, to $1.2 million for the nine months ended September 30, 2008. This decrease was primarily the result of a decrease in interest income in the nine months ended September 30, 2008 due to lower average cash balances on hand between periods.

Other income (expense), net. Other income (expense), net, was $11,000 of income in the nine months ended September 30, 2008, as compared to $229,000 of expense in the nine months ended September 30, 2007. The increase was primarily related to the write-off of certain costs related to station relocation in the nine months ended September 30, 2007 that did not occur in the nine months ended September 30, 2008, and the sale of certain assets in the nine months ended September 30, 2008 that did not occur in the nine months ended September 30, 2007.

Equity in gains (losses) of equity method investee. During the nine months ended September 30, 2008, we recognized $120,000 of equity losses related to our joint venture in Peru. The CNG station owned by the joint venture opened in April 2008.

Minority interest in net income. During the nine months ended September 30, 2008, we recorded $14,000 for the minority interest in the net income of DCE. The minority interest represents the 30% interest of our joint venture partner. The results of DCE's operations have been included in the consolidated financial statements since August 15, 2008, the date of acquisition.

Liquidity and Capital Resources

Historically, our principal sources of liquidity have consisted of cash provided by operations and financing activities, cash and cash equivalents, the issuance of common stock, sometimes in association with the exercise of certain warrants that were callable at our option, and in 2006 a revolving line of credit with Boone Pickens, our majority stockholder. In May 2007, we completed our initial public offering of 10,000,000 shares of common stock at a public offering price of $12.00 per share. Net cash proceeds from the initial public offering were approximately $108.5 million, after deducting underwriting discounts, commissions and offering expenses. On August 15, 2008, in connection with our acquisition of 70% of the membership interests of DCE, we entered into a credit agreement with PlainsCapital Bank pursuant to which we borrowed $18.0 million under a term loan and an additional $4.2 million (as of September 30, 2008) under a line of credit (see note 11 to the accompanying condensed consolidated financial statements). On September 24, 2008, we sold 319,488 shares of our common stock at a price of $15.65 per share to Boone Pickens Interests, Ltd. for proceeds of approximately $5.0 million. On November 3, 2008 we sold 4,419,192 units of common stock and warrants for $7.92 per unit (See note 20 to the accompanying condensed consolidated financial statements for a discussion of the transaction) and we raised net proceeds of approximately $32.5 million after deducting offering costs.

In addition to funding operations, our principal uses of cash have been, and are expected to be, the construction of new fueling stations, the construction of a new LNG liquefaction plant in California, the purchase of new LNG tanker trailers, the financing of natural gas vehicles for our customers, and general corporate purposes, including making deposits to support our derivative activities, geographic expansion (domestically and internationally), expanding our sales and marketing activities,

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our support for Proposition 10 and for working capital for our expansion. We may also seek to acquire companies or assets in the natural gas fueling infrastructure, services and production industries. We financed our operations in the first nine months of 2008 primarily through cash on hand.

At September 30, 2008, we had total cash and cash equivalents of $30.4 million compared to $67.9 million at December 31, 2007. Following the sale of 4,419,192 units of common stock and warrants, (consisting of an aggregate of 4,419,492 shares of common stock, Series I Warrants to purchase up to an aggregate of 3,314,394 shares of common stock, and Series II Warrants to purchase up to an aggregate of 1,136,364 shares of common stock) in a transaction that closed November 3, 2008, we had total cash and cash equivalents of approximately $38.5 million. We did not have any short-term investments at September 30, 2008 as we sold them all during the nine month periods ended September 30, 2008. We had $12.5 million of short-term investments at December 31, 2007.

Cash provided by operating activities was $7.8 million for the nine months ended September 30, 2008, compared to cash provided by operating activities of $8.6 million for the nine months ended September 30, 2007. The decrease in operating cash flow resulted primarily from an increase in our net loss between periods. Offsetting this decrease was a $13.3 million increase between periods related to net returns of LNG truck deposits. The remaining changes primarily resulted from changes in working capital balances, which were mostly due to timing differences related to the various cash flows between periods.

Cash used in investing activities was $72.7 million for the nine months ended September 30, 2008, compared to $45.1 million for the nine months ended September 30, 2007. Our purchases of property and equipment were $59.8 million during the first nine months of 2008. Included in purchases of property and equipment in the first nine months of 2008 was $39.9 million of construction costs related to our LNG liquefaction plant in California. In the first nine months of 2007, we purchased $14.8 million of short-term investments with our initial public offering proceeds from May 2007. In the first nine months of 2008, all of our short-term investments were sold or matured resulting in net cash proceeds of $12.5 million. In August 2008, we purchased a 70% interest in DCE and our total cash outlay for the acquisition including transaction costs was $19.6 million. We also made an investment during the first nine

months of 2008 of $3.2 million in the Vehicle Production Group, LLC, a company developing a CNG taxi and a paratransit vehicle, and transferred $2.5 million of our cash balance to a restricted account in accordance with our August 2008 credit agreement with PlainsCapital Bank.

Cash provided by financing activities for the nine months ended September 30, 2008 was $27.3 million, compared to $110.3 million for the nine months ended September 30, 2007. In May 2007, we completed our initial public offering, which raised $110.3 million during the nine month period ended September 30, 2007. In August 2008, we borrowed $22.1 million to fund the acquisition of our interest in DCE, and to pay other amounts related to the transaction. In addition, in September 2008, we issued and sold 319,488 shares of our common stock for an aggregate purchase price of approximately $5.0 million.

Our financial position and liquidity are, and will be, influenced by a variety of factors, including our ability to generate cash flows from operations, deposits and margin calls on our futures positions, the level of any outstanding indebtedness and the interest we are obligated to pay on this indebtedness, and our capital expenditure requirements, which consist primarily of station construction, LNG plant construction, and the purchase of LNG tanker trailers and equipment.

We intend to fund our principal liquidity requirements through cash and cash equivalents, cash provided by operations and through debt or equity financings. We anticipate we have enough cash to fund our 2008 capital expenditure budget. We anticipate that we will need to raise additional capital in 2009 to fund our 2009 capital expenditure budget in full; however, the timing and necessity of any future capital raise will depend primarily on the rate of new station construction and other capital expenditures. We may also seek to acquire companies or assets in the natural gas fueling infrastructure, services and production industries. If we do so, we may need to raise additional capital as necessary to fund any such acquisitions as we did not contemplate any acquisitions in our 2008 capital expenditure plan.

Capital Expenditures

We expect to make capital expenditures, net of grant proceeds, of approximately $80.7 million in 2008 to construct new natural gas fueling stations, to complete construction of our LNG liquefaction plant in California, and for general corporate purposes. Of the $80.7 million, we have budgeted approximately $49.9 million during 2008 to complete construction of our LNG liquefaction plant in California, which we anticipate will be operational in November 2008. We also anticipate using approximately $3.4 million to finance the purchase of natural gas vehicles by our customers during 2008.

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Contractual Obligations

The following represents the scheduled maturities of our contractual obligations as of September 30, 2008:

	Payments Due by Period				
Contractual Obligations:	**Total**	**Remainder of 2008**	**2009 and 2010**	**2011 through 2013**	**2014 and beyond**
Long-term debt and capital lease obligations (a)	$ 26,863,390	$ 540,929	$ 6,826,359	$ 19,496,102	$ —
Operating lease commitments (b)	10,405,454	431,868	3,413,464	4,594,567	1,965,555
“Take-or-pay” LNG purchase contracts (c)	8,343,000	2,455,500	4,890,000	997,500	—
Construction contracts (d)	14,899,898	14,899,898	—	—	—
Other long-term contract liabilities (e)	9,944,393	9,944,393	—	—	—
Total	$ 70,456,135	$ 28,272,588	$ 15,129,823	$ 25,088,169	$ 1,965,555

(a) Consists of long-term debt and capital lease obligations under a lease of capital equipment used to finance such equipment.

(b) Consists of various space and ground leases for our offices and fueling stations as well as leases for equipment.

(c) The amounts in the table represent our estimates for our fixed LNG purchase commitments under three “take or pay” contracts. In October 2007, we entered into a 10-year contingent take-or-pay commitment for 45,000 LNG gallons per day from an LNG plant to be constructed in Arizona, which commitment is not reflected in the table above because of the contingent nature of the obligation. This obligation is contingent on the successful commencement of operations at the LNG plant.

(d) Consists of our obligations to fund various fueling station construction projects, net of amounts funded through September 30, 2008, and excluding contractual commitments related to station sales contracts.

(e) Consists of our obligations to fund certain vehicles under binding purchase agreements and our commitments under binding purchase agreements and contracts we have entered into to acquire certain equipment and services related to the construction of our LNG plant in California. Amounts shown are net of amounts funded through September 30, 2008.

Off-Balance Sheet Arrangements

At September 30, 2008, we had the following off-balance sheet arrangements:

- outstanding standby letters of credit totaling $16,000,
- outstanding surety bonds for construction contracts and general corporate purposes totaling $9.5 million,
- three take-or-pay contracts for the purchase of LNG,
- operating leases where we are the lessee,

- capital leases where we are the lessor and owner of the equipment, and
- firm commitments to sell CNG and LNG at fixed prices or index-plus prices subject to a price cap.

We provide standby letters of credit primarily to support facility leases and equipment purchases and surety bonds primarily for construction contracts in the ordinary course of business, as a form of guarantee. No liability has been recorded in connection with standby letters of credit or surety bonds as we do not believe, based on historical experience and information currently available, that it is probable that any amounts will be required to be paid under these arrangements for which we will not be reimbursed.

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We have entered into contracts with three vendors to purchase LNG that require us to purchase minimum volumes from the vendors. One of the contracts expires in December 2008, one expires in March 2009 and the other contract expires in June 2011. The minimum commitments under these three contracts are included in the table set forth under “Take-or-pay” LNG purchase contracts above. In October 2007, we entered into a contingent take-or-pay contract from an LNG plant that is under construction that is not included in the table above.

We have entered into operating lease arrangements for certain equipment and for our office and field operating locations in the ordinary course of business. The terms of our leases expire at various dates through 2016. Additionally, in November 2006, we entered into a ground lease for 36 acres in California on which we are building an LNG liquefaction plant. We have budgeted approximately $49.9 million in 2008 to finish construction of this plant. The lease is for an initial term of 30 years, beginning on the date that the plant commences operations, and requires annual base rent payments of $230,000 per year, plus $130,000 per year for each 30 million gallons of production capacity, subject to future adjustment based on consumer price index changes. We must also pay a royalty to the landlord for each gallon of LNG produced at the facility, as well as for certain other services that the landlord will provide. As the payments are contingent obligations, they are not included in “Operating lease commitments” in the “Contractual Obligations” table set forth above.

We are also the lessor in various leases with our customers, whereby our customers lease from us certain stations and equipment that we own. The leases generally qualify as sales-type leases for accounting purposes, which result in our customers, the lessees, reflecting the property and equipment on their balance sheets.

Item 3. – Quantitative and Qualitative Disclosures About Market Risk

Commodity Risk We are subject to market risk with respect to our sales of natural gas, which has historically been subject to volatile market conditions. Our exposure to market risk is heightened when we have a fixed price or price cap sales contract with a customer that is not covered by a futures contract, or when we are otherwise unable to pass through natural gas price increases to customers. Natural gas prices and availability are affected by many factors, including weather conditions, overall economic conditions and foreign and domestic governmental regulation and relations.

Natural gas costs represented 58% of our cost of sales for 2007 and 64% of our cost of sales for the nine months ended September 30, 2008. Prices for natural gas over the eight-year and nine-month period from December 31, 1999 through September 30, 2008, based on the NYMEX daily futures data, has ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. At September 30, 2008, the NYMEX index price of natural gas was $8.40 per Mcf.

To reduce price risk caused by market fluctuations in natural gas, we may enter into exchange traded natural gas futures contracts. These arrangements also expose us to the risk of financial loss in situations where the other party to the contract defaults on its contract or there is a change in the expected differential between the underlying price in the contract and the actual price of natural gas we pay at the delivery point.

We account for these futures contracts in accordance with SFAS 133. Under this standard, the accounting for changes in the fair value of a derivative depends upon whether it has been designated in a hedging relationship and, further, on the type of hedging relationship. To qualify for designation in a hedging relationship, specific criteria must be met and appropriate documentation maintained. Historically, our derivative instruments have not qualified for hedge accounting under SFAS 133. We did not have any derivative instruments during the year ended December 31, 2007, and had certain derivative instruments at September 30, 2008 to hedge a fixed-price LNG supply contract with a customer that did qualify for hedge accounting.

The fair value of the futures contracts we use is based on quoted prices in active exchange traded or over the counter markets. The fair value of these futures contracts is continually subject to change due to changing market conditions. In an effort to mitigate the volatility in our earnings related to futures activities, in February 2007, our board of directors adopted a revised natural gas hedging policy which restricts our ability to purchase natural gas futures contracts and offer fixed-price sales contracts to our customers. This policy was further revised by our board of directors in May 2008. We plan to structure prospective futures contracts so that they will be accounted for as cash flow hedges under SFAS 133, but we cannot be certain they will qualify.

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We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to the futures contracts we still hold as of the date of this report to hedge the fixed-price component of the portion of the City of Phoenix LNG supply contract we were awarded. If the price of natural gas were to fluctuate (increase or decrease) by 10% from the price quoted on NYMEX on September 30, 2008 ($8.40 per Mcf), we could expect a corresponding fluctuation in the value of the contracts of approximately $0.3 million.

We have also prepared a sensitivity analysis to estimate our exposure to market risk with respect to our fixed price and price cap sales contracts as of September 30, 2008. Market risk is estimated as the potential loss resulting from a hypothetical 10.0% adverse change in the fair value of natural gas prices. The results of this analysis, which assumes natural gas prices are in excess of our customer’s price cap arrangements, and may differ from actual results, are as follows:

	Hypothetical adverse change in price	Change in annual pre-tax income (in millions)

Fixed price contracts	10.0%	$	(0.3)
Price cap contracts	10.0%	$	(0.3)

This table does not include two 2.1 million LNG gallon per year renewal options beginning April 1, 2009 that one of our customers possesses related to an LNG price cap contract. Had the contract been included, assuming both renewal periods were exercised, the resulting amount for the price cap contracts would be $(0.6) million.

Item 4. – Controls and Procedures

Not applicable

Item 4T. – Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure. We carried out an evaluation, under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by the report.

Changes in Internal Control over Financial Reporting

In addition, an evaluation was performed under the supervision of and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of any change in our internal control over financial reporting that has occurred during our last fiscal quarter that has materially affected, or is reasonably likely to affect materially, our internal control over financial reporting. There has been no change in our internal control over financial reporting during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

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PART II. – OTHER INFORMATION

Item 1. – Legal Proceedings

We may become party to various legal actions that arise in the ordinary course of our business. We are currently engaged in commercial litigation with an LNG supplier but we do not believe the outcome of the litigation will have a material adverse effect on our consolidated financial position or results of operations. During the course of our operations, we are also subject to audit by tax authorities for varying periods in various federal, state, local, and foreign tax jurisdictions. Disputes may arise during the course of such audits as to facts and matters of law. It is impossible at this time to determine the ultimate liabilities that we may incur resulting from any lawsuits, claims and proceedings, audits, commitments, contingencies and related matters or the timing if these liabilities, if any. If these matters were to be ultimately resolved unfavorably, an outcome not currently anticipated, it is possible that such outcome could have a material adverse effect upon our consolidated financial position or results of operations. However, we believe that the ultimate resolution of such actions will not have a material adverse affect on our consolidated financial position, results of operations, or liquidity.

Item 1A. – Risk Factors

An investment in our common stock involves a substantial risk of loss. You should carefully consider the risk factors discussed below together with the risk factors in Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2007 and all of the other information included in this report before you decide to purchase shares of our common stock. We believe the risks and uncertainties described below are the most significant we face. The occurrence of any of the following risks could harm our business. In that case, the trading price of our common stock could decline. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our operations.

We have a history of losses and may incur additional losses in the future.

For the nine month period ended September 30, 2008, we incurred pre-tax losses of $18.3 million, which includes derivative losses of $0.3 million. In 2006 and 2007, we incurred pre-tax losses of $89.8 million and $7.7 million, respectively, which include derivative losses of $79.0 million and $0.0 million, respectively. In 2004 and 2005, we reported pre-tax net income of $3.8 million and $28.9 million, respectively, but we would have reported pre-tax net losses related our operations if we excluded derivative gains of $10.6 million and $44.1 million, respectively. For the three-month period ended September 30, 2008, we incur a net loss of $10.5 million, which includes a previously disclosed $6.0 million loss on the sale of natural gas futures contracts, and $500,000 in expenses associated with our support for Proposition 10, the California Alternative Fuel Vehicles and Renewable Energy ballot initiative. In order to execute our strategy, we must continue to invest in developing the natural gas vehicle fuel market, and our natural gas sales activities and station operations may not achieve or maintain profitability. If our natural gas sales activities and station operations continue to lose money, our business will suffer and the price of our common stock may drop.

We will need to raise debt or equity capital to have sufficient cash to fund our capital expenditure program and an inability to access the capital markets may impair our ability to grow our business.

We anticipate that, in order to raise additional funds to fund our 2009 capital expenditure program in full and provide resources for potential acquisition activity or other strategic transactions and vehicle financing programs, we will need to pursue additional equity financing options, which may not be available on terms favorable to us or at all. We may also pursue debt financing options including, but not limited to, the sale of convertible promissory notes or commercial bank financing. Recent and severe lack of liquidity in the debt capital markets and volatility and rapidly falling prices in the equity

capital markets have severely and adversely affected capital raising opportunities. If we are unable to obtain debt or equity financing in amounts sufficient to fund our 2009 capital expenditure program in full and provide resources for acquisitions or other strategic transactions, we will be forced to suspend or curtail certain of our planned expansion activities, including new station construction, potential acquisitions or other strategic transactions, and vehicle financing programs, which could harm our business, results of operations, and future prospects.

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We invested $18.7 million supporting Proposition 10, which was not approved by California voters in the November election.

We invested a total of approximately $18.7 million, of which approximately $15 million was invested in the fourth quarter of 2008, supporting the California Alternative Fuel Vehicles and Renewable Energy Initiative, or Proposition 10, a California statewide ballot initiative that called for the creation of a state-administered $5.0 billion fund through the sale of bonds to support development of alternative fuels and energy in California. Proposition 10 failed to pass and this may result in investors and securities analysts lowering their projections and expectations for our future financial performance and growth, which may harm our stock price. Our results for the fourth quarter of 2008 will include substantially higher than anticipated expenses as a result of the $15 million we spent in the fourth quarter of 2008 supporting Proposition 10.

Failure to comply with the terms of our Credit Agreement with PlainsCapital Bank could impair our rights in Dallas Clean Energy, LLC and other secured property.

We recently acquired a 70% interest in Dallas Clean Energy, LLC ("DCE"), a partnership that manages a biomethane production facility at the McCommas Bluff landfill in Dallas, Texas and holds a lease to the associated landfill gas development rights. We borrowed $18.0 million from PlainsCapital Bank to fund the acquisition and obtained a $12 million line of credit from PlainsCapital to finance capital improvements of the gas processing plant and pay certain costs and expenses of the acquisition. We have utilized $4.2 million of the line of credit as of October 28, 2008. To secure our obligations under the Credit Agreement, we granted PlainsCapital Bank a security interest in 45 of our LNG tanker trailers, certain accounts receivable and inventory, our note receivable from, and our membership interests in, DCE. If we default on the Credit Agreement or otherwise fail to comply with any of the negative or affirmative covenants of the Credit Agreement, PlainsCapital Bank may declare all of the obligations and indebtedness under the Credit Agreement (and related documents) due and payable. In such a scenario, we may lose our right, title and interest in the property that secures such obligations and indebtedness.

Our growth depends in part on environmental regulations and programs mandating the use of cleaner burning fuels, and modification or repeal of these regulations may adversely impact our business.

Our business depends in part on environmental regulations and programs in the United States that promote or mandate the use of cleaner burning fuels, including natural gas for vehicles. In particular, the Ports of Los Angeles and Long Beach have adopted the San Pedro Clean Air Action Plan, which calls for the replacement of 5,300 trucks that meet certain "clean" truck standards. Industry participants with a vested interest in gasoline and diesel, many of which have substantially greater resources than we do, invest significant time and money in an effort to influence environmental regulations in ways that delay or repeal requirements for cleaner vehicle emissions. An economic recession may result in the delay, amendment or waiver of environmental regulations or the San Pedro Clean Air Action Plan due to the perception that they impose increased costs on the transportation industry that cannot be absorbed in a contracting economy. The delay, repeal or modification of federal or state regulations or programs that encourage the use of cleaner vehicles, and in particular the San Pedro Clean Air Action Plan, could have a detrimental effect on the U.S. natural gas vehicle industry, which, in turn, could slow our growth and adversely affect our business.

Our growth depends in part on tax and related government incentives for clean burning fuels. A reduction in these incentives would increase the cost of natural gas fuel and vehicles for our customers and could significantly reduce our revenue.

Our business depends in part on tax credits, rebates and similar federal, state and local government incentives that promote the use of natural gas as a vehicle fuel in the United States. The federal excise tax credit of $0.50 per gasoline gallon equivalent of CNG and liquid gallon of LNG sold for vehicle fuel use, which began on October 1, 2006, is scheduled to expire December 31, 2009. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. In 2007 and during the first nine months of 2008, we recorded $17.0 million and $15.5 million of revenue, respectively, related to fuel tax credits, representing approximately 14.5% and 15.5%, respectively, of our total revenue during the period. The failure to extend the federal excise tax credit for natural gas, or the repeal of federal or state tax credits for the purchase of natural gas vehicles or natural gas fueling equipment, could have a detrimental effect on the natural gas vehicle industry, which, in turn, could adversely affect our business and results of operations. In addition, if grant funds were no longer available under existing government programs, the purchase of or conversion to natural gas vehicles and station construction could slow and our business and results of operations could be adversely affected. Any reduction in tax revenues associated with an economic recession or slow-down could result in a significant reduction in funds available for government grants that support vehicle conversion and station construction and impair our ability to grow our business.

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The volatility of natural gas prices could adversely impact the adoption of CNG and LNG vehicle fuel and our business.

In the recent past, the price of natural gas has been volatile, and this volatility may continue. From the end of 1999 through October 28, 2008, the price for natural gas, based on the New York Mercantile Exchange (NYMEX) daily futures data, ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. As of October 28, 2008, the NYMEX index price for natural gas was $7.48 per Mcf. Increased natural gas prices affect the cost to us of natural gas and will adversely impact our operating margins in cases where we have committed to sell natural gas at a fixed price without a futures contract or with an ineffective futures contract that does not fully mitigate the price risk or where we otherwise cannot pass on the increased costs to our customers. In addition, higher natural gas prices may cause CNG and LNG to cost more than gasoline and diesel generally, which would adversely impact the adoption of CNG and LNG as a vehicle fuel. Among the factors that can cause price fluctuations in natural gas prices are changes in domestic and foreign supplies of natural gas, domestic storage levels, crude oil prices, the price difference between crude oil and natural gas, price and availability of alternative fuels, weather conditions,

level of consumer demand, economic conditions, price of foreign natural gas imports, and domestic and foreign governmental regulations and political conditions.

The use of natural gas as a vehicle fuel may not become sufficiently accepted for us to expand our business.

To expand our business, we must develop new fleet customers and obtain and fulfill CNG and LNG fueling contracts from these customers. We cannot guarantee that we will be able to develop these customers or obtain these fueling contracts. Whether we will be able to expand our customer base will depend on a number of factors, including: the level of acceptance and availability of natural gas vehicles, the growth in our target markets of fueling station infrastructure that supports CNG and LNG sales, and our ability to supply CNG and LNG at competitive prices. Recently, disruption in the capital markets has severely reduced the availability of debt financing. If our potential customers are unable to access credit to purchase natural gas vehicles it may make it difficult or impossible for them to invest in natural gas vehicle fleets, which would impair our ability to grow our business.

A decline in the demand for vehicular natural gas would reduce our revenue and negatively affect our ability to sustain our revenue growth.

We derive our revenue primarily from sales of CNG and LNG as a fuel for fleet vehicles, and we expect this trend will continue. A downturn in demand for CNG and LNG would adversely affect our revenue and ability to sustain and grow our operations. Circumstances that could cause a drop in demand for CNG and LNG vehicle fuel are described in other risk factors and include a reduction in supply of natural gas, changes in governmental incentives, the development of other alternative fuels and technologies, an economic slowdown, prolonged disruption in the capital markets and a sustained increase in the price of natural gas relative to gasoline and diesel.

If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline and diesel, potential fleet customers will have less incentive to purchase natural gas vehicles or convert their fleets to natural gas, which would decrease demand for CNG and LNG and limit our growth.

Natural gas vehicles cost more than comparable gasoline or diesel powered vehicles because converting a vehicle to use natural gas adds to its base cost. If the prices of CNG and LNG do not remain sufficiently below the prices of gasoline or diesel, fleet operators may be unable to recover the additional costs of acquiring or converting to natural gas vehicles in a timely manner, and they may choose not to use natural gas vehicles. Recent and extreme volatility in oil and gas prices demonstrate that it is difficult to predict future transportation fuel costs. This uncertainty, combined with higher costs for natural gas vehicles, may cause potential customers to delay or reject converting their fleets to run on natural gas. In that event, our growth would be slowed and our business would suffer.

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Automobile and engine manufacturers produce very few originally manufactured natural gas vehicles and engines for the U.S. and Canadian markets, which may restrict our sales.

Limited availability of natural gas vehicles restricts their wide scale introduction and narrows our potential customer base. Currently, original equipment manufacturers produce a small number of natural gas engines and vehicles, and they may not make adequate investments to expand their natural gas engine and vehicle product lines. For the North American market, there is only one automobile manufacturer that makes natural gas powered passenger vehicles, and manufacturers of medium and heavy-duty vehicles produce only a narrow range and number of natural gas vehicles. Recent and significant economic challenges confronted by North American car manufacturers may make it difficult or impossible for them to introduce new natural gas vehicles in the North American market. Due to the limited supply of natural gas vehicles, our ability to promote natural gas vehicles and our sales may be restricted, even if there is demand.

Our ability to supply LNG to new and existing customers is restricted by limited production of LNG and by our ability to source LNG without interruption and near our target markets.

Production of LNG in the United States is fragmented. LNG is produced at a variety of smaller natural gas plants around the United States as well as at larger plants where it is a byproduct of their primary natural gas production. It may become difficult for us to obtain additional LNG without interruption and near our current or target markets at competitive prices. If our current LNG liquefaction plant, or any of those from which we purchase LNG, is damaged by severe weather, earthquake or other natural disaster, or otherwise experiences prolonged downtime, our LNG supply will be restricted. In addition, the LNG liquefaction plant we are in the process of building in California may be significantly delayed or never successfully commence full scale commercial operations. If we are unable to supply enough of our own LNG or purchase it from third parties to meet existing customer demand, we may be liable to our customers for penalties. An LNG supply interruption would also limit our ability to expand LNG sales to new customers, which would hinder our growth. Furthermore, because transportation of LNG is relatively expensive, if we are required to supply LNG to our customers from distant locations, our operating margins will decrease on those sales.

LNG supply purchase commitments may exceed demand causing our costs to increase and impact LNG sales margins.

Some of our LNG supply agreements have take or pay commitments and the new California LNG liquefaction plant has land lease and other fixed operating costs regardless of production and sales levels. Should the market demand for LNG decline or if demand under any existing or any future LNG supply contracts does not continue or grow, overall operating and supply costs may increase and negatively impact our margins.

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Two of our third-party LNG suppliers may cancel their supply contracts with us on short notice or increase their LNG prices, which would hinder our ability to meet customer demand and increase our costs.

Two third-party LNG suppliers, Williams Gas Processing Company and ExxonMobil Corporation, supplied approximately 47% of the LNG we sold for the year ended December 31, 2007 and supplied 49% of the LNG we sold during the first nine months of 2008. Our contracts with these LNG suppliers generally may be terminated by the supplier on short notice. In addition, under certain circumstances, Williams Gas Processing Company may significantly

increase the price of LNG we purchase upon 24 hours' notice if Williams' costs to produce LNG increases, and we may be required to reimburse Williams for certain other expenses. Our contract with ExxonMobil Corporation, which supplied 15% of the LNG we sold for the year ended December 31, 2007 and 20% during the first nine months of 2008, expires on March 31, 2009. Furthermore, there are a limited number of LNG suppliers in or near the areas where our LNG customers are located. It may be difficult to replace an LNG supplier, and we may be unable to obtain alternate suppliers at acceptable prices, in a timely manner or at all. If significant supply interruptions occur, our ability to meet customer demand will be impaired, customers may cancel orders and we may be subject to supply interruption penalties. If we are subject to LNG price increases, our operating margins may be impaired and we may be forced to sell LNG at a loss under our LNG supply contracts.

If we are unable to obtain natural gas in the amounts needed on a timely basis or at reasonable prices, we could experience an interruption of CNG or LNG deliveries or increases in CNG or LNG costs, either of which could have an adverse effect on our business.

Some regions of the United States and Canada depend heavily on natural gas supplies coming from particular fields or pipelines. Interruptions in field production or in pipeline capacity could reduce the availability of natural gas or possibly create a supply imbalance that increases fuel price. We have in the past experienced LNG supply disruptions due to severe weather in the Gulf of Mexico and plant outages. If there are interruptions in field production, pipeline capacity, equipment failure, liquefaction production or delivery, we may experience supply stoppages which could result in our inability to fulfill delivery commitments. This could result in our being liable for contractual damages and daily penalties or otherwise adversely affect our business.

We are in the process of constructing a new LNG liquefaction plant, which could cost more to build and operate than we estimate and divert resources and management attention.

We are in the process of constructing an LNG liquefaction plant in California, which we plan to operate upon completion. The construction, implementation and operation of any plant of this nature has inherent risks. Permitting, environmental issues, lack of materials and lack of human resources, among other factors, could delay implementation and start up of the new LNG liquefaction plant and affect the operation of the plant. Building the new facility could also present increased financial exposure through project delays, cost-overruns and incomplete production capability. As of the date of this report, we anticipate the completion of the LNG liquefaction plant will cost in the aggregate approximately $75 million, which is approximately $20 to $25 million more than we originally anticipated due to design changes and cost increases. If the new plant has higher than expected operating costs and is not able to produce expected amounts of LNG, we may be forced to sell LNG at a price below production costs and we may lose money. Additionally, if the quality of LNG produced at the plant does not meet contractual specifications, our customers may not be required to purchase it, which would harm our business.

If we do not have effective futures contracts in place, increases in natural gas prices may cause us to lose money.

From 2005 to September 30, 2008, we sold and delivered 31% of our total gasoline gallon equivalents of CNG and LNG under contracts that provided a fixed price or a price cap to our customers over terms typically ranging from one to three years, and in some cases up to five years. At any given time, however, the market price of natural gas may rise and our

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obligations to sell fuel under fixed price contracts may be at prices lower than our fuel purchase or production price if we do not have effective futures contracts in place. This circumstance has in the past and may again in the future compel us to sell fuel at a loss, which would adversely affect our results of operations and financial condition. Commencing with the adoption of our revised natural gas hedging policy in February 2007, we expect to purchase futures contracts to hedge our exposure to variability related to substantial fixed price contracts. However, such contracts may not be available or we may not have sufficient financial resources to secure such contacts. In addition, under our hedging policy, we may reduce or remove futures contracts we have in place related to these contracts if such disposition is approved in advance by our board of directors and derivative committee. If we are not economically hedged with respect to our fixed price contracts, we will lose money in connection with those contracts during periods in which natural gas prices increase above the prices of natural gas included in our customers' contracts. As of September 30, 2008, we were economically hedged with respect to one of our fixed price contracts that began July 1, 2008. Based on natural gas prices as of September 30, 2008, we incur between $0.4 million and $0.5 million of costs to cover the increased price of natural gas above the inherent price of natural gas embedded in our customers' fixed price and price cap contracts where we are not economically hedged over the duration of the contracts. We expect the majority of these costs will be incurred from October 1, 2008 through December 31, 2009.

Our futures contracts may not be as effective as we intend.

Our purchase of futures contracts can result in substantial losses under various circumstances, including if we do not accurately estimate the volume requirements under our fixed price or price cap customer contracts when determining the volumes included in the futures contracts we purchase, or we are required to purchase a futures contract in connection with a bid proposal and ultimately we are not awarded the entire contract or our customer does not fully perform its obligations under the awarded contract. We also could incur significant losses if a counterparty does not perform its obligations under the applicable futures arrangement, the futures arrangement is economically imperfect or ineffective, or our futures policies and procedures are not properly followed or do not work as planned. Furthermore, we cannot assure that the steps we take to monitor our futures activities will detect and prevent violations of our risk management policies and procedures.

A decline in the value of our futures contracts may result in margin calls that would adversely impact our liquidity.

We are required to maintain a margin account to cover losses related to our natural gas futures contracts. Futures contracts are valued daily, and if our contracts are in loss positions at the end of a trading day, our broker will transfer the amount of the losses from our margin account to a clearinghouse. If at any time the funds in our margin account drop below a specified maintenance level, our broker will issue a margin call that requires us to restore the balance. Payments we make to satisfy margin calls will reduce our cash reserves, adversely impact our liquidity and may also adversely impact our ability to expand our business. Moreover, if we are unable to satisfy the margin calls related to our futures contracts, our broker may sell these contracts to restore the margin requirement at a substantial loss to us. At October 28, 2008, we had $0.8 million on deposit related to our futures contracts.

If our futures contracts do not qualify for hedge accounting, our net income and stockholders' equity will fluctuate more significantly from quarter to quarter based on fluctuations in the market value of our futures contracts.

We account for our futures activities under Statement of Financial Accounting Standards No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended (SFAS 133), which requires us to value our futures contracts at fair market value in our financial statements. Our futures contracts historically have not qualified for hedge accounting, and therefore we have recorded any changes in the fair market value of these contracts directly in our consolidated statements of operations in the line item "derivative (gains) losses" along with any realized gains or losses during the period. In the future, we will attempt to qualify all of our futures contracts for hedge accounting under SFAS 133, but there can be no assurances that we will be successful in doing so. To the extent that all or some of our futures contracts do not qualify for hedge accounting, we could incur significant increases and decreases in our net income and stockholders' equity in the future based on fluctuations in the market value of our futures contracts from quarter to quarter. For example, we experienced a derivative gain of $33.1 million and $5.7 million for the three months ended September 30, 2005 and June 30, 2008, respectively, and experienced derivative losses of $19.9 million, $0.3 million, $65 million and $13.7 million for the three months ended December 31, 2005, March 31, 2006, September 30, 2006 and December 31, 2006, respectively. We had no derivative gains or losses for the three months ended June 30, 2006, March 31, 2007, June 30, 2007, September 30, 2007, December 31, 2007 and March 31, 2008. In July 2008, we sold certain contracts related to the derivative instruments we purchased in April 2008 and we realized a loss of $6.0 million, which was reflected in the financial statements for the quarter ended September 30, 2008. Any negative fluctuations may cause our stock price to decline due to our failure to meet or exceed the expectations of securities analysts or investors.

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Natural gas operations entail inherent safety and environmental risks that may result in substantial liability to us.

Natural gas operations entail inherent risks, including equipment defects, malfunctions and failures and natural disasters, which could result in uncontrollable flows of natural gas, fires, explosions and other damages. For example, operation of LNG pumps requires special training and protective equipment because of the extreme low temperatures of LNG. LNG tanker trailers have also in the past been, and may in the future be, involved in accidents that result in explosions, fires and other damage. Improper refueling of LNG vehicles can result in venting of methane gas. Additionally, CNG fuel tanks, if damaged or improperly maintained, may rupture and the contents of the tank may rapidly decompress and result in injury. These risks may expose us to liability for personal injury, wrongful death, property damage, pollution and other environmental damage. We may incur substantial liability and cost if damages are not covered by insurance or are in excess of policy limits.

Our business is heavily concentrated in the western United States, particularly in California and Arizona. Economic downturns in these regions could adversely impact our business.

Our operations to date have been concentrated in California and Arizona. For the year ended December 31, 2007 and the nine months ended September 30, 2008, sales in California accounted for 40% and 45%, respectively, and sales in Arizona accounted for 20% and 16%, respectively, of the total amount of gallons we delivered. A continuing decline in the economy in these areas could slow the rate of adoption of natural gas vehicles or impact the availability of incentive funds, both of which could negatively impact our growth.

We provide financing to fleet customers for natural gas vehicles, which exposes our business to credit risks.

We loan to our customers up to 100% of the purchase price of natural gas vehicles. We may also lease vehicles to customers in the future. There are risks associated with providing financing or leasing that could cause us to lose money. Some of these risks include: most of the equipment financed is vehicles, which are mobile and easily damaged, lost or stolen; there is a risk the borrower may default on payments; we may not be able to bill properly or track payments in adequate fashion to sustain growth of this service; and the amount of capital available to us is limited and may not allow us to make loans required by customers. The continued disruption in the credit markets may further reduce the amount of capital available to us and an economic recession or slow down may increase the rate of default by borrowers, leading to an increase in losses on our loan portfolio. As of September 30, 2008 we had $4.4 million outstanding in loans provided to customers to finance natural gas vehicle purchases.

We may incur losses and use working capital if we are unable to place with customers the natural gas vehicles that we or our business partners order from manufacturers.

To ensure availability for our customers, from time to time we enter into binding purchase agreements for natural gas vehicles when there is a production lead time. Although we attempt to arrange for customers to purchase the vehicles before delivery to us, we may be unable to locate purchasers on a timely basis and consequently may need to take delivery of and title to the vehicles. These purchases would adversely affect our cash reserves until such time as we can sell the vehicles to our customers, and we may be forced to sell the vehicles at a loss. At September 30, 2008, we had $10.2 million of deposits on vehicles under binding purchase agreements without corresponding customer orders.

We may also agree to guaranty the purchase of natural gas vehicles on behalf of our business partners. For example, in July 2006, we entered into an agreement with Inland Kenworth, Inc. (Inland) pursuant to which we agreed to deposit certain amounts with Inland, as security for a guaranty, to help fund the acquisition by Kenworth Truck Company (Kenworth) of up to 125 diesel tractors. At September 30, 2008, we had outstanding $5.5 million of deposits under this agreement. If any tractor purchased by Inland remains unsold after a period of 365 days, we must either purchase the tractor or instruct Inland to sell the tractor.

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We have advanced deposits to a business partner to help fund the conversion of diesel tractors to run on LNG. To the extent any converted tractor is not sold within 24 months of the date of the applicable deposit agreement, we may forfeit the deposit related to such vehicle.

We entered into two deposit agreements with Westport in 2007 to facilitate the production of LNG fuel systems for installation in the tractors purchased by Inland. At September 30, 2008, we had outstanding a total of $4.7 million to Westport under these agreements. Repayment of these deposits will occur incrementally upon the sale of the converted tractors to customers; however, to the extent an LNG fuel system incorporated into a tractor is not sold within 24 months of the effective date of the applicable deposit agreement (or such other time period as is agreed by both us and Westport), Westport is not obligated to repay any of the deposit with respect to such LNG fuel system.

There are many risks associated with conducting operations in international markets.

We are in the process of expanding our operations outside of the United States and Canada. For example, in August 2007, we executed a joint venture agreement with Energy Gas del Peru pursuant to which we built and operate a natural gas fueling station in Lima, Peru. Changes in local economic or political conditions in foreign countries could have a material adverse effect on our business, consolidated financial condition, results of operations and cash flows. Additional risks inherent in our international business activities include the following: difficulties in managing international operations, including our ability to timely and cost effectively execute projects; unexpected changes in regulatory requirements; tariffs and other trade barriers that may restrict our ability to enter into new markets; governmental actions that result in the deprivation of contract rights; changes in political and economic conditions in the countries in which we operate, including civil uprisings, riots, kidnappings and terrorist acts; changes in foreign currency exchange rates; potentially adverse tax consequences; restrictions on repatriation of earnings or expropriation of property without fair compensation; difficulties in establishing new international offices and risks inherent in establishing new relationships in foreign countries; and the burden of complying with the various laws and regulations in the countries in which we operate.

Our future plans may involve expanding our business in international markets where we currently do not conduct business. The risks inherent in establishing new business ventures, especially in international markets where local customs, laws and business procedures present special challenges, may affect our ability to be successful in these ventures or avoid losses which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Our business is subject to a variety of governmental regulations that may restrict our business and may result in costs and penalties.

We are subject to a variety of federal, state and local laws and regulations relating to the environment, health and safety, labor and employment and taxation, among others. These laws and regulations are complex, change frequently and have tended to become more stringent over time. Failure to comply with these laws and regulations may result in a variety of administrative, civil and criminal enforcement measures, including assessment of monetary penalties and the imposition of remedial requirements. From time to time, as part of the regular overall evaluation of our operations, including newly acquired operations, we may be subject to compliance audits by regulatory authorities.

In connection with our LNG liquefaction activities or the landfill gas processing facility operated by our subsidiary, Dallas Clean Energy, LLC, we need to apply for additional facility permits or licenses to address storm water or wastewater discharges, waste handling, and air emissions related to production activities or equipment operations. This may subject us to permitting conditions that may be onerous or costly. Compliance with laws and regulations and enforcement policies by regulatory agencies could require us to make material expenditures.

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which may distract our officers, directors and employees from the operation of our business. These efforts may not ultimately be effective to maintain adequate internal controls. If we fail to establish and maintain effective controls and procedures for financial reporting, we could be unable to provide timely and accurate financial information. In addition, investor perceptions that our internal controls are inadequate or that we are unable to produce accurate financial statements may negatively affect our stock price.

Our quarterly results of operations have not been predictable in the past and have fluctuated significantly and may not be predictable and may fluctuate in the future.

Our quarterly results of operations have historically experienced significant fluctuations. Our net losses were $58.8 million, $14.6 million, $0.9 million, $3.6 million, $1.5 million, $2.9 million, $5.4 million and $2.4 million for the three months ended September 30, 2006, December 31, 2006, March 31, 2007, June 30, 2007, September 30, 2007, December 31, 2007, March 31, 2008 and June 30, 2008, respectively. For the three-month period ended September 30, 2008, we incurred a net loss of $18.5 million. Our quarterly results may fluctuate significantly as a result of a variety of factors, many of which are beyond our control. If our quarterly results of operations fall below the expectations of securities analysts or investors, the price of our common stock could decline substantially. Fluctuations in our quarterly results of operations historically have primarily been attributable to our derivative gains and losses, but also may be due to a number of other factors, including, but not limited to: our ability to increase sales to existing customers and attract new customers; the addition or loss of large customers; construction cost overruns; the amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our business, operations and infrastructure; changes in the price of natural gas; changes in the prices of CNG and LNG relative to gasoline and diesel; changes in our pricing policies or those of our competitors; the costs related to the acquisition of assets or businesses; regulatory changes; and geopolitical events such as war, threat of war or terrorist actions. Investors in our stock should not rely on the results of one quarter as an indication of future performance as our quarterly revenues and results of operations may vary significantly in the future. Therefore, period-to-period comparisons of our operating results may not be meaningful.

The price of our common stock may be volatile as a result of market conditions unrelated to our company, and the value of your investment could decline.

The trading price of our common stock may fluctuate substantially due to factors in the market beyond our control. These fluctuations could cause you to lose all or part of your investment in our common stock. Factors that could cause fluctuations in the trading price of our common stock include: price and volume fluctuations in the overall stock market from time to time; actual or anticipated changes or fluctuations in our results of operations; actual or anticipated changes in the expectations of investors or securities analysts; actual or anticipated developments in our competitors' businesses or the competitive landscape generally; litigation involving us or our industry; domestic and international regulatory developments; general economic conditions and trends; widespread adoption of other alternative fuels and technologies; major catastrophic events or sales of large blocks of our stock. Since our initial public offering, which was completed in May 2007, the price of our common stock has ranged from an intra-day low of $8.06 to an intra-day high of $20.65 through October 28, 2008.

Sales of outstanding shares of our stock into the market in the future could cause the market price of our stock to drop significantly, even if our business is doing well.

If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market, the trading price of our common stock could decline. At September 30, 2008, 44,641,520 shares of our common stock were outstanding. The 11,500,000 shares sold in our initial public offering in addition to the 4,419,192 shares of common stock and the shares of common stock subject to warrants sold in our offering closed

November 3, 2008 are freely tradable without restriction or further registration under federal securities laws unless purchased by our affiliates. Shares held by non-affiliates for more than six months may generally be sold without restriction, other than a current public information requirement, and may be sold freely without any restrictions after one year. All other outstanding shares of common stock may be sold under Rule 144 under the Securities Act, subject to applicable restrictions.

In addition, as of September 30, 2008, there were 7,018,955 shares underlying outstanding options and 15,000,000 shares underlying an outstanding warrant. In our offering of common stock and warrants that closed November 3, 2008, we issued Series I Warrants to purchase up to an aggregate of 3,314,394 shares of common stock, and Series II Warrants to purchase up to an aggregate of 1,136,364 shares of common stock. On November 12, 2008, all of the Series II Warrants had been excercised on a cashless basis resulting in the issuance of 1,134,759 shares of our common stock to the Series II Warrant holders. All shares subject to outstanding options and warrants are eligible for sale in the public market to the extent permitted by the provisions of various option and warrant agreements and Rule 144. If these additional shares are sold, or if it is perceived that they will be sold in the public market, the trading price of our stock could decline.

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A majority of our stock is beneficially owned by a single stockholder whose interests may differ from yours and who will be able to exert significant influence over our corporate decisions, including a change of control.

As of September 30, 2008, Boone Pickens and affiliates (including Madeleine Pickens, his wife) beneficially owned in the aggregate 58.9% of our outstanding common stock, inclusive of the 15,000,000 shares underlying the warrant held by Mr. Pickens. As a result, Mr. Pickens will be able to influence or control matters requiring approval by our stockholders, including the election of directors and the approval of mergers, acquisitions or other extraordinary transactions. Mr. Pickens may also have interests that differ from yours and may vote in a way with which you disagree and which may be adverse to your interests. This concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their stock as part of a sale of our company, and might ultimately affect the market price of our stock. Conversely, this concentration may facilitate a change in control at a time when you and other investors may prefer not to sell.

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Item 2. – Unregistered Sales of Equity Securities and Use of Proceeds

Use of Proceeds

Our initial public offering of common stock was effected through a Registration Statement on Form S-1 (File No. 333-137124) that was declared effective by the Securities and Exchange Commission on May 24, 2007. On May 31, 2007, 10,000,000 shares of common stock were sold on our behalf at an initial public offering price of $12.00 per share (for aggregate gross offering proceeds of $120.0 million) managed by W.R. Hambrecht + Co., LLC, Simmons & Company International, Susquehanna Financial Group, LLP, and NBF Securities (USA) Corp. In addition, on June 22, 2007, in connection with the exercise of the underwriters' over-allotment option, 1,500,000 additional shares of common stock were sold by selling stockholders at the initial public offering price of $12.00 per share (for aggregate gross offering proceeds of $18.0 million). We received no proceeds from the sale of shares by selling stockholders. The offering terminated following the closing of the over-allotment sale.

We paid to the underwriters underwriting discounts totaling approximately $7.0 million in connection with the offering. In addition, we incurred additional costs of approximately $4.5 million of costs in connection with the offering, which when added to the underwriting discounts paid by us, amounts to total expenses of approximately $11.5 million. Thus, the net offering proceeds to us, after deducting underwriting discounts and offering expenses, were approximately $108.5 million. No offering expenses were paid directly or indirectly to any of our directors or officers (or their associates) or persons owning ten percent or more of any class of our equity securities or to any other affiliates.

Through September 30, 2008, we have used the net proceeds from the offering as follows:

- construction of our LNG liquefaction plant in California ($56.7 million),
- construction and installation of CNG and LNG stations ($18.2 million),
- financing customer vehicle purchases ($4.1 million), and
- working capital ($14.3 million).

The balance of the proceeds has been from time to time invested in instruments that have financial maturities no longer than six months. We intend to use the remaining proceeds to finish building our LNG liquefaction plant in California, to build additional CNG and LNG fueling stations, to finance additional purchases of natural gas vehicles by our customers and for general corporate purposes, including making deposits to support our derivative activities, geographic expansion (domestically and internationally) and to expand our sales and marketing activities. We cannot specify with certainty all of the particular uses for the net proceeds from our initial public offering, and the amount and timing of our expenditures will depend on several factors. Accordingly, our management will have broad discretion in the application of the net proceeds.

Item 3. – Defaults upon Senior Securities

None.

Item 4. – Submission of Matters to a Vote of Security Holders

None.

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Item 5. – Other Information

Sixth Amendment to Lease Agreement

On August 1, 2008, we and Clean Energy, our wholly-owned subsidiary, entered into a Sixth Amendment to Lease Agreement with Bixbybit-Bixby Office Park, LLC, the landlord, related to our executive offices located in Seal Beach, CA. Pursuant to the amendment:

- We relocated from certain premises, comprising approximately 16,881 square feet of rentable space, on the second floor of 3020 Old Ranch Parkway, Seal Beach, CA 90740, to new premises, comprising approximately 19,881 rentable square feet of space, on the fourth floor of such building.
- Additional premises subleased by us at our executive offices, which comprise an aggregate of 11,196 square feet of rentable space, were made subject to the terms of the lease agreement.
- The term of the lease agreement was extended to January 31, 2015.
- The aggregate monthly base rent for the full premises at our executive offices, commencing on November 1, 2008, will be $66,344 per month for the first 12 months, and will increase for each subsequent 12 month period by specified amounts, up to a maximum aggregate monthly base rent of $84,334 at the end of the lease term.
- We paid the landlord $23,297 upon the signing of the amendment and an additional $27,400 on November 1, 2008, the first day of the new lease term. Additionally, we made an additional security deposit with the landlord of $48,690 upon the signing of the amendment.

A complete copy of the amendment is attached as Exhibit 10.3 to this report and is incorporated herein by reference. The summary of the transaction set forth above does not purport to be complete and is qualified in its entirety by reference to the amendment.

This disclosure is provided in lieu of disclosure under Item 1.01 of Form 8-K.

First Amendment to Base Contract for Sale and Purchase of Natural Gas and Guaranty

On November 7, 2008, Clean Energy, our wholly-owned subsidiary, entered into a First Amendment to Base Contract for Sale and Purchase of Natural Gas with Shell Energy North America (US), L.P., or Shell. Pursuant to the amendment, Clean Energy may purchase natural gas on credit from Shell up to the lower of (i) $15.0 million, or (ii) the amount of any dollar limit contained in a guaranty provided by us pursuant to the amendment, except that Clean Energy may not purchase any natural gas on credit if a material adverse change or event of default, in each case as defined in the amendment, has occurred and is continuing.

In connection with the amendment, on November 7, 2008, we executed a guaranty in favor of Shell pursuant to which we agreed to guarantee the timely payment when due of Clean Energy's obligations to Shell under the base contract, as amended. Our liability under the guaranty will not exceed $15.0 million, plus reasonable attorneys' fees and expenses.

Complete copies of the First Amendment to Base Contract for Sale and Purchase of Natural Gas and the Guaranty are attached as Exhibits 10.4 and 10.5 to this report, respectively, and are incorporated herein by reference. The summary of the agreements described above does not purport to be complete and is qualified in its entirety by reference to such agreements.

This disclosure is provided in lieu of disclosure under Items 1.01 and 2.03 of Form 8-K.

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Item 6. – Exhibits

(a) Exhibits

10.1	LNG Sales Agreement dated July 1, 2008 between Williams Four Corners LLC and the registrant. +
10.2	Share Purchase Agreement dated September 5, 2008, among the registrant, American Honda Motor Co., Inc., John G. Armstrong (sole trustee of The FuelMaker Trust), and FuelMaker Corporation.
10.3	Sixth Amendment to Lease Agreement dated August 1, 2008 among the registrant, Clean Energy and Bixbybit-Bixby Office Park, LLC.
10.4	First Amendment to Base Contract for Sale and Purchase of Natural Gas dated November 7, 2008, between Clean Energy and Shell Energy North America (US), L.P.
10.5	Guaranty dated November 7, 2008, executed by the registrant in favor of Shell Energy North America (US), L.P.
31.1	Certification of Andrew J. Littlefair, President and Chief Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Richard R. Wheeler, Chief Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, executed by Andrew J. Littlefair, President and Chief Executive Officer, and Richard R. Wheeler, Chief Financial Officer.

+ Portions of this exhibit have been omitted pursuant to a request for confidential treatment and the non-public information has been filed separately with the SEC.

SIGNATURE

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

CLEAN ENERGY FUELS CORP.

Date: November 14, 2008

By: /s/ Richard R. Wheeler
Richard R. Wheeler
Chief Financial Officer
(Principal financial officer and duly authorized to sign on behalf of the registrant)

LNG SALES AGREEMENT

DATED AS OF JULY 1, 2008

between

WILLIAMS FOUR CORNERS LLC

and

CLEAN ENERGY FUELS CORP.

THIS LNG SALES AGREEMENT ("Sales Agreement") is made and entered into and effective the 1st day of July 2008 by and between WILLIAMS FOUR CORNERS LLC ("Williams") and Clean Energy Fuels Corp. ("Clean Energy"). Williams and Clean Energy are hereinafter individually referred to as a "Party" and collectively as the "Parties".

RECITALS

A. Clean Energy desires to purchase Liquefied Natural Gas ("LNG") from Williams at Williams' Ignacio Plant in Colorado, and

B. Williams desires to sell such LNG to Clean Energy.

C. The Parties desire to set forth the terms and conditions under which Williams will sell and Clean Energy shall purchase LNG from Williams' Ignacio Plant in Colorado.

NOW, THEREFORE, in consideration of the premises and mutual covenants set forth herein, the Parties agree as follows:

1. FEES

1.1 **Fees.** In consideration of Williams selling LNG to Clean Energy, Clean Energy shall pay to Williams the Commodity Fee and Liquefaction Fee.

1.2 **Commodity Fee**. The Commodity Fee will be the [***] as shown in the first publication of the month of product delivery as reported in the Platts *Inside FERC's* Gas Market Report published by The McGraw-Hill Companies, Inc. plus [***]. The Commodity Fee will be stated in U.S. dollars per Million Btu ("MMBtu"). The Commodity Fee will be applied to the MMBtu equivalent of all delivered LNG.

1.3 **Liquefaction Fee**. Clean Energy shall pay Williams a Liquefaction Fee of [***]. By [***], Clean Energy shall prepay the estimated Liquefaction Fee in the amount of [***].

1.4 **Annual Adjustment of Fees.** Commencing July 1, 2009 and every July 1 thereafter for the duration of the Sales Agreement, the Liquefaction Fee shall be increased by the percentage increase, if any, in the Gross Domestic Product Chain-type Price Index ("GDPCP Index"). This percentage increase shall be calculated based upon the most recent quarterly publication of the GDPCP Index published and available and shall be compared to the quarterly publication of the GDPCP Index for the same quarter of the prior calendar year. If the GDPCP Index ceases to be published, then it shall be replaced with the Implicit Price Deflator Index ("IPD Index"). If both the GDPCP Index and the IPD Index cease to be published, then the Parties shall within thirty (30) Days of written notice thereof from Williams negotiate a replacement index.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

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2. SERVICE OBLIGATIONS

2.1 **Firm Service.** Williams and Clean Energy have agreed to Firm Service. Williams will be obligated to sell to Clean Energy and Clean Energy shall be obligated to purchase from Williams the minimum number of loads agreed to in Section 2.2 for the term of the LNG Agreement.

2.2 **Volume Commitment.** Williams will make available and Clean Energy shall purchase on a "take or pay basis" a minimum quantity of LNG of four (4) Loads per Day from July 1, 2008 until December 31, 2008 and two (2) Loads per Day from January 1, 2009 until June 30, 2011 ("Volume Commitment"). Williams will have fifteen (15) days during each Contract Year when the Volume Commitment is waived for maintenance ("Scheduled Maintenance Day"). For a Day to be considered a Scheduled Maintenance Day, Williams must give Clean Energy forty-eight (48) hours notice. Each Month the total Loads delivered will be reconciled to the Volume Commitment times the number of Days in that Month less the Scheduled Maintenance Days.

Clean Energy will have a one time option to purchase an additional 2 Loads per Day for the January 1, 2009 to June 30, 2011 period, which would increase the Volume Commitment to four (4) Loads per Day for that period. Such option must be exercised in writing to Williams by December 1, 2008.

2.3 **Extra Loads.** On a monthly basis, Clean Energy will have the option to purchase additional LNG Loads and Williams will have the option to produce additional LNG Loads in excess of the Volume Commitment ("Extra Loads"). Each Month by the 20th Day of the Month, Clean Energy

shall give a written notice to Williams advising whether or not Clean Energy requests Extra Loads for the next Month. Williams will have 5 Business Days after the 20th of the Month to notify Clean Energy if Williams will produce the requested Extra Loads. If Williams does not respond within 5 Business Days, then Williams shall be deemed to have rejected Clean Energy's request for Extra Loads. If the Parties agree to Extra Loads, then Clean Energy shall purchase the Extra Loads at the Liquefaction Fee and Commodity Fee and Williams shall be obligated to produce such Extra Loads. If Williams requires a different Liquefaction Fee to produce Extra Loads, the parties can negotiate a different Liquefaction Fee to supply Extra Loads. Extra Loads will be added to the Volume Commitment each Month that the Parties agree to Extra Loads.

If Clean Energy takes Delivery of more than five (5) Loads for the month over the Volume Commitment during such Month, the Parties shall negotiate in good faith an agreeable Liquefaction Fee for every Load over the Volume Commitment. If the Parties do not agree within ten (10) days, the Liquefaction Fee shall be increased to [***].

2.4 **Volume Commitment Reduction.** If Clean Energy takes Delivery of more Loads than the Volume Commitment during any twenty-four hour period, then for the following twenty-four hour period, Williams shall have the right to reduce the Volume Commitment by the number of Loads over the Volume Commitment from the preceding twenty-four hour period.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

2.5 **Negative Ethane Margin**. In the event a Negative Ethane Margin exists and Williams decides not to recover ethane at the Plant, Williams shall give Clean Energy twenty-four (24) hours notice that Williams will not produce the Volume Commitment for the next Day ("Ethane Rejection Option").

In the event a Negative Ethane Margin exists and Williams decides not to recover ethane and Clean Energy obtains a Third Party Volume (as defined below) , Williams shall give Clean Energy a [***] credit for every Load not delivered up to the Volume Commitment ("Negative Ethane Credit"). The total annual Negative Ethane Credit to Clean Energy because of Negative Ethane Margin shall not exceed [***] during a Contract Year.

In the event that Williams has exercised the Ethane Rejection Option and Clean Energy is unable to find a secondary LNG supply source, Clean Energy has the right to request that Williams supply LNG to Clean Energy at a negotiated Liquefaction Fee. In the event Clean Energy and Williams negotiate a different rate in order to supply Clean Energy with LNG during a Negative Ethane Margin situation, the Negative Ethane Credit will not apply and Clean Energy will pay the negotiated rate for the Loads delivered. The Volume Commitment will still apply during these circumstances.

2.6 **Unplanned Outage.** If Williams fails to provide Clean Energy with forty-eight (48) hours notice for an LNG Plant outage ("Unplanned Outage") and the Unplanned Outage prevents Clean Energy from loading the Volume Commitment described in Section 2.2, then Williams shall provide Clean Energy with a credit of [***] per Load below the Volume Commitment delivered.

2.7 **Deficient Month.** In the event that Williams makes the Volume Commitment available and Clean Energy fails to pull the Volume Commitment during the month ("Deficient Month"), Williams will invoice Clean Energy for the deficient Loads. Any Loads missed due to a Scheduled Maintenance Day or an Unplanned Outage will reduce the Volume Commitment and will not be considered deficient Loads. The monthly deficiency payment will be calculated as follows: [***]

2.8 **Truck Loading Station.** During the term of this Agreement, Clean Energy shall have a one time option to require that Williams construct a Truck Loading Station at the Delivery Point for fueling Trucks. In the event Williams constructs the Truck Loading Station, Clean Energy shall reimburse Williams for the actual costs of installation of the Truck Loading Station within thirty (30) days after receipt of an invoice from Williams. Clean Energy shall pay the Commodity Fee and Liquefaction Fee for all LNG Delivered into the Truck for fuel for such Truck. The LNG Delivered through the Truck Loading Station shall be measured in accordance with Section A.4.1 below. The Truck Loading Station shall be owned, operated, and maintained by Williams.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

3. TERM

3.1 **Term.** This LNG Sales Agreement shall be effective commencing on July 1, 2008 and shall continue through June 30, 2011, unless terminated earlier as provided herein.

4. PLANT

4.1 **Plant.** The Plant for all purposes herein shall be Williams' Ignacio Colorado Plant located in Durango, Colorado at the following address:

Williams Four Corners LLC
3746 County Road 307
Durango, CO 81303

4.2 **Time Periods for Delivery.** During any Day, the Volume Commitment shall be available at any time and on a consecutive basis. If Clean Energy requests Loads over the Volume Commitment during any Day, then the delivery time for the Loads must be approved by Williams. The Parties

recognize that production of one Load takes approximately four to six hours.

5. QUALITY

5.1 **LNG Quality.** LNG produced at the Plant shall contain no more than [***]. Williams shall provide gas quality reports to Clean Energy upon Clean Energy's Request.

6. VEHICULAR USE WARRANTY

6.1 **Warranty of Vehicular Use.** Clean Energy represents and warrants that the LNG delivered to Clean Energy pursuant to this Sales Agreement is used solely for vehicular purposes.

7. FINANCIAL RESPONSIBILITY.

7.1 **Clean Energy Financial Responsibility.** Clean Energy shall establish and maintain credit satisfactory to Williams during the term of this Sales Agreement. If Clean Energy fails to maintain satisfactory credit, Williams may suspend further performance until satisfactory credit is reestablished. When reasonable grounds for insecurity of payment arise, Williams may demand in writing adequate assurance of performance, and in the absence of such assurance from Clean Energy within five (5) business days, suspend further performance and terminate this Sales Agreement. Adequate assurance shall mean sufficient security in the form and for the term reasonably specified by Williams, including but not limited to, a standby irrevocable letter of credit from a bank acceptable to Williams, a prepayment, a security interest in an asset acceptable to Williams or a performance bond or guarantee by a creditworthy entity. In the event Clean Energy shall (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize or acquiesce in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

bankrupt or insolvent (however evidenced); or (iv) be unable to pay its debts as they fall due; then Williams shall have the right to either withhold and/or suspend deliveries, net and /or set off all transactions outstanding between the parties, use all rights, counterclaims and other defenses which it is or may be entitled to at law or arising from this Agreement, and/or immediately terminate this Agreement without prior notice. If Clean Energy becomes subject to Bankruptcy Code proceedings, it is understood and agreed that Williams shall be entitled to exercise its contractual right to liquidate as a forward contract merchant under Section 556 of the U. S. Bankruptcy Code.

8. STANDARD TERMS AND CONDITIONS

This Sales Agreement in all respects shall be subject to the Standard Terms and Conditions, which are attached hereto as Exhibit "A" and incorporated and made part of this Sales Agreement by this reference.

IN WITNESS WHEREOF, the parties hereto have executed two (2) duplicate originals of this Sales Agreement as of the date and year first written above.

CLEAN ENERGY FUELS CORP.	**WILLIAMS FOUR CORNERS LLC**
By: /s/ Mitchell W. Pratt	By: /s/ Alan S. Armstrong
Name: Mitchell W. Pratt	Name: Alan S. Armstrong
Title: SVP and Corporate Secretary	Title: Sr. Vice President & General Manager

EXHIBIT "A"
TO THE LNG SALES AGREEMENT
DATED JULY 1, 2008
BETWEEN
WILLIAMS FOUR CORNERS LLC
And
CLEAN ENERGY FUELS CORP.

STANDARD TERMS AND CONDITIONS

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A.1 DEFINITIONS

Section A.1.1 **"Btu"** shall have the meaning provided in the American Gas Association Report No. 3 as revised from time to time.

Section A.1.2 **"Business Day"** shall mean a Day, exclusive of a Saturday, Sunday, or a public holiday observed by Williams at its headquarters in Tulsa, Oklahoma.

Section A.1.3 **"Commodity Fee"** shall mean the fee Clean Energy shall pay Williams for the purchase of LNG under this Sales Agreement.

Section A.1.4 **"Contract Year"** shall mean each consecutive twelve (12) Month period beginning with the Effective Date hereof or, if the Effective Date is not the first day of a month, then with the first day of the Month following the Effective Date.

Section A.1.5 **"Day"** shall mean a period of twenty-four (24) consecutive hours beginning at 7:00 AM Mountain Standard Time on any calendar day and ending at 7:00 AM Mountain Standard Time on the following calendar day.

Section A.1.6 **"Deliver"** or **"Delivery"** shall mean the loading of LNG into a Truck, which shall be deemed to occur as that amount of LNG passes the inlet flange of a Truck.

Section A.1.7 **"Delivered"** shall mean LNG that has been loaded into a Truck which shall be deemed to occur as that amount of LNG is transferred from the Plant into a Truck.

Section A.1.8 **"Delivery Point"** shall mean the Truck loading facility at the Plant.

Section A.1.9 **"Delivery Quantity"** shall mean the quantity of LNG delivered at a certain date and time as set forth in the LNG bill of lading.

Section A.1.10 **"Effective Date"** shall mean July 1, 2008.

Section A.1.11 "**Feedstock Gas"** shall mean the unprocessed gas that enters the Plant for processing and liquefaction.

Section A.1.12 **"Firm Service"** shall mean that Clean Energy is obligated to purchase LNG in a certain amount and for a certain time and Williams is obligated to provide such LNG for such amount and time, subject only to Force Majeure and Normal and Routine Maintenance.

Section A.1.13 "**Gallon**" shall be equal to [***].

Section A.1.14 **"Gross Heating Value"** shall mean the calculated total Btu content of a standard cubic foot of natural gas on a dry basis as determined by chromatographic analysis of a sample of LNG using physical properties of gases at 14.73 psia and 60 degrees Fahrenheit in the manner then prescribed by the American Gas Association.

Section A.1.15 "**Load**" shall mean a fully loaded Truck with approximately 9000 to 10,000 Gallons.

Section A.1.16 **"LNG"** shall mean any liquefied natural gas produced at the Plant.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

Section A.1.17 **"LNG Load Schedule"** shall mean the schedule of when Trucks will arrive at the Plant for Delivery.

Section A.1.18 **"Month"** shall mean a calendar month.

Section A.1.19 **"Negative Ethane Margin"** shall be [***].

Section A.1.20 **"Normal and Routine Maintenance"** shall mean such maintenance, tests, alterations, modifications, enlargements, and repairs of the Plant as would normally be performed by a prudent operator.

Section A.1.21 **"Person"** shall mean any natural person, corporation, partnership, joint venture, association, cooperative, or other entity.

Section A.1.22 "**Plant**" shall mean Williams' Ignacio Plant near Durango, Colorado.

Section A.1.23 **"Pound**" shall mean the unit of weight of one (1) United States pound.

Section A.1.24 **"Receipt Point"** shall mean the inlet to the Plant.

Section A.1.25 **"Tax"** shall mean any sales or excise taxes, fees, charges, or other assessment(s) (and any penalties and interest thereon) levied by any authority having jurisdiction, which shall be applicable to the sale of LNG, Williams' services, or any transactions contemplated hereunder (including, but not limited to, the production, Delivery, sale, and use and/or consumption of LNG, or the privilege of doing the same), as such Taxes shall exist or may in the future be constituted.

Section A.1.26 "**Third Party Volume**" shall mean the number of Loads Clean Energy has obtained from a third party LNG plant due to a Negative Ethane Margin not to exceed the Volume Commitment.

Section A.1.27 **"Truck"** shall mean a cryogenic transport truck operated by a carrier of LNG as approved by the U.S. Department of Transportation or its successor.

Section A.1.28 "**Truck Loading Station**" shall mean the equipment at the Delivery Point used to Deliver LNG to a Truck for fuel usage in the Truck.

Section A.1.29 **"Vapor"** shall mean all gaseous substances resulting from boil-off of LNG formed in the Plant and/or in the Truck during Delivery, excepting any Vapor, which shall remain in the Truck after Delivery.

Section A.1.30 "**Warm Truck**" means a Truck with pressure and temperature inside its LNG storage tank(s) greater than [***] and [***].

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

A.2 DELIVERY OF LNG

Section A.2.1 **Delivery of LNG.** Every Friday by 11:00 AM Mountain Standard Time, Clean Energy shall provide Williams with a Truck schedule for the following week which shall consist of the number of Loads to be picked up each Day ("LNG Load Schedule"). Each Day by 11:00 AM Mountain Standard Time, Clean Energy shall notify Williams of the Trucks estimated time of arrival for the following day and the LNG Load Schedule shall be updated accordingly. Such estimated time of arrival shall be a three hour window, such as 8:00 AM MST to 11:00 AM MST. In the event Clean Energy has not provided the LNG Load Schedule to Williams by 11:00 AM Mountain Standard Time, Williams shall continue to provide Loads based upon the previous LNG Load Schedule. Williams shall have the Delivery quantities of LNG ready on the date(s) and during the time period(s) set forth in the revised LNG Load Schedule and Clean Energy shall have an obligation to purchase and take Delivery of such LNG.

In the event Williams objects to an LNG Load Schedule on the day such LNG Load Schedule is provided by Clean Energy, Williams shall notify Clean Energy and the Parties shall schedule alternative date(s) and time(s) such Delivery(ies) may be made.

Clean Energy shall begin taking Delivery during the time period set forth in the LNG Load Schedule. Clean Energy shall not begin taking Delivery prior to, or later than the time period set forth in the LNG Load Schedule, unless Williams determines that it can accommodate such Delivery. If Clean Energy has not begun taking Delivery during the time period set forth, Clean Energy shall either (a) wait until Williams determines that it can accommodate such Delivery, or (b) reschedule such Delivery by providing another LNG Load Schedule. Clean Energy shall complete all Deliveries in a timely manner.

Section A.2.2 **Delivery Into a Warm Truck.** Clean Energy shall use good faith efforts to bring each Truck to the Delivery Point with the pressure and temperature inside its LNG storage tank(s) not greater than [***] and [***]. If a Truck's storage tank has a pressure greater than [***] and [***] ("Warm Truck") then Clean Energy shall be required to schedule such Delivery. When Clean Energy desires to take Delivery of LNG with a Warm Truck, Clean Energy shall contact Williams to agree on a date and time when Clean Energy shall take such Delivery. In the event that Clean Energy arrives at the Delivery Point to take Delivery of LNG with a Warm Truck without Williams having agreed on a date and time for such Delivery, Williams will arrange Delivery as soon as Williams determines that it can accommodate such Delivery. Clean Energy shall not schedule more than 10 Warm Trucks each Contract Year. Williams shall not be liable for any damage that may occur as a result of the Delivery of LNG into a Warm Truck.

Section A.2.3 **Component Analysis.** Williams shall perform a component analysis and shall determine the Gross Heating Value and the composition of the LNG in a manner that shall accurately represent the quality of the LNG Delivered, as determined by Williams. The results of this analysis shall be included with the bill of lading provided to the Truck operator(s) at the time of Delivery.

Section A.2.4 **Personal Protective Equipment.** Clean Energy shall ensure that, prior to taking Delivery, all Clean Energy Truck operator(s) or agents of Clean Energy operating Trucks on behalf of Clean Energy (for third parties retained by Clean Energy) , shall have been provided appropriate personal protective equipment, including, but not limited to, flame retardant clothing fully covering the arms, legs and torso, sturdy leather work shoes (not athletic type), apron, hard hat, gloves, splash-proof safety goggles, and facial shield.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

Clean Energy shall ensure that, while inside the Plant, including the Delivery Point area, the Truck operator(s) shall at all times, wear such personal protective equipment. Williams reserves the right to deny Delivery to any Person observed not using all appropriate personal protective equipment but has no obligation to ensure that all appropriate personal protective equipment is used.

Section A.2.5 **Training.** Clean Energy shall ensure that all Truck operator(s) have received instruction in then effective Truck loading procedures prior to taking Delivery of LNG at the Plant. Clean Energy shall provide no less than one (1) Business Day notice of the arrival of any Truck operator(s) that shall require such instruction. Plant personnel shall endeavor to provide instruction in a timely manner upon arrival of the Truck. Pursuant to Clean Energy's obligations under Section A.5.7 herein, Clean Energy will provide extensive training to the Truck operator(s) regarding the hazards of handling LNG and the precautions to take to safely load LNG. Clean Energy shall ensure that while inside the Plant, including the LNG Delivery Point area, the Truck operator(s) shall at all times act in compliance with such training and precautions. While Williams reserves the right to deny Delivery to any Person not using the Truck loading facilities in the proper manner, Williams has no obligation to observe that the Truck loading facilities are being used in the proper manner.

Section A.2.6 **Arrangements for Taking Delivery.** It shall be Clean Energy's obligation to make any required arrangements, at Clean Energy's sole expense, with a carrier of LNG approved by the U.S. Department of Transportation or its successor. Such carrier shall act as Clean Energy's agent to take Delivery at the Delivery Point. Clean Energy shall be obligated to require that such carrier shall in all such arrangements maintain dispatching and operating coordination with Williams, to provide access to appropriate information and records, and to comply at all times with the applicable provisions of this Sales Agreement.

Section A.2.7 **Truck Loading.** While taking Delivery, the Truck engine must remain off and the Truck operator shall monitor the Delivery at the Delivery Point at all times. The Truck operator shall not leave the Delivery Point during a Delivery.

SECTION A.3 – OPERATING PROVISIONS

Section A.3.1 **Vapor.** Except as set forth in Section A.2.2, Williams shall retain and dispose of all Vapor at its sole cost and expense.

Section A.3.2 **Operational Control.** Williams and Clean Energy acknowledge and agree this Sales Agreement is subject to the availability of the Plant and that Williams has full operational control of its Plant and is at all times entitled to schedule Deliveries and to operate its facilities in a manner which, in its sole opinion, is consistent with Williams' obligations and the operating conditions, inclusive of Normal and Routine Maintenance, as they may exist from time to time at the Plant, or which will allow it to optimize the use of such facilities.

SECTION A.4 – BILLING AND PAYMENT

Section A.4.1 **Invoice by Williams.** Williams shall provide Clean Energy an invoice of fees owed for services performed and/or LNG Delivered in conjunction with each Delivery. The number of Gallons Delivered and the date the invoice was issued shall be set forth on this invoice. The number of Pounds of LNG Delivered shall be calculated by subtracting the Truck tared weight measured in Pounds from the Truck net gross weight measured in Pounds. Truck tare weight and net gross weight measurements shall be made using the Truck scale at the Delivery point.

Section A.4.2 **Payment by Clean Energy.** No more than fifteen (15) Days after the date of issue of each invoice, as set forth in Section A.4.1 above, Clean Energy shall make payment to Williams for all amounts due hereunder as set forth on such invoice by wire transfer of immediately available funds to [***], or such other bank and account as Williams shall name from time to time.

Section A.4.3 **Failure to Pay .** Should Clean Energy fail to pay all of the amount of any invoice, as set forth in Section A.4.2 above, except as provided in Section A.4.4 below, Clean Energy shall pay interest on the unpaid balance which shall accrue on each Day after the due date at [***]; provided that if such rate exceeds the applicable maximum rate permitted by law, the rate shall equal the applicable maximum rate. Such interest shall be compounded monthly. If such amount plus interest remains unpaid for fifteen (15) Days after the due date, Williams shall have the right to (a) require payment in cash in advance of each Delivery, or (b) withhold and set off payment of any amounts of monies due or owing by Williams to Clean Energy, whether in conjunction with this Sales Agreement or otherwise, against any and all amounts due or owing by Clean Energy to Williams under this Sales Agreement, or (c) suspend or discontinue services until such amount is paid, or (d) terminate this Sales Agreement. The exercise by Williams of any of these options shall not preclude Williams from pursuing any other available remedy in equity or at law. Clean Energy agrees to pay all costs, including but not limited to reasonable attorney's fees, court costs, and disbursements incurred by Williams, whether in any suit, action, or appeal there from, or without suit, in connection with collection of any amounts due hereunder.

Section A.4.4 **Disputed Invoices.** In the event that Clean Energy in good faith reasonably disputes any statement, Clean Energy shall not be obligated to pay such amount when otherwise due, provided Clean Energy shall pay to Williams any undisputed amount and shall notify Williams that it disputes the other amounts within the time period for payment set out in Section A.4.3; and provided further, Clean Energy shall provide Williams with documentation demonstrating the basis for the dispute within sixty (60) days after providing Williams with such notice. In the event the dispute is resolved in Williams' favor, Clean Energy shall pay the disputed amount plus interest from the original due date at a rate equal to [***], provided in no event will the interest rate exceed the maximum lawful rate.

Section A.4.5 **Adjustments.** No adjustment for any billing or payment shall be made after the lapse of twenty-four (24) Months from the rendition thereof, unless litigation has been commenced related thereto prior to such lapse.

SECTION A.5 – LIABILITY AND WARRANTIES

Section A.5.1 **Clean Energy's Liability for Possession and Control of LNG.** As between Clean Energy and Williams hereto, Clean Energy shall be deemed to be in control and possession of any LNG upon Delivery at the Delivery Point, and will be fully responsible and liable for any and all LNG loss, damages, claims, actions, expenses and liabilities, including reasonable attorney's fees caused or resulting from Clean Energy's equipment, facilities, loading, transportation, or Clean Energy's purchase, sale, distribution, or handling of said LNG while in its control and possession, and/or after any subsequent resale.

Except as set forth in Section A.5.3, Clean Energy agrees to indemnify and hold Williams and its subsidiaries and/or affiliates, and their respective directors, officers, employees, and agents free and harmless with respect to this Section A.5.1.

[***] Confidential portions of this document have been redacted and filed separately with the Commission.

Section A.5.2 **Williams Liability for possession and Control of Feedstock Gas and/or LNG.** As between Williams and Clean Energy hereto, Williams shall be in control and possession of any Feedstock Gas and/or LNG from and after the time such Feedstock Gas is received at the Receipt Point and until the LNG is Delivered at the Delivery Point, and will be fully responsible and liable for any and all Feedstock Gas and/or LNG loss, damages, claims, actions, expenses and liabilities.

Except as set forth in Section A.5.3 Williams agrees to indemnify and hold Clean Energy, its subsidiaries and/or affiliates and their directors, officers, employees, and agents free and harmless with respect to this Section A.5.2.

Section A.5.3 **Limitation of Liability.** Except when necessary to provide indemnity against a third party claim under Section A.5.1, A.5.2, A.5.4, or A.5.7, neither party shall be liable to the other for incidental consequential, special, direct, punitive, or exemplary damages.

Section A.5.4 **Warranty of Title.** Williams warrants that it will, at the time of Delivery of LNG hereunder, have the right to Deliver said LNG free and clear of all liens, encumbrances, and claims whatsoever. Except as set forth in Section A.5.3, Williams shall indemnify, save, and hold Clean Energy, its subsidiaries and/or affiliates, and their directors, officers, employees, and agents, free and harmless from all suits, actions, debts, accounts, damages, costs, losses, and expenses, including reasonable attorney's fees, arising from or out of a breach of the warranty contained in this Section A.5.4.

Section A.5.5 **Limited Warranty.** Williams warrants that the LNG Delivered hereunder shall meet the quality specifications set forth in the applicable bill of lading at the time of Delivery. ABSOLUTELY NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING THOSE OF MERCHANTABILITY AND OF FITNESS FOR A PARTICULAR PURPOSE, ARE MADE HEREUNDER AND NONE SHALL BE IMPLIED. THE LIABILITY OF WILLIAMS FOR ANY BREACH OF THIS SECTION A.5.5 SHALL BE LIMITED TO THE REPLACEMENT VALUE OF ANY LNG . IN NO INSTANCE SHALL THE TOTAL OF ALL SUCH AMOUNTS EXCEED $10,000 PER DELIVERY. THE PARTIES SHALL USE COMMERCIALLY REASONABLE EFFORTS TO MITIGATE DAMAGES HEREUNDER.

Section A.5.6 **Rejection and Notice of Breach.** Clean Energy shall have twenty-four (24) hours after Delivery of the LNG to inspect and/or reject such Delivery. If Clean Energy does not reject Delivery of the LNG with twenty-four (24) hours after Delivery, Clean Energy shall be deemed to have irrevocably accepted such LNG. If the LNG is rejected, notice by facsimile must be made within twenty-four (24) hours after Delivery, followed by written confirmation sent by certified mail. The notice of breach must specify the facts constituting the alleged breach of warranty or other basis for claim.

Section A.5.7 **Clean Energy's Knowledge of Product, Odorization, and Indemnity.** CLEAN ENERGY HEREBY EXPRESSLY REPRESENTS THAT IT IS FAMILIAR WITH THE PROPERTIES OF LNG AND NATURAL GAS, AND CLEAN ENERGY AGREES TO INFORM CLEAN ENERGY'S CUSTOMERS, AGENTS, EMPLOYEES,

AND/OR PURCHASER(S) OF THE SAME. THE LNG PROVIDED HEREUNDER WILL NOT BE STENCHED AND/OR ODORIZED BY WILLIAMS AND CLEAN ENERGY CERTIFIES, REPRESENTS AND WARRANTS THAT ODORIZATION IS NOT REQUIRED FOR DELIVERY OF LNG TO CLEAN ENERGY UNDER THIS SALES AGREEMENT. CLEAN ENERGY SHALL BE RESPONSIBLE FOR ODORIZING THE LNG AFTER DELIVERY IN ORDER TO COMPLY WITH ANY ODOR STANDARDS CONTAINED IN APPLICABLE REGULATIONS. AS SET FORTH ABOVE, CLEAN ENERGY SHALL BE DEEMED TO BE IN EXCLUSIVE POSSESSION AND CONTROL OF THE LNG ONCE CLEAN ENERGY HAS TAKEN DELIVERY AND CLEAN ENERGYASSUMES ALL RESPONSIBILITY FOR SAFE HANDLING OF THE LNG FROM THE TIME OF SAID DELIVERY. CLEAN ENERGY SHALL FULLY PROTECT, INDEMNIFY, AND DEFEND WILLIAMS, AND ITS OFFICERS, AGENTS, EMPLOYEES, INSURERS AND PARENT, AND HOLD EACH OF THEM HARMLESS FROM ANY AND ALL CLAIMS, LOSSES, DAMAGES, DEMANDS, SUITS, CAUSES OF ACTION AND LIABILITIES (INCLUDING ALL REASONABLE ATTORNEY FEES AND EXPENSES INCURRED BY OR IMPOSED UPON ARISING, DIRECTLY OR INDIRECTLY, FROM CLEAN ENERGY'S FAILURE TO PROPERLY ODORIZE AND/OR TO EITHER MONITOR OR MAINTAIN ODORIZATION AT OR ABOVE APPLICABLE ODOR STANDARDS OR SO NOTIFY CLEAN ENERGY'S CUSTOMERS, AGENTS, AND/OR EMPLOYEES.

SECTION A.6 – NOTICE

Section A.6.1 **Notice.** Unless herein provided to the contrary, any notice called for in this Sales Agreement shall be in writing and shall be considered as having been given if delivered personally, by mail, by facsimile transmission, or by express courier, postage prepaid, by either party to the other at the appropriate address given below. Routine communications, including monthly statements, shall be considered as duly delivered when mailed by ordinary mail or electronic mail (email).

Section A.6.2 **Notice to Williams.** Unless changed in writing by Williams, the addresses and facsimile numbers for notice are as set forth below:

(a) Notice of Delivery with a Warm Truck, notice of arrival of Transport Operator(s) requiring instruction, and notice of rejection and breach under Section A.5.6:

Williams Four Corners, LLC
3746 County Road 307
Durango, CO 81301

Attention: Plant Manager (MD IGN)
Facsimile Number: (970) 385-3891

(b) For notice regarding payments or statements:

Williams Four Corners LLC
c/o Williams Midstream
One Williams Center
P.O. Box 645
Tulsa, OK 74101-0645
Attention: Accounting, Tony Bonicelli
Facsimile Number: (918) 573-9398
Email: tony.bonicelli@williams.com

(c) For all other notices:

Williams Four Corners LLC
One Williams Center
P.O. Box 645
Tulsa, OK 74101-0645
Attention: Director, Four Corners Commercial Development
Facsimile Number (918) 573-9755

Section A.6.3 **Notice to Clean Energy.** Unless changed in writing by Clean Energy, the address and facsimile numbers for notice are as set forth below:

Clean Energy
3020 Old Ranch Parkway
Suite 200
Seal Beach, CA 90740

Attn: Mr. Brian Powers
Phone: (562) 493-2804
Fax: (562) 546-0137
Email:bpowers@cleanenergyfuels.com

SECTION A.7 - TAXES

No fee set forth in this Sales Agreement or in any applicable invoice shall be deemed to include any Tax. Clean Energy shall bear sole responsibility and liability for payment of any Tax. If Williams is required to pay any Tax, Clean Energy shall reimburse Williams for same, in addition to the other fees and charges provided for herein. Where applicable, Williams agrees to take receipt of such Tax and process same with the appropriate authority. Clean Energy shall be required to provide Williams with proof, satisfactory to the appropriate Tax authority, of any and all Tax exemptions Clean Energy may claim. Clean Energy shall provide Williams with all records and information, satisfactory to the appropriate Tax authority, regarding Clean Energy's disposition of all LNG Delivered hereunder.

SECTION A.8 – MISCELLANEOUS

Section A.8.1 **Waiver.** A waiver by either Party of any one or more defaults by the other Party hereunder shall not operate as a waiver of any future default or defaults, whether of a like or of a different character.

Section A.8.2 **Governing Law.** This Sales Agreement shall be interpreted, construed, and governed by the laws of the state of Oklahoma, without reference to choice of law principles thereof.

Section A.8.3 **Counterparts.** This Sales Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be an original, and such counterparts together shall constitute one instrument.

Section A.8.4 **Assignment.** Either Party may assign or otherwise convey any of its right, title or interest under this Sales Agreement to an affiliate of such party without prior approval, but with notice to the other Party. Either Party may assign or otherwise convey any of its right, title or interest to any third party provided it has obtained the prior written consent of the other Party hereto, which consent shall not be unreasonably withheld, conditioned or delayed.

Section A.8.5 **Severability.** Should any section, paragraph, subparagraph, or other portion of this Sales Agreement be found invalid or be required to be modified by a court or government agency having jurisdiction, then only that portion of this Sales Agreement shall be invalid or modified.

The remainder of this Sales Agreement which is still valid and unaffected shall remain in force. If the absence of the part that is held to be invalid, illegal, or unenforceable, or modification of the part to be modified, substantially deprives a Party of the economic benefit of this Sales Agreement, the Parties shall negotiate reasonable and valid provisions to restore the economic benefit to the Party deprived or to balance the Parties' obligations consistent with the intent reflected in this Sales Agreement. If the Parties are unable to do so, either Party may terminate this Sales Agreement by

giving the other Party notice of termination not later than sixty (60) Days after the effective date of the order, rule, or regulation so affecting this Sales Agreement. Williams shall also have the right to terminate this Sales Agreement as provided above in the event either the services performed by Williams or facilities utilized by Williams become subject to regulation which substantially deprives Williams of the economic benefit of this Sales Agreement.

Section A.8.6 **Force Majeure.** Neither Williams nor Clean Energy shall be liable to the other for any failure, whether in whole or in part, to perform or comply with any obligation or condition of this Sales Agreement caused by any event, occurrence or action not reasonably within the control of the Party claiming relief hereunder and which by the exercise of due diligence such Party is unable to prevent or overcome, including without limitation blockades; embargoes; insurrections; riots; epidemics; flood; washouts; landslides; mudslides; earthquakes; extreme cold or freezing weather; lightning; civil disturbances; failure to prevent or settle any strike; fire; explosions; breakdown or failure or accident to Plant machinery, method of transport or line of pipe, or the order of any court or governmental authority having jurisdiction. The settlement of strikes and lockouts shall be entirely within the discretion of the Party experiencing such.

Such causes preventing in whole or in part the performance under this Sales Agreement by a Party, however, shall not relieve such Party of liability to the extent such causes are the result of the negligence of such Party or in the event of its failure to use due diligence to remedy the situation and to remove the cause in an adequate manner and with all reasonable dispatch, nor shall such causes or contingencies affecting such performance relieve either Party from its obligations to make payments of amounts then due in respect of LNG already delivered. For the avoidance of doubt, should Williams provision of services or supply of LNG depend in whole or in part upon production from a plant which is damaged or destroyed, Williams shall not be obliged to repair or rebuild such Plant in order to fulfill the terms of this Sales Agreement. The Party claiming relief under this Section A.8.6 shall promptly notify the other Party in writing of the event preventing its performance.

Section A.8.7 **Audit.** Williams and Clean Energy shall each preserve all records pertaining to this Sales Agreement, including all test and measurement data and charts and all test equipment calibration records for a period of at least two (2) years, or longer as shall be required under applicable law or regulation. Each Party, or its designated representative shall have access to the books and records of the other Party relating to this Sales Agreement upon reasonable notice during regular business hours to the extent such records are applicable to the quality, measurement, billing, pricing, and quantities of LNG Delivered hereunder.

Section A.8.8 **Confidentiality.** Williams and Clean Energy and their respective employees, agents, officers, directors, and attorneys shall keep the terms of this Sales Agreement confidential. However, either Party may disclose the terms of this Sales Agreement, without prior permission of the other Party, to the following persons in the following circumstances:

(a) To financial institutions requiring such disclosure as a condition precedent to making or renewing a loan.

(b) To regulatory bodies, including Taxing authorities with jurisdiction over part or all of the subject matter of this Sales Agreement, and to the other Persons to whom disclosure is required by such regulatory bodies.

(c) To courts or other tribunals having jurisdiction and requiring such disclosure.

(d) To independent certified public accountants for purposes of obtaining a financial audit.

(e) As required by subpoena or other legal discovery processes.

Under no circumstances shall any documents memorializing the substance of this Sales Agreement be disclosed or released to any other third parties, including any newspaper, magazine or other publication, absent mutual agreement of Williams and Clean Energy provided that Clean Energy may be required to file a form of the Sales Agreement with the Securities and Exchange Commission or Nasdaq and Williams hereby consents to such filing if required. In such case Clean Energy must provide Williams with a copy of such form prior to filing. To the extent permissible under SEC rules and regulations, such filing shall not include any financial terms of the Sales Agreement and such information shall be redacted from the filed copy.

Section A.8.9 **Relationship of the Parties.** Williams is selling LNG to Clean Energy. By entering into this Sales Agreement, the Parties do not intend to and shall not be deemed to create an agency, partnership, joint venture, or distributorship relationship.

Section A.8.10 **Insurance.** Except as set forth in Section A.8.11 below, Clean Energy and Williams shall maintain in force and effect throughout the term of this Sales Agreement, insurance coverage, as described in this Section A.8.10, with insurance companies reasonably acceptable to the other Party. If either Party violates this provision, the other Party may, at its option and without prejudice to its other legal rights, terminate this Sales Agreement upon reasonable notice. The limits set forth below are minimum limits and shall not be construed to limit either Party's liability. All costs and deductible amounts will be for the sole account of each Party for maintaining its own coverage.

(a) Worker's Compensation Insurance, complying with the laws of any state having jurisdiction over each employee, and employer's liability insurance with limits of $1,000,000 for each accident, $1,000,000 for each disease for each employee, and a $1,000,000 disease policy limit. If any services, or any transactions contemplated hereunder (including, but not limited to, the production, Delivery, sale, use and/or consumption of LNG) are to be made under this Sales Agreement in the state of Nevada, North Dakota, Ohio, Washington, Wyoming, or West Virginia, each Party shall participate in appropriate state funds to cover all eligible employees and shall provide a stop gap endorsement.

(b) Commercial or comprehensive general liability insurance on an occurrence form with a combined single limit of $1,000,000 for each occurrence, and annual aggregates of $1,000,000 for bodily injury and property damage, including coverage for blanket contractual liability, broad form property damage, personal injury liability, independent contractors, products/completed operations, and the explosion exclusion.

(c) Automobile liability insurance with a combined single limit of $1,000,000 for each accident for bodily injury and property damage, to include coverage for all owned, non-owned, and hired vehicles.

(d) Excess or umbrella liability insurance with a combined single limit of $1,000,000 for each occurrence, and annual aggregates of $1,000,000 for bodily injury and property damage covering the excess of employer's liability insurance and the insurance set forth in this Section A.8.10 (b) and (c) above.

In each of the policies described in this Section A.8.10, Clean Energy agrees to waive, and will require each of its insurers to waive any rights of subrogation or recovery it may have against Williams, its parent, subsidiaries, or affiliated companies to the extent of the indemnity obligations in Section A.5.1 and Section A.5.2. Clean Energy shall name Williams as an additional insured under the policies described in Section A.8.10 (b) through (d) above to the extent of the indemnity obligations in Section A.5.1 and Section A.5.2.

Clean Energy's policies described in Section A.8.10 (b) through (d) above will include the following amendment: "This insurance is primary insurance with respect to Williams, its parent, subsidiaries and affiliated companies, and any other insurance maintained by Williams, its parent, subsidiaries, or affiliated companies is excess and not contributory with this insurance."

Non-renewal or cancellation of policies described in this Section A.8.10 shall be effective only after Williams shall have received thirty (30) days prior written notice of such non-renewal or cancellation. Prior to the creation of any obligation on the part of Williams to Deliver any LNG hereunder, Clean Energy shall provide Williams with certificates of insurance on an Accord 25 or 25S form evidencing the existence of the insurance coverage required in this Section A.8.10.

In the event of a loss or claim arising out of or in connection with this Sales Agreement, Clean Energy agrees, upon request of Williams, to submit the original or a certified copy of its insurance policies for inspection by Williams. Williams shall not insure or be responsible for any loss or damage of any kind, regardless of cause, to property, including loss of use thereof, whether owned, leased, or borrowed by Clean Energy, or its employees, servants, agents, or customers.

Section A.8.11 **Self-Insurance.** Clean Energy may self-insure for any of the coverage requested herein provided Clean Energy has an investment grade credit rating. In the event of self-insurance, the following conditions shall apply: (1) Such self-insurance program shall provide levels of coverage that are equivalent to or greater than the amounts required by this article either by itself or in combination with any insurance policies that might be purchased. (2) Coverage provided by such self-insurance shall be as broad as or broader than the most current ISO forms(s) issued for like or same coverage. (3) Clean Energy can provide reasonable proof that it has made adequate financial arrangements to fund such self-insurance program. (4) Such self-insurance is permitted by any applicable law. (5) Such self-insurance shall comply with all the "additional insured" and "waiver of subrogation or recovery" terms and conditions in this article as if insurance policies had been issued.

Section A.8.12 **Equal Opportunity.** This Agreement hereby incorporates by reference to the same extent and with the same force and effect as if set forth herein in full, the provisions of, as amended, (a) Section A.202 of Executive order 11246 and Title 41 CFR Section 60-1.4 prohibiting discrimination against any employee or applicant on the basis of race, color, religion, sex or national origin; (b) 29 U.S.C. Section 701 and 41 CFR Section 60-741.4, requiring contractors to take affirmative action in the employment and advancement of qualified handicapped individuals; (c) 38 U.S.C. Section 2021 and 41 CFR Section 60-250.4, requiring contractors to take affirmative action in the employment and advancement of qualified disabled veterans and veterans of the Vietnam era; and (d) Executive Order 11625 providing for the participation of minority business enterprises in governmental procurement at both the prime and subcontract level.

Section A.8.13 **Agreement of the Parties.** This Sales Agreement contains the entire agreement of Williams and Clean Energy and supersedes all prior understanding or agreements whether oral or written between the Parties, with respect to the matters addressed herein. This Sales Agreement shall be amended only by an instrument in writing signed by both Parties hereto.

Exhibit 10.2

American Honda Motor Co., Inc.

("Honda")

- and -

John G. Armstrong, Sole Trustee of The FuelMaker Trust

(the "FM Trust")

- and -

FuelMaker Corporation

(the "Corporation")

- and -

Clean Energy Fuels Corp.

(the "Purchaser")

SHARE PURCHASE AGREEMENT

September 5, 2008

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SHARE PURCHASE AGREEMENT dated this 5th day of September, 2008.

BETWEEN:

American Honda Motor Co., Inc., a corporation formed under the laws of the State of California ("**Honda**")

- and -

John G. Armstrong, Sole Trustee of The FuelMaker Trust, a trust established under the laws of the Province of Ontario ("**FM Trust**")

- and -

FuelMaker Corporation, a corporation existing under the laws of Canada (the "**Corporation**")

- and -

Clean Energy Fuels Corp., a corporation formed under the laws of the State of Delaware (the "**Purchaser**")

RECITALS:

A. The Corporation primarily carries on the business of manufacturing natural gas refueling systems for vehicles in residential and commercial markets.

B. 2045951 Ontario Inc. ("**HondaSub**"), is a wholly-owned subsidiary of Honda, owns 5,400 of the issued and outstanding non-voting preferred shares in the Corporation (representing approximately 80.07% of all issued and outstanding non-voting preferred shares therein), has outstanding loans to the Corporation and licenses and sublicenses various intellectual property to the Corporation.

C. Honda owns 1,344 of the issued and outstanding non-voting preferred shares in the Corporation.

D. Honda owns 1,344 of the issued and outstanding voting common shares in the capital of the Corporation.

E. FM Trust owns 5,400 of the issued and outstanding voting common shares in the capital of the Corporation.

F. Honda wishes to sell and the Purchaser directly, or through a wholly-owned subsidiary, wishes to purchase all of the shares of HondaSub.

G. Honda and the FM Trust wish to sell and the Purchaser directly, or through a wholly-owned subsidiary, wishes to purchase all of the non-voting preferred shares and all of the voting common shares of the Corporation not owned by HondaSub.

THE PARTIES AGREE AS FOLLOWS:

ARTICLE 1
INTERPRETATION

1.1 Definitions. In this Agreement, including the Recitals to this Agreement, unless the context otherwise requires:

(1) "**Accounting Firm**" has the meaning attributed to that term in Section 2.4(d).

(2) "**Accounts Receivable**" means accounts receivable, trade accounts receivable, notes receivable, book debts and other debts due or accruing due to a Target Company, and the full benefit of any related security.

(3) "**Administration**" has the meaning attributed to that term in Section 5.3(36)(a).

(4) "**Affiliate**" means, with respect to any Person, any other Person that directly, or through one or more intermediaries, Controls or is Controlled by or is under common Control with such first Person, and "**Affiliated**" has a corresponding meaning.

(5) "**Agreement**" means this share purchase agreement, including all Schedules to this share purchase agreement, as amended, supplemented, restated and replaced from time to time in accordance with its provisions.

(6) "**Applicable Law**" means:

(a) any domestic or foreign statute, law (including common and civil law), code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise);

(b) any judgment, order, writ, injunction, decision, ruling, decree or award;

(c) any regulatory policy, practice or guideline; or

(d) any Permit;

of any Governmental Authority, binding on or affecting the Person or the Employee Plan referred to in the context in which the term is used or binding on or affecting the property of that Person.

(7) "**Approvals**" means franchises, licenses, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, Permits, and other permits and approvals.

(8) "**Assets**" means all undertakings, property, assets, rights and interests of the Target Companies, including the following:

(a) all cash and cash equivalents;

(b) all rights and interests of the Target Companies in and to the Leased Property and the Leases, including prepaid rents, security deposits, options to renew or purchase, rights of first refusal under the Leases and all leasehold improvements owned by the Target Companies and forming part of the Leased Property;

(c) the Personal Property and all rights and interests of the Target Companies in and to the Personal Property Leases, including prepaid rents, security deposits and options to renew or purchase;

(d) the Accounts Receivable;

(e) all rights and interests of the Target Companies under or pursuant to all warranties, representations and guarantees, express, implied or otherwise, of or made by suppliers or others in connection with the Assets;

(f) the Target Intellectual Property;

(g) all rights and interests of the Target Companies in and to all Contracts to which a Target Company is a party or by which any of the Assets or the Business is bound or affected;

(h) all Approvals issued to the Target Companies;

(i) the Books and Records;

(j) all prepaid charges, deposits, sums and fees paid by the Target Companies before the Closing Time;

(k) all goodwill of the Target Companies, including the present telephone numbers, internet domain addresses and other communications numbers and addresses of the Target Companies; and

(l) all proceeds of any or all of the foregoing received or receivable after the Closing Time.

(9) "**Balance Sheet**" means the balance sheet of a Target Company as at the Financial Statements Date contained in the Financial Statements of the Target Company for the financial year ended on that date.

(10) "**Base Working Capital**" means the Working Capital as of April 30, 2008 and is equal to negative US$2,542,605.00.

(11) "**Books and Records**" means all books, records, files and papers of a Target Company, including computer programs (including source codes and software programs), computer manuals, computer data, financial and Tax working papers, financial and Tax books and records, business reports, business plans and projections, sales and advertising materials,

sales and purchases records and correspondence, trade association files, research and development records, lists of present and former customers and suppliers, personnel and employment records, minute and share certificate books, and all copies and recordings of the foregoing.

(12) "**Business**" means the business carried on currently and prior to the date of this Agreement by the Corporation primarily consisting of designing, manufacturing, selling, distributing, installing and servicing natural gas refueling systems for motor vehicles, fork lift trucks and ice resurfacers in residential and commercial markets.

(13) "**Business Day**" means any day, except Saturdays and Sundays, on which banks are generally open for business:

(a) for purposes of Section 7.11, in the place specified in that Section; and

(b) for all other purposes in this Agreement, in Toronto, Canada.

(14) "**Cap**" has the meaning attributed to that term in Section 5.7(4)(b).

(15) "**Claim**" means:

(a) any suit, action, dispute, investigation, claim, arbitration, order, summons, citation, directive, ticket, charge, demand or prosecution, whether legal or administrative;

(b) any other proceeding; or

(c) any appeal or application for review;

whether at law or in equity, by or before any Governmental Authority.

(16) "**Closing**" means the completion of the Transactions.

(17) "**Closing Date**" means the 19th day of September, 2008 or such other Business Day as Honda and the Purchaser may agree upon in writing.

(18) "**Closing Time**" means 10:00 a.m. on the Closing Date or such other time on the Closing Date as may be agreed to by the Parties in writing.

(19) "**Closing Working Capital**" has the meaning attributed to that term in Section 2.4(a).

(20) "**Competing Business**" has the meaning attributed to that term in Section 6.4(1).

(21) "**Constating Documents**" means, with respect to any Person, its articles or certificate of incorporation, amendment, amalgamation or continuance, memorandum of association, letters patent, supplementary letters patent, by-laws, partnership agreement, limited liability company operating agreement or other similar document, and all unanimous shareholder agreements, other shareholder agreements, voting trusts, pooling agreements and similar Contracts, arrangements and understandings applicable to the Person's Equity Interests, each as amended, supplemented or restated from time to time.

(22) "**Contract**" means any agreement, contract, indenture, lease, deed of trust, license, option, undertaking, promise or any other commitment or obligation, whether oral or written, express or implied, other than a Permit.

(23) "**Control**", with respect to the relationship with a Person, means:

(a) if that Person is a corporation, the holding (other than by way of security) of securities of that Person to which are attached more than 50% of the votes that may be cast for the election of directors and those votes are sufficient, if exercised, to elect a majority of the board of directors; or

(b) if that Person is an entity other than a corporation, the holding (other than by way of security) of securities of that Person to which are attached more than 50% of the votes that may be cast for the election of general partners, trustees or managers (or other Persons acting in a similar capacity for a Person other than a corporation) and those votes are sufficient, if exercised, to elect a majority of the general partners, trustees or managers (or other Persons acting in a similar capacity for a Person other than a corporation);

and "**Controls**" and "**Controlled**" have corresponding meanings.

(24) "**Corporation**" means FuelMaker Corporation, a corporation existing under the laws of Canada.

(25) [intentionally omitted]

(26) "**Corporation IP Contracts**" has the meaning attributed to that term in Section 5.3(17)(b).

(27) "**Corporation IP Participant**" has the meaning attributed to that term in Section 5.3(17)(k).

(28) "**CRA**" has the meaning attributed to that term in Section 2.3(c).

(29) "**Declaration**" means the Declaration of Trust of FM Trust dated as of July 23, 2004.

(30) "**Employee Plans**" has the meaning attributed to that term in Section 5.3(34)(a).

(31) "**Encumbrance**" means any encumbrance, lien, charge, hypothecation, pledge, mortgage, title retention agreement, security interest of any nature, adverse Claim, exception, reservation, easement, right of occupation, option, right of pre-emption, privilege or any matter capable of registration against title or any Contract to create any of the foregoing.

(32) "**Environmental Laws**" has the meaning attributed to that term in Section 5.3(33)(a).

(33) "**Equity Interests**" means, with respect to any Person, any and all present and future shares, units, trust units, partnership or other interests, participations or other equivalent rights in that Person's equity or capital, however designated and whether voting or non-voting.

(34) "**Final Purchase Price**" means the Initial Purchase Price, as adjusted pursuant to Section 2.4.

(35) "**Financial Statements**" means:

(a) in the case of the Corporation, the audited financial statements of the Corporation as at and for the financial years ended December 31, 2005, 2006 and 2007, consisting of the balance sheet, income statement, cash flow statement and statement of retained earnings and notes thereto, copies of which financial statements are attached as Schedule 1.1(35)(a); and

(b) in the case of HondaSub, the audited financial statements of HondaSub as at and for the financial years ended March 31, 2007 and 2008 consisting of the balance sheet, income statement and statement of retained earnings, copies of which financial statements are attached as Schedule 1.1(35)(b);

provided, however, that: (i) references in this Agreement to "Financial Statements" in respect of times prior to the Closing shall be deemed to refer (with all necessary changes) to the corresponding unaudited financial statements; and (ii) the audited financial statements of HondaSub shall be subject to restatement to reflect a loss on the Grid Note entered into by the Corporation in favour of HondaSub as of July 23, 2004, and to reflect any tax return refilings that are necessary or advisable in respect of periods prior to the Closing Date.

(36) "**Financial Statements Date**" means, in the case of the Corporation, December 31, 2007 and, in the case of HondaSub, March 31, 2008.

(37) "**FM Trust**" means John G. Armstrong, sole trustee of The FuelMaker Trust, a trust established under the laws of the Province of Ontario.

(38) "**GAAP**" means generally accepted accounting principles in effect from time to time in Canada, including those principles set forth in the Handbook published by the Canadian Institute of Chartered Accountants or any successor institute, consistently applied.

(39) "**Governmental Authority**" means any domestic or foreign government, whether federal, provincial, state, territorial, local, regional, municipal, or other political jurisdiction, and any agency, authority, instrumentality, court, tribunal, board, commission, bureau, arbitrator, arbitration tribunal or other tribunal, or any quasi-governmental or other entity, insofar as it exercises a legislative, judicial, regulatory, administrative, expropriation or taxing power or function of or pertaining to government.

(40) "**Greenfield**" means Greenfield AG, a Swiss corporation.

(41) "**Greenfield/Honda Sublicense**" has the meaning attributed to that term in Section 3.2(d).

(42) "**Greenfield License Agreement**" means collectively that license agreement with an effective date of August 5, 1989, entered into by the Corporation and Sulzer Brothers Limited, as amended by the amendment entered into by the Corporation and Sulzer Brothers Limited with an effective date of March 19, 1990; the amendment, styled as "Amendment #1", entered into by the Corporation and Sulzer Burckhardt Engineering Works Limited with an effective date of April 7, 1994; the amendment, styled as "Amendment #2", entered into by the Corporation and Sulzer Burckhardt Engineering Works Limited with an effective date of September 25, 1995; the Assignment of License Agreement entered into by the Corporation, Sulzer AG and Burckhardt Compression AG on December 23, 2002; the Assignment of License Agreement entered into by the Corporation and Greenfield dated February 13, 2003; the Assignment of License Agreement as Amended between the Corporation, HondaSub and Honda dated May 6, 2004 (the "**Assignment of License Agreement as Amended**"); and the amendment, styled as "Amendment #3", entered into by Greenfield, HondaSub and Honda dated March 18, 2008.

(43) "**Greenfield Sublicense Agreement**" means the Sublicense Agreement between HondaSub and the Corporation dated May 6, 2004 in respect of certain rights under the Greenfield License Agreement.

(44) "**Hazardous Substances**" has the meaning attributed to that term in Section 5.3(33)(a).

(45) "**Honda**" means American Honda Motor Co., Inc., a corporation formed under the laws of the State of California.

(46) "**Honda Purchased Shares**" has the meaning attributed to that term in Section 2.3(a).

(47) "**Honda's Solicitors**" means McMillan LLP.

(48) "**HondaSub**" means 2045951 Ontario Inc., a corporation formed under the laws of the Province of Ontario.

(49) "**HondaSub Intellectual Property**" means HondaSub's right, title and interest in and to:

(a) the Intellectual Property that was acquired by HondaSub from the Corporation as of July 23, 2004, which, for greater certainty, excludes the Intellectual Property that is the subject of the Greenfield Sublicense Agreement and the Intellectual Property licensed by Greenfield under the Greenfield License Agreement;

(b) the right, title and interest of the Corporation in and to all licenses and other agreements (if any) in connection with the Intellectual Property licensed to or used by the Corporation in connection with the HRA or VRA or both, that was acquired by HondaSub from the Corporation as of July 23, 2004 (excluding the Greenfield License Agreement and the Greenfield Sublicense Agreement); and

(c) the Intellectual Property developed or acquired by the Corporation after July 23, 2004 that contributed to the development of the HRA, the VRA or otherwise related to Refueling Technology.

(50) "**HondaSub IP Contracts**" has the meaning attributed to that term in Section 5.2(14)(a).

(51) "**HondaSub IP Participant**" has the meaning attributed to that term in Section 5.2(14)(k).

(52) "**HRA**" means the Home Refueling Appliance developed or manufactured by the Corporation.

(53) "**Indemnified Party**" has the meaning attributed to that term in Section 5.8(a).

(54) "**Indemnifying Party**" has the meaning attributed to that term in Section 5.8(a).

(55) "**Indemnification Claim Notice**" has the meaning attributed to that term in Section 5.8(a).

(56) "**Initial Purchase Price**" has the meaning attributed to that term in Section 2.2.

(57) "**Insurance Policies**" has the meaning attributed to that term in Section 5.3(18).

(58) "**Intellectual Property**" means (i) Patents; and (ii) inventions, trade-marks, trade-mark applications and registrations, trade names, trade name registrations, service marks, designs, copyrights, copyright applications and registrations, industrial designs, industrial design applications and registrations, trade secrets, know-how, show-how, computer systems and software, including the content of all documentation relating thereto, related object and source codes therefore, and any other proprietary, intellectual property and other rights relating to any or all of the foregoing anywhere in the world.

(59) "**Interim Financial Statements**" means the unaudited financial statements of the Corporation and HondaSub as at and for the six-month period ended June 30, 2008 and the three-month period ended June 30, 2008, respectively, copies of which financial statements are attached as Schedule 1.1(59).

(60) "**Interim Period**" has the meaning attributed to that term in Section 6.8.

(61) "**Inventories**" means inventories, including all finished goods, works-in-progress, raw materials, spare parts, replacement parts, and all other materials and supplies to be used or consumed by the Corporation in the production of finished goods.

(62) "**IP and Support Agreement**" means the IP and Support Agreement between HondaSub, Honda and the Corporation dated July 23, 2004 under which the Corporation transferred certain Intellectual Property to HondaSub in exchange for support.

(63) "**IP License Agreement**" means the License Agreement between HondaSub, the Corporation and Honda dated July 23, 2004 under which HondaSub granted a non-exclusive license to the Corporation in respect of the HondaSub Intellectual Property.

(64) "**Leased Property**" has the meaning attributed to that term in Section 5.3(11).

(65) "**Leases**" has the meaning attributed to that term in Section 5.3(11).

(66) "**Letter**" has the meaning attributed to that term in Section 2.3(c).

(67) "**Loss**" or "**Losses**" means any and all loss, liability, damage, cost or expense actually suffered or incurred by a party resulting from any act, omission or state of facts or any Claim, assessment, judgment or settlement or compromise relating thereto which may give rise to a right to

indemnification under Section 5.7, including the costs and expenses of any Claim, assessment, judgment, settlement or compromise relating thereto, but

(a) excluding loss of profits and consequential damages and excluding any contingent liability until it becomes actual; and

(b) reduced by any recovery or settlement (net of all expenses incurred in connection with obtaining such recovery or settlement or payment thereof) under or pursuant to any insurance coverage, or pursuant to any Claim, recovery, settlement or payment by or against any other Person.

(68) "**Material Adverse Change**" or "**Material Adverse Effect**," as the case may be, means any change or effect that:

(a) is or is reasonably likely to be materially adverse to the Business, Assets, liabilities, capital, financial condition or results of operation of the Corporation, taken as a whole; or

(b) materially adversely affects the ability of the Corporation to conduct the Business after the Closing Date substantially as the Business has been conducted to the date of this Agreement.

The term Material Adverse Change or Material Adverse Effect shall not, however, include any change or effect arising from or related to: (i) any general condition affecting the industry in which the Corporation is engaged and that does not affect the Corporation disproportionately, as compared to other companies in such industry; (ii) the announcement or pendency of this Agreement or any of the transactions contemplated hereby, or the disclosure of the identity of the Purchaser as the acquiror of the Corporation; (iii) acts of war or terrorism; (iv) general economic, political and financial market changes that do not affect the Corporation disproportionately; or (v) changes in law or in GAAP that occur after the date of this Agreement.

(69) "**Material Contract**" has the meaning attributed to that term in Section 5.2(16) in respect of HondaSub, and Section 5.3(20) in respect of the Corporation.

(70) "**Notice**" has the meaning attributed to that term in Section 7.11(1).

(71) "**Notice of Disagreement**" has the meaning attributed to that term in Section 2.4(c).

(72) "**OHSA**" has the meaning attributed to that term in Section 5.3(36)(a).

(73) "**Other Agreements**" has the meaning attributed to that term in Section 7.5.

(74) "**Ordinary Course**" means, with respect to an action taken by a Person, that the action is consistent with past practices of the Person and is taken in the normal day-to-day course of business of the Person.

(75) "**Parties**" means collectively, Honda, FM Trust, the Corporation and the Purchaser, and "**Party**" means any of them.

(76) "**Patents**" means all patents (including design patents), patent applications (including design patent applications), invention disclosures, certificates or models of utility, and other rights of invention, worldwide necessary to or used in the Target Intellectual Property, including any reissues, divisions, continuations and continuations-in-part, provisionals, reexamined patents or other applications or patents claiming the benefit of the filing date of any such application or patent.

(77) "**Permits**" means franchises, licenses, qualifications, authorizations, consents, certificates, registrations, exemptions, waivers, filings, grants, notifications, privileges, rights, orders, judgments, rulings, directives, permits and other approvals, obtained from or required by a Governmental Authority.

(78) "**Permitted Encumbrances**" means:

(a) servitudes, easements, restrictions, rights-of-way and other similar rights in real property or any interest therein, provided that those servitudes, easements, restrictions, rights-of-way and other similar rights are not of such a nature as to have a Material Adverse Effect on the use by the Target Company of the property subject thereto;

(b) undetermined or inchoate liens, charges and privileges incidental to current construction or current operations, except for liens, charges and privileges related to Taxes;

(c) Encumbrances of any nature whatsoever claimed or held by any Governmental Authority that have not at the time been filed or registered against the title to the asset or served on a Target Company or a Vendor pursuant to Applicable Law or that relate to obligations not due or delinquent, except for Encumbrances related to Taxes;

(d) assignments of insurance provided to landlords or their mortgagees or hypothecary creditors pursuant to the terms of any lease and liens or rights reserved in any lease for rent or for compliance with the terms of that lease;

(e) security given in the Ordinary Course to any public utility or Government Authority in connection with the operations of the Business, other than security for borrowed money;

(f) the reservations in any original grants from the Crown of any real property or interest therein and statutory exceptions to title that do not materially detract from the value of the real property concerned or materially impair its use in the operation of the Business; and

(g) the Permitted Encumbrances described in Schedule 1.1(78).

(79) "**Person**" is to be broadly interpreted and includes an individual, a corporation, a company, a limited liability company, a partnership, a joint venture, a trust, a trustee, an association, an unincorporated organization, a Governmental Authority, an executor or administrator or other legal or personal representative, or any other juridical entity.

(80) "**Personal Information**" means any information in the possession, custody or control of the Target Companies about an identifiable individual, and for greater certainty includes all such information which falls within the definition of "personal information" in any personal information protection law of Canada, or any province or territory thereof to which the Target Companies are subject.

(81) "**Personal Property**" has the meaning attributed to that term in Section 5.3(13).

(82) "**Personal Property Leases**" has the meaning attributed to that term in Section 5.3(14).

(83) "**Post-Closing Taxes**" has the meaning attributed to that term in Section 6.3(4).

(84) "**Post-Signing Returns**" has the meaning attributed to that term in Section 6.3(1)(a).

(85) "**Pre-Closing Date Tax Returns**" has the meaning attributed to that term in Section 6.3(2).

(86) "**proposed to be conducted as contemplated as of the Closing Date**", as used in connection with the Business, means the Business proposed to be conducted as referred to in the management presentation made to the Purchaser by the Corporation on June 20, 2008 at the Corporation's offices in Toronto, Ontario.

(87) "**Purchased Shares**" means, collectively, (i) 26,235,528 issued and outstanding common shares in the capital of HondaSub, (ii) 1,344 issued and outstanding non-voting preferred shares in the capital of the Corporation and (iii) 6,744 issued and outstanding voting common shares in the capital of the Corporation.

(88) "**Purchaser**" means Clean Energy Fuels Corp., a corporation existing under the laws of the State of Delaware, or, subject to complying with Section 7.12, its wholly-owned subsidiary.

(89) "**Purchaser Claims**" has the meaning attributed to that term in Section 5.7(4)(a).

(90) "**Rate**" has the meaning attributed to that term in Section 2.4(e).

(91) "**RC Election**" has the meaning attributed to that term in Section 6.4(7).

(92) "**Refueling Technology**" means natural gas compression and refueling equipment and appliances and related research and technology and know-how related to the design and manufacture of natural gas compression and refueling equipment and appliances, including the HRA and VRA.

(93) "**Remittance Amount**" has the meaning attributed to that term in Section 2.3(b).

(94) "**Representatives**" means, with respect to any Party, its Affiliates and, if applicable, its and their respective directors, officers, employees, agents, attorneys, accountants and other representatives and advisors.

(95) "**Restricted Period**" has the meaning attributed to that term in Section 6.4(1).

(96) "**Restricted Territory**" has the meaning attributed to that term in Section 6.4(1).

(97) "**SEC Requirements**" has the meaning attributed to that term in Section 7.1.

(98) "**Section 116 Certificate**" has the meaning attributed to that term in Section 2.3(b).

(99) "**Specified Representations and Warranties**" has the meaning attributed to that term in Section 5.5(1)(a).

(100) "**Statement**" has the meaning attributed to that term in Section 2.4(b).

(101) "**Straddle Period**" has the meaning attributed to that term in Section 6.3(4).

(102) "**Target Companies**" means, collectively, the Corporation and HondaSub, and "**Target Company**" means either one of them.

(103) "**Target Intellectual Property**" means all Intellectual Property owned or used by the Target Companies and that is necessary or used in the conduct of the Business as it is presently conducted or proposed to be conducted as contemplated as of the Closing Date, and all applications therefor and all goodwill connected therewith, including all licenses and all like rights used by or granted to the Target Companies in connection with the Business and all rights to register or otherwise apply for the protection of any of the foregoing.

(104) "**Tax Act**" means the *Income Tax Act* (Canada).

(105) "**Tax Escrow Agent**" has the meaning attributed to that term in Section 2.3(b).

(106) "**Taxes**" means taxes, duties, fees, premiums, assessments, imposts, levies and other charges of any kind whatsoever imposed by any Governmental Authority, including all interest, penalties, fines, additions to tax or other additional amounts imposed in respect thereof (including those levied on, or measured by, or referred to as, income, gross

receipts, profits, capital, transfer, land transfer, sales, goods and services, harmonized sales, use, valued-added, excise, stamp, withholding, premium, business, franchising, property, employer health, payroll, employment, health, social services, education and social security taxes, surtaxes, customs duties and import and export taxes, license, franchise and registration fees and employment insurance, health insurance and Canada, and other government pension plan premiums or contributions), and "**Tax**" has a corresponding meaning.

(107) "**Tax Return**" means all returns, declarations, designations, forms, schedules, reports and other documents of every nature whatsoever required to be filed with any Governmental Authority with respect to any Taxes.

(108) "**Threshold**" has the meaning attributed to that term in Section 5.7(4)(a).

(109) "**Transactions**" means the transactions contemplated by this Agreement.

(110) "**Transmission**" has the meaning attributed to that term in Section 7.11(1)(c).

(111) "**Trustee**" means John G. Armstrong, in his capacity as sole trustee of the FM Trust.

(112) "**Vendors**" means, collectively, Honda and FM Trust, and a "**Vendor**" means any of them.

(113) "**VRA**" means the Vehicle Refueling Appliance developed or manufactured by the Corporation.

(114) "**Working Capital**" means the Corporation's consolidated current assets minus the Corporation's consolidated current liabilities, as determined in accordance with GAAP and converted into equivalent United States dollars in accordance with Section 2.4(g). For greater certainty, current liabilities shall not include debt or interest owing by the Corporation to HondaSub or Honda.

1.2 Construction. This Agreement has been negotiated by each Party with the benefit of legal representation, and any rule of construction to the effect that any ambiguities are to be resolved against the drafting Party shall not apply to the construction or interpretation of this Agreement.

1.3 Certain Rules of Interpretation. In this Agreement:

(a) the division into Articles and Sections and the insertion of headings and the Table of Contents are for convenience of reference only and do not affect the construction or interpretation of this Agreement;

(b) the expressions "hereof", "herein", "hereto", "hereunder", "hereby" and similar expressions refer to this Agreement and not to any particular portion of this Agreement; and

(c) unless specified otherwise or the context otherwise requires:

(i) references to any Article, Section or Schedule are references to the Article or Section of, or Schedule to, this Agreement;

(ii) "including" or "includes" means "including (or includes) but is not limited to" and shall not be construed to limit any general statement preceding it to the specific or similar items or matters immediately following it;

(iii) "the aggregate of", "the total of", "the sum of", or a phrase of similar meaning means "the aggregate (or total or sum), without duplication, of";

(iv) references to Contracts are deemed to include all present and future amendments, supplements, restatements and replacements to those Contracts;

(v) references to any legislation, statutory instrument or regulation or a section thereof, unless otherwise specified, is a reference to the legislation, statutory instrument, regulation or section as amended, restated and re-enacted from time to time; and

(vi) words in the singular include the plural and vice-versa and words in one gender include all genders.

1.4 Knowledge. In this Agreement, any reference to the knowledge of the Corporation means the actual knowledge of John Lyon, Ralph Rackham and/or Don Jevons, and any reference to the knowledge of Honda means the actual knowledge of Dan Bonawitz and/or Richard Crawford.

1.5 Computation of Time. In this Agreement, unless specified otherwise or the context otherwise requires:

(a) a reference to a period of days is deemed to begin on the first day after the event that started the period and to end at 5:00 p.m. on the last day of the period, but if the last day of the period does not fall on a Business Day, the period ends at 5:00 p.m. on the next succeeding Business Day;

(b) all references to specific dates mean 11:59 p.m. on the dates;

(c) all references to specific times shall be references to Los Angeles, California time; and

(d) with respect to the calculation of any period of time, references to "from" mean "from and excluding" and references to "to" or "until" mean "to and including".

1.6 Performance on Business Days. If any action is required to be taken pursuant to this Agreement on or by a specified date that is not a Business Day, the action is valid if taken on or by the next succeeding Business Day.

1.7 Currency and Payment. In this Agreement, unless specified otherwise:

(a) Except where the context indicates otherwise, in which case references to dollar amounts or obligations, including indemnification obligations, shall mean United States dollars, references to dollar amounts or "$" are to Canadian dollars;

(b) any payment is to be made by wire transfer in immediately available funds;

(c) any payment to Honda is to be made by wire transfer in immediately available funds to:

Bank of America
100 West 33rd Street
New York, NY 10001
Account # 12358-01592
ABA # 0260-0959-3; and

(d) except in the case of any payment due on the Closing Date, any payment due on a particular day must be received and available by 5:00 p.m. on the due date and any payment received and available after that time is deemed to have been made and received on the next succeeding Business Day.

1.8 Accounting Terms. In this Agreement, unless specified otherwise, each accounting term has the meaning assigned to it under GAAP.

1.9 Schedules. The following Schedules are attached to and form part of this Agreement:

Schedule 1.1(35)(a)	Corporation's Financial Statements
Schedule 1.1(35)(b)	HondaSub's Financial Statements
Schedule 1.1(59)	Interim Financial Statements
Schedule 1.1(78)	Permitted Encumbrances
Schedule 3.2(c)	Form of Technology Agreement
Schedule 3.2(g)	Certificate of Representations and Warranties
Schedule 3.2(h)	Certificate of Covenants
Schedule 3.2(l)	Form of General Releases from Vendors
Schedule 3.3(g)(i)	The Purchaser's Certificate of Representations and Warranties
Schedule 3.3(g)(ii)	The Purchaser's Certificate of Covenants and Obligations
Schedule 4.2(1)(c)	Approvals
Schedule 5.2(14)	HondaSub Intellectual Property
Schedule 5.2(16)	HondaSub's Material Contracts and Other Contracts
Schedule 5.2(27)	HondaSub's Accounts and Attorneys
Schedule 5.3(5)	Capital of the Corporation
Schedule 5.3(11)	Leased Property
Schedule 5.3(13)	Personal Property Matters
Schedule 5.3(14)	Personal Property Leases
Schedule 5.3(17)	Target Intellectual Property Matters
Schedule 5.3(18)	Insurance Policies
Schedule 5.3(20)	Corporation's Material Contracts
Schedule 5.3(22)	Permits

Schedule 5.3(23)	Regulatory and Third Party Approvals
Schedule 5.3(28)	Changes Out of the Ordinary Course
Schedule 5.3(30)	Warranties
Schedule 5.3(31)	Litigation
Schedule 5.3(32)	Corporation's Accounts and Attorneys
Schedule 5.3(33)	Environmental Matters
Schedule 5.3(34)	Employee Plans
Schedule 5.3(35)	Labor Matters
Schedule 5.3(36)	OSHA Requirements, Correspondence and Inspection Reports
Schedule 5.3(37)	Top 20 Customers
Schedule 5.4(5)	Required Government Permits, Filings and Notices of the Purchaser

ARTICLE 2
PURCHASE AND SALE

2.1 Agreement to Purchase and Sell. Subject to the terms and conditions of this Agreement, at the Closing Time, Honda shall sell to the Purchaser and the Purchaser shall purchase from Honda, all of the Purchased Shares owned by Honda, constituting all of the issued and outstanding shares in the capital of HondaSub and all of the issued and outstanding shares in the capital of the Corporation other than those owned by HondaSub or the FM Trust, free and clear of all Encumbrances. Subject to the terms and conditions of this Agreement, at the Closing Time, the FM Trust shall sell to the Purchaser and the Purchaser shall purchase from the FM Trust all of the Purchased Shares owned by the FM Trust, constituting all of the issued and outstanding shares in the capital of the Corporation other than those owned by Honda and HondaSub, free and clear of all Encumbrances.

2.2 Purchase Price. Subject to the terms and conditions of this Agreement, the aggregate purchase price of US$17,000,000.00 (the "**Initial Purchase Price**") shall be paid on the Closing Date by the Purchaser to (a) Honda for the Purchased Shares in HondaSub in an amount equal to the Initial Purchase Price less US$2.00, (b) to Honda for the Purchased Shares in the Corporation in the amount of US $1.00, (c) to the FM Trust for the Purchased Shares in the Corporation in the amount of US $1.00, and (d) to Vendor for the covenant not to compete contained in Section 6.4(1) in the amount of nil.

2.3 Withholding Matters.

(a) Subject to this Section 2.3, Honda will deliver to the Purchaser on the Closing Date the Section 116 Certificate (as defined below) issued pursuant to Section 116 of the Tax Act in respect of the sale of the Purchased Shares previously owned by Honda (the "**Honda Purchased Shares**") to the Purchaser.

(b) If a certificate issued by the Minister of National Revenue pursuant to Section 116 of the Tax Act in respect of the sale of the Honda Purchased Shares to the Purchaser, specifying a certificate limit in an amount which is not less than the

Initial Purchase Price (the "**Section 116 Certificate**"), is not delivered to the Purchaser on or before the Closing Date, the Purchaser will be entitled to withhold from the Initial Purchase Price and shall pay to Honda's Solicitors, as escrow agent (the "**Tax Escrow Agent**"), pursuant to an escrow agreement to be agreed upon by the parties, acting reasonably, an amount equal to 25% of the Initial Purchase Price in respect of the sale of the Honda Purchased Shares (the "**Remittance Amount**"), which the Purchaser may be required to remit pursuant to Section 116 of the Tax Act in connection with such purchase.

(c) If Honda obtains and delivers to the Purchaser a letter from the Canada Revenue Agency (the "**CRA**") authorizing the Purchaser to retain the Remittance Amount pending the completion of the CRA's review of the application for the Section 116 Certificate (the "**Letter**"), the Purchaser shall direct the Tax Escrow Agent to continue to hold the Remittance Amount until either: (1) the CRA subsequently notifies the Purchaser that it may no longer rely upon the Letter in order to validly refrain from remitting the Remittance Amount to the CRA; or (2) the CRA issues the Section 116 Certificate and Honda delivers such certificate to the Purchaser.

(d) If the Purchaser has withheld an amount pursuant to Section 2.3(b) and Honda does not deliver to the Purchaser, prior to the 25th day after the end of the month in which the Closing Date occurs, the Section 116 Certificate or the Letter, the Purchaser may direct the Tax Escrow Agent to remit to the Receiver General for Canada, on its behalf, the Remittance Amount pursuant to Section 116 of the Tax Act and the amount so remitted shall be credited to the Purchaser as payment of the amount owing to Honda in respect of the Initial Purchase Price.

(e) If the Letter is delivered by Honda to the Purchaser, but the CRA subsequently notifies the Purchaser that it may no longer rely upon the Letter in order to validly refrain from remitting the Remittance Amount to the CRA, the Purchaser may direct the Tax Escrow Agent to remit to the Receiver General for Canada, on its behalf, the Remittance Amount pursuant to Section 116 of the Tax Act and the amount so remitted shall be credited to the Purchaser as payment of the amount owing to Honda in respect of the Initial Purchase Price.

(f) If Honda delivers the Section 116 Certificate to the Purchaser at a time when amounts continue to be held in escrow by the Tax Escrow Agent, the Purchaser will promptly direct the Tax Escrow Agent to pay to Honda the Remittance Amount withheld pursuant to Section 2.3(b), plus any accrued interest in respect of such withheld amounts, less any amounts remitted out of the Remittance Amount to the Receiver General for Canada pursuant to this Section 2.3. Any amounts released by the Tax Escrow Agent to Honda shall be credited to the Purchaser as payment of the amount owing to Honda in respect of the Initial Purchase Price.

(g) If, following the Closing, yet prior to the delivery of the Section 116 Certificate, the CRA indicates that the Section 116 Certificate will be issued upon the payment of an amount (the "**Tax Amount**") that does not exceed the Remittance

Amount, the Tax Escrow Agent will remit the Tax Amount to the Receiver General for Canada as payment of the Tax Amount (and the amount so remitted will be credited to the Purchaser as payment of the amount owing to Honda in respect of the Initial Purchase Price). Upon delivery of such certificate, the Tax Escrow Agent shall disburse the remaining portion of the Remittance Amount, if any, to Honda (plus any interest or other income earned thereon, net of any applicable Taxes) and the amount so distributed will be credited to the Purchaser as payment of the amount owing to Honda in respect of the Initial Purchase Price.

(h) Subject to this Section 2.3, the Initial Purchase Price, and any positive adjustments thereto, shall be paid to Honda free and clear of, and without deduction in respect of, any Taxes, charges or other levies.

2.4 Purchase Price Adjustment.

(a) The Initial Purchase Price shall be increased or decreased, as the case may be, by any difference between the Working Capital at the time of Closing (the "**Closing Working Capital**") and the Base Working Capital. If the Closing Working Capital is less than the Base Working Capital, the Initial Purchase Price shall be decreased dollar-for-dollar by the difference. If the Closing Working Capital is greater than the Base Working Capital, the Initial Purchase Price shall be increased dollar-for-dollar by the difference. The Closing Working Capital shall be determined and calculated using the same principles, practices and methods as were used in determining the Base Working Capital based thereon.

(b) Within 45 days after the Closing Date, the Purchaser shall prepare and deliver to Vendors a written statement (the "**Statement**") setting forth in reasonable detail its calculation of Closing Working Capital.

(c) During the 20-day period following the receipt by Vendors of the Statement, Vendors and their respective Representatives shall be permitted to review during normal business hours and make copies reasonably required of (i) the working papers of the Purchaser, the Corporation and, if relevant, its independent auditors relating to the preparation of the Statement and (ii) any supporting schedules, supporting analyses and other supporting documentation relating to the preparation of the Statement. The Statement shall become final and binding upon the parties on the 20th day following delivery thereof, except to the extent that Honda gives written notice of disagreement with the Statement (the "**Notice of Disagreement**") to the Purchaser prior to such date. Any Notice of Disagreement shall (A) specify in reasonable detail the nature of any disagreement so asserted (any such disagreement to be limited to whether such calculation of Closing Working Capital is mathematically correct and/or have been prepared in accordance with the definitions of Closing Working Capital, and the definition included in such definitions) and (B) if independent auditors are engaged by Honda in connection with the preparation of the Notice of Disagreement, be accompanied by a certificate of the independent auditors of Honda that they concur with each of the positions taken by Honda in the Notice of Disagreement.

If a Notice of Disagreement complying with the preceding sentence is received by the Purchaser in a timely manner, then the Statement (as revised in accordance with clause (I) or (II) below) shall become final and binding upon the Parties on the earlier of (I) the date the Purchaser and Honda resolve in writing any differences they have with respect to the matters specified in the Notice of Disagreement or (II) the date any disputed matters are finally resolved in writing by the Accounting Firm.

(d) During the 20-day period following the delivery of a Notice of Disagreement that complies with Section 2.4(c), the Purchaser and Honda shall seek in good faith to resolve in writing any differences which they may have with respect to the matters specified in the Notice of Disagreement. During such period, the Purchaser and its independent auditors shall be permitted to review and make copies reasonably required of (i) the working papers of Honda's accountants relating to the preparation of the Notice of Disagreement and (ii) any supporting schedules, supporting analyses and other supporting documentation relating to the preparation of the Notice of Disagreement. If, at the end of such 20-day period, the differences as specified in the Notice of Disagreement are not resolved, Honda and the Purchaser shall promptly select PricewaterhouseCoopers LLP (the "**Accounting Firm**") and submit to the Accounting Firm for review and resolution of any and all matters which remain in dispute and which are properly included in the Notice of Disagreement. In resolving any disputed item, the Accounting Firm shall: (i) be bound by the provisions of this Section 2.4 and the definition of Closing Working Capital and the definition included in such definitions; (ii) limit its review to matters still in dispute as specifically set forth in the Notice of Disagreement (and only to the extent such matters are still in dispute following such 20-day period); and (iii) further limit its review solely to whether the Statement has been prepared in accordance with this Section 2.4. The determination of any item that is a component of Closing Working Capital and is the subject of a dispute cannot, however, be in excess of, or less than, the greatest or lowest value, respectively, claimed for any particular item in the Statement or the Notice of Disagreement (or, if different, the value claimed by the relevant Party at the end of such 20-day period). Honda and the Purchaser shall use commercially reasonable efforts to cause the Accounting Firm to render a decision resolving the matters in dispute within 30 days following the submission of such matters to the Accounting Firm. Honda and the Purchaser agree that judgment may be entered upon the determination of the Accounting Firm in any court having jurisdiction over the Party against which such determination is to be enforced. Except as specified in the following sentence, the fees and expenses of the Accounting Firm in connection with the Accounting Firm's determination of Closing Working Capital pursuant to this Section 2.4 shall be borne, in its entirety, by the Party whose calculation of the Final Purchase Price based upon its calculation of Closing Working Capital as initially submitted to the Accounting Firm) is furthest away from the Final Purchase Price based upon the Closing Working Capital as determined by the Accounting Firm. The fees and expenses of the Purchaser's independent auditors (if any) incurred in connection with the issuance of the Statement shall be borne by the Purchaser, and the fees and expenses of the independent auditors of Honda incurred in connection with its review of the Statement shall be borne by Honda.

(e) If the Closing Working Capital is greater than the Base Working Capital, the Purchaser shall, within five Business Days after the final determination of Closing Working Capital, make payment to Honda by wire transfer of immediately available funds of the amount of such excess, together with interest thereon at the rate of 6% per annum (the "**Rate**"), calculated on the basis of the actual number of days elapsed, from the Closing Date to the date of actual payment, compounded annually. If the Closing Working Capital is less than the Base Working Capital, Honda shall, within five Business Days after the final determination of Closing Working Capital, make payment to the Purchaser by wire transfer of immediately available funds of the amount of such excess, together with interest thereon at the Rate, calculated on the basis of the actual number of days elapsed, from the Closing Date to the date of actual payment, compounded annually.

(f) Any payment required to be made under this Section 2.4 shall be deemed an adjustment to the Initial Purchase Price.

(g) For the purposes of this Agreement, any monetary conversion from the currency of Canada (or any other foreign country) to United States currency shall be calculated using the applicable noon exchange rate posted on the website of the Bank of Canada (http://www.bank-banque-canada.ca) as of the applicable measurement date.

ARTICLE 3

CLOSING ARRANGEMENTS

3.1 Closing. Subject to satisfaction or waiver of the conditions set forth in Article 4, the Closing shall take place on the Closing Date at the offices of Honda's Solicitors in Toronto, Ontario or at such other place as may be agreed to by Honda and the Purchaser.

3.2 Vendors' Closing Deliveries. At the Closing, the Vendors shall deliver or cause to be delivered to the Purchaser the following:

(a) certificates representing the Purchased Shares, accompanied by stock transfer powers duly executed in blank or duly executed instruments of transfer, and all such other assurances, consents and other documents as the Purchaser may reasonably request to effectively transfer to the Purchaser title to the Purchased Shares free and clear of all Encumbrances;

(b) a certified copy of a resolution of the board of directors and/or shareholders of the each Target Company consenting to the transfer of the Purchased Shares from the Vendors to the Purchaser as contemplated by this Agreement and authorizing the execution, delivery and performance of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Target Companies;

(c) the technology agreement among Honda, HondaSub and the Purchaser substantially in the form of Schedule 3.2(c), executed by HondaSub and Honda;

(d) a sublicense of the Greenfield License Agreement by HondaSub to Honda, substantially in the form of Schedule 3.2(c), with any necessary changes, including any changes reasonably required by Greenfield, executed by HondaSub and Honda (the "**Greenfield/Honda Sublicense**");

(e) in respect of each of the Corporation and HondaSub:

(i) a certificate of status or its equivalent under the laws of the jurisdiction governing its corporate existence;

(ii) a certificate of incumbency; and

(iii) that number of copies reasonably required by the Purchaser, certified by one of its senior officers, of its Constating Documents, and in the case of HondaSub, of the resolutions of the board of directors of HondaSub authorizing the execution, delivery and performance of this Agreement and of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by HondaSub;

(f) in respect of Honda:

(i) a certificate of status or its equivalent under the laws of the jurisdiction governing its corporate existence;

(ii) a certificate of incumbency; and

(iii) that number of copies reasonably required by the Purchaser, certified by one of its senior officers, of its Constating Documents;

(g) a certificate of each Vendor and the Corporation in respect of its representations and warranties set out in Section 5.1, 5.2 and 5.3, as the case may be, substantially in the form of Schedule 3.2(g);

(h) a certificate of Honda in respect of its covenants and other obligations set out in this Agreement substantially in the form of Schedule 3.2(h);

(i) a certified copy of the Declaration;

(j) agreements in form reasonably acceptable to the Purchaser establishing that the following agreements have been terminated:

(i) the Enabling License Agreement made as of May 6, 2004 between the Corporation, HondaSub and Honda;

(ii) the IP and Support Agreement;

(iii) the Unanimous Shareholders Agreement made as of October 12, 2000 in respect of the affairs of the Corporation, as amended by Amendment No. 1 thereto made as of July 23, 2004 between 1141258 Ontario Inc., 1249077 Ontario Inc., the Trustee, HondaSub, Honda, John L. Lyon, Ralph Rackham, Gunter Stefan and the Corporation; and

(iv) the Amended and Restated Development Agreement between the Corporation, HondaSub and Honda dated July 23, 2004;

(k) agreements in form reasonably acceptable to the Purchaser under which Honda assigns to the Purchaser its interest in the following agreements:

(i) the Assignment of License Agreement as Amended between the Corporation, HondaSub and Honda dated May 6, 2004 in respect of the Greenfield License Agreement;

(ii) the amendment to the Greenfield License Agreement, styled as "Amendment #3", entered into by Greenfield, HondaSub and Honda dated March 18, 2008;

(iii) the Greenfield Sublicense Agreement; and

(iv) the IP License Agreement;

(l) general releases, in the form attached hereto as Schedule 3.2(l), executed by each of the Vendors, which Release by Honda will include cancellation of any and all debt owed by the Corporation or HondaSub to Honda;

(m) Financial Statements audited by KPMG LLP in accordance with GAAP; and

(n) At Honda's option, RC Elections in accordance with Section 6.4(7).

3.3 The Purchaser's Closing Deliveries. At the Closing, the Purchaser shall deliver or cause to be delivered to the Vendors the following:

(a) payment of the amounts required to be paid under Section 2.2;

(b) receipts for the certificates representing the Purchased Shares;

(c) the technology agreement contemplated in Section 3.2(c), executed by the Purchaser;

(d) the Greenfield/Honda Sublicense, executed by the Purchaser;

(e) in respect of the Purchaser:

(i) a certificate of status or its equivalent under the laws of the jurisdiction governing its corporate existence;

(ii) a certificate of incumbency; and

(iii) that number of copies reasonably required by the Vendors, certified by one of its senior officers, of its Constating Documents and of the resolutions of the board of directors and shareholders of the Purchaser authorizing its execution, delivery and performance of this Agreement and of all contracts, agreements, instruments, certificates and other documents required by this Agreement to be delivered by the Purchaser;

(f) agreements in form reasonably acceptable to Honda under which the Purchaser assumes from Honda Honda's obligations under the following agreements:

(i) the Assignment of License Agreement as Amended between the Corporation, HondaSub and Honda dated May 6, 2004 in respect of the Greenfield License Agreement;

(ii) the amendment to the Greenfield License Agreement, styled as "Amendment #3", entered into by Greenfield, HondaSub and Honda dated March 18, 2008; and

(iii) the Greenfield Sublicense Agreement; and

(iv) the IP License Agreement;

(g) a certificate of the Purchaser in respect of its representations and warranties set out in Section 5.4 substantially in the form of Schedule 3.3(g)(i) and a certificate of the Purchaser in respect of its covenants and other obligations set out in this Agreement substantially in the form of Schedule 3.3(g)(ii); and

(h) At Honda's option, RC Elections in accordance with Section 6.4(7).

ARTICLE 4
CONDITIONS OF CLOSING

4.1 The Purchaser's Conditions.

(1) The Purchaser shall be obliged to complete the Transactions only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of the Purchaser):

(a) all of the representations and warranties of each of the Vendors and the Corporation made in this Agreement shall be true and correct in all material respects as at the Closing Time with the same effect as if made at and as of the Closing Time (except as those representations and warranties may be affected by events or transactions (i) expressly permitted by or resulting from the entering of this Agreement or (ii) approved in writing by the Purchaser);

(b) the Vendors shall have complied with or performed in all material respects all of the obligations, covenants and agreements under this Agreement to be complied with or performed by the Vendors or any of them at or before the Closing Time, including the Vendors' Closing deliveries specified in Section 3.2;

(c) all Approvals described in Schedule 4.2(1)(c) shall have been obtained, in each case in form and substance satisfactory to the Purchaser, acting reasonably;

(d) Honda, HondaSub and the Purchaser shall have entered into a technology agreement substantially in the form of the draft agreement attached as Schedule 3.2(c) and the Greenfield/Honda Sublicense;

(e) there shall be no injunction or restraining order issued preventing, and no pending or threatened Claim, against any Party, for the purpose of enjoining or preventing, the completion of the Transactions or otherwise claiming that this Agreement or the completion of the Transactions is improper or would give rise to a Claim under any Applicable Law;

(f) the following agreements have been terminated:

(i) the Enabling License Agreement made as of May 6, 2004 between the Corporation, HondaSub and Honda;

(ii) the IP and Support Agreement made as of July 23, 2004 between the Corporation, HondaSub and Honda;

(iii) the Unanimous Shareholders Agreement made as of October 12, 2000 in respect of the affairs of the Corporation, as amended by Amendment No. 1 thereto made as of July 23, 2004 between 1141258 Ontario Inc., 1249077 Ontario Inc., the FM Trust, HondaSub, Honda, John L. Lyon, Ralph Rackham, Gunter Stefan and the Corporation; and

(iv) the Amended and Restated Development Agreement between the Corporation, HondaSub and Honda dated July 23, 2004.

(g) the Financial Statements have been delivered and the Purchaser shall have had four Business Days thereafter to consider the reconciliation of the Financial Statements with United States generally accepted accounting principles prepared by KPMG, LLP; and

(h) there shall have been no Material Adverse Change between the date of this Agreement and the Closing Date.

(2) If any of the conditions in Section 4.1(1) shall not be satisfied or fulfilled in full at or before the Closing Time to the satisfaction of the Purchaser acting reasonably, the Purchaser in its sole discretion may, without limiting any rights or remedies available to the Purchaser at law or in equity, either:

(a) terminate this Agreement by notice in writing to the Vendors, except with respect to the obligations contained in Sections 6.7, 7.1, 7.2, 7.9 and 7.10 which shall survive that termination; or

(b) waive compliance with any such condition in whole or in part by notice in writing to the Vendors, except that no such waiver shall operate as a waiver of any other condition.

4.2 Vendors' Conditions.

(1) The Vendors shall be obliged to complete the Transactions only if each of the following conditions precedent has been satisfied in full at or before the Closing Time (each of which conditions precedent is acknowledged to be for the exclusive benefit of Honda):

(a) all of the representations and warranties of the Purchaser made in this Agreement shall be true and correct as at the Closing Time with the same effect as if made at and as of the Closing Time (except as those representations and warranties may be affected by events or transactions expressly permitted by or resulting from the entering of this Agreement);

(b) the Purchaser shall have complied with or performed in all material respects all of the obligations, covenants and agreements under this Agreement to be complied with or performed by the Purchaser at or before the Closing Time, including the Purchaser's Closing deliveries specified in Section 3.3;

(c) all Approvals described in Schedule 4.2(1)(c) shall have been obtained, in each case in form and substance satisfactory to Honda, acting reasonably;

(d) Honda, HondaSub and the Purchaser shall have entered into a technology agreement substantially in the form of the draft agreement attached as Schedule 3.2(c) and the Greenfield/Honda Sublicense;

(e) there shall be no injunction or restraining order issued preventing, and no pending or threatened Claim against any Party for the purpose of enjoining or preventing, the completion of the Transactions or otherwise claiming that this Agreement or the completion of the Transactions is improper or would give rise to a Claim under any Applicable Law; and

(f) the agreements referred to in Section 4.1(1)(f) have been terminated.

(2) If any of the conditions in Section 4.2(1) shall not be satisfied or fulfilled in full at or before to the Closing Time to the satisfaction of Honda, acting reasonably, Honda in its sole discretion may, without limiting any rights or remedies available to the Vendors at law or in equity, either:

(a) terminate this Agreement by notice in writing to the Purchaser, except with respect to the obligations contained in Sections 6.7, 7.1, 7.2, 7.9 and 7.10 which shall survive that termination; or

(b) waive compliance with any such condition in whole or in part by notice in writing to the Purchaser, except that no such waiver shall operate as a waiver of any other condition.

4.3 Termination. This Agreement (other than the obligations set out in Sections 6.7, 7.1, 7.2, 7.9 and 7.10, which shall survive termination) may be terminated by the Purchaser or by Honda, without any obligation or liability hereunder if the Closing shall not have occurred on or prior to October 17, 2008, unless extended by mutual agreement of the Purchaser and Honda.

ARTICLE 5
REPRESENTATIONS AND WARRANTIES

5.1 Representations and Warranties of FM Trust. FM Trust represents and warrants to the Purchaser as to itself (and not as to Honda) as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its completion of the Transactions:

(1) Status. The FM Trust is a legal, valid and subsisting *inter vivos* trust under the laws of the Province of Ontario and has full power and authority under the Declaration to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder. The Trustee has been validly appointed as the sole trustee of the FM Trust and has the requisite power and authority to act on behalf of the FM Trust and to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by the FM Trust, and to perform the obligations of the FM Trust hereunder and thereunder. The Declaration has not been modified, amended or supplemented, and a true and complete copy of the Declaration has been provided to the Purchaser.

(2) Due Authorization. The execution and delivery of this Agreement by the FM Trust and the contracts, agreements and instruments required by this Agreement to be delivered by the FM Trust, and the performance of its obligations hereunder and thereunder do not violate Applicable Law and have been duly and validly authorized by all necessary action on the part of the Trustee, as trustee the FM Trust and no other proceedings on the part of the FM Trust or the Trustee are necessary to authorize the foregoing.

(3) Enforceability. This Agreement has been duly executed and delivered by the Trustee as sole trustee of the FM Trust and is a legal, valid and binding obligation of the FM Trust and/or the Trustee enforceable against the FM Trust and/or the Trustee in accordance with its terms. Each of the contracts, agreements and instruments required by this Agreement to be executed and delivered by the FM Trust will at the time of the sale of the Purchased Shares owned by the FM Trust on the Closing Date have been duly executed and delivered by the Trustee as sole trustee of the FM Trust and will be enforceable against it in accordance with its terms.

(4) Ownership of Purchased Shares. The FM Trust is the registered owner of its Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances, and has the exclusive right to dispose of its Purchased Shares as provided in this Agreement.

None of its Purchased Shares is subject to (i) any Contract or restriction which in any way limit or restrict the transfer to the Purchaser of its Purchased Shares other than the transfer restrictions in the Corporation's Constating Documents or (ii) any voting trust, pooling agreement, shareholder agreement, voting agreement or other Contract, arrangement or understanding with respect to the voting of its Purchased Shares (or any of them) other than the Unanimous Shareholders Agreement referred to in Section 3.2(j)(iii), true, accurate and complete copies of which have been provided to the Purchaser. At or prior to the sale of the FM Trust's Purchased Shares on the Closing Date, all those Contracts and restrictions will have been complied with or terminated and evidence of that compliance or termination in form and substance satisfactory to the Purchaser will have been provided to the Purchaser. On completion of the Transactions, neither the Trustee nor the FM Trust will have any ownership interest in the Corporation, HondaSub or any Target Intellectual Property transferred to the Purchaser hereby, whether direct or indirect, actual or contingent, and the Purchaser shall have good and marketable title to its Purchased Shares, free and clear of all Encumbrances.

(5) Absence of Conflict. The execution, delivery and performance of this Agreement by the FM Trust and the Trustee and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations under:

(i) any contract to which FM Trust is a party or by which any of FM Trust's Assets is bound or affected;

(ii) any provision of the Declaration;

(iii) any judgment, decree, order or award of any Governmental Authority having jurisdiction over FM Trust; or

(iv) any Applicable Law; or

(b) the creation or imposition of any Encumbrance over any of the Assets of FM Trust.

(6) Residency. The FM Trust is not and, at the Closing Time will not be, a non-resident of Canada within the meaning of the Tax Act.

5.2 Representations and Warranties of Honda. Honda represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its completion of the Transactions:

(1) Organization and Status. Honda is a corporation duly incorporated, and is validly subsisting and in good standing under the laws of the State of California. HondaSub is a corporation duly incorporated and is validly subsisting and in good standing under the laws of the Province of Ontario.

(2) Corporate Power. Honda has all necessary corporate power and authority to own or lease or dispose of its undertakings, property and assets (including its Purchased Shares), to enter into this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it, and to perform its obligations hereunder and thereunder.

(3) Authorization. All necessary corporate action has been taken by Honda or on its part to authorize its execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder.

(4) Enforceability. This Agreement has been duly executed and delivered by Honda and is a legal, valid and binding obligation of Honda enforceable against it in accordance with its terms. Each of the contracts, agreements and instruments required by this Agreement to be delivered by Honda and HondaSub will at the Closing Time have been duly executed and delivered by Honda and HondaSub and will be enforceable against Honda and HondaSub in accordance with its terms.

(5) Ownership of Purchased Shares. Honda is the registered and beneficial owner of its Purchased Shares, with good and marketable title thereto, free and clear of all Encumbrances, and has the exclusive right to dispose of its Purchased Shares as provided in this Agreement. None of the Purchased Shares held by Honda is subject to (i) any Contract or restriction which in any way limits or restricts the transfer to the Purchaser of its Purchased Shares other than the transfer restrictions in the articles of incorporation of HondaSub or the Corporation or (ii) any voting trust, pooling agreement, shareholder agreement, voting agreement or other Contract, arrangement or understanding with respect to the voting of its Purchased Shares (or any of them) other than the Unanimous Shareholders Agreement referred to in Section 3.2(j)(iii), true, accurate and complete copies of which have been provided to the Purchaser. At or prior to the Closing Time, all those Contracts and restrictions will have been complied with or terminated and evidence of that compliance or termination in form and substance satisfactory to the Purchaser will have been provided to the Purchaser. On completion of the Transactions, Honda will have no ownership interest in the Target Companies, whether direct or indirect, actual or contingent, and the Purchaser shall have good and marketable title to its Purchased Shares, free and clear of all Encumbrances.

(6) Title to Assets. HondaSub has good and marketable title to all of its Assets, free and clear of any and all Encumbrances other than Permitted Encumbrances.

(7) Authorized and Issued Capital. The authorized capital of HondaSub consists of an unlimited number of common shares, of which 26,235,528 common shares are issued and outstanding. At Closing Date, the paid-up capital of the Purchased Shares in HondaSub for both Canadian legal and tax purposes is at least the sum of the Initial Purchase Price of such shares and any adjustment to the Initial Purchase Price of such shares pursuant to Section 2.4. Honda is shown on the securities register of HondaSub as the holder of all of such shares. All of such shares indicated have been issued and outstanding, are validly issued and are outstanding as fully paid and non-assessable shares and were not issued in violation of the pre-emptive rights of any Person or any Contract or Applicable Law by

which HondaSub was bound at the time of the issuance. There is no security, option, warrant, right, call, subscription, agreement, commitment or understanding of any nature whatsoever, fixed or contingent, that directly or indirectly (i) calls for the issuance, redemption, sale, pledge or other disposition of any securities of HondaSub or any securities convertible into, or other rights to acquire, any securities of HondaSub, (ii) obligates HondaSub to grant, offer or enter into any of the foregoing or (iii) relates to the voting or control of such interests, securities or rights. HondaSub has not created any “phantom interests,” appreciation rights or other similar rights, the value of which is related to or based upon the price or value of any class or series of securities of HondaSub. HondaSub does not have outstanding securities debt or debt instruments providing for voting rights with respect to HondaSub to the holders thereof. There are no shareholders agreements, voting trusts, pooling agreements or other Contracts, arrangements or understandings in respect of the voting of any of the shares of HondaSub. True, accurate and complete copies of the Constating Documents and other organizational documents of HondaSub have been provided to the Purchaser.

(8) Options. No Person has any Contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract, including convertible securities, warrants, options or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any issued or un-issued shares or other securities of HondaSub.

(9) Absence of Conflict. The execution, delivery and performance of this Agreement by Honda and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligations under:

(i) any Contract to which HondaSub is a party or by which any of HondaSub’s Assets is bound or affected;

(ii) any provision of the Constating Documents or resolutions of the board of directors (or any committee thereof) or shareholders of HondaSub;

(iii) any judgment, decree, order or award of any Governmental Authority having jurisdiction over HondaSub;

(iv) any Approval issued to or held by, HondaSub or held for the benefit of or necessary to the operation of, HondaSub; or

(v) any Applicable Law; or

(b) the creation or imposition of any Encumbrance over any of HondaSub’s Assets.

(10) Conduct of Business. HondaSub is in compliance with all Applicable Laws, except such non-compliance as would not reasonably be expected to cause a Material Adverse Effect. The only business carried on by HondaSub is with the Corporation.

(11) No Subsidiaries. HondaSub does not own and does not have any Contracts of any nature to acquire, directly or indirectly, any Equity Interests in any Person other than the Corporation, and HondaSub does not have any Contracts to acquire by any manner whatsoever or lease any other business operations.

(12) Bankruptcy. HondaSub has not made an assignment in favor of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. HondaSub has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of HondaSub or any of HondaSub's Assets and no execution or distress has been levied on any of its Assets, nor have proceedings been commenced in connection with any of the foregoing.

(13) Leased Property. HondaSub has no leases nor agreements in the nature of a lease in respect of any real property, whether as lessor or lessee. HondaSub is not the beneficial or registered owner of or the lessor or lessee of, and has not agreed to acquire or lease any real property or appurtenances or any interest in, any real property or appurtenances. HondaSub is not a party to, and has not agreed to enter into, any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee.

(14) HondaSub Intellectual Property.

(a) Schedule 5.2(14) is a true, accurate and complete list of (i) all the HondaSub Intellectual Property that is registered or for which a pending application for registration exists, (ii) all Contracts pursuant to which HondaSub has the right to use any Target Intellectual Property not owned by HondaSub (other than commercial off-the-shelf application software), and (iii) all Contracts pursuant to which third parties are granted the right to use any Target Intellectual Property owned by HondaSub (collectively, the Contracts identified under (ii) and (iii) comprising "**HondaSub IP Contracts**"). Unless otherwise noted, all HondaSub IP Contracts are in full force and effect. HondaSub is in compliance with, and has not breached any term of any HondaSub IP Contract, and to the knowledge of HondaSub, all other parties to the HondaSub IP Contracts are in compliance in all respects with, and have not breached any term of, the HondaSub IP Contracts.

(b) Except as set out in Schedule 5.2(14), HondaSub has not granted any Person any interest in or right to use all or any portion of the Target Intellectual Property that is owned by or licensed exclusively to HondaSub, other than the Corporation.

(c) HondaSub has not interfered with, infringed upon or misappropriated any Intellectual Property rights of any other Person, and has not received any written claim, notice or threat that any conduct of the Business, including its use of any Target Intellectual Property, infringes on or breaches any Intellectual Property rights of any other Person.

(d) HondaSub has used commercially reasonable efforts to protect the HondaSub Intellectual Property against infringement and misappropriation by third parties

and to preserve HondaSub's rights therein. To Honda's knowledge, no Person has interfered with, infringed upon or misappropriated any of the rights of HondaSub in the HondaSub Intellectual Property, and HondaSub knows of no threat by any Person to do so.

(e) HondaSub has in its possession or control, and has made available to the Purchaser, correct, accurate, complete, fully-executed copies of all HondaSub IP Contracts (as amended to date) set out in Schedule 5.2(14). HondaSub has made available to Purchaser correct, accurate and complete copies of all material documents that it has in its possession or control relating to each item of the HondaSub Intellectual Property, including all material documents submitted to or received from any Governmental Authority worldwide.

(f) HondaSub has taken all reasonable measures to maintain the validity and effectiveness of all HondaSub Intellectual Property, and all documents, recordations and certificates necessary to be filed by HondaSub to maintain the effectiveness of the HondaSub Intellectual Property have been filed with the relevant Governmental Authorities listed in Schedule 5.2(14), so that all items required to be listed in Schedule 5.2(14) are valid and in full force and effect, and no item required to be listed in Schedule 5.2(14) has lapsed, expired or been abandoned or canceled in any jurisdiction listed in Schedule 5.2(14).

(g) HondaSub has the exclusive right to file, prosecute and maintain any applications for the HondaSub Intellectual Property indicated as wholly owned by HondaSub in Schedule 5.2(14). HondaSub has taken all reasonable and necessary steps (based on standard industry practice and in accordance with all Applicable Law) to diligently and appropriately prosecute all applications listed in Schedule 5.2(14) as pending patent applications wholly owned by HondaSub and all such pending applications are in good standing.

(h) HondaSub has received no written demand, claim, notice or inquiry from any third party in respect of the HondaSub Intellectual Property that challenges, threatens to challenge, or inquires as to whether there is any basis to challenge, the validity or the rights of HondaSub in or to the HondaSub Intellectual Property, and HondaSub knows of no basis for any such challenge.

(i) Except as set out in Schedule 5.2(14): (i) HondaSub owns all right, title and interest in, or has a valid and binding license to make, have made, use, sell, distribute, prepare derivative works of, and otherwise exploit any products and/or processes covered by the HondaSub Intellectual Property and the HondaSub IP Contracts to the extent required for the present conduct of the Business and the proposed conduct of the Business as contemplated as of the Closing Date; (ii) to Honda's knowledge, the Target Intellectual Property comprises all of the Intellectual Property necessary for the conduct of the Business as it is currently conducted or proposed to be conducted as contemplated as of the Closing Date; (iii) there are no restrictions on the change of control of HondaSub contained in any license held by HondaSub related to the Target Intellectual Property;

(iv) HondaSub has never received written notice that it is in default (or without the giving of notice or lapse of time or both, would be in default) under any license with respect to any HondaSub Intellectual Property or HondaSub IP Contracts; and (v) no licensing fees, royalties, or payments are due or payable by HondaSub in connection with HondaSub Intellectual Property or HondaSub IP Contracts.

(j) No approval or consent of any Person is necessary for the interest of HondaSub in the HondaSub Intellectual Property or the HondaSub IP Contracts to continue to be in full force and effect following the Transactions, and HondaSub is not subject to any restriction that would be violated or breached by the consummation of the Transactions or that may affect the validity, use or enforceability of the HondaSub Intellectual Property or the HondaSub IP Contracts.

(k) HondaSub has taken reasonable measures to protect the confidentiality and value of each item of the Target Intellectual Property (other than Patents and other Target Intellectual Property that are filed with any Government Authority as contemplated at Section 5.2(14)(f) and are at a stage of such filing where they have been made publicly available) that it owns or is obligated to protect, in accordance with protection procedures believed by HondaSub to be adequate for protection customarily used in the industry to protect rights of like importance. All current and former HondaSub employees, agents and independent contractors who have materially contributed to or participated in the conception and development of Target Intellectual Property ("**HondaSub IP Participant**") have executed and delivered to HondaSub a proprietary information agreement, pursuant to which, inter alia, such HondaSub IP Participant has assigned all of his rights in such Intellectual Property to HondaSub and has agreed not to disclose such Intellectual Property for any purpose unrelated to his work for HondaSub. No former or current HondaSub IP Participant (i) has filed or threatened any written claim against HondaSub related to Target Intellectual Property; or (ii) to Honda's knowledge has any Patents issued or pending for any invention used or needed by HondaSub which have not been assigned to HondaSub.

(l) No employee of HondaSub is in default under, and the Transactions will not result in a default of, any term of any employment contract, noncompetition arrangement or other agreement relating to the HondaSub Intellectual Property or the HondaSub IP Contracts. No employee, agent or independent contractor of HondaSub, nor any third party (i) is entitled to compensation by HondaSub for any development or exploitation of HondaSub Intellectual Property or (ii) has been granted any right to develop or exploit any HondaSub Intellectual Property.

(15) No Expropriation. None of HondaSub's Assets have been taken or expropriated by any Governmental Authority nor has any expropriation or similar notice or proceeding in respect of any of HondaSub's Assets been given or commenced and, to the knowledge of Honda, there is not any intent or proposal to give any such notice or commence any such proceeding.

(16) Material Contracts and Other Contracts. Except as set out in Schedule 5.2(16), HondaSub is not a party to or bound by any of the following (each a "**Material Contract**"):

(a) distributor, dealer, sales, advertising, agency or manufacturer's representative or similar Contract;

(b) continuing Contract for the purchase of materials, supplies, equipment or services from a Person other than the Corporation;

(c) employment or consulting Contract or any other written Contract with any officer, employee or consultant;

(d) trust indenture, mortgage, hypothec, promissory note, debenture, loan agreement, guarantee or other Contract for the borrowing of money or a leasing transaction of the type required to be capitalized in accordance with GAAP;

(e) equipment leases, rental agreements, conditional sales agreements or similar agreements relating to any of HondaSub's Assets;

(f) agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person (except for checks endorsed for collection and customary indemnification provisions included in HondaSub agreements with the Corporation);

(g) Contract for capital expenditures;

(h) Contract for the sale of any of HondaSub's Assets;

(i) confidentiality, secrecy or non-disclosure Contract (whether the Corporation is a beneficiary or obligor thereunder) relating to any proprietary or confidential information (other than pursuant to agreements with the Corporation) or any non-competition or similar Contract; or

(j) Contract to which HondaSub is a party or by which HondaSub or any of HondaSub's Assets are bound or attached made in the Ordinary Course which involves or may reasonably involve the payment to or by HondaSub in excess of $25,000 over the term of the Contract.

A list of all Material Contracts of HondaSub is set forth in Schedule 5.2(16). True, accurate and complete copies of all Contracts set out in Schedule 5.2(16), or where those Contracts are oral, true, accurate and complete written summaries of their terms, have been provided to the Purchaser.

(17) No Default Under Contracts. HondaSub has performed, in all material respects, all of the obligations required to be performed by it and is entitled to all benefits under, and is not in default or alleged to be in default in respect of, any Contract relating to its Assets (including the Contracts referred to in any Schedule to this Agreement), to which it is a party or by which it is bound or affected, except such non-performance or default as could not reasonably be expected to cause a Material Adverse Effect. To the knowledge of Honda, all such Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a default under any such Contract, except such as would not reasonably be expected to cause a Material Adverse Effect.

(18) Permits. HondaSub is in compliance with all Applicable Law, except for such non-compliance as would not reasonably be expected to cause a Material Adverse Effect. There are no material Permits issued to or held by or for the benefit of HondaSub, and there are no other Permits necessary to own, lease or operate any of HondaSub's Assets. To the knowledge of Honda, each such material Permit is valid, subsisting and in good standing.

(19) Regulatory and Third Party Approvals. There is no requirement for Honda or HondaSub to make any filing with or give any notice to a Governmental Authority or other Person, or obtain any Permit or consent from any Person as a condition to the lawful completion of the Transactions.

(20) Financial Statements. The Financial Statements of HondaSub present fairly, in all material respects, the financial condition of HondaSub as at the respective dates indicated and the results of operations of HondaSub for the periods indicated. The audited Financial Statements of HondaSub to be delivered on the Closing Date will be prepared in accordance with GAAP consistently applied throughout the periods indicated, subject to routine year-end adjustments.

(21) Books and Records. All material financial transactions of HondaSub have been accurately recorded in its Books and Records.

(22) Corporate Records. The minute books of HondaSub contain true, accurate and complete records of all of its Constating Documents and, of every meeting, resolution and corporate action taken by the shareholders, the board of directors and every committee of the board. No meeting of shareholders, the board of directors or any committee of the board, has been held for which minutes have not been prepared and are not contained in those minute books. The share certificate book, register of shareholders, register of directors and officers, securities register and register of transfers of HondaSub, as provided to the Purchaser and/or the Purchaser's counsel, are true, accurate and complete in all material respects.

(23) Undisclosed Liabilities. HondaSub has no liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, and is not a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) of any Person, that are not disclosed in its Financial Statements or disclosed in

the Schedules to this Agreement, other than (a) liabilities, obligations, indebtedness and commitments in respect of trade or business obligations incurred after the Financial Statements Date in the Ordinary Course that have no Material Adverse Effect on the Business or the Corporation, and (b) liabilities or obligations that are not required by GAAP to be reflected on the balance sheet forming part of HondaSub's Financial Statements and that are not material either individually or in the aggregate.

(24) Taxes.

(a) Except as provided for in Section 6.3, HondaSub has filed all Tax Returns required to be filed by it in all applicable jurisdictions on or before the Closing Date and has paid or fully accrued all amounts, if any, shown as due thereon. The Tax indicated as payable, or as refundable (to the extent actually refunded), as the case may be, on such Tax Returns (adjusted to account for any losses that could be, or could have been, absent designation or election by HondaSub not approved by Honda, deducted in any such previous taxation periods) is correct and complete in all material respects;

(b) Canadian federal and provincial income Tax assessments have been issued to HondaSub covering all periods up to and including its fiscal year ended March 31, 2006. No Governmental Authority has challenged or disputed in writing a filing position taken by HondaSub in any Tax Return;

(c) To Honda's knowledge, there are no audits of HondaSub by a Governmental Authority currently in progress in respect of any Taxes and there are no material reassessments which have been issued by any Governmental Authority to HondaSub relating to any Taxes that have yet to be paid or in respect of which HondaSub has yet to file an objection or an appeal. HondaSub has not received any written notice from any Governmental Authority that a reassessment for Taxes, which has yet to be issued, will be issued as a result of an audit;

(d) There are no operative agreements, waivers or other arrangements with any Governmental Authority providing for an extension of time with respect to the issuance of any assessment or reassessment, the filing of any Tax Return or the payment of any Taxes by HondaSub;

(e) HondaSub has withheld and remitted proper non-resident withholding tax and payroll remittances as required by the Tax Act;

(f) HondaSub has maintained and continues to maintain at its place of business all books and records required to be maintained under the Tax Act, the *Excise Tax Act* (Canada), and any comparable law of any province or territory in Canada, including laws relating to sales and use taxes; and

(g) HondaSub is not party to or bound by any Tax sharing agreement, Tax indemnity obligation in favor of any Person or similar agreement in favor of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Authority). Without limiting

the generality of the foregoing, HondaSub has not entered into an agreement contemplated in Section 80.04, Section 191.3 or subsection 18(2.3), 127(13) to (17), 127(20) or 125(3) of the Tax Act or any comparable law of any province or territory of Canada.

(25) Product Warranties. HondaSub has received no written notice nor, to its knowledge, oral notice, from any customer alleging any breach of warranty in respect of any product, component or other item sold prior to the Closing by, or service rendered prior to the Closing by or on behalf of, HondaSub.

(26) Litigation. There are no material Claims (whether or not purportedly on behalf of HondaSub) pending or, to the knowledge of Honda, threatened against or affecting, HondaSub or its Assets.

(27) Accounts and Attorneys. Schedule 5.2(27) is a true, accurate and complete list of the accounts of HondaSub and of Persons holding general or special powers of attorney from HondaSub and sets out:

(a) the name of each bank, trust company or similar institution in which HondaSub has accounts, the number or designation of each such account and the names of all Persons authorized to draw thereon or to have access thereto; and

(b) the name of each Person holding a general or special power of attorney from HondaSub and a summary of the terms thereof.

True, accurate and complete copies of all general or special powers of attorney set out in Schedule 5.2(27) have been provided to the Purchaser.

(28) Environmental. To the knowledge of Honda:

(a) HondaSub has been and is in compliance with all Environmental Laws;

(b) HondaSub has not used or permitted to be used, except in compliance with all Environmental Laws, any of its Assets or facilities or any property or facility that it has at any time owned, occupied, managed, or controlled or in which it has at any time had a legal or beneficial interest to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance; and

(c) HondaSub has never received any notice of, nor been prosecuted for an offence alleging non-compliance with any Environmental Laws. There are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to any of HondaSub's Assets, nor has HondaSub received notice of any of such orders or directions.

(29) Employee Plans. There are no Employee Plans that are maintained, contributed to, or required to be maintained or contributed to, by HondaSub, or to which HondaSub is a party, or bound by, or under which HondaSub has any liability or contingent liability for the benefit of directors, officers, shareholders, consultants, independent contractors and employees or former employees of HondaSub and their dependents.

(30) Labor Matters.

(a) HondaSub has not entered into or is a party to, either directly or by operation of law, any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or employee association or organization that may qualify as a trade union or employee association, contingent or otherwise, which would cover any employees or dependent contractors of HondaSub; and

(b) HondaSub has no employees.

(31) No Competing Products. To Honda's knowledge, neither Honda, nor any Affiliate of Honda, has designed, developed or manufactured a product, nor is it in the process of doing any of the foregoing or causing others to do so on its behalf, that if offered for sale to an end user would be competitive with any of the natural gas refueling systems for automobiles, fork lift trucks or ice resurfacers in residential or commercial use currently being manufactured by the Corporation. For greater certainty, in this Section 5.2(31): (a) hydrogen or gasoline refueling systems shall not be considered competitive with any systems manufactured by the Corporation; and (b) motor vehicle dealers or distributors of Honda, or any of its Affiliates, shall be excluded from Honda's Affiliates, provided that any competing product was acquired from a source other than Honda.

(32) Brokers. Neither HondaSub nor any director, officer or employee of HondaSub has employed any broker or finder, or incurred or will incur any broker's, finder's or similar fees, commissions or expenses, in each case in connection with the Transactions or any other transaction document, that would cause the Purchaser, HondaSub or the Corporation to become liable therefor.

5.3 Representations and Warranties of the Corporation. The Corporation represents and warrants to the Purchaser as follows and acknowledges that the Purchaser is relying on these representations and warranties in connection with its completion of the Transactions:

(1) Organization and Status. The Corporation is duly incorporated, and is validly subsisting and in good standing under the laws of Canada, other than with respect to its obligations under the *Canada Business Corporations Act* in respect of a board of directors.

(2) Corporate Power. The Corporation has all necessary corporate power and authority to own or lease its Assets and to carry on the Business as now being conducted by it.

(3) Authorization. All necessary corporate action has been taken by the Corporation or on its part to authorize its execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations

hereunder and thereunder.

(4) Enforceability. This Agreement has been duly executed and delivered by the Corporation and is a legal, valid and binding obligation of it enforceable against it in accordance with its terms. Each of the contracts, agreements and instruments required by this Agreement to be delivered by the Corporation will at the Closing Time have been duly executed and delivered by it and will be enforceable against it in accordance with its terms.

(5) Authorized and Issued Capital. Schedule 5.3(5) sets out the authorized and issued shares of the Corporation, the names of the Persons who are shown on the securities register of the Corporation as the holder of any of the shares, and the number and class of shares held or owned, as the case may be, by each Person. All of the shares indicated in Schedule 5.3(5) as being issued and outstanding have been validly issued and are outstanding as fully paid and non-assessable shares, and were not issued in violation of the pre-emptive rights of any Person or any Contract or Applicable Law by which the Corporation was bound at the time of the issuance. There is no security, option, warrant, right, call, subscription, agreement, commitment or understanding of any nature whatsoever, fixed or contingent, that directly or indirectly (i) calls for the issuance, redemption, sale, pledge or other disposition of any securities of the Corporation or any securities convertible into, or other rights to acquire, any securities of the Corporation, (ii) obligates the Corporation to grant, offer or enter into any of the foregoing or (iii) relates to the voting or control of such interests, securities or rights. The Corporation has not created any "phantom interests," appreciation rights or other similar rights, the value of which is related to or based upon the price or value of any class or series of securities of the Corporation. The Corporation does not have outstanding securities debt or debt instruments providing for voting rights with respect to the Corporation to the holders thereof. Other than as set out on Schedule 5.3(5), to the knowledge of the Corporation, there are no shareholders agreements, voting trusts, pooling agreements or other Contracts, arrangements or understandings in respect of the voting of any of the shares of the Corporation. True, accurate and complete copies of the Constating Documents (including all Contracts, arrangements and understandings set out in Schedule 5.3(5)) and other organizational documents of the Corporation, or where those Contracts, arrangements or understandings are oral, true, accurate and complete written summaries of their terms, have been provided to the Purchaser.

(6) Options. No Person has any Contract or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming a Contract, including convertible securities, warrants, options or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any issued or un-issued shares or other securities of the Corporation.

(7) Absence of Conflict. The execution, delivery and performance of this Agreement by the Vendors and the completion of the Transactions will not (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of the Corporation's obligations under:

(i) to the knowledge of the Corporation, any Contract to which the Corporation is a party or by which the Business or any of its Assets is bound or affected;

(ii) any provision of the Constating Documents or resolutions of the board of directors (or any committee thereof) or shareholders of the Corporation;

(iii) to the knowledge of the Corporation, any judgment, decree, order or award of any Governmental Authority having jurisdiction over the Corporation;

(iv) to the knowledge of the Corporation, any Approval issued to or held by, the Corporation or held for the benefit of or necessary to the operation of, the Corporation or the Business; or

(v) any Applicable Law, as it relates to the Corporation; or

(b) the creation or imposition of any Encumbrance over any of its Assets.

(8) Conduct of Business. The Corporation has complied with, and has conducted and is conducting the Business in compliance with, all Applicable Laws, except such non-compliance as would not reasonably be expected to cause a Material Adverse Effect. The Business is the only business carried on by the Corporation and, to the knowledge of the Corporation, other than with respect to the Corporation's cash and cash equivalents, its Assets are sufficient to permit the continued operation of the Business in substantially the same manner as conducted in the one year preceding the date of this Agreement.

(9) No Subsidiaries. The Corporation does not own and does not have any Contracts of any nature to acquire, directly or indirectly, any Equity Interests in any Person, and the Corporation does not have any Contracts to acquire by any manner whatsoever or lease any other business operations.

(10) Bankruptcy. The Corporation has not made an assignment in favor of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Corporation has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of the Corporation or any of its Assets and no execution or distress has been levied on any of its Assets, nor have proceedings been commenced in connection with any of the foregoing.

(11) Leased Property. Schedule 5.3(11) is a true, accurate and complete list of all real property leased by the Corporation (the "**Leased Property**"), and all leases and agreements in the nature of a lease (including all renewals, assignments and subleases and agreements to lease in respect of any real property to which the Corporation is a party (the "**Leases**")), whether as lessor or lessee. Schedule 5.3(11) sets out, in respect of each Lease, the

parties thereto, its dates of execution and expiry, any options to renew, the locations of the leased lands and premises and the rent payable, and identifies those Leases that require the consent of the lessor on a change of control of the Corporation.

The Corporation is not the beneficial or registered owner of or the lessor or lessee of, and has not agreed to acquire or lease any real property or appurtenances or any interest in, any real property or appurtenances other than the Leased Property. The Corporation is not a party to, and has not agreed to enter into, any lease or agreement in the nature of a lease in respect of any real property, whether as lessor or lessee, other than the Leases. The Leased Property and its condition are suitable for their current use by the Corporation. All buildings, structures, improvements, fixtures, building systems and equipment, and all components thereof, included in the Leased Property are in good condition, ordinary wear and tear excepted and are suitable for their current use. With respect to the Leased Property, all options to renew, rights of first offer and rights of first refusal exercisable prior to the date of this Agreement have been properly exercised. With respect to each Lease (i) all rents and additional rents have been paid, (ii) no waiver, indulgence or postponement of the lessee's obligations has been granted by the lessor, and (iii) and to the knowledge of the Corporation, all of the covenants to be performed by any other party under the Lease have been fully performed. The Corporation has adequate rights of ingress and egress into each of the Leased Properties for the operation of the Business in the Ordinary Course.

(12) Title to Other Property. The Corporation has good and marketable title to all its Assets (other than the Leased Property), free and clear of any and all Encumbrances other than Permitted Encumbrances. To the knowledge of the Corporation, all of the Corporation's Assets (other than the Leased Property) are free of defects (patent or latent), in good operating condition and in a state of good repair and maintenance, except such as would not reasonably be expected to materially interfere with the continued operation of the Business in substantially the same manner as conducted in the one year preceding the date of this Agreement.

(13) Personal Property. Schedule 5.3(13) is a true, accurate and complete list of each item of machinery, equipment, furniture, motor vehicles and other personal property owned or leased by the Corporation (including those in possession of third parties) which had a book value in the accounting records of the Corporation, as of April 30, 2008, of more than $25,000 or is otherwise material to the Business (the "**Personal Property**").

(14) Personal Property Leases. Schedule 5.3(14) is a true, accurate and complete list of all material equipment leases, rental agreements, conditional sales agreements and similar agreements relating to any of the Corporation's Assets (the "**Personal Property Leases**").

(15) Accounts Receivable. All Accounts Receivable of the Corporation are *bona fide* and good and have been incurred in the Ordinary Course. Subject to an allowance for doubtful accounts that has been reflected on the books of the Corporation, all Accounts Receivable of the Corporation are as of the date of this Agreement collectible in the Ordinary Course.

(16) Inventories. All inventories, net of reserves, reflected on the Corporation's Balance Sheet or arising since the date of the Balance Sheet, are currently marketable and are good and usable in connection with the business of the Corporation as presently conducted. The value of all inventory used or held for use by the Corporation that is obsolete or of below-standard

quality has been written down to net realizable value or adequate reserves have been provided therefor. The amount and mix of items in the inventories of supplies, in process and finished products are consistent with the business practice of the Corporation.

(17) Corporation Intellectual Property.

(a) The Corporation owns no Intellectual Property included in the Target Intellectual Property. All Target Intellectual Property (other than commercial off-the-shelf application software) is either owned by or licensed to HondaSub, which is then licensed or sub-licensed by HondaSub to the Corporation.

(b) Schedule 5.3(17) is a true, accurate and complete list of (i) all Contracts pursuant to which the Corporation has the right to use any Target Intellectual Property not owned by the Corporation (other than commercial off-the-shelf application software), and (ii) all Contracts pursuant to which third parties are granted the right to use any Target Intellectual Property owned by the Corporation (collectively, the Contracts identified under (i) and (ii) comprising **"Corporation IP Contracts"**). Unless otherwise noted, all Corporation IP Contracts are in full force and effect. The Corporation is in compliance with, and has not breached any term of, any Corporation IP Contract, and, to the knowledge of the Corporation, all other parties to the Corporation IP Contracts are in compliance in all respects with, and have not breached any term of, the Corporation IP Contracts.

(c) Except as set out in Schedule 5.3(17), the Corporation has not granted any Person any interest in or right to use all or any portion of the Target Intellectual Property that is owned by or licensed exclusively to the Corporation, other than pursuant to agreements with the Corporation's customers entered into in the Ordinary Course.

(d) The Corporation has not interfered with, infringed upon or misappropriated any Intellectual Property rights of any other Person, and has not received, within six years prior to the date hereof, any written claim, notice or threat that any conduct of the Business, including its use of any Target Intellectual Property, infringes on or breaches any Intellectual Property rights of any other Person.

(e) The Corporation has used commercially reasonable efforts to protect the Target Intellectual Property against infringement and misappropriation by third parties and to preserve the Corporation's rights therein. To the Corporation's knowledge, no Person has interfered with, infringed upon or misappropriated any of the rights of the Corporation in the Target Intellectual Property, and the Corporation knows of no threat by any Person to do so.

(f) The Corporation has in its possession or control, and has made available to the Purchaser, correct, accurate, complete, fully-executed copies of all Corporation IP Contracts (as amended to date) set out in Schedule 5.3(17). The Corporation has made available to Purchaser correct, accurate and complete copies of all material

documents that it has in its possession or control relating to each item of the Target Intellectual Property, including all material documents submitted to or received from any Governmental Authority worldwide.

(g) The Corporation has taken reasonable measures to maintain the validity and effectiveness of all Target Intellectual Property.

(h) The Corporation has received, within six years prior to the date hereof, no written demand, claim, notice or inquiry from any third party in respect of the Target Intellectual Property that challenges, threatens to challenge, or inquires as to whether there is any basis to challenge, the validity or the rights of the Corporation in or to the Target Intellectual Property, and the Corporation knows of no basis for any such challenge.

(i) Except as set out in Schedule 5.3(17): (i) the Corporation owns all right, title and interest in, or has a valid and binding license to make, have made, use, sell, distribute, prepare derivative works of, and otherwise exploit any products and/or processes covered by the Target Intellectual Property and the Corporation IP Contracts to the extent required for the present conduct of the Business and the proposed conduct of the Business as contemplated as of the Closing Date; (ii) the Target Intellectual Property comprises all of the Intellectual Property necessary for the conduct of the Business as it is currently conducted; (iii) the rights of the Corporation to the Target Intellectual Property are free and clear of all Encumbrances except Encumbrances in favor of HondaSub; (iv) there are no restrictions on the change of control of the Corporation contained in any license held by the Corporation related to the Target Intellectual Property; and (v) the Corporation has not, within six years prior to the date hereof, received written notice that it is in default (or without the giving of notice or lapse of time or both, would be in default) under any license with respect to any Target Intellectual Property; and (vi) no licensing fees, royalties, or payments are due or payable by the Corporation in connection with the Target Intellectual Property other than to HondaSub.

(j) No approval or consent of any Person is necessary for the interest of the Corporation in the Target Intellectual Property to continue to be in full force and effect following the Transactions, and the Corporation is not subject to any restriction that would be violated or breached by the consummation of the Transactions or that may affect the validity, use or enforceability of the Target Intellectual Property.

(k) The Corporation has taken reasonable measures to protect the confidentiality and value of each item of the Target Intellectual Property (other than Patents and other Target Intellectual Property that is filed with any Government Authority as contemplated at Section 5.2(14)(f) and are at a stage of such filing where they have been made publicly available) that it owns or is obligated to protect, in accordance with protection procedures believed by the Corporation to be adequate for protection customarily used in the industry to protect rights of like importance.

All current and former Corporation employees, agents and independent contractors who have materially contributed to or participated in the conception and development of Target Intellectual Property ("**Corporation IP Participant**") have executed and delivered to the Corporation a proprietary information agreement, pursuant to which, inter alia, such Corporation IP Participant has assigned all of his rights in such Intellectual Property to the Corporation and has agreed not to disclose such Intellectual Property for any purpose unrelated to his work for the Corporation. No former or current Corporation IP Participant (i) has, within six years prior to the date hereof, filed or threatened any written claim against the Corporation related to Target Intellectual Property; or (ii) to the Corporation's knowledge has any Patents issued or pending for any invention used or needed by the Corporation which have not been assigned to the Corporation.

(l) No employee of the Corporation is in default under, and the Transactions will not result in a default of, any term of any employment contract, noncompetition arrangement or other agreement relating to Target Intellectual Property. No employee, agent or independent contractor of the Corporation, nor any third party (i) is entitled to compensation by the Corporation for any development or exploitation of Target Intellectual Property or (ii) has been granted any right to develop or exploit any Target Intellectual Property.

(18) Insurance. Schedule 5.3(18) sets out true, accurate and complete particulars of all insurance policies maintained by the Corporation (the "**Insurance Policies**"), specifying in each case, the name of the insurer, the risks insured against, the amount of the coverage, the policy number and any pending Claims thereunder.

(19) No Expropriation. None of the Corporation's Assets have been taken or expropriated by any Governmental Authority nor has any expropriation or similar notice or proceeding in respect of any of the Corporation's Assets thereof been given or commenced, and, to the knowledge of the Corporation, there is not any intent or proposal to give any such notice or commence any such proceeding.

(20) Material Contracts and Other Contracts. Except as set out in Schedule 5.3(20), the Corporation is not a party to or bound by any of the following (each a "**Material Contract**"):

(a) distributor, dealer, sales, advertising, agency or manufacturer's representative or similar Contract;

(b) continuing Contract for the purchase of materials, supplies, equipment or services which involves payment under that Contract in an amount in excess of $25,000 in any period of 12 months after the date of this Agreement, except for purchases of Inventories in the Ordinary Course;

(c) employment or consulting Contract or any other written Contract, including any change of control or retention Contract, with any officer, employee or consultant other than oral Contracts of indefinite hire terminable by the employer without cause on reasonable notice;

(d) trust indenture, mortgage, hypothec, promissory note, debenture, loan agreement, guarantee or other Contract for the borrowing of money or a leasing transaction of the type required to be capitalized in accordance with GAAP;

(e) agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to, the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) or indebtedness of any other Person (except for checks endorsed for collection and customary indemnification provisions included in the Corporation's agreements with customers entered into in the Ordinary Course);

(f) Contract for capital expenditures in excess of $30,000;

(g) Contract for the sale of any of the Corporation's Assets or any part of the Business, other than sales of Inventories to customers in the Ordinary Course;

(h) confidentiality, secrecy or non-disclosure Contract (whether the Corporation is a beneficiary or obligor thereunder) relating to any proprietary or confidential information (other than pursuant to agreements with the Corporation's customers and licensors of Target Intellectual Property entered into in the Ordinary Course) or any non-competition or similar Contract; or

(i) Contract to which the Corporation is a party or by which the Corporation or any of its Assets are bound or attached made in the Ordinary Course which involves or may reasonably involve the payment to or by the Corporation in excess of $50,000 over the term of the Contract.

A list of all Material Contracts of the Corporation is set forth in Schedule 5.3(20). True, accurate and complete copies of all Contracts set out in Schedule 5.3(20), or where those Contracts are oral, true, accurate and complete written summaries of their terms, have been provided to the Purchaser and Honda.

(21) No Default Under Contracts. To the knowledge of the Corporation, the Corporation has performed, in all material respects, all of the obligations required to be performed by it and is entitled to all benefits under, and is not in material default or alleged to be in material default in respect of, any Contract relating to the Business or the Corporation's Assets (including the Contracts referred to in any Schedule to this Agreement), to which it is a party or by which it is bound or affected. To the knowledge of the Corporation, all such Contracts are in good standing and in full force and effect, and no event, condition or occurrence exists that, after notice or lapse of time or both, would constitute a material default under any such Contract.

(22) Permits. To the knowledge of the Corporation, the Corporation is in all material respects in compliance with all Applicable Law in respect of the Business or the Corporation. Schedule 5.3(22) sets out a true, accurate and complete list of all material Permits issued

to or held by or for the benefit of the Corporation, and there are no other Permits necessary to conduct the Business or to own, lease or operate any of the Corporation's Assets. To the knowledge of the Corporation, each such Permit is valid, subsisting and in good standing. To the knowledge of the Corporation, the Corporation is not in default or in breach of the terms of any Permit and no Claim is pending or, to the knowledge of the Corporation, threatened to revoke or limit any Permit.

(23) Regulatory and Third Party Approvals. There is no requirement for the Corporation to make any filing with or give any notice to a Governmental Authority or other Person, or obtain any Permit or consent from any Person as a condition to the lawful completion of the Transactions or to permit the Corporation to conduct the Business after Closing as the Business is currently conducted by the Corporation, except for the filings, notifications, Permits and consents described in Schedule 5.3(23).

(24) Financial Statements. The Financial Statements of the Corporation present fairly, in all material respects, the financial condition of the Corporation as at the respective dates indicated and the results of operations of the Corporation for the periods indicated. The audited Financial Statements of the Corporation to be delivered on the Closing Date will be prepared in accordance with GAAP consistently applied throughout the periods indicated, subject to routine year-end adjustments.

(25) Books and Records. All material financial transactions of the Corporation have been accurately recorded in the Books and Records.

(26) Corporate Records. To the knowledge of the Corporation, the minute books of the Corporation contain true, accurate and complete records of all of its Constating Documents and of every meeting, resolution and corporate action taken by the shareholders, the board of directors and every committee of the board. To the knowledge of the Corporation, no meeting of shareholders or the board of directors or any committee of the board, has been held for which minutes have not been prepared and are not contained in those minute books. The share certificate book, register of shareholders, register of directors and officers, securities register and register of transfers of the Corporation, as provided to the Purchaser and/or the Purchaser's counsel, are true, accurate and complete in all material respects.

(27) Undisclosed Liabilities. The Corporation has no liabilities, obligations, indebtedness or commitments, whether accrued, absolute, contingent or otherwise, and is not a party to or bound by any agreement of guarantee, support, indemnification, assumption or endorsement of, or any other similar commitment with respect to the liabilities, obligations, indebtedness or commitments (whether accrued, absolute, contingent or otherwise) of any Person, that are not disclosed in the Financial Statements or disclosed in the Schedules to this Agreement, other than (a) liabilities, obligations, indebtedness and commitments in respect of trade or business obligations incurred after the Financial Statements Date in the Ordinary Course that have no Material Adverse Effect on the Business or the Corporation, and (b) liabilities or obligations that are not required by GAAP to be reflected on the balance sheet forming part of the Corporation's Financial Statement and that are not material either individually or in the aggregate.

(28) Absence of Changes. Since the date of the Interim Financial Statements, except as set out in Schedule 5.3(28), the Corporation has carried on the Business and conducted its operations and affairs only in the Ordinary Course and the Corporation has not:

(a) made or suffered any Material Adverse Change;

(b) suffered any material damage, destruction or loss (whether or not covered by insurance) affecting the Corporation's Assets;

(c) incurred any liability, obligation, indebtedness or commitment (whether accrued, absolute, contingent or otherwise, and whether due or to become due), other than unsecured current liabilities, obligations, indebtedness and commitments incurred in the Ordinary Course;

(d) paid, discharged or satisfied any Encumbrance, liability, obligation, indebtedness or commitment of the Corporation (whether accrued, absolute, contingent or otherwise, and whether due or to become due) other than payment of accounts payable and Tax liabilities incurred in the Ordinary Course;

(e) declared, set aside or paid any dividend or made any other distribution with respect to any shares in the capital of the Corporation or redeemed, repurchased or otherwise acquired, directly or indirectly any such shares;

(f) issued or sold or entered into any Contract for the issuance or sale of any shares in the capital of or securities convertible into or exercisable for shares in the capital of the Corporation;

(g) suffered any labor trouble or disruption, including any strike or lock out, adversely affecting the Corporation;

(h) made or granted any license, sale, assignment, transfer, disposition, pledge, mortgage, hypothec or security interest or other Encumbrance on or over any of the Corporation's Assets, other than sales of Inventories to customers in the Ordinary Course;

(i) made any capital expenditures or commitments of the Corporation in excess of $25,000 in the aggregate;

(j) terminated, cancelled or modified in any material respect or received any written notice of a request for termination, cancellation or modification in any material respect of any Material Contract; or

(k) authorized or agreed to or otherwise committed to do any of the foregoing.

(29) Taxes.

(a) Except as provided for in Section 6.3, the Corporation has filed all Tax Returns in respect of the past four taxation years required to be filed by it in all applicable jurisdictions on or before the Closing Date, and has paid or fully accrued all amounts, if any, shown as due thereon. To the knowledge of the Corporation, the Tax indicated as payable (expressly including any refundable investment tax credit recorded as receivable, to the extent actually received) on such Tax Returns (adjusted to account for any losses that could be, or could have been, absent designation or election by the Corporation not approved by Honda, deducted in any such previous taxation periods) is correct and complete in all material respects;

(b) The Corporation was a "Canadian-controlled private corporation" as defined in the Tax Act throughout the most recent four taxation years in respect of which it received any "refundable investment tax credit" as defined in Section 127.1(2) of the Tax Act;

(c) Canadian federal and provincial income Tax assessments have been issued to the Corporation covering all periods up to and including its fiscal year ended December 31, 2006. To the Corporation's knowledge, no Governmental Authority has challenged or disputed in writing a filing position taken by the Corporation in any Tax Return;

(d) To the Corporation's knowledge, there are no audits of the Corporation by a Governmental Authority currently in progress in respect of any Taxes, and there are no material reassessments which have been issued by any Governmental Authority to the Corporation relating to any Taxes that have yet to be paid or in respect of which the Corporation has yet to file an objection or an appeal. The Corporation has not received any written notice from any Governmental Authority that a reassessment for Taxes, which has yet to be issued, will be issued as a result of an audit;

(e) There are no operative agreements, waivers or other arrangements with any Governmental Authority providing for an extension of time with respect to the issuance of any assessment or reassessment, the filing of any Tax Return or the payment of any Taxes by the Corporation;

(f) To the Corporation's knowledge, the Corporation has withheld and remitted proper non-resident withholding tax and payroll remittances as required by the Tax Act;

(g) The Corporation has maintained and continues to maintain at its place of business in Canada all books and records required to be maintained under the Tax Act, the *Excise Tax Act* (Canada), and any comparable law of any province or territory in Canada, including laws relating to sales and use taxes; and

(h) The Corporation is not party to or bound by any Tax sharing agreement, Tax indemnity obligation in favor of any Person or similar agreement in favor of any Person with respect to Taxes (including any advance pricing agreement or other similar agreement relating to Taxes with any Governmental Authority). Without

limiting the generality of the foregoing, the Corporation has not entered into an agreement contemplated in Section 80.04, Section 191.3 or subsection 18(2.3), 127(13) to (17), 127(20) or 125(3) of the Tax Act or any comparable law of any province or territory of Canada.

(30) Product Warranties.

(a) Schedule 5.3(30) is a true, accurate and complete list of the standard terms and conditions of sale or lease for each of the products or services of the Corporation, including applicable guarantee, warranty and indemnity provisions.

(b) Except as set out in Schedule 5.3(30), to the knowledge of the Corporation, the Corporation has, within 36 months from the date hereof, received no written notice from any customer alleging any breach of warranty in respect of any product, component or other item sold prior to the Closing by, or service rendered prior to the Closing by or on behalf of, the Corporation.

(31) Litigation. Except as described in Schedule 5.3(31), there are no material Claims (whether or not purportedly on behalf of the Corporation) pending or, to the knowledge of the Corporation, threatened against or affecting, the Corporation or the Corporation's Assets.

(32) Accounts and Attorneys. Schedule 5.3(32) is a true, accurate and complete list of the accounts of the Corporation and of Persons holding general or special powers of attorney from the Corporation and sets out:

(a) the name of each bank, trust company or similar institution in which the Corporation has accounts, the number or designation of each such account and the names of all Persons authorized to draw thereon or to have access thereto; and

(b) the name of each Person holding a general or special power of attorney from the Corporation and a summary of the terms thereof.

True, accurate and complete copies of all general or special powers of attorney set out in Schedule 5.3(32) have been provided to the Purchaser.

(33) Environmental. To the knowledge of the Corporation:

(a) except as described in Schedule 5.3(33), the Corporation has been and is in all material respects in compliance with all Applicable Law, including orders, directives and decisions rendered by any Governmental Authority (the "**Environmental Laws**") relating to the protection of the environment, occupational health and safety or the manufacture, processing, distribution, use, treatment, storage, disposal, discharge, transport or handling of any deleterious substances or good, hazardous, corrosive or toxic substances or materials, special wastes, wastes or any other substances, the storage, disposal, discharge, treatment, remediation or release into the environment of which is prohibited, controlled or regulated ("**Hazardous Substances**").

(b) except as described in Schedule 5.3(33), the Corporation has not used or permitted to be used, except in compliance with all Environmental Laws, any of its Assets (including the Leased Property) or facilities or any property or facility that it has at any time owned, occupied, managed, or controlled or in which it has at any time had a legal or beneficial interest to generate, manufacture, process, distribute, use, treat, store, dispose of, transport or handle any Hazardous Substance.

(c) the Corporation has never received any notice of, nor been prosecuted for, an offence alleging non-compliance with any Environmental Laws. There are no orders or directions relating to environmental matters requiring any work, repairs, construction or capital expenditures with respect to the Business or any of the Corporation's Assets, nor has the Corporation received notice of any of such orders or directions.

(d) except as described in Schedule 5.3(33), to the knowledge of the Corporation, there are no contaminants located on, at or under the Leased Property.

(e) except as described in Schedule 5.3(33), the Leased Property (i) has never been used by any Person as a waste disposal site or as a licensed landfill, or (ii) has never had asbestos, asbestos-containing materials, PCBs, radioactive substances or aboveground or underground storage systems, active or abandoned, located on, at or under it.

(f) except as described in Schedule 5.3(33), to the knowledge of the Corporation, no properties adjacent to the Leased Property are contaminated where such contamination could, if it migrated to a Leased Property, have a Material Adverse Effect on the Leased Property.

(g) except as described in Schedule 5.3(33), the Corporation has not transported, removed or disposed of any waste to a location outside of Canada**.**

(h) except as described in Schedule 5.3(33), the Corporation has not been required by any Governmental Authority to (i) alter the Leased Property in a material way in order to be in compliance with Environmental Laws, or (ii) perform any environmental closure, decommissioning, rehabilitation, restoration or post-remedial investigations, on, about, or in connection with any real property.

(i) the Corporation's Assets are capable of, and are not restricted by any Permit or Contract from, being operated at maximum daily and annual production capacity while remaining in compliance with Environmental Laws.

(j) Schedule 5.3(33) lists all reports and documents relating to the environmental matters affecting the Corporation or the Leased Property which are in the possession or under the control of the Corporation. Copies of all such reports and documents have been provided to the Purchaser. To the knowledge of the Corporation, there are no other reports or documents relating to environmental matters affecting the Corporation or the Leased Property which have not been made available to the Purchaser whether by reason of confidentiality restrictions or otherwise.

(34) Employee Plans.

(a) Schedule 5.3(34) identifies each non-salary plan, program or arrangement including deferred compensation, bonus compensation, change of control, retention incentive or other compensation, share option or purchase, severance, termination pay, hospitalization or other medical benefit, life or other insurance, vision, dental, drug, sick leave, disability, salary continuation, vacation, supplemental unemployment benefits, profit sharing, mortgage assistance, pension or supplemental pension, retirement compensation, group registered retirement savings, deferred profit sharing, employee profit sharing, savings, retirement or supplemental retirement, and any other similar plan, program or arrangement, whether funded or unfunded, formal or informal, that is maintained, contributed to, or required to be maintained or contributed to, by the Corporation, or to which the Corporation is a party, or bound by, or under which the Corporation has any liability or contingent liability for the benefit of directors, officers, shareholders, consultants, independent contractors and employees or former employees of the Corporation and their dependents (the "**Employee Plans**").

(b) All Employee Plans have been established, registered, administered and invested in accordance with Applicable Law. No fact or circumstance exists which could adversely affect the registered status of any such Employee Plan.

(c) The Corporation has made all contributions and paid all premiums in respect of each of the Employee Plans in a timely fashion in accordance with the terms of the respective Employee Plans and Applicable Law.

(d) Except as described in Schedule 5.3(34), the Corporation does not and has never sponsored or participated in a pension plan.

(e) Other than routine claims for benefits, no Employee Plan is subject to any pending action, investigation, examination, claim (including Taxes) or any other proceeding initiated by any Person, and there exists no state of facts which could reasonably be expected to give rise to any such action, investigation, examination, claim or other proceeding.

(f) None of the Employee Plans provide for retiree benefits or for benefits to retired employees or to the beneficiaries or dependants of retired employees.

(35) Labor Matters. Except as set forth in Schedule 5.3(35):

(a) The Corporation has not entered into or is a party to, either directly or by operation of law, any collective agreement, letters of understanding, letters of intent or other written communication with any trade union or employee association or organization that may qualify as a trade union or employee association, contingent or otherwise, which would cover any employees or dependent contractors of the Corporation.

(b) The employees of the Corporation are not subject to any collective agreements or letters of understanding, letters of intent or other written communication with any trade union or employee association or organization that may qualify as a trade union or employee association, contingent or otherwise, and are not, in their capacities as employees, represented by any trade union or employee association or organization that may qualify as a trade union or employee association.

(c) To the knowledge of the Corporation, (i) there are no threatened or pending union organizing activities involving the employees and no collective agreement is currently being negotiated by the Corporation or any other Person in respect of the employees of the Corporation and (ii) there is no labor strike, dispute, work slowdown or stoppage pending or involving the employees or threatened and no such event has occurred within the last five years.

(d) To the knowledge of the Corporation, no trade union has applied to have the Corporation declared a related employer pursuant to the *Labour Relations Act* (Ontario).

(e) All amounts due or accrued due for all salary, wages, bonuses, commissions, vacation with pay, and benefits under the Employee Plans have either been paid or are accurately reflected in the Books and Records or, in the case of vacation with pay, are or will be included in the calculation of Base Working Capital and/or Closing Working Capital.

(f) The Purchaser has been provided with a correct and complete list of each employee, director, independent contractor, consultant and agent of the Corporation, whether actively at work or not, their salaries, wage rates, commissions and consulting fees, bonus arrangements, benefits, positions, ages, status as full-time or part-time employees, location of employment and length of service. In addition, with respect to the employees, such list contains for each employee their annual vacation entitlement in days, vacation days taken and vacation days remaining; and lists any employee currently on leave and in receipt of disability benefits, applicable workplace safety and insurance legislation benefits and those employees currently on pregnancy or parental leave or other leave approved by the Corporation together with the type of leave and their expected date of return to work if known.

(36) OHSA Matters.

(a) The Corporation is in compliance with the applicable requirements of the *Occupational Health and Safety Act* (Ontario) and the regulations promulgated thereunder and any similar Applicable Law of any provincial, state or local jurisdiction ("**OHSA**"). The Corporation has not received any citation or order from the Occupational Health and Safety Administration or any comparable

administration of any province, state or local jurisdiction (an "**Administration**") or any Administration inspector setting forth any respect in which the facilities or operations of the Corporation are not in compliance with OHSA, or the regulations under such Act. Schedule 5.3(36) lists all charges and orders heretofore issued to the Corporation under OHSA and correspondence and inspection reports from and to such Administration and any Administration inspectors during the past three (3) years. There are no orders or appeal of any orders under OHSA currently outstanding.

(b) There are no outstanding assessments, penalties, fines, liens, charges, surcharges, or other amounts due or owing pursuant to any workplace safety and insurance/workers' compensation legislation in respect of the Corporation and the Corporation has not been reassessed in any material respect under such legislation during the past three (3) years. To the knowledge of the Corporation, no audit is currently being performed pursuant to any applicable workplace safety and insurance/workers' compensation legislation and there are no claims or potential claims which may have a Material Adverse Effect on the Corporation's accident cost experience.

(37) Suppliers and Customers. The Corporation is not required to provide bonding or any other security arrangements in connection with any transactions with any of its customers, suppliers and creditors. Schedule 5.3(37) lists the top 20 customers (by dollar volume of business received from such customers) of the Corporation for the fiscal year ended December 31, 2007 and the six-month period ended June 30, 2008. To the Corporation's knowledge, the Corporation has not received any written or oral notice from any of the customers listed in Schedule 5.3(37) to the effect that, and the Corporation has no reason to believe that, any customer, including any distributor, will stop, materially decrease the rate of, or materially change the terms (whether related to payment, price or otherwise) with respect to purchasing services from the Corporation (whether as a result of the consummation of the Transactions or otherwise).

(38) Brokers. Neither the Corporation nor any director, officer or employee of the Corporation has employed any broker or finder, or incurred or will incur any broker's, finder's or similar fees, commissions or expenses, in each case in connection with the Transactions or any other transaction document, that would cause the Purchaser or the Corporation to become liable therefor.

5.4 Representations and Warranties of the Purchaser. The Purchaser represents and warrants to each Vendor as follows and acknowledges that each Vendor is relying on these representations and warranties in connection with the completion by the Vendors of the Transactions:

(1) Organization and Corporate Power. The Purchaser is a corporation duly incorporated, and is validly subsisting, under the laws of the State of Delaware. The Purchaser has all necessary corporate power and authority to acquire the Purchased Shares, to enter into this Agreement and to perform its obligations hereunder.

(2) Authorization. All necessary corporate action has been taken by or on the part of the Purchaser to authorize its execution and delivery of this Agreement and the contracts, agreements and instruments required by this Agreement to be delivered by it and the performance of its obligations hereunder and thereunder.

(3) Enforceability. This Agreement has been duly executed and delivered by the Purchaser and is a legal, valid and binding obligation of the Purchaser enforceable against it in accordance with its terms. Each of the contracts, agreements and instruments required by this Agreement to be delivered by the Purchaser will at the Closing Time have been duly executed and delivered by it and will be enforceable against it in accordance with its terms.

(4) Bankruptcy. The Purchaser has not made an assignment in favor of its creditors or a proposal in bankruptcy to its creditors or any class thereof, and no petition for a receiving order has been presented in respect of it. The Purchaser has not initiated proceedings with respect to a compromise or arrangement with its creditors or for its winding up, liquidation or dissolution. No receiver or interim receiver has been appointed in respect of it or any of its undertakings, property or assets and no execution or distress has been levied on any of its undertakings, property or assets, nor have any proceedings been commenced in connection with any of the foregoing.

(5) Consents and Approvals. Except as set out in Schedule 5.4(5), there is no requirement for the Purchaser to make any filing with or give any notice to any Governmental Authority or to obtain any Permit, as a condition to the lawful completion of the Transactions.

(6) Absence of Conflict. The execution, delivery and performance by the Purchaser of this Agreement and the completion of the Transactions will not, (whether after the passage of time or notice or both), result in:

(a) the breach or violation of any of the provisions of, or constitute a default under, or conflict with or cause the acceleration of any of its obligation, under:

(i) any Contract to which it is a party or by which any of its undertakings, property or assets is bound or affected;

(ii) any provision of its Constating Documents or resolutions of its board of directors (or any committee thereof) or shareholders;

(iii) any Approval issued to, held by or for the benefit of, the Purchaser;

(iv) any Applicable Law; or

(b) the requirement for any Approval from any creditor of the Purchaser.

(7) No Finder's Fees. The Purchaser has not taken, and will not take, any action that would cause any Vendor to become liable to any Claim for a brokerage commission, finder's fee or other similar arrangement.

(8) Funding. The Purchaser has and shall have, on Closing, sufficient funds to enable it to consummate the Transactions, including payment of the Initial Purchase Price and all fees and expenses of the Purchaser relating to the Transactions.

(9) Investment Canada Act. The Purchaser is a "WTO Investor" within the meaning of the *Investment Canada Act*.

5.5 Survival of Representations, Warranties and Covenants of the Vendors and the Corporation.

(1) The representations and warranties of the Vendors and the Corporation contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement (a "**Transaction Document**") shall survive Closing and shall continue for the benefit of the Purchaser notwithstanding the Closing, any investigation made by or on behalf of the Purchaser or any knowledge of the Purchaser, except that:

(a) the representations and warranties set out in Sections 5.1, 5.2(1), 5.2(2), 5.2(3), 5.2(4), 5.2(5), 5.2(7), 5.2(8), 5.2(12), 5.3(1), 5.3(2), 5.3(4), 5.3(5), 5.3(6) and 5.3(10) (collectively the "**Specified Representations and Warranties**") shall survive and continue in full force and effect for the longest period permitted under Applicable Law;

(b) the representations and warranties set out in Sections 5.2(24) and 5.3(29) shall survive Closing and continue in full force and effect until, but not beyond, ninety (90) days after the expiration of the period, if any, during which an assessment, reassessment or other form of recognized document assessing liability for Taxes under applicable Tax legislation in respect of any taxation year to which those representations and warranties extend could be issued under that Tax legislation to the Corporation or HondaSub, provided the Corporation or HondaSub, as the case may be, did not file any waiver or other document extending that period;

(c) the remainder of the representations and warranties set out in Sections 5.1, 5.2 and 5.3 (and the corresponding representations and warranties set out in the Closing certificates) shall survive Closing and continue in full force and effect for a period of eighteen (18) months after the Closing Date; and

(d) the representations and warranties and the applicable indemnity obligations for breach thereof that terminate pursuant to this Section 5.5, and the liability of any party to this Agreement with respect thereto pursuant to this Article 5, shall not terminate with respect to any Claim, whether or not fixed as to liability or liquidated as to amount, with respect to which the Indemnifying Party has been given written notice from the Indemnified Party setting forth in reasonable detail the facts upon which the claim for indemnification is based prior to the expiration of the applicable survival period set forth in this Section 5.5. The filing of a lawsuit within such survival period is not required. Subject to the foregoing, after the expiry of such survival period, none of the Vendors shall have any liability or

obligations to any other Party in respect of any inaccuracy in or breach of any representation or warranty contained in this Agreement or any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement.

(2) Notwithstanding Section 5.5(1), a Claim for any breach of any of the representations and warranties contained in this Agreement or in any contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud, willful concealment or willful misleading may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Applicable Law.

5.6 Survival of the Representations, Warranties and Covenants of the Purchaser.

(1) The representations and warranties of the Purchaser contained in this Agreement and in any contract, agreement, instrument, certificate or other document executed or delivered pursuant to this Agreement shall survive Closing and continue in full force and effect for a period of eighteen (18) months after the Closing Date.

(2) Notwithstanding Section 5.6(1), a Claim for any breach of any of the representations and warranties contained in this Agreement or in any contract, agreement, instrument, certificate or other document executed or delivered pursuant hereto involving fraud, willful concealment or willful misleading may be made at any time following the Closing Date, subject only to applicable limitation periods imposed by Applicable Law.

5.7 Indemnification; Limitations on Liability.

(1) Indemnification by Honda. Subject to the provisions of Section 5.5 and the other provisions of this Section 5.7, Honda shall indemnify and save harmless the Purchaser from and against any and all Loss suffered or incurred by it, as a result of:

(a) any inaccuracy, misrepresentation or breach of warranty made or given by Honda in Section 5.2;

(b) any inaccuracy, misrepresentation or breach of warranty made or given by the Corporation in Section 5.3;

(c) any failure by Honda to observe or perform any covenant or obligation contained in this Agreement to be observed or performed by it; or

(d) any failure of FM Trust to perform or satisfy its indemnification obligations contained in this Article 5.

(2) Indemnification by FM Trust. Subject to the provisions of Section 5.5 and the other provisions of this Section 5.7, FM Trust shall indemnify and save harmless the Purchaser from and against any and all Loss suffered or incurred by it, as a result of:

(a) any misrepresentation or breach of warranty made or given by the Trustee or FM Trust in Section 5.1; or

(b) any failure by FM Trust to observe or perform any covenant or obligation contained in this Agreement to be observed or performed by it.

(3) Indemnification by the Purchaser. Subject to the provisions of Section 5.6, the Purchaser shall indemnify and save harmless the Vendors from and against any and all Loss suffered or incurred by any one or more of them, as a result of:

(a) any misrepresentation or breach of warranty made or given by the Purchaser in Section 5.4; or

(b) any failure by the Purchaser to observe or perform any covenant or obligation contained in this Agreement to be observed or performed by it.

(4) Threshold and Limitations.

(a) The Purchaser shall not be entitled to recover any Loss for or arising out of any breach of the representations, warranties or covenants of the Vendors or the Corporation in this Agreement (the "**Purchaser Claims**") unless, and only to the extent that, the aggregate Purchaser Claims exceed US $100,000 (the "**Threshold**"). Notwithstanding the foregoing, the Purchaser shall be entitled to recover for any Purchaser Claim based upon a claim of fraud, willful concealment or willful misleading or any breach of the Specified Representations and Warranties, without regard to the Threshold.

(b) The aggregate liability of the FM Trust and/or the Trustee with respect to any Claim (including the Purchaser Claims based on a claim of fraud, willful concealment or willful misleading or any breach of the Specified Representations and Warranties) shall be limited to the amount of US $1.00, provided, however, that the foregoing clause in no way limits Honda's liability for any such Claims. Except for the Purchaser Claims based upon a Claim of fraud, willful concealment or willful misleading or any breach of the Specified Representations and Warranties, the aggregate liability of Honda for actual damages shall be limited to the amount of US $2,550,000 (the "**Cap**"). With respect to any Claim based on a claim of fraud or willful concealment or willful misleading or any breach of the Specified Representations and Warranties, the liability of Honda for actual damages shall be limited to the amount of the Final Purchase Price actually received by Honda; provided, that the representations of each Vendor in Sections 5.1, 5.2 and 5.3 and covenants of each Vendor in this Agreement are several and not joint, such that (except as expressly stated in Sections 5.7(1)(b) and 5.7(1)(d)) no Vendor shall be liable for the breach of any such representation, warranty or covenant other than those made by such Vendor, as the case may be.

(c) If a payment is received by the Purchaser hereunder, and Purchaser or the Corporation later receives insurance proceeds in respect of the related damages, Purchaser shall return to the Vendors within 10 days of the receipt of such insurance proceeds net of expenses related to obtaining such proceeds, the lesser of (A) the actual amount of insurance proceeds net of such expenses, and (B) the actual amount previously paid by the Vendors with respect to such damages.

(d) Notwithstanding anything in this Agreement to the contrary: (a) each Vendor acknowledges and agrees that it does not have any right of indemnification, contribution or reimbursement from or remedy against the Corporation as a result of any indemnification it is required to make under or arising out of the breach or inaccuracy of any representation, warranty, covenant or other obligation of such Vendor in this Agreement or in any certificate, document or other instrument delivered in connection herewith; and (b) each Vendor hereby releases, waives and forever discharges any right to indemnification, contribution or reimbursement that it may have at any time against the Corporation under or arising out of the breach or inaccuracy of any representation, warranty, covenant or other obligation of such Vendor in this Agreement or in any certificate, document or other instrument delivered in connection herewith.

(5) Exclusive Remedy. Except as otherwise expressly provided in this Agreement, the rights of indemnity as set forth and limited in this Section 5.7 are the sole and exclusive remedy of each Party in respect of any inaccuracy, misrepresentation, breach of warranty or breach of covenant by another Party hereunder. This Section 5.7 shall remain in full force and effect in all circumstances and shall not be terminated by any breach (fundamental, negligent or otherwise) by any Party of its representations, warranties or covenants hereunder or under any documents delivered pursuant hereto or by any termination or rescission of this Agreement by any Party hereof.

5.8 Indemnification Procedures.

(a) If the Purchaser, on the one hand, or either Vendor, on the other hand (the "**Indemnified Party**"), has a Claim or receives actual notice of any Claim, or the commencement of any Claim that could give rise to an obligation on the part of a Vendor, on the one hand, or the Purchaser, on the other hand, other than a Third Party Claim, as hereinafter defined, to provide indemnification (the "**Indemnifying Party**") pursuant to this Article 5, the Indemnified Party shall promptly give the Indemnifying Party notice thereof (the "**Indemnification Claim Notice**"); *provided, however*, that the failure to give such prompt notice shall not prevent any Indemnified Party from being indemnified hereunder for any Losses, except to the extent that the failure to so promptly notify the Indemnifying Party, actually materially damages the Indemnifying Party.

(b) Upon an Indemnified Party obtaining actual knowledge of a Claim, or the commencement of any Claim by a third party (a "**Third Party Claim**") that could give rise to an obligation to provide indemnification pursuant to this Article 5, the Indemnified Party will give the Indemnifying Party prompt written notice thereof (the "**Third Party Indemnification Claim Notice**"); *provided, however*, that the failure of the Indemnified Party to so promptly notify the Indemnifying Party shall not prevent the Indemnified Party from being indemnified for any Losses, except to the extent that the failure to so promptly notify the Indemnifying Party

actually materially damages the Indemnifying Party or materially prejudices the Indemnifying Party's ability to object to, appeal or defend against such Third Party Claim. For greater certainty, a Third Party Indemnification Claim Notice or Indemnification Claim Notice in respect of a Loss relating to Taxes must be delivered to the Indemnifying Party no later than 30 days prior to the expiry of the period during which the Indemnified Party may object to or appeal the assessment giving rise to the relevant Tax liability.

(c) Any Indemnification Claim Notice or Third Party Indemnification Claim Notice must describe the Claim and the facts underlying the Claim in reasonable detail. The Indemnifying Party shall confirm in writing to the Indemnified Party within 15 days after a receipt of a Third Party Indemnification Claim Notice that the Indemnifying Party accepts responsibility to indemnify and hold harmless the Indemnified Party therefor and demonstrates to the Indemnified Party's reasonable satisfaction that, as of such time, the Indemnifying Party has sufficient financial resources in order to indemnify for the full amount of the potential liability in connection with such Claim. The Indemnifying Party may elect to assume control over the compromise or defense of such Third Party Claim (including, for greater certainty, a Claim in respect of Taxes) at the expense of the Indemnifying Party and by counsel selected by the Indemnifying Party and reasonably satisfactory to the Indemnified Party. If the Indemnifying Party elects to assume control over the defense of such Third Party Claim, the Indemnifying Party shall within such 15 days (or sooner, if the nature of the asserted Third Party Claim so requires) notify the Indemnified Party of the intent of the Indemnifying Party to do so, and the Indemnified Party shall cooperate, at the expense of the Indemnifying Party, in the compromise of, or defense against, such Third Party Claim; *provided*, *however*, that: (i) the Indemnified Party may employ counsel at such Indemnified Party's own expense to assist in the handling (but not control the defense) of any Third Party Claim; (ii) the Indemnifying Party shall keep the Indemnified Party advised of all material events with respect to any Third Party Claim; (iii) the Indemnifying Party shall obtain the prior written approval of the Indemnified Party before ceasing to defend against any Third Party Claim or entering into any settlement, adjustment or compromise of such Third Party Claim involving injunctive or similar equitable relief being asserted against any Indemnified Party or any of its or his Affiliates; and (iv) no Indemnifying Party will, without the prior written consent of such Indemnified Party, settle or compromise or consent to the entry of any judgment in any pending or threatened Claim in respect of which indemnification is sought hereunder (whether or not any such Indemnified Party is a party to such action), unless such settlement, compromise or consent involves no payment on the part of the Indemnified Party and includes an unconditional release of the Indemnified Party from all liability arising out of such Third Party Claim.

(d) Notwithstanding anything contained herein to the contrary, the Indemnified Party shall have sole control over the defense, settlement, adjustment or compromise of (but the Indemnifying Party shall, subject always to the Threshold and the Cap, nevertheless be required to pay all Losses incurred by the Indemnified Party in

connection with such defense, settlement or compromise): (i) any Third Party Claim that seeks an order, injunction or other equitable relief against any Indemnified Party or any of its Affiliates; (ii) any Third Party Claim in which both the Indemnifying Party and the Indemnified Party are named as parties and either the Indemnifying Party or the Indemnified Party determines with advice of counsel that there may be one or more legal defenses reasonably available to it that are different from or additional to those available to the other Party or that a conflict of interest between such Parties may exist in respect thereto; (iii) any Third Party Claim pursuant to Section 5.7 prior to such time as the aggregate amount of the Purchaser's Losses pursuant to such Third Party Claim and all prior Claims pursuant to Section 5.7 are not reasonably expected to exceed the Threshold (as applicable) or after such time as the aggregate amount of the Losses of the Purchaser pursuant to such Third Party Claim and all prior Claims pursuant to Section 5.7 are reasonably expected to exceed the Cap; and (iv) any Third Party Claim relating to Taxes of the Corporation or HondaSub for periods after the Closing Date; *provided*, *however*, that with respect to any such Third Party Claim relating to Taxes, Honda may participate in the conduct thereof and the Corporation or HondaSub shall not settle or compromise such Third Party Claim without the consent of Honda, such consent not to be unreasonably withheld, conditioned or delayed.

(e) If the Indemnifying Party (A) elects not to assume the defense, settlement, adjustment or compromise of an asserted liability, fails to timely and properly notify the Indemnified Party of its election as herein provided, or, at any time after assuming such defense, fails to diligently defend against such Third Party Claim in good faith, fails to have sufficient financial resources to pay the full amount of such potential liability in connection with such Third Party Claim or (B) if the Indemnified Party is otherwise entitled pursuant to this Agreement to have control over the defense, settlement or compromise of any Claim, the Indemnified Party may, at the Indemnifying Party's expense, pay, defend, settle, adjust or compromise such asserted liability (provided the Indemnifying Party shall nevertheless be required to pay all Losses up to the Cap incurred by the Indemnified Party in connection with such payment, defense, settlement, adjustment or compromise). In connection with any defense of a Third Party Claim (whether by the Indemnifying Party or the Indemnified Party), all of the Parties shall, and shall cause their respective Affiliates to, cooperate in the defense or prosecution thereof and to in good faith retain and furnish such records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials and appeals, as may be reasonably requested by a Party in connection therewith.

5.9 Payment of Indemnification Claims.

(a) If any Indemnified Party is entitled to indemnification from an Indemnifying Party pursuant to this Agreement, such indemnification payment will be made in accordance with Section 1.7(b) upon demand.

(b) Any payment made by the Vendors pursuant to this Article 5 will be deemed an adjustment to the Final Purchase Price.

5.10 Taxes. To the extent the provisions of Section 5.7 are inconsistent with the provisions of Section 6.3, the provisions of Section 6.3 shall control as to Losses with respect to Taxes that are subject to Section 6.3. Section 5.7 shall otherwise apply to Losses resulting from the inaccuracy or breach as of the date of this Agreement or the Closing Date of any covenant of the Vendors, any representation or warranty of the Vendors and/or the Corporation contained in Section 5.1, 5.2 and 5.3 or any representation, warranty or statement made in any schedule, certificate, document or instrument delivered by the Vendors or the Corporation in connection therewith at or in connection with the Closing, or any third party allegation or Claim based upon facts that, if true, would constitute such an inaccuracy or breach.

ARTICLE 6
COVENANTS

6.1 Transfer of Documentation.

(1) Except as otherwise provided in Section 3.2, on the Closing Date, the Corporation shall deliver, and shall cause to be delivered, the Books and Records to the Purchaser or make them available to the Purchaser at the Corporation's premises. The Purchaser shall preserve all such documents delivered to it in accordance with the Purchaser's document retention procedures, or such longer period as is required by Applicable Law, and shall permit the Vendors or their authorized Representatives reasonable access thereto while those documents are in the possession or control of the Purchaser solely to the extent that such access is required by the Vendors to perform their obligations under this Agreement or under Applicable Law, but the Purchaser shall not be responsible or liable to any Vendor for, or as a result of any loss or destruction of or damage to, any such documents and other data unless such destruction, loss or damage is caused by the Purchaser's negligence or willful misconduct. All reasonable out-of-pocket costs and expenses in connection with any access contemplated by this Section 6.1(1) shall be borne by the Party seeking access.

(2) Notwithstanding Section 6.1(1), the Vendors shall be entitled to retain copies of any documents or other data delivered to the Purchaser pursuant to Section 6.1(1) provided that those documents or data are reasonably required by the Vendors to perform their obligations hereunder or under Applicable Law.

6.2 Support of Products. The Purchaser shall assume and agree to perform and discharge when due all obligations of the Corporation in respect of product warranties related to products sold before the Closing Time.

6.3 Tax Matters.

(1) During the Interim Period, HondaSub and the Corporation each shall:

(a) prepare, in the Ordinary Course consistent with past practice (except as otherwise required by law), and timely file all Tax Returns required to be filed by it on or before the Closing Date in respect of periods ending in the Interim Period ("**Post-Signing Returns**");

(b) fully and timely pay all Taxes due and payable as indicated in such Post-Signing Returns that are so filed;

(c) promptly notify the Purchaser of any federal, state, local or foreign income or franchise and any other Claim or audit pending against it in respect of any Tax matter, including Tax liabilities and refund claims, and shall not settle or compromise any such Tax matter or Claim or audit without the Purchaser's prior written consent;

(d) not make or revoke any material election in a Post-Signing Return with regard to Taxes;

(e) not make any material change in any Tax methods or systems of internal accounting controls, except as may be appropriate to conform to Applicable Law; and

(f) terminate all Tax sharing agreements to which it is a party such that there is no further liability.

(2) HondaSub and the Corporation shall each prepare, consistent with past practice, subject, for greater certainty, to the right of Honda to direct that HondaSub, or the right of the Corporation to, elect to treat bad debts as having been disposed of (unless otherwise required by Applicable Law), and timely file or cause to be prepared consistent with past practice (unless otherwise required by Applicable Law) and timely filed, all Tax Returns required to be filed by each of them after the Closing Date for any period ending on or prior to the Closing Date ("**Pre-Closing Date Tax Returns**") and shall pay (or cause to be paid) any Taxes due in respect of such Pre-Closing Date Tax Returns. HondaSub and the Corporation shall deliver any Pre-Closing Date Tax Returns to Honda for its review and approval at least thirty (30) days prior to the date such Pre-Closing Date Tax Return is required to be filed. If Honda disputes any item on a Pre-Closing Date Tax Return, it shall notify HondaSub, the Corporation and the Purchaser of such disputed item (or items) and the basis for its objection. The Parties shall act in good faith to resolve any such dispute prior to the date on which the Pre-Closing Date Tax Return is required to be filed. If the Parties cannot resolve any disputed item, the item in question shall be resolved by the Accounting Firm. The fees and expenses of the Accounting Firm shall be borne equally by Honda and the Purchaser.

(3) If Honda disputes any item on a Pre-Closing Date Tax Return and Honda and the Purchaser are not able to resolve their dispute prior to the applicable filing deadline, the following additional procedures shall apply. If an extension of the period for filing is not permitted under Applicable Law, the Purchaser shall file the Pre-Closing Date Tax Return consistent with HondaSub's or the Corporation's position on any outstanding disputed items. If HondaSub's or the Corporation's overall Tax obligation with respect to such Tax Return would have been modified had the Tax Return been prepared consistent with the position determined through the Accounting Firm determination described in Section 6.3(2), the Purchaser shall cause the filing of an amended Tax Return consistent with such determination to the extent permitted under Applicable Law.

(4) If, for any United States federal, state, local or foreign Tax purposes, the taxable period of HondaSub or the Corporation, as the case may be, does not terminate at the Closing Date, Taxes and Canadian investment tax credits (federal and provincial), if any, attributable to any taxable period that begins before the Closing Date and ends after the Closing Date (the "**Straddle Period**") shall be allocated to (i) HondaSub or the Corporation, as the case may be, for the period up to and including the Closing Date and (ii) the Purchaser for the period subsequent to the Closing Date ("**Post-Closing Taxes**"). For purposes of the preceding sentence, Taxes and Canadian investment tax credits (federal and provincial) for the period up to and including the Closing Date and for the period subsequent to the Closing Date shall be determined on the basis of an interim closing of the books as of the close of business at the date immediately preceding the Closing Date as if such taxable period consisted of one taxable period ending immediately before the Closing Date followed by a taxable period beginning on the Closing Date except that (i) ad valorem and property Taxes and (ii) capital, franchise or excise taxes not based on income shall not be determined on the basis of an interim closing of the books, but rather on a pro rata daily basis of the reporting period on which the Tax is calculated. For purposes of this Section 6.3(4), exemptions, allowances or deductions that are calculated on an annual basis, such as the deduction for depreciation, shall be apportioned on a daily basis, and any Tax payments made on or before the Closing Date with respect to the Straddle Period shall be credited against HondaSub's or the Corporation's Taxes, as the case may be.

(5) After the Closing Date, each of the Purchaser, HondaSub and the Corporation shall furnish or cause to be furnished to Honda, upon request, as promptly as reasonably practicable, such information (including access to books, records and personnel) and assistance as is reasonably requested in connection with the preparation and filing of any Pre-Closing Date Tax Return or related document, the preparation for any Tax audit or the prosecution or defense of any Claim relating to liability for Taxes. The Purchaser shall retain and provide Honda with access to all books and records relevant to the liability of HondaSub or the Corporation for Taxes for any periods ending on or prior to Closing until the seventh anniversary of the Closing Date. Before destroying any such books and records, the Purchaser shall notify Honda and give Honda the opportunity to retrieve such books and records.

6.4 Covenant Not to Compete; Non-Solicitation; Confidentiality.

(1) Beginning on the date of the Closing and for the following respective periods of restriction (each a "**Restricted Period**") and restricted territory (the "**Restricted Territory**"):

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Restricted Period	Restricted Territory
Closing Date through March 31, 2011	Any country where the Corporation is currently carrying on business, including: Argentina Armenia Austria Australia Azerbaijan Barbados Bangladesh Belgium Bolivia Brazil Bulgaria Canada Chile China Columbia Croatia Czech Republic Dominican Republic Egypt Equator Estonia Finland France Germany Greece Hungary India Indonesia Italy Japan Latvia Lithuania Malaysia Mexico The Middle East Moldova New Zealand The Netherlands Norway Pakistan Panama Peru Philippines Poland Portugal Romania Russia Serbia Slovakia South Africa Spain Singapore Sweden Switzerland Thailand Tunisia Turkey The United Kingdom The United States Ukraine Uruguay Uzbekistan Venezuela Vietnam
April 1, 2011 through January 31, 2012	All of Canada, the United States and Mexico

Honda will not, and Honda will cause its Affiliates not to, directly or indirectly, anywhere in the applicable Restricted Territory, engage or participate in (whether as owner, operator, member, interest holder, trustee, manager, consultant, strategic partner, through the control of product development of an entity or otherwise) the business of manufacturing, distributing or selling compressed natural gas refueling systems for motor

vehicles in residential and commercial markets (a "**Competing Business**") so long as the Purchaser or any Person deriving title to all, but not less than all, of the goodwill or ownership interest in the Corporation or its assets from the Purchaser carries on a like business within such Restricted Territory. Notwithstanding any other provision of this Section 6.4, Honda will not be in breach of this Section 6.4(1) or (2) by reason (a) of its beneficial ownership, together with that of its Affiliates, of one percent or less of a Competing Business' voting capital if such Competing Business is publicly traded, (b) of its beneficial ownership, management or operation, together with that of its Affiliates, of the business of manufacturing, distributing or selling hydrogen or gasoline refueling systems, (c) that it, or any of its Affiliates, provides specifications other than specifications of

the Refueling Technology to any Competing Business, (d) that any of the motor vehicle dealers or distributors of Honda or its Affiliates distributes, sells, installs or services natural gas refueling systems, which natural gas systems are acquired from a Person other than Honda, (e) of the exercise of rights granted to Honda under the technology agreement referred to in Section 3.2(c) or the Greenfield/Honda Sublicense referred to in Section 3.2(d); or (f) of the ownership by Honda or its Affiliates of an interest in a Competing Business that is not an Affiliate of Honda, unless Honda or its Affiliates control the product development of such Competing Business.

(2) At all times before February 1, 2012, Honda will not, and Honda will cause its Affiliates not to, directly or indirectly, solicit for employment or recruit, either as an employee or a consultant, any employee, consultant or independent contractor of the Corporation or the Purchaser or any of its Affiliates who was an employee, consultant or independent contractor of the Corporation or the Purchaser or any of its Affiliates as of the date of this Agreement or at any time thereafter and prior to the expiration of such period to become an employee or consultant of, or otherwise provide services to, any Competing Business (except, however, that a general advertisement in any medium to hire employees, or the hiring of any such employee, consultant or independent contractor, shall not be a solicitation or recruitment for the purposes of this Section 6.4(2)).

(3) Honda shall, and shall cause its Affiliates and Representatives to, keep confidential and not disclose to any other Person or use for the benefit of any other Person, any Refueling Technology, customer lists and other customer information, confidential pricing information, know-how, trade secrets, product formulas, franchises, inventions or other proprietary property (other than Patents) in Honda's possession or control regarding the Corporation or the Business (unless and to the extent compelled to disclose by judicial, administrative or arbitral process or, in the opinion of its counsel, by other Applicable Laws). The obligations of Honda under this Section 6.4(3) shall not apply to information (i) that is obtained from public information, (ii) that is received from a third party not, to the knowledge of Honda, subject to any obligation of confidentiality with respect to such information, (iii) that is or becomes known to the public, other than through a breach of this Agreement, (iv) that is the subject of the technology agreement referred to in Section 3.2(c) or the Greenfield/Honda Sublicense referred to in Section 3.2(d), provided that Honda complies with the terms of such agreements, or (v) the disclosure of which is required pursuant to a requirement of a Governmental Authority or Applicable Law, provided that Honda gives the Purchaser not less than 10 Business Days prior written notice of such disclosure and cooperates with the Purchaser in seeking a protective order or taking any other reasonable steps to limit the disclosure of such information.

(4) Honda will not, and will cause its Affiliates not to, make or cause to be made or condone the making of any statement, comment or other communication, written or otherwise, that could constitute disparagement or criticism of, or that could otherwise be considered to be derogatory or detrimental to, or otherwise reflect adversely on, harm the reputation of, or encourage any adverse action against, the Corporation or the Purchaser or any of the products or services of the Corporation or the Purchaser. The obligations of Honda under this Section 6.4(4) shall not apply to statements, comments or other communications that (a) Honda in good faith believes are fair comment on the products or services of the Corporation or the Purchaser, that further public health or safety or that are justified under Applicable Law or (b) are made after January 31, 2012.

(5) The parties acknowledge and agree that the restrictions contained in Sections 6.4(1), (2), (3) or (4) are a reasonable and necessary protection of the immediate interests of the Purchaser, and any violation of these restrictions would cause substantial injury to the Purchaser and that the Purchaser would not have entered into this Agreement and the other Transaction Documents without receiving the additional consideration offered by Honda in binding itself to these restrictions. In the event of a breach or a threatened breach by Honda or any Affiliate of Honda of these restrictions, the Purchaser will be entitled to seek an injunction restraining Honda or its Affiliates, as applicable, from such breach or threatened breach (without the necessity of proving the inadequacy as a remedy of money damages or the posting of a bond); *provided*, *however*, that the right to seek injunctive relief will not be construed as prohibiting the Purchaser from pursuing any other available remedies, whether at law or in equity, for such breach or threatened breach.

(6) Honda understands California law regarding the enforceability of covenants not to compete. Honda acknowledges and agrees that the covenants contained in this Section 6.4 would be enforceable thereunder.

(7) To the extent required to preclude the application of proposed subsection 56.4(2) or paragraph 68(c) of the Tax Act (or any successor or replacement provisions thereto), Honda and the Purchaser agree that they shall execute and file such election or elections under proposed Section 56.4 of the Tax Act (the "**RC Election**") in respect of the covenants contained in this Section 6.4. The RC Election will be executed on a timely basis and filed with the Minister of National Revenue (Canada) prior to the applicable filing deadline set out in proposed subsection 56.4(14) of the Tax Act (or any successor or replacement provisions thereto). Honda shall be responsible for preparing the requisite forms and, following execution by the Purchaser, for filing such forms in the specified manner.

6.5 Investigation.

(1) Before Closing, the Purchaser and its authorized Representatives shall be permitted to make such investigations, inspections, surveys or tests of the Target Companies, the Business and the Assets, and of their respective financial and legal condition as the Purchaser deems necessary or desirable to familiarize itself with the Business, the Assets and other matters. Without limiting the generality of the foregoing, the Purchaser shall, during normal business hours, be permitted reasonable access including physical access (to the extent within the control of Honda, the Corporation or any of their representatives) to (i) all documents relating to information scheduled or required to be disclosed under this Agreement, (ii) the Books and Records, (iii) the Contracts, (iv) the Leased Property, (v) records regarding suppliers, customers and regulators, (vi) environmental reports, surveys, inspection reports, internal audits, manifests, incident reports and any and all correspondence with Governmental Authorities or third parties in respect of environmental matters, and (vii) all other reports prepared by advisors of the Target Companies and their Affiliates, and the Corporation shall provide photocopies to the Purchaser of all such written information and documents as may be reasonably requested by the Purchaser.

(2) At the request of the Purchaser, the Corporation shall execute or cause to be executed such consents, authorizations and directions as may be necessary to permit any inspection of the Corporation, the Business and any of the Assets or to enable the Purchaser or its authorized Representatives to obtain full access to all files and records relating to the Corporation or relating to any of the Assets maintained by Governmental Authorities.

(3) At the Purchaser's request, the Corporation shall co-operate and assist the Purchaser in arranging any meetings as the Purchaser should reasonably request with:

(a) management of the Corporation;

(b) customers, suppliers, distributors or others who have or have had a business relationship with the Corporation; and

(c) auditors, solicitors or any other Persons engaged or previously engaged to provide services to the Corporation who have knowledge of matters relating to the Corporation and the Business.

(4) The Corporation shall conduct, in cooperation with the Representatives or consultants of the Purchaser, such physical review of the equipment of the Business as is necessary so as to enable the confirmation of the values carried on the balance sheet of the Corporation in respect of such Assets, to the reasonable satisfaction of the Purchaser. The exercise of any rights of inspection by or on behalf of the Purchaser under this Section 6.5 shall not mitigate or otherwise affect the representations and warranties of the Vendors under this Agreement, which shall continue in full force and effect as provided in Section 5.5.

6.6 Risk of Loss. Before Closing, the Corporation shall maintain in force all the policies of business interruption insurance and of property damage insurance under which any of the Assets or the Business are insured. If before the Closing any of the Assets or part of the Business is lost, damaged or destroyed and the loss, damage or destruction constitutes a Material Adverse Change, then the Purchaser at its sole discretion may terminate this Agreement in accordance with the provisions of Section 4.1.

6.7 Personal Information. The Purchaser shall at all times comply with all applicable protection of Personal Information legislation, federal or provincial, with respect to Personal Information disclosed or otherwise provided, including any access provided to such Personal Information by the Vendors, HondaSub or the Corporation under this Agreement. The Purchaser shall only use or disclose such Personal Information for the purposes of reasonably investigating the affairs of the Business as contemplated in Section 6.5 and completing the Transactions. The Purchaser shall safeguard all Personal Information collected from the Vendors, HondaSub or the Corporation in a manner consistent with the degree of sensitivity of the Personal Information and, furthermore, maintain at all times the security and integrity of the Personal Information. The Purchaser covenants and agrees that it will not make any copies of the Personal Information or any excerpts thereof or in any way re-create the substance or contents of the Personal Information if the Transactions are not completed for any reason, and that any and all Personal Information will be returned to the Corporation or destroyed upon the request of Honda or the Corporation.

6.8 Operation of Business. The Corporation represents and warrants to, and agrees with, the Purchaser that commencing on the date hereof and ending on the Closing Date (the "**Interim Period**"):

(1) The Business will be conducted in the Ordinary Course, the books and records of the Corporation will be regularly kept and maintained, and the Corporation, with respect to the Business, will use its commercially reasonable efforts to preserve the Business intact and preserve for the benefit of the Purchaser the present relationships and goodwill of employees, suppliers, customers and others having business relations with the Corporation.

(2) The Corporation will maintain its corporate existence and good standing in its jurisdiction of incorporation and in the jurisdictions in which it is required to be qualified or licensed to conduct the Business.

(3) The Corporation shall not enter into any contract or commitment or engage in any transaction not in the Ordinary Course and consistent with its past business practices, and shall not enter into any contract or commitment or engage in any transaction not in the Ordinary Course involving more than $25,000, without the prior written consent of the Purchaser.

(4) All buildings, offices, plants and other structures, and all the Corporation's Assets and other property owned, leased, occupied or used by the Corporation, will be kept and maintained in as good condition, repair and working order as exists on the date hereof, reasonable wear and tear excepted, and the Purchaser will in all material respects, duly observe and conform to all terms and conditions upon or under which any of its properties are held.

(5) The Vendors and the Corporation will not knowingly do any act or omit to do any act, or knowingly permit any act or omission to act, which will cause a material breach or default of any contracts, commitments or obligations with respect to the Business.

(6) The Vendors and the Corporation will not knowingly take nor cause to be taken any action which would make any of the representations or warranties made by them in this Agreement untrue or incorrect as of the Closing Date.

Honda represents and warrants and agrees with the Purchaser that it will not take any action that could cause the Corporation to be in breach of the covenants contained in this Section 6.8.

6.9 Cooperation. Each Party hereto covenants during the Interim Period (and subject to the other terms of this Agreement):

(1) To cooperate with each other in determining whether filings are required to be made with or consents required to be obtained from any Governmental Authority in any jurisdiction in connection with the consummation of the Transactions and in making or causing to be made any such filings promptly and to obtain timely any such consents (each Party hereto shall furnish to the other Parties and to their respective counsel all such information as may be reasonably required in order to effectuate the foregoing action).

(2) To keep the other Parties informed of any significant communications received by such Party from, or given by such Party to, any Governmental Authority and to consult with the other Parties in advance of any meeting or conference with any Governmental Authority.

(3) To use commercially reasonable efforts, and cooperate with the other Parties hereto, to obtain all consents required from third persons, whose consent or approval is required pursuant to any contract or otherwise to consummate the Transactions and to take all other steps necessary to complete the Transactions prior to the Closing Date.

(4) Without limiting the specific obligations of any Party hereto under any covenant or agreement hereunder, to use commercially reasonable efforts to take all action and do all things necessary in order to promptly consummate the Transactions, including, satisfaction, but not waiver, of the Closing conditions set forth in Article 4.

6.10 FM Trust Change of Name. Immediately following the Closing, the Trustee will dissolve the FM Trust or effect a change of the name of the FM Trust to eliminate the words "FuelMaker" and thereafter neither Honda nor the FM Trust, nor any of their respective Affiliates, shall have any right to use the name "FuelMaker" or any confusingly similar trade name or trade mark.

ARTICLE 7
GENERAL

7.1 Public Announcements. No Party shall make any public statement or issue any press release concerning the Transactions except as agreed by Honda and the Purchaser acting reasonably or as may be necessary, in the opinion of counsel to the Party making that disclosure, to comply with the requirements of Applicable Law. If any public statement or release is so required, the Party making the disclosure shall consult with Honda and the Purchaser before making that statement or release, and Honda and the Purchaser shall use all reasonable efforts, acting in good faith, to agree on a text for the statement or release that is satisfactory to them.

Nothing herein contained, however, shall prevent a Party from complying with the requirements of United States securities laws or the requirements of any stock exchange. A draft press release is attached hereto as Schedule 7.1. Notwithstanding the foregoing, in the event that the Purchaser or its counsel (i) determines that, as a result of the parties hereto entering into this Agreement, or the commencement of the Transactions, a filing on Form 8-K (or any similar or successor form) is required under applicable securities laws, including the *Securities Exchange Act of 1934* ("**SEC Requirements**") or (ii) the Purchaser is intending to file a registration statement under the *Securities Act of 1933* covering certain of its securities, and the Purchaser or its counsel believes that a copy of this Agreement, or a description of the Transactions, is necessary to complete such registration statement or otherwise comply with applicable SEC Requirements, the Purchaser shall be entitled to make such filing and shall advise Vendors of same in advance of such filing.

7.2 Expenses. The Purchaser shall pay all expenses (including Taxes imposed on those expenses) it incurs in the authorization, negotiation, preparation, execution and performance of this Agreement and the Transactions, including all fees and expenses of its legal counsel. Honda shall pay all expenses (including Taxes imposed on those expenses) the Vendors incur in the authorization, negotiation, preparation, execution and performance of this Agreement and the Transactions, including all fees and expenses of Honda's legal counsel. Honda and the Purchaser shall each share 50% of the cost of auditing the Financial Statements of the Corporation and HondaSub, except that the Purchaser shall bear all of the costs relating to reconciling such Financial Statements to generally accepted accounting principles established by the Financial Accounting Standards Board of the United States, as amended from time to time, and otherwise conforming the Financial Statements with SEC Requirements.

7.3 Commercially Reasonable Efforts. In this Agreement, unless specified otherwise, an obligation of any Party to use its commercially reasonable efforts to obtain any Approval shall not require the Party to make any payment to any Person for the purpose of procuring the Approval, except for payments for amounts due and payable to that Person, payments for incidental expenses incurred by that Person and payments required by any Applicable Law or to commence any Claim.

7.4 No Third Party Beneficiary. This Agreement is solely for the benefit of the Parties and no third parties shall accrue any benefit, Claim or right of any kind pursuant to, under, by or through this Agreement.

7.5 Entire Agreement. This Agreement together with the other agreements to be entered into as contemplated by this Agreement (the "**Other Agreements**") constitute the entire agreement between the Parties pertaining to the subject matter of this Agreement and the Other Agreements and supersede all prior correspondence, agreements, negotiations, discussions and understandings, written or oral. Except as specifically set out in this Agreement or the Other Agreements, there are no representations, warranties, conditions or other agreements or acknowledgements, whether direct or collateral, express or implied, written or oral, statutory or otherwise, that form part of or affect this Agreement or the Other Agreements or which induced any party to enter into this Agreement or the Other Agreements. No reliance is placed on any representation, warranty, opinion, advice or assertion of fact made either prior to, concurrently with, or after entering into, this Agreement or any Other Agreement, or any amendment or

supplement thereto, by any Party to this Agreement or any Other Agreement or its Representatives, to any other Party or its Representatives, except to the extent the representation, warranty, opinion, advice or assertion of fact has been reduced to writing and included as a term in this Agreement or that Other Agreement, and none of the Parties to this Agreement or any Other Agreement has been induced to enter into this Agreement or any Other Agreement or any amendment or supplement by reason of any such representation, warranty, opinion, advice or assertion of fact. There shall be no liability, either in tort or in contract, assessed in relation to the representation, warranty, opinion, advice or assertion of fact, except as contemplated in this Section.

7.6 Time of Essence. Time is of the essence of this Agreement.

7.7 Amendment. This Agreement may be supplemented, amended, restated or replaced only by written agreement signed by each Party.

7.8 Waiver of Rights. Any waiver of, or consent to depart from, the requirements of any provision of this Agreement shall be effective only if it is in writing and signed by the Party giving it, and only in the specific instance and for the specific purpose for which it has been given. No failure on the part of any Party to exercise, and no delay in exercising, any right under this Agreement shall operate as a waiver of that right. No single or partial exercise of any such right shall preclude any other or further exercise of that right or the exercise of any other right.

7.9 Jurisdiction. Each Party irrevocably and unconditionally:

(a) (i) agrees that any suit, action or proceeding instituted against it by any other party with respect to this Agreement or (unless expressly set forth therein) any Other Agreement may be instituted, and that any suit, action or proceeding by it against any other Party with respect to this Agreement or any Other Agreement shall be instituted, only in the courts of the County of Los Angeles of the State of California, or the United States District Court for the Central District of California (and appellate courts from any of the foregoing) as the party instituting such suit, action or proceeding may in its sole discretion elect, (ii) consents and submits, for itself and its property, to the jurisdiction of such courts for the purpose of any such suit, action or proceeding instituted against it by the other Party and (iii) that a final judgment in any such suit, action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law;

(b) agrees that service of all writs, process and summonses in any suit, action or proceeding pursuant to Section 7.9(a) may be effected by the mailing of copies thereof by certified mail, return receipt requested, postage prepaid, to any Party at the addresses for notices pursuant to Section 7.11 hereof (with copies to such other Persons as specified therein); provided, however, that nothing contained in this Section 7.9 shall affect the right of any Party to serve process on any other Party (including the Trustee) in any other manner permitted by Applicable Law;

(c) (i) waives any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any Other Agreement brought in any court specified in Section 7.9(a), (ii) waives any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum and (iii) agrees not to plead or claim either of the foregoing; and

(d) (i) **WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION ARISING UNDER THIS AGREEMENT OR ANY OTHER AGREEMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS AGREEMENT OR ANY OTHER AGREEMENT OR ANY OF THE TRANSACTIONS RELATED HERETO OR THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE AND (II) AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT THE PARTIES TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OF A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.**

7.10 Governing Law. This Agreement and any dispute arising from or in relation to this Agreement shall be governed by, and interpreted and enforced in accordance with, the law of the State of California.

7.11 Notices.

(1) Any notice, demand or other communication (in this Section 7.11, a "**Notice**") required or permitted to be given or made under this Agreement must be in writing and is sufficiently given or made if:

(a) delivered in Person and left with a receptionist or other responsible employee of the relevant Party at the applicable address set forth below;

(b) sent by prepaid courier service or (except in the case of actual or apprehended disruption of postal service) mail; or

(c) sent by facsimile transmission, with confirmation of transmission by the transmitting equipment (a "**Transmission**");

in the case of a Notice to Honda, addressed to it at:

American Honda Motor Co., Inc.
1919 Torrance Blvd.
Torrance, California 90501-2746
Attn.: Dan Bonawitz, Vice President, Corporate Planning & Logistics
Facsimile No. (310) 783-3263

with copies (not constituting Notice) to:

Honda North America, Inc.
700 Van Ness Avenue
Torrance, California 90501-2206
Attn.: Don Woods, Senior Corporate Counsel
Facsimile No. (310) 781-4970

McMillan LLP
44th Floor, 181 Bay Street
Toronto, Ontario
Canada M5J 2T3

Attn.: Bruce McWilliam
Facsimile No. (416) 865-7048

and in the case of a Notice to FM Trust, addressed to it at:

Mr. John G. Armstrong, trustee of The FuelMaker Trust
16 King Georges Road
Toronto, Ontario
Canada M8X 1K7

with a copy (not constituting Notice) to:

McMillan LLP
44th Floor, 181 Bay Street
Toronto, Ontario
Canada M5J 2T3
Attention: Bruce McWilliam
Facsimile No.: (416) 865-7048

and in the case of a Notice to the Corporation, addressed to it at:

FuelMaker Corporation
70 Worcester Road
Toronto, Ontario
Canada M9W 5X2
Attn.: Don Jevons, Vice President, Finance
Facsimile No.: (416) 674-3042

and in the case of a Notice to the Purchaser, addressed to it at:

Clean Energy Fuels Corp.
Suite 200
3020 Old Ranch Parkway
Seal Beach, CA 90740
Attention: Clay Corbus, Senior Vice President, Strategic Development and Harrison Clay, Corporate Counsel
Facsimile No.: (562) 493-4532

with a copy (not constituting Notice) to:

Sheppard Mullin Richter Hampton LLP
Four Embarcadero Center
17th Floor
San Francisco, CA 94111
Attention: James J. Slaby, Esq.
Facsimile No.: (415) 403-6074

(2) Any Notice sent in accordance with this Section 7.11 shall be deemed to have been received:

(a) if delivered prior to or during normal business hours on a Business Day in the place where the Notice is received, on the date of delivery;

(b) if sent by mail, on the fifth Business Day in the place where the Notice is received after mailing, or, in the case of disruption of postal service, on the fifth Business Day after cessation of that disruption;

(c) if sent by facsimile during normal business hours on a Business Day in the place where the Transmission is received, on the same day that it was received by Transmission, on production of a Transmission report from the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the relevant facsimile number of the recipient; or

(d) if sent in any other manner, on the date of actual receipt;

except that any Notice delivered in person or sent by Transmission not on a Business Day or after normal business hours on a Business Day, in each case in the place where the Notice is received, shall be deemed to have been received on the next succeeding Business Day in the place where the Notice is received.

(3) Any Party may change its address for Notice by giving Notice to the other Parties.

7.12 Assignment. Except as otherwise provided in this Section 7.12, no Party may assign or transfer, whether absolutely, by way of security or otherwise, all or any part of its rights or obligations under this Agreement to any Person. The Purchaser may, at any time prior to the Closing Time, assign all (but not less than all) of its rights and benefits under this Agreement to

any wholly-owned subsidiary of the Purchaser if such subsidiary delivers to the Vendors and the Corporation an instrument in writing executed by such subsidiary confirming that it is bound by and shall perform all of the obligations of the Purchaser under this Agreement as if it were an original signatory hereto, provided that no assignment contemplated in this Section 7.12 shall relieve the assignor of its obligations under this Agreement.

7.13 Further Assurances. Each Party shall promptly do, execute, deliver or cause to be done, executed or delivered all further acts, documents and matters in connection with this Agreement that any other Party may reasonably require, for the purposes of giving effect to this Agreement.

7.14 Severability. If, in any jurisdiction, any provision of this Agreement or its application to any Party or circumstance is restricted, prohibited or unenforceable, that provision shall, as to that jurisdiction, be ineffective only to the extent of that restriction, prohibition or unenforceability without invalidating the remaining provisions of this Agreement, without affecting the validity or enforceability of that provision in any other jurisdiction and, if applicable, without affecting its application to the other Parties or circumstances.

7.15 Successors. This Agreement shall be binding on, and shall enure to the benefit of, the Parties and their respective successors and permitted assigns.

7.16 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one agreement. To evidence the fact that it has executed this Agreement, a Party may send a copy of its executed counterpart to all other Parties by Transmission and the signature transmitted by Transmission shall be deemed to be its original signature for all purposes.

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IN WITNESS WHEREOF, the Parties have duly executed this Agreement on the date first above written.

AMERICAN HONDA MOTOR CO., INC.

By: /s/ Anthony P. Piazza
Name: Anthony P. Piazza
Title: Vice President Corporate Procurement

/s/ John G. Armstrong
JOHN G. ARMSTRONG, SOLE TRUSTEE OF THE FUELMAKER TRUST

FUELMAKER CORPORATION

By: /s/ John Lyon
Name: John Lyon
Title: President & CEO

CLEAN ENERGY FUELS CORP.

By: /s/ Barclay Corbus
Name: Barclay Corbus
Title: Senior Vice President

SIXTH AMENDMENT TO LEASE AGREEMENT

THIS SIXTH AMENDMENT TO LEASE AGREEMENT (this "Amendment") is made effective as of July , 2008, by and between BIXBYBIT—BIXBY OFFICE PARK, LLC, a Delaware limited liability company ("Landlord"), and CLEAN ENERGY, a California corporation and CLEAN ENERGY FUELS CORP., a Delaware corporation (jointly, severally, individually and collectively, "Tenant").

R E C I T A L S :

A. Landlord (successor in interest to EOP-Bixby Ranch, L.L.C., a Delaware limited liability company, which was the successor in interest to Bixby Office Park Associates, LLC, a California limited liability company) and Tenant (formerly known as ENRG Fuel USA, Inc., a California corporation and ENRG, Inc., a Delaware corporation, as successor in interest to Pickens Fuels Corporation, a California corporation) are parties to that certain Lease Agreement dated August 12, 1999 (the "Original Lease"), as amended by that certain First Amendment to Lease dated March 11, 2002 (the "First Amendment"), as further amended by that certain Second Amendment dated November 24, 2003 (the "Second Amendment"), as further amended by that certain Third Amendment dated January 13, 2006 (the "Third Amendment"), as further amended by that certain Fourth Amendment dated March 15, 2006 (the "Fourth Amendment") and a letter agreement dated December 17, 2003, and as further amended by that certain Fifth Amendment dated October 17, 2006 (the "Fifth Amendment"; the Original Lease, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment and the Fifth Amendment are hereafter collectively referred to as the "Lease"). Pursuant to the Lease, Tenant currently leases from Landlord certain premises containing approximately 16,881 rentable square feet known as (i) Suite No. A440 ("Suite 440") containing approximately 6,136 rentable square feet located on the fourth (4th) floor of the building (the "3010 Building") commonly known as 3010 Old Ranch Parkway in Seal Beach, California and (ii) Suite Nos. B200, B270 and B280 (the "Second Floor Suites") located on the second (2nd) floor of the building (the "3020 Building") commonly known as 3020 Old Ranch Parkway in Seal Beach, California (collectively, the "Original Premises"), all as more particularly described in the Lease.

B. Tenant currently subleases from Olson Urban Housing, LLC, a Delaware limited liability company ("Olson") that certain premises containing approximately 5,060 rentable square feet known as Suite No. 250 located on the second (2nd) floor of the 3020 Building (the "Subleased Space").

C. Tenant currently subleases (the "Baker Sublease") a portion of the Subleased Space to Baker Tanks, Inc., a Delaware corporation ("Baker") (such portion of the Subleased Space

that is subleased to Baker pursuant to the Baker Sublease is hereafter referred to as the "Baker Subleased Space").

D. Tenant and Landlord agree to (i) relocate Tenant from the Second Floor Suites to approximately 19,881 rentable square feet of space comprising the entire fourth (4th) floor of the 3020 Building as shown on Exhibit "A" attached hereto (the "Substitution Space"), (ii) make the Subleased Space subject to the terms of the Lease and (iii) extend the Term of the Lease with respect to Suite 440, all on the following terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant agree as follows:

1. **Substitution.**

A. Effective as of the Substitution Effective Date (hereinafter defined), the Substitution Space is substituted for the Second Floor Suites, and, from and after the Substitution Effective Date, the "Premises", as defined in the Lease, shall be deemed to mean the Substitution Space containing approximately 19,881 rentable square feet, the Subleased Space containing approximately 5,060 rentable square feet and Suite 440 containing approximately 6,136 rentable square feet (as more particularly described below) (i.e., the entire Premises shall contain approximately 31,077 rentable square feet).

2. **Substitution Effective Date; Early Occupancy.**

A. The Term (the "New Term") for the Substitution Space shall commence on the earlier of (i) Substantial Completion (as hereinafter defined) of the Substitution Space or (ii) November 1, 2008 (the "Substitution Effective Date") and end on January 31, 2015 (such date, for purposes of this Amendment and the Lease, is referred to as the "Termination Date"). For purposes hereof, the term "Substantial Completion" shall mean the date Landlord reasonably considers Tenant's Work (hereafter defined) completed other than decoration and minor "punch-list" type items and adjustments which do not materially interfere with Tenant's use of the Premises. The Substitution Space is subject to all the terms and conditions of the Lease except as expressly modified herein and except that Tenant shall not be entitled to receive any allowances, abatements or other financial concessions granted with respect to the Original Premises unless such concessions are expressly provided for herein with respect to the Substitution Space. Until the Substitution Effective Date, the Lease (as amended hereby) shall remain in full force and effect with respect to the Original Premises and the Subleased Space (including, without limitation, Tenant's obligation to pay monthly Base Rent and Additional Rent on such space) and Tenant shall continue to adhere to all the terms and conditions thereof, and then effective as of the Substitution Effective Date, the Lease shall be terminated with respect to the Second Floor Suites, and, unless otherwise specified, "Premises" shall mean the Substitution Space, the Subleased Space and Suite 440.

Tenant shall vacate the Second Floor Suites as of the day immediately preceding the Substitution Effective Date (such date that Tenant is required to vacate the Second Floor Suites being referred to herein as the "Vacation Date") and return the same to Landlord in "broom clean" condition and otherwise in accordance with the terms and conditions of the Lease. Following the Vacation Date, however, Tenant's

obligation for payment of monthly Base Rent or Additional Rent on the Second Floor Suites shall be determined in accordance with Section 9 hereof.

B. The Substitution Effective Date shall be delayed to the extent that Landlord fails to deliver possession of the Substitution Space for any other reason (other than delays caused by Tenant), including, but not limited to, holding over by prior occupants. Any such delay in the Substitution Effective Date shall not subject Landlord to any liability for any loss or damage resulting therefrom.

C. Landlord shall use commercially reasonable efforts to give Tenant's designated contractor access to the Substitution Space by August 1, 2008 (the "Early Access Period") for purposes of installing Tenant's fixtures and equipment, including Tenant's telephone and data cabling, and other improvements in the Substitution Space in accordance with Section 6 of the Original Lease ("Tenant's Work"). Tenant's Work shall be performed by Tenant at Tenant's sole cost and expense. Tenant's use of the Substitution Space during the Early Access Period shall be subject to all of the terms and conditions of the Lease, including, without limitation, the provisions of Sections 6, 10 and 11 of the Original Lease, except that Tenant will not be obligated to pay monthly Base Rent or any Additional Rent during the Early Access Period. Tenant agrees to provide Landlord with prior notice of any such intended early access.

3. **Extension of Suite 440 Term**. The Term of the Lease with respect to Suite 440 is hereby extended until the Termination Date, unless sooner terminated in accordance with the terms of the Lease as amended hereby (the "Amended Lease").

4. **Lease of the Subleased Space**. Landlord and Tenant acknowledge and agree that as of the date of this Amendment, Tenant subleases the Subleased Space from Olson, a portion of which is subleased by Tenant to Baker pursuant to the Baker Sublease. Landlord and Tenant further acknowledge and agree that Tenant shall enter into an agreement with Olson whereby the sublease between Tenant and Olson for the Subleased Space shall terminate effective as of July 31, 2008. In connection therewith, effective as of August 1, 2008 and continuing until the expiration of the Baker Sublease (the "Subleased Space Term"), the Subleased Space shall become subject to the terms of the Amended Lease, Tenant shall lease such space directly from Landlord in its current as-is condition, the Base Rent and Tenant's Share of Operating Costs and Taxes for the Subleased Space shall be payable in accordance with this Section 4, and Tenant shall comply with all the obligations of the Amended Lease with respect to Subleased Space until the expiration of the Subleased Space Term; provided, however, if Tenant and Baker enter into an agreement whereby the Baker Sublease shall terminate early, the Subleased Space Term shall expire on the later to occur of (a) September 30, 2008 or (b) thirty (30) days following the date upon which the Baker

Sublease terminates pursuant to said termination agreement entered into by Tenant and Baker. In the event that Tenant and Baker enter into said termination agreement of the Baker Sublease, Tenant shall provide Landlord with written notice thereof within five (5) days of Tenant and Baker signing said termination agreement. During the Subleased Space Term, (i) Tenant shall pay Landlord Base Rent for the Subleased Space in accordance with the terms of the Amended Lease in the amount of $12,903.00 per month and (ii) Tenant's Share of Operating Costs and Taxes for the Subleased Space shall be 1.767% and Tenant shall pay for Tenant's Share of Operating Costs and Taxes for the Subleased Space in accordance with the terms of the Original Lease; provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Subleased Space shall be calendar year 2007. Effective as of the expiration of the Subleased Space Term, the Amended Lease shall be terminated with respect to the Subleased Space and Tenant shall vacate the Subleased Space and return the same to Landlord in "broom clean" condition and otherwise in accordance with the terms and conditions of the Lease. Following the expiration of the Subleased Space Term, however, Tenant's obligation for payment of monthly Base Rent or Additional Rent on the Subleased Space shall be determined in accordance with Section 9 hereof.

5. **Monthly Base Rent.**

A. Substitution Space. Commencing on the Substitution Effective Date and continuing through the Termination Date, the schedule of monthly Base Rent for the Substitution Space shall be as follows:

Months of New Term	Monthly Base Rent
1 – 12	$ 50,697.00*
13 – 24	$ 52,724.00
25 – 36	$ 55,097.00
37 – 48	$ 57,852.00
49 – 60	$ 60,744.00
61 – 72	$ 62,567.00
73 – 75	$ 64,444.00

All such Base Rent shall be payable by Tenant in accordance with the terms of the Amended Lease.

Tenant shall continue to pay monthly Base Rent and Additional Rent on the Second Floor Suites in accordance with the Lease until the Substitution Effective Date.

*Notwithstanding anything contained in the foregoing to the contrary, $23,297.25 shall be payable upon the execution of this Amendment by Tenant and $27,399.75 shall be payable on the Substitution Effective Date, which shall collectively constitute the Monthly Base Rent for the Substitution Space for the first (1st) month of the New Term.

B. Suite 440. As of the Substitution Effective Date, the schedule of monthly Base Rent payable with respect to Suite 440 during the New Term shall be as follows:

Months of New Term		Monthly Base Rent
1 – 12	$	15,647.00
13 – 24	$	16,273.00
25 – 36	$	17,005.00
37 – 48	$	17,855.00
49 – 60	$	18,748.00
61 – 72	$	19,310.00
73 – 75	$	19,890.00

All such Base Rent shall be payable by Tenant in accordance with the terms of the Amended Lease. Tenant shall continue to pay monthly Base Rent and Additional Rent on Suite 440 in accordance with the Lease until the Substitution Effective Date.

6. **Additional Security Deposit**. Landlord acknowledges that Tenant currently has $44,086.04 of security deposit on account with Landlord (the "Existing Security Deposit"). Tenant acknowledges that, concurrently with Tenant's execution of this Amendment, Tenant shall deposit with Landlord an additional security deposit in the amount of $48,690.36, which when added to the Existing Security Deposit shall equal $92,767.40 (the "New Security Deposit"). The New Security Deposit shall be held by Landlord without liability for interest and as security for the performance by Tenant of Tenant's covenants and obligations under and in accordance with the terms of the Amended Lease. So long as Tenant does not default in of any of its obligations under the Lease (as amended hereby) prior to October 31, 2010, Landlord shall reduce the amount of the New Security Deposit to $44,086.04 and shall, in Landlord's sole discretion, either (i) refund $48,690.36 of the New Security Deposit to Tenant no later than December 1, 2010 or (ii) credit $48,690.36 of the New Security Deposit against the monthly Base Rent due for November, 2010. If a default by Tenant shall occur or if Landlord uses or applies any portion of the New Security Deposit at any time during the New Term for the payment of any amount, loss or damage which Landlord may spend, incur or suffer by reason of Tenant's default, Tenant shall on demand restore the New Security Deposit to its original amount of $92,767.40.

7. **Tenant's Share; Expenses.** For the period commencing with the Substitution Effective Date and ending on the Termination Date, (i) Tenant's Share for the Substitution Space and Suite 440 is 9.088%, and (ii) Tenant shall pay for Tenant's Share of Operating Costs and Taxes applicable to the Substitution Space and Suite 440 in accordance with the terms of the Amended Lease; provided, however, during such period, the Base Year for the computation of Tenant's Share of Operating Costs and Taxes applicable to the Substitution Space and Suite 440 shall be calendar year 2008.

8. **Condition of the Substitution Space, the Subleased Space Suite 440.**

A. **Condition of Substitution Space.** Tenant has inspected the Substitution Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements.

B. **Condition of the Subleased Space.** Tenant acknowledges that it is currently in possession of the Subleased Space and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements.

C. **Condition of Suite 440.** Tenant acknowledges that it is currently in possession of Suite 440 and agrees to accept the same "as is" without any agreements, representations, understandings or obligations on the part of Landlord to perform any alterations, repairs or improvements.

9. **Holding Over.** If Tenant continues to occupy the Second Floor Suites and/or the Subleased Space after the Vacation Date (as defined in Section 2 above) or the expiration of the Subleased Space Term, as applicable, occupancy of the Second Floor Suites and/or the Subleased Space, as applicable, subsequent to the Vacation Date or the expiration of the Subleased Space Term, as applicable, shall be that of a tenancy at sufferance and in no event for month-to-month or year-to-year, but Tenant shall, throughout the entire holdover period, be subject to all the terms and provisions of the Lease and shall pay for its use and occupancy the amount (on a per month basis without reduction for any partial months during any such holdover) as set forth in Section 19.2 of the Original Lease. No holding over by Tenant in the Second Floor Suites and/or the Subleased Space, as applicable, or payments of money by Tenant to Landlord after the Vacation Date or the expiration of the Subleased Space Term, as applicable, shall be construed to prevent Landlord from recovery of immediate possession of the Second Floor Suites and/or the Subleased Space, as applicable, by summary proceedings or otherwise. In addition to the obligation to pay the amounts set forth above during any such holdover period, Tenant also shall be liable to Landlord for all damage, including any consequential damage, which Landlord may suffer by reason of any holding over by Tenant in the Second Floor Suites and/or the Subleased Space, as applicable, and Tenant shall indemnify Landlord against any and all claims made by any other tenant or prospective tenant against Landlord for delay by Landlord in delivering possession of the Second Floor Suites and/or the Subleased Space, as applicable, to such other tenant or prospective tenant.

10. **Parking.** Effective as of the Substitution Effective Date, Landlord shall provide (i) seventy-eight (78) non-reserved parking spaces applicable to the Substitution Space, the Subleased Space and Suite 440 within the Parking Facility at no cost throughout the New Term and (ii) twenty-four (24) reserved parking spaces applicable to the Substitution Space, the Subleased Space and Suite 440 within the Parking Facility at a monthly cost of $100.00 for the parking of passenger-size motor vehicles used by Tenant and its employees only, and such parking rights are not transferable without Landlord's approval. Tenant agrees to pay

for such reserved parking spaces as Additional Rent under the Amended Lease. Tenant shall not use more parking spaces than its allotment and shall not use any parking spaces specifically assigned by Landlord to other tenants of the Building.

On each anniversary of the Substitution Effective Date, said reserved parking fees charged to Tenant for said twenty-four (24) reserved parking spaces applicable to the Substitution Space, the Subleased Space and Suite 440 shall increase by three percent (3%) of the previous year's parking

fees. Effective as of the Substitution Effective Date, the first two (2) sentences of Section 36(a) of the Original Lease are deleted in their entirety, and except as modified herein, the use of the parking spaces shall be subject to the terms of Article 36 of the Original Lease.

11. **Signage.** Effective as of the Substitution Effective Date and subject to the terms of this Section 11, Tenant shall have the right to install one (1) building top sign in a mutually agreeable location on the 3030 Building (the "Exterior Sign"). Notwithstanding the foregoing, Tenant shall not be entitled to install the Exterior Sign if: (a) Tenant has previously assigned its interest in the Amended Lease, (b) excepting the sublease of the Baker Subleased Space pursuant to the Baker Sublease, Tenant has previously sublet any portion of the Premises, or (c) Tenant is in default under any monetary or material non-monetary provision of the Amended Lease. Furthermore, Tenant's right to install the Exterior Sign is expressly subject to and contingent upon Tenant receiving the approval of and consent to the Exterior Sign from Landlord (which approval and consent shall not be unreasonably withheld) and the City of Seal Beach, California, its architectural review board, any other applicable governmental or quasi-governmental governmental agency and any architectural review committee under the covenants, conditions and restrictions recorded against the Project. Tenant, at its sole cost and expense, shall obtain all other necessary building permits, zoning, regulatory and other approvals in connection with the Exterior Sign. All costs of approval, consent, design, installation, supervision of installation, wiring, maintaining, repairing and removing the Exterior Sign will be at Tenant's sole cost and expense. Tenant shall submit to Landlord reasonably detailed drawings of its proposed Exterior Sign, including without limitation, the size, material, shape, location, coloring, lettering and method of installation for review and approval by Landlord. The Exterior Sign shall conform to the Building signage program and the other reasonable standards of design and motif established by Landlord for the exterior of the Building. The Exterior Sign shall also be subject to (i) Landlord's prior review and written approval thereof, and (ii) the terms, conditions and restrictions of any recorded covenants, conditions and restrictions encumbering the Project and/or the Building. Tenant shall reimburse Landlord for any reasonable out-of-pocket costs associated with Landlord's review and supervision as hereinbefore provided including, but not limited to, engineers and other professional consultants. Tenant will be solely responsible for any damage to the Exterior Sign and any damage that the installation, maintenance, repair or removal thereof may cause to the Building or the Project. Tenant agrees upon the expiration date or sooner termination of the Amended Lease, upon Landlord's request, to remove the Exterior Sign and restore any damage to the Building and the Project at Tenant's expense. In addition, Landlord shall have the right to remove the Exterior Sign at Tenant's sole cost and expense, if, at any time during the Term: (i) Tenant assigns the

Amended Lease, (ii) excepting the sublease of the Baker Subleased Space pursuant to the Baker Sublease, Tenant sublets any portion of the Premises, or (iii) Tenant is in default under any term or condition of the Amended Lease. Notwithstanding anything to the contrary contained herein, if Tenant fails to install the Exterior Sign on the Building in accordance with the terms of this Section 11 on or before the eighth (8th) month anniversary of the Substitution Effective Date (the "Outside Exterior Sign Installation Date"), Tenant's right to erect any such Exterior Sign shall terminate as of the Outside Exterior Sign Installation Date and shall thereupon be deemed null and void and of no further force and effect.

In addition to the foregoing, Landlord and Tenant acknowledge and agree that as of the date of this Amendment, Tenant has existing signage located on the 3010 Building (the "3010 Signage"). As a condition to Tenant's right to install the Exterior Sign on the 3030 Building, Tenant shall remove the 3010 Signage and repair any damage to the 3010 Building and the Project at Tenant's expense no later than the Vacation Date.

12. **Business Hours**. Effective as of the date of this Amendment, the Basic Lease Information of the Lease is revised to provide that "Building Hours" are 7:00 a.m. to 6:00 p.m. on Business Days.

13. **Miscellaneous.**

A. Tenant represents and warrants to Landlord that neither Tenant nor any guarantor of Tenant's obligations under the Amended Lease is (a) a party in interest, as defined in Section 3(14) of the of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to the AFL-CIO Building Investment Trust ("Trust"), or of any of the plans participating therein, or (b) a disqualified person under Section 4975(e)(2) of the Internal Revenue Code of 1986, as amended ("Code"), with respect to the Trust or the plans participating therein. Neither Tenant nor any guarantor of Tenant's obligations under the Amended Lease shall take any action that would cause the Amended Lease or the exercise by Landlord or the Trust of any rights hereunder, to be a non-exempt prohibited transaction under ERISA. Notwithstanding any contrary provision of the Amended Lease, Tenant shall not assign the Lease or sublease all or any portion of the Premises unless (i) such assignee or subtenant delivers to Landlord a certification (in form and content satisfactory to Landlord) with respect to the status of such assignee or subtenant (and any guarantor of such assignee's or subtenant's obligations) as a party in interest and a disqualified person, as provided above; and (ii) such assignee or subtenant undertakes not to take any action that would cause the Amended Lease or the exercise by Landlord or the Trust of any rights hereunder, to constitute a non-exempt prohibited transaction under ERISA.

Notwithstanding any contrary provision of the Amended Lease, Tenant shall not (a) sublease all or any portion of the Premises under a sublease in which the rent is based on the net income or net profits of any person, or (b) take any other action with respect to the Amended Lease or the Premises such that the revenues to be

received by Landlord or the Trust from time to time in connection with the Lease would, as a result of such action, be subject to the Unrelated Business Income Tax under Sections 511 through 514 of the Code.

Tenant agrees that it shall incorporate the requirements of this Section 13(A) in any sublease of all or any part of the Premises (without implying Landlord's consent thereto).

B. Tenant shall use Union Labor (defined below) for all maintenance, repair, and replacement of the Premises (the "Maintenance Labor Covenant"). Notwithstanding the foregoing, the Maintenance Labor Covenant shall not apply to (i) the services for installation, operation, maintenance and repair of personal property owned exclusively by Tenant (e.g., computer systems, telephones, and furniture other than modular furniture) or for any of Tenant's specialized equipment, (ii) a specific item or instance of maintenance, repair or replacement to the extent Union Labor is not available in the market to perform such specific item or instance of maintenance, repair or replacement, and/or

(iii) maintenance, repairs and replacements that may be and are self-performed by the existing staff of Tenant without the retention, engagement or hiring of any third party or additional employee. Tenant shall (a) include the Maintenance Labor Covenant in each of its service contracts, (b) provide such evidence as Landlord may reasonably require, from time to time during the Lease Term, that the Maintenance Labor Covenant is being fully and faithfully observed and Tenant shall include the obligation to provide such evidence in each service contract entered into by Tenant for such services, and (c) incorporate the foregoing requirements in any sublease, license, or occupancy agreement relating to all or any part of the Premises (without implying Landlord's consent to same).

In addition to any other conditions contained in the Amended Lease with respect to Tenant making any alterations or improvements, before making any alterations or improvements to the interior or exterior of the Premises, Tenant shall (a) deliver to Landlord evidence satisfactory to Landlord that Tenant shall cause such construction or alteration work (collectively, the "Construction Activities") to be performed by contractors who employ craft workers who are members of unions that are affiliated with The Building and Construction Trades Department, AFL-CIO ("Union Labor"), and such work shall conform to traditional craft jurisdictions as established in the area (the "Construction Labor Covenant"), (b) include the Construction Labor Covenant in each of its contracts for the Construction Activities, (c) provide such evidence as Landlord may reasonably require, from time to time during the course of the Construction Activities, that the Construction Labor Covenant is being fully and faithfully observed and Tenant shall include the obligation to provide such evidence in each contract entered into by Tenant for the Construction Activities, and (d) incorporate the foregoing requirements in any sublease, license, or occupancy agreement relating to all or any part of the Premises (without implying Landlord's consent to same). Tenant shall require that all contractors and subcontractors, of whatever tier, performing Construction Activities agree to submit all construction jurisdictional disputes (i.e., disputes about which union is the appropriate union to

perform a given contract) to final and binding arbitration to the procedures of the jointly administered "Plan for the Settlement of Jurisdictional Disputes in the Construction Industry," a dispute resolution plan established and administered by The Building and Construction Trades Department, AFL-CIO, and various construction industry employer associations. If a resolution to a construction-related jurisdictional dispute cannot be obtained through The Building and Construction Trades Department, AFL-CIO, contractors and subcontractors, of whatever tier, Tenant shall agree to submit all such disputes to final and binding arbitration procedures to be administered by the American Arbitration Association ("AAA") and in conformity with AAA's Commercial Arbitration Rules, Expedited Procedures, with an arbitrator who is an experienced labor arbitrator and is a member of the National Academy of Arbitration.

C. This Amendment sets forth the entire agreement between the parties with respect to the matters set forth herein. There have been no additional oral or written representations or agreements. Under no circumstances shall Tenant be entitled to any rent abatement, improvement allowance, leasehold improvements, or other work to the Substitution Space, or any similar economic incentives that may have been provided Tenant in connection with entering into the Lease, unless specifically set forth in this Amendment.

D. Except as herein modified or amended, the provisions, conditions and terms of the Lease shall remain unchanged and in full force and effect.

E. In the case of any inconsistency between the provisions of the Lease and this Amendment, the provisions of this Amendment shall govern and control.

F. Submission of this Amendment by Landlord is not an offer to enter into this Amendment but rather is a solicitation for such an offer by Tenant. Landlord shall not be bound by this Amendment until Landlord has executed and delivered the same to Tenant.

G. The capitalized terms used in this Amendment shall have the same definitions as set forth in the Lease to the extent that such capitalized terms are defined therein and not redefined in this Amendment.

H. Tenant hereby represents to Landlord that Tenant has dealt with no broker in connection with this Amendment. Tenant agrees to indemnify and hold Landlord, its members, principals, beneficiaries, partners, officers, directors, employees, mortgagee(s) and agents, and the respective principals and members of any such agents (collectively, the "Landlord Related Parties") harmless from all claims of any brokers claiming to have represented Tenant in connection with this Amendment. Landlord hereby represents to Tenant that Landlord has dealt with no broker in connection with this Amendment. Landlord agrees to indemnify and hold Tenant, its members, principals, beneficiaries, partners, officers, directors, employees, and agents, and the respective principals and members of any such agents (collectively, the "Tenant Related Parties") harmless from all claims of any brokers claiming to have represented Landlord in connection with this Amendment.

[No further text on this page]

IN WITNESS WHEREOF, Landlord and Tenant have duly executed this Amendment as of the day and year first above written.

LANDLORD:

BIXBYBIT-BIXBY OFFICE PARK LLC,
a Delaware limited liability company

By: BixbyBIT Investments, LLC,
a Delaware limited liability company
its sole member

By: BLC Ventures I, LLC,
a Delaware limited liability company,

its Managing Member

By: Bixby Land Company,
a California corporation,
its Managing Member

By: /s/ James Wolford
Name: James Wolford
Title: CFO

By: /s/ Aaron Hill
Name: Aaron Hill
Title: VP

[Signatures Continue on Following Page]

TENANT:

CLEAN ENERGY,
a California corporation

By: /s/Andrew J. Littlefair
Name: Andrew J. Littlefair
Title: President & CEO

By: /s/ Richard R. Wheeler
Name: Richard R. Wheeler
Title: Chief Financial Officer

CLEAN ENERGY FUELS CORP.,
a Delaware corporation

By: /s/Andrew J. Littlefair
Name: Andrew J. Littlefair
Title: President & CEO

EXHIBIT A

OUTLINE AND LOCATION OF SUBSTITUTION SPACE

[Attached]

FIRST AMENDMENT TO
BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS

THIS First Amendment is made and entered into effective as of the first day of November, 2008, by and between **Shell Energy North America (US), L.P.** ("Shell Energy") and **Clean Energy**, ("Clean Energy") referred to herein collectively as "Parties" and singularly as "Party".

WHEREAS, Shell Energy and Clean Energy have made and entered into to that certain Base Contract for Sale and Purchase of Natural Gas dated September 1, 2004, herein referred to as the "Agreement", providing for the sale and purchase of natural gas; and

WHEREAS, the Parties desire to amend the Agreement as hereinafter set forth.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and in the Agreement, the Parties do hereby covenant and agree as follows:

1. The Agreement is hereby amended by deleting the existing EXHIBIT B Credit Support Addendum.

2. A new EXHIBIT B, Credit Support Addendum, set forth in Attachment A to this Amendment, attached hereto and incorporated by reference, is added to the Agreement following EXHIBIT A, Confirmation.

3. This Amendment shall be effective as of November 1, 2008.

Except as supplemented and amended herein, all of the terms, provisions, covenants and conditions contained in the Agreement shall remain in full force and effect. The terms and provisions hereof shall be binding upon and inure to the benefit of the Parties hereto, their heirs, representatives, successors and assigns.

IN WITNESS WHEREOF, this Amendment is executed in duplicate originals as of the date hereinabove written and shall be binding upon each party who executes same.

SHELL ENERGY NORTH AMERICA (US), L.P.	**CLEAN ENERGY**
By: /s/ Beth Bowman	By: /s/ Richard R. Wheeler
Name: Beth Bowman	Name: Richard R. Wheeler
Title: Senior Vice President	Title: CFO
Date: 11-04-08	Date: 11-7-08

ATTACHMENT A
TO
FIRST AMENDMENT TO BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS BETWEEN
SHELL ENERGY NORTH AMERICA (US), L.P. and CLEAN ENERGY

Shell Energy NAESB Credit Support Addendum
Credit Line - Threshold Grid Form wholesale
(revised 06-01-08)

EXHIBIT B
TO BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS
BETWEEN
SHELL ENERGY NORTH AMERICA (US), L.P. ("Shell Energy") and Clean Energy

CREDIT SUPPORT ADDENDUM

1. Credit Terms. Defined terms used in this Credit Support Addendum ("Addendum") and not defined in the Base Contract shall have the meaning set forth in Section 6 herein.

(a)(1) Security Threshold for Shell Energy. As used in this Addendum, "Security Threshold" means, on any date of determination, the lowest of (i) the amount set forth in the following table based on the highest applicable Credit Rating for Shell Energy or (ii) zero if a Material Adverse Change or an Event of Default has occurred and is continuing with respect to Shell Energy.

Shell Energy's Credit Rating

Moody's	S&P	Security Threshold
A3	A-	$ 50,000,000
Baa1	BBB+	$ 40,000,000
Baa2	BBB	$ 25,000,000
Baa3	BBB-	$ 10,000,000

Ba1	BB+	$	2,500,000
Below Ba1	Below BB+	$	0

(a)(2) Security Threshold for Counterparty. As used in this Addendum, "Security Threshold" means with respect to Counterparty, on any date of determination, the lowest of (i) **$15,000,000**; or (ii) the amount of any dollar limit contained in a guaranty provided by Counterparty's Credit Support Provider pursuant to this Addendum, if applicable, or (iii) zero if a Material Adverse Change or an Event of Default has occurred and is continuing with respect to Counterparty or its Credit Support Provider, as applicable.

(b) Material Adverse Change. As used herein, "Material Adverse Change" means, (i) the Credit Rating of Shell Energy falls below BB+ by S&P or Bat by Moody's, or Shell Energy is no longer rated by at least one of the foregoing rating agencies; or (ii) in the reasonable opinion of Shell Energy, that (x) a material adverse change has occurred in the business, financial condition or operations of the Counterparty or its Credit Support Provider, as applicable; or (y) the ability of the Counterparty or its Credit Support Provider, as applicable, to meet its obligations under the Contract and/or a guaranty provided hereunder has become materially impaired; or (iii) a default has occurred with respect to indebtedness for borrowed money of a Party or its Credit Support Provider, as applicable, that has resulted in an acceleration of such indebtedness in an aggregate amount in excess of its Cross Default Threshold. As used herein, "Cross-Default Threshold" means, with respect to Shell Energy, fifty million dollars $50,000,000, and with respect to Counterparty or its Credit Support Provider, as applicable, $1,000,000.

(c) Guaranties.

(i) Shell Energy Guaranty. Not Applicable.

(ii) Counterparty Guaranty. If necessary to secure all payment obligations of Counterparty and to support its Security Threshold hereunder, Counterparty shall cause its Credit Support Provider, **Clean Energy Fuels Corp**, to execute and deliver to Shell Energy a guaranty agreement in the amount of $15,000,000 which guaranty can be increased up to amount of Security Threshold. The guaranty agreement, if required, shall be in form and substance reasonably satisfactory to Shell Energy and shall be executed and delivered upon the execution and delivery of this Contract.

2. Credit Requirements. If at any time, and from time to time, during the term of the Contract, the Contract Exposure for a Party (the "Providing Party") exceeds such Party's Security Threshold, then the other Party (the "Requesting Party") may request that the Providing Party provide Performance Assurance in an amount equal to the amount by which its Contract Exposure exceeds its Security Threshold. On any Business Day (but no more frequently than weekly with respect to Letters of Credit and daily with respect to cash), the Providing Party, at its sole cost, may request that the amount of Performance Assurance be reduced based upon a decrease in the Contract Exposure as calculated on such Business Day. Any Performance Assurance being provided or returned shall be delivered within one (1) Business Day of the date of such request. The amount of Performance Assurance being provided by the Providing Party shall be rounded upwards to the next multiple of two hundred and fifty thousand dollars ($250,000), and the amount of Performance Assurance being returned by the Requesting Party shall be rounded down to the next multiple of two hundred and fifty thousand dollars ($250,000).

3. Grant of Security Interest; Remedies. To secure its obligations under the Contract, and to the extent it delivers Performance Assurance hereunder as the Providing Party, each Party hereby grants to the Requesting Party, as secured party, a present and continuing security interest in, lien on, and right of setoff against, all Performance Assurance in the form of cash, and any and all proceeds resulting therefrom, held by or on behalf of the Requesting Party. The Providing Party agrees to take such further action as the Requesting Party may reasonably require in order to perfect, maintain, and protect the Requesting Party's security interest in such collateral. Upon the occurrence and continuance of an Event of Default with respect to the Providing Party, the Requesting Party may (i) exercise any of the rights and remedies of a secured party under applicable law with respect to all Performance Assurance; (ii) exercise its right of setoff against any and all Performance Assurance; (iii) draw on any Letter of Credit issued for its benefit, and (iv) liquidate all Performance Assurance then held by the Requesting Party free from any claim or right of any nature whatsoever of the Providing Party. The Requesting Party shall either apply the proceeds of the Performance Assurance realized upon exercise of such rights or remedies to reduce the Providing Party's obligations under the Contract, in such order as it elects, and the Providing Party shall remain liable for any amounts owing to the Requesting Party after such application, subject to the Requesting Party's obligation to return any surplus proceeds remaining after such obligations are satisfied in full, or hold such proceeds as collateral security for the Providing Party's obligations under the Contract.

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4. Credit Events Of Default. The following events ("Credit Events") shall be additional Events of Default under Section 10.2 of the Contract and the Non-Defaulting Party shall have the right to exercise any of the remedies provided for under Section 10 of the Contract upon the occurrence of a Credit Event as provided herein:

(i) the failure of the Defaulting Party to establish, maintain, extend or increase Performance Assurance when required pursuant to this Addendum; or

(ii) the failure of the Defaulting Party's Credit Support Provider, if any, to perform any covenant set forth in any guaranty agreement delivered pursuant to this Addendum; or

(iii) the failure of the Defaulting Party or its Credit Support Provider, as applicable, to timely provide financial information as required in this Addendum, and such failure is not remedied within thirty (30) Days after written notice of such failure is given to the Defaulting Party; or

(iv) the occurrence of a Letter of Credit Default.

(v) The failure of the Counterparty's Credit Support Provider Clean Energy Fuels Corp, to maintain its Current Ratio equal to 2 or above for each fiscal quarter and fiscal year.

(vi) The failure of the Counterparty's Credit Support Provider Clean Energy Fuels Corp, to maintain its Tangible Net Worth greater than or equal to one hundred and ninety million dollars.

5. Financial Information. Upon request, a Party or its Credit Support Provider, as applicable, shall deliver to the other Party (i) within one hundred twenty (120) Days following the end of its fiscal year, a copy of the audited consolidated financial statements for such fiscal year certified by independent certified public accountants and (ii) within ninety (90) Days after the end of each of the first three fiscal quarters of its fiscal year, a copy of the quarterly unaudited consolidated financial statements for such fiscal quarter. In all cases, the statements shall be for the most recent accounting period and prepared in accordance with generally accepted accounting principles or such other principles then in effect.

6. Definitions. With respect to this Addendum, the following definitions shall apply:

"Current Assets" shall mean, as of any date, the aggregate amount of all assets (other than cash) of such Person which would be classified as current assets, each computed in accordance with GAAP.

"Current Liabilities" shall mean, as of any date, the aggregate amount of all liabilities of said person (including tax and other proper accruals) which would be classified as current liabilities.

"Current Ratio" shall mean, as of any date, the quotient of Current Assets divided by Current Liabilities.

"Contract Exposure" means the net amount (i) determined pursuant to Section 10.3.1 of the Contract that would be payable from the Providing Party to the Requesting Party, as if a Early Termination Date had been declared pursuant to Section 10.3 of the Contract (notwithstanding whether or not an Event of Default has occurred) and all transactions had been terminated; (ii) plus the net amount of all other payments Shell Energy owed but not yet paid between the Parties, whether or not such amounts are then due, for performance already provided pursuant to any and all transactions conducted under the Contract; (iii) less the amount of any Performance Assurance then held by the Requesting Party.

"Shell Energy" means Shell Energy North America (US), L.P.

"Counterparty" means Clean Energy.

"Credit Rating" means (i) with respect to a Party or its Credit Support Provider, as applicable, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its issuer rating by the specified rating agency, and (ii) with respect to a financial institution, the lower of its long-term senior unsecured debt rating (not supported by third party credit enhancement) or its deposit rating by the specified rating agency.

"Credit Support Provider" means a third party providing a guaranty for a Party pursuant to this Addendum. With respect to Counterparty, its Credit Support Provider shall be Clean Energy Fuels Corp.

"Defaulting Party" has the meaning set forth in Section 10.2 of the Contract.

"GAAP" shall mean, with respect to any Person, accounting principals that are generally accepted in the country in which said person is organized.

"Intangible Assets" shall mean such assets to include copyrights, patents, trademarks, and goodwill.

"Interest" means the interest rate to be paid by the Requesting Party that should be calculated at the Federal Funds Effective Rate - the rate for that day opposite the caption "Federal Funds (Effective)" as set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Board of Governors of the Federal Reserve System. Such interest shall be calculated on the basis of the actual number of days elapsed and on the basis of a year of 360 days. Upon request, the transfer of the interest amount for each calendar month will be made on the second business day of the next calendar month.

"Letter of Credit" means one or more irrevocable, standby letters of credit issued by a Qualified Institution.

"Letter of Credit Default" means with respect to an outstanding Letter of Credit that is held by the Requesting Party, the occurrence of any of the following events: (i) the Providing Party fails to extend or replace such Letter of Credit delivered as Performance Assurance hereunder at least twenty (20) Business Days prior to its expiration, or (ii) the Letter of Credit delivered hereunder shall expire, terminate or otherwise fail to remain in full force and effect for any reason, or (iii) the Qualified Institution which issued such Letter of Credit hereunder fails to maintain the requirements of a Qualified Institution as specified herein or fails to comply with or perform its obligations under such Letter of Credit and such failure is not remedied within five (5) Business Days after written notice of such failure is given to Requesting Party, or (iv) the Qualified Institution which issued such Letter of Credit shall disaffirm, disclaim, repudiate or reject, in whole or in part, or challenge the validity of, such Letter of Credit, or (v) the Qualified Institution which issued such Letter of Credit shall become Bankrupt. Upon the occurrence of a Letter of Credit Default, the Providing Party agrees to transfer to the Requesting Party either a substitute Letter of Credit or other Performance Assurance, in each case on or before the second (2^{nd}) Business Day after receipt by the Providing Party of written notice from the Requesting Party.

"Moody's" means Moody's Investors Service, Inc., or its successor.

"Non-Defaulting Party" has the meaning set forth in Section 10.2 of the Contract.

"Party" means a party to the Contract, and collectively referred to as the "Parties".

"Performance Assurance" means collateral in the form of cash, Letters of Credit, or other security acceptable to the Requesting Party. If the collateral is in the form of cash, such cash shall be placed by the Requesting Party in a segregated, interest-bearing account on deposit with a Qualified Institution and Interest shall accrue to the Providing Party. The requirement to maintain a segregated account shall not apply if the Requesting Party or its Credit Support Provider, as applicable, has a Credit Rating of at least A- by S&P or A3 by Moody's.

"Person" shall mean any individual, partnership, firm, corporation, association, joint venture, trust or other entity, or any government or political subdivision or agency, department or instrumentality thereof.

"Qualified Institution" means the domestic office of a commercial bank or trust company (which is not an affiliate of either Party) (i) organized under the laws of United States (or any state or a political subdivision thereof), (ii) having assets of at least ten billion dollars ($10,000,000,000), and (iii) having a Credit Rating of at least A- by S&P and at least A3 by Moody's.

"S&P" means Standard & Poor's Ratings Services (a division of McGraw-Hill, Inc.) or its successor.

"Tangible Net Worth" of any Person shall mean on any date an amount equal to the value of (i) Total Assets minus (ii) the sum of the values of Intangible Assets and Total Liabilities, in each case determined by reference to the audited (or unaudited, if audited financials are not available) quarterly consolidated financial statements or annual consolidated financial statements of such Person prepared in accordance with GAAP.

"Total Assets" of any Person shall mean, at any date, the aggregate amount of all assets of such Person, which would be properly classified as total assets shown on the balance sheet of such Person on such date in accordance with GAAP.

"Total Liabilities" of any Person shall mean, at any date, the aggregate amount of all liabilities of such Person (including tax and other proper accruals) which would be properly classified as total liabilities shown on the balance sheet of such Person on such date in accordance with GAAP.

7. Successors. In the event of an assignment of the Contract by Counterparty as provided therein, the provisions of this Addendum shall not be applicable to any such assignee. In such event, an assignee will be required to meet the reasonable credit requirements of Shell Energy for the extension of unsecured credit before further deliveries of Gas are made.

COUNTERPARTY	RW
SHELL ENERGY	BB

GUARANTY

This Guaranty Agreement (this "Guaranty") dated effective as of November 7, 2008, is entered into by Clean Energy Fuels Corp ("Guarantor"), a Corporation organized under the laws of Delaware, in favor of Shell Energy North America (US), L.P., a limited partnership organized under the laws of Delaware ("Counterparty").

Recitals:

A. Guarantor desires that Counterparty enter into transactions with Clean Energy ("Guaranteed Party"), under one or more agreements and/or confirmations for the purchase and sale of natural gas (as amended, supplemented, renewed, or extended, collectively, the "Contract"); and

B. Guaranteed Party is a subsidiary or affiliate of Guarantor and Guarantor will directly or indirectly benefit from the Contract to be entered into between Counterparty and Guaranteed Party;

NOW, THEREFORE, in consideration of Counterparty entering into the Contract with Guaranteed Party, Guarantor hereby covenants and agrees as follows:

1. **Guaranty**. Subject to the terms and conditions hereof, Guarantor hereby irrevocably and unconditionally guarantees the timely payment when due of the obligations of Guaranteed Party (the "Obligations") to Counterparty under the Contract. To the extent that Guaranteed Party shall fail to pay any Obligation, Guarantor shall promptly pay to Counterparty the amount due. This Guaranty shall constitute a guarantee of payment and not of collection. Guarantor shall also be liable for the reasonable attorneys' fees and expenses of Counterparty's external counsel incurred in any effort to collect or enforce any of the Obligations under this Guaranty; provided, however, such fees and expenses shall be payable by Guarantor only to the extent that Counterparty is successful in enforcing payment of the Obligations under this Guaranty.

2. **Limitations**. Guarantor's liability hereunder shall be limited to payments expressly required to be made under the Contract (even if such payments are deemed to be damages) and in no event shall Guarantor be subject hereunder to consequential, exemplary, equitable, loss of profits, punitive, or any other damages, except to the extent specifically provided in the Contract to be due from Guaranteed Party. Guarantor reserves the right to assert rights, setoffs, counterclaims and other defenses which Guaranteed Party may have to payment of any Obligation under the Contract, other than defenses arising from the bankruptcy, insolvency, dissolution, or liquidation of Guaranteed Party and other defenses expressly waived herein. The aggregate amount covered by this Guaranty shall not exceed U.S. **$15,000,000**, plus reasonable attorneys' fees and expenses payable by Guarantor as provided herein.

3. **Termination**. This Guaranty shall remain in full force and effect until the earlier of five (5) years from the effective date of this Guaranty, or the tenth (10^{th}) business day after this Guaranty is terminated by written notice from Guarantor to Counterparty. No termination shall affect, release or discharge Guarantor's liability with respect to any Obligations existing or arising under the Contract prior to the effective date of termination.

4. **Nature of Guaranty**. The Guarantor's obligations hereunder with respect to any Obligation shall not be affected by the existence, validity, enforceability, perfection, release, or impairment of value of any collateral for such Obligations. Counterparty shall not be obligated to file any claim relating to the Obligations owing to it in the event that Guaranteed Party becomes subject to a bankruptcy, reorganization, or similar proceeding, and the failure of Counterparty to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to Counterparty in respect to any Obligations is rescinded or must otherwise be returned for any reason whatsoever. Guarantor shall remain liable hereunder in respect to such Obligations as if such payment had not been made.

5. **Subrogation**. Guarantor waives its right to be subrogated to the rights of Counterparty with respect to any Obligations paid or performed by Guarantor until all Obligations have been fully and indefeasibly paid to Counterparty, subject to no rescission or right of return, and Guarantor has fully and indefeasibly satisfied all of Guarantor's obligations under this Guaranty.

6. **Waivers**. Guarantor hereby waives any circumstance which might constitute a legal or equitable discharge of a surety or guarantor, including but not limited to (a) notice of acceptance of this Guaranty; (b) presentment and demand concerning the liabilities of Guarantor; (c) notice of any dishonor or default by, or disputes with, Guaranteed Party; and (d) any right to require that any action or proceeding be brought against Guaranteed Party or any other person, or to require that Counterparty seek enforcement of any performance against Guaranteed Party or any other person, prior to any action against Guarantor under the terms hereof. Guarantor consents to the renewal, compromise, extension, acceleration, or other modification of the terms of the Obligations, and to any change, modification or waiver of the terms of the Contract, without in any way releasing or discharging Guarantor from its obligations hereunder. Except as to applicable statutes of limitation, no delay of Counterparty in the exercise of, or failure to exercise, any rights hereunder shall operate as a waiver of such rights, a waiver of any other rights, or a release of Guarantor from any obligations hereunder.

7. **Notice**. Any payment demand, notice, correspondence or other document to be given hereunder by any party to another (herein collectively called "Notice") shall be in writing and delivered personally or mailed by certified mail, postage prepaid and return receipt requested, or by facsimile, to the addresses set forth below. Notice given by personal delivery or mail shall be effective upon actual receipt, or, if receipt is refused or rejected, upon attempted delivery. Notice given by facsimile shall be effective upon actual receipt if received during the recipient's normal business hours, or at the beginning of the recipient's next business day after receipt if not received during the recipient's normal business hours. All Notices by facsimile shall be confirmed promptly after transmission in writing by certified mail or personal delivery. Any party may change any address to which Notice is to be given to it by giving Notice as provided above of such change of address.

8. **Miscellaneous**. **THIS GUARANTY SHALL BE IN ALL RESPECTS GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF TEXAS, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS**. No term or provision of this Guaranty shall be amended or modified except in a writing signed by Guarantor and Counterparty. Counterparty may, upon notice to Guarantor, assign its rights hereunder without the consent of Guarantor. Guarantor may assign its rights and obligations

hereunder only with the prior written consent of Counterparty. Subject to the foregoing, this Guaranty shall be binding upon Guarantor, its successors and assigns, and shall inure to the benefit of and be enforceable by Counterparty, its successors and assigns. All references herein to Guaranteed Party shall be deemed to include all successors and assigns, whether immediate or remote, of Guaranteed Party under the Contract. This Guaranty embodies the entire agreement and understanding between Guarantor and Counterparty, and supersedes all prior guaranties issued by Guarantor in connection with Obligations under the Contract.

IN WITNESS WHEREOF, Guarantor has executed this Guaranty effective as of the date first herein written.

CLEAN ENERGY FUELS CORP
[Name of Guarantor]

By: /s/ Richard R. Wheeler

Name: Richard R. Wheeler

Title: CFO

Address of Counterparty:

909 Fannin, Plaza Level One
Houston, Texas 77010
Attn: Credit Manager
Fax No.: 713-230-7925

Address of Guarantor:

3020 Old Ranch Parkway, #200
Seal Beach, CA 90740
Attn: Rick Wheeler
Fax No.: (562) 546-0097

Exhibit 31.1

Certifications

I, Andrew J. Littlefair, certify that:

1. I have reviewed this Form 10-Q of Clean Energy Fuels Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2008

/s/ Andrew J. Littlefair

Andrew J. Littlefair,
President and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

Certifications

I, Richard R. Wheeler, certify that:

1. I have reviewed this Form 10-Q of Clean Energy Fuels Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 14, 2008

/s/ Richard R. Wheeler

Richard R. Wheeler,
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

CERTIFICATION REQUIRED BY

SECTION 1350 OF TITLE 18 OF THE UNITED STATES CODE

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned hereby certifies in his capacity as an officer of Clean Energy Fuels Corp. (the Company) that, to the best of his knowledge, the quarterly report of the Company on Form 10-Q for the fiscal quarter ended September 30, 2008 fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods presented in the financial statements included in such report.

Dated: November 14, 2008

/s/ Andrew J. Littlefair

Name: Andrew J. Littlefair
Title: President and Chief Executive Officer (Principal Executive Officer)

Dated: November 14, 2008

/s/ Richard R. Wheeler

Name: Richard R. Wheeler
Title: Chief Financial Officer (Principal Financial Officer)

The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the report or as a separate disclosure document.