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 June 30, 2007

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. o

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

Large accelerated filer o Accelerated filer o Non-accelerated filer x

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 August 1, 2007, there were 44,193,411 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

CLEAN ENERGY FUELS CORP. AND SUBSIDIARIES
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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, 2006 and June 30, 2007 (unaudited)

	December 31, 2006	June 30, 2007
Assets		
Current assets:		
Cash and cash equivalents	$ 937,445	$ 110,972,077
Accounts receivable, net of allowance for doubtful accounts of $352,050 and $429,821 as of December 31, 2006 and June 30, 2007, respectively	10,997,328	11,125,055
Other receivables	37,818,905	16,714,049
Inventories, net	2,558,689	2,429,941
Prepaid expenses and other current assets	4,862,335	5,980,461
Total current assets	57,174,702	147,221,583
Land, property and equipment, net	54,888,739	70,272,762
Capital lease receivables	1,412,500	963,000
Notes receivable and other long term assets	2,499,106	10,229,432
Goodwill and other intangible assets	20,957,589	20,939,844
Total assets	$ 136,932,636	$ 249,626,621
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of long term debt and capital lease obligations	$ 57,499	$ 60,435
Accounts payable	6,697,363	9,961,115
Accrued liabilities	5,023,051	6,039,609
Deferred revenue	585,505	590,520
Total current liabilities	12,363,418	16,651,679
Long term debt and capital lease obligations, less current portion	224,897	193,928
Other long term liabilities	1,428,464	1,432,665
Total liabilities	14,016,779	18,278,272
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, par value $0.0001 per share. Authorized 1,000,000 shares; issued and outstanding, no shares	—	—
Common stock, par value $0.0001 per share. 99,000,000 shares authorized; issued and outstanding 34,192,161 shares and 44,193,411 shares at December 31, 2006 and June 30, 2007, respectively	3,419	4,419
Additional paid-in capital	181,678,861	294,129,852
Retained earnings (accumulated deficit)	(60,192,221)	(64,625,302)
Accumulated other comprehensive income	1,425,798	1,839,380
Total stockholders' equity	122,915,857	231,348,349
Total liabilities and stockholders' equity	$ 136,932,636	$ 249,626,621

See accompanying notes to condensed consolidated financial statements.

Clean Energy Fuels Corp. and Subsidiaries

Condensed Consolidated Statements of Operations

For the Three-Month and Six-Month Periods Ended

June 30, 2006 and 2007

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Revenue	$ 21,521,127	$ 30,663,597	$ 42,554,992	$ 58,830,640
Operating expenses:				
Cost of sales	17,552,518	22,526,562	36,695,244	43,847,722
Derivative (gains) losses	—	—	282,348	—
Selling, general and administrative	4,383,543	10,440,718	9,265,684	16,740,596
Depreciation and amortization	1,401,009	1,700,164	2,600,729	3,276,220
Total operating expenses	23,337,070	34,667,444	48,844,005	63,864,538
Operating income (loss)	(1,815,943)	(4,003,847)	(6,289,013)	(5,033,898)
Interest (income), net	(245,494)	(546,750)	(410,800)	(838,963)
Other (income) expense, net	(67,038)	55,805	(42,066)	179,177
Income (loss) before income taxes	(1,503,411)	(3,512,902)	(5,836,147)	(4,374,112)
Income tax expense (benefit)	(446,513)	50,000	(1,733,336)	58,969
Net income (loss)	$ (1,056,898)	$ (3,562,902)	$ (4,102,811)	$ (4,433,081)
Earnings (loss) per share				
Basic	$ (0.03)	$ (0.09)	$ (0.14)	$ (0.12)
Diluted	(0.03)	(0.09)	(0.14)	(0.12)
Weighted average common shares outstanding				
Basic	32,010,322	38,149,455	29,098,274	36,071,554
Diluted	32,010,322	38,149,455	29,098,274	36,071,554

See accompanying notes to condensed consolidated financial statements.

Clean Energy Fuels Corp.

Condensed Consolidated Statement of Cash Flows

For the Six-Month Periods Ended June 30, 2006 and 2007

(Unaudited)

	Six months ended June 30,	
	2006	2007
Cash flows from operating activities:		
Net loss	$ (4,102,811)	$ (4,433,081)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	2,600,729	3,276,220
Provision for doubtful accounts	103,152	892,910
Unrealized (gain) loss on futures contracts	8,956,599	—
Loss on disposal of assets	—	179,177
Deferred income taxes	(1,733,336)	—
Stock option expense	7,360	3,832,654
Changes in operating assets and liabilities:		
Accounts and other receivables	(3,464,198)	12,412,862
Inventories	246,904	128,748
Capital lease receivables	449,500	449,500
Margin deposits on futures contracts	196,600	—
Prepaid expenses and other assets	(882,432)	(3,314,238)
Accounts payable	(4,203,411)	2,054,456
Income taxes payable	(6,300,000)	(58,969)
Accrued expenses and other	(517,715)	1,357,588
Net cash provided by (used in) operating activities	(8,643,059)	16,777,827
Cash flows from investing activities:		
Purchases of property and equipment	(6,710,103)	(17,030,839)
Net cash used in investing activities	(6,710,103)	(17,030,839)
Cash flows from financing activities:		
Repayment of notes payable and capital lease obligations	(289,729)	(28,033)
Proceeds from issuance of common stock	21,951,788	110,315,677
Net cash provided by financing activities	21,662,059	110,287,644
Net increase in cash	6,308,897	110,034,632
Cash, beginning of period	28,763,445	937,445
Cash, end of period	$ 35,072,342	$ 110,972,077

Supplemental disclosure of cash flow information		
Income taxes paid	6,301,353	200
Interest paid	198,196	50,873

See accompanying notes to condensed consolidated financial statements.

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 providing natural gas fueling solutions to its customers 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 over 170 fueling locations principally in California, Texas, Colorado, Maryland, New York, New Mexico, Washington, Massachusetts, Georgia, and Arizona within the United States, and in British Columbia and Ontario within Canada.

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 six month periods ended June 30, 2006 and 2007. All intercompany accounts and transactions have been eliminated in consolidation. The three and six month periods ended June 30, 2006 and 2007 are not necessarily indicative of the results to be expected for the year ended December 31, 2007 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 consolidated condensed financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2006 that are included in the Company's Form S-1 filed with the SEC.

Note 2 — Derivative Financial Instruments

The Company, in an effort to manage its natural gas commodity price risk exposures, utilizes derivative financial instruments. The Company often 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 No. 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. The Company's derivative instruments did not qualify for hedge accounting under SFAS No. 133 for the year ended December 31, 2006. As such, changes in the fair value of the derivatives were recorded directly to the consolidated statements of operations during the year. The Company did not have any futures contracts outstanding during the three or six month periods ended June 30, 2007.

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 accompanying condensed consolidated statements of operations. For the six month periods ended June 30, 2006 and 2007, the Company's unrealized net loss amount totaled $8,956,599 and $0, respectively.

The Company is required to make certain deposits on its futures contracts, should any exist. At December 31, 2006 and June 30, 2007, the Company did not have any deposits outstanding as it did not have any futures contracts outstanding at the end of these periods.

During the six months ended June 30, 2006 and 2007, the Company recognized realized gains of $8,674,251 and $0, respectively, related to the sales of futures contracts.

Note 3 — 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 No. 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 gas typically develops after the Company enters into the sales contract. The Company has entered into several contracts to sell LNG or CNG to customers at a fixed price or an index-based price that is subject to a fixed price cap. The Company has also generally entered into natural gas futures contracts to offset economically the adverse impact of rising natural gas prices. The Company has also periodically sold the underlying futures contacts related to its fixed price and price cap contracts. At June 30, 2007, the Company did not own any futures contracts related to its fixed price and price cap contracts. Since entering into the fixed price and price cap contracts, in general, the price of natural gas has increased.

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).

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 June 30, 2007:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	2,506,146	$ 1.06	through 12/13
LNG fixed price contracts	21,609,891	$ .37	through 7/09
CNG price cap contracts	5,720,949	$ .87	through 12/09
LNG price cap contracts	10,751,067	$ .57	through 12/08

(a) Estimated volumes are in gasoline gallon equivalents for CNG contracts and are in LNG gallons for LNG contracts and represent the volumes the Company anticipates 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 embedded in the customer's contract.

At June 30, 2007, based on natural gas futures prices as of that date, the Company estimates it will incur between $7.0 million and $8.6 million to cover the increased price of natural gas above the inherent price of natural gas embedded in its customer's fixed price and price cap contracts over the duration of the contracts. These estimates were based on natural gas futures prices on June 30, 2007, and these estimates may change based on future natural gas prices and may be significantly higher or lower. The Company's volumes under these contracts, in gasoline gallon equivalents, expire as follows:

July 1, 2007 through December 31, 2007	11,378,184
2008	14,670,803
2009	2,486,896
2010	230,000
2011	230,000
2012	230,000
2013	230,000

Note 4 —Other Receivables

Other receivables at December 31, 2006 and June 30, 2007 consisted of the following:

	December 31, 2006	June 30, 2007
Loans to customers to finance vehicle purchases	$ 816,837	$ 1,250,265
Advances to vehicle manufacturers	2,465,776	3,609,664
Fuel credit refunds	3,810,109	3,810,109
Futures contracts deposit receivable	22,900,000	—
Income tax receivable	5,600,071	5,541,352
Other	2,226,112	2,502,659
	$ 37,818,905	$ 16,714,049

Note 5 — Land, Property and Equipment

Land, property and equipment, at cost, at December 31, 2006 and June 30, 2007 are summarized as follows:

	December 31, 2006	June 30, 2007
Land	$ 472,616	$ 472,616
LNG liquefaction plant	12,898,178	12,898,178
Station equipment	36,913,552	40,653,103
LNG trailers	8,253,415	11,157,806
Other equipment	6,144,553	6,483,221
Construction in progress	7,304,612	18,994,049

	71,986,926	90,658,973
Less accumulated depreciation	(17,098,187)	(20,386,211)
	$ 54,888,739	$ 70,272,762

Note 6 — Accrued Liabilities

Accrued liabilities at December 31, 2006 and June 30, 2007 consisted of the following:

	December 31, 2006	June 30, 2007
Salaries and wages	$ 1,286,196	$ 1,631,896
Accrued gas purchases	1,566,847	2,064,931
Other	2,170,008	2,342,782
	$ 5,023,051	$ 6,039,609

Note 7 — 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		Six Months Ended	
	June 30, 2006	June 30, 2007	June 30, 2006	June 30, 2007
Basic and diluted:				
Weighted average number of common shares outstanding	32,010,322	38,149,455	29,098,274	36,071,554

Certain securities were excluded from the diluted earnings per share calculations at June 30, 2006 and 2007, respectively, as the inclusion of the securities would be anti-dilutive to the calculation. The amounts outstanding as of June 30, 2006 and 2007 for these instruments are as follows:

	June 30,	
	2006	2007
Options	2,417,750	5,187,500
Warrants	—	15,000,000

Note 8 — Comprehensive Income

The following table presents the Company's comprehensive income for the six-month periods ended June 30, 2006 and 2007:

	Six Months Ended June 30,	
	2006	2007
Net loss	$ (4,102,811)	$ (4,433,081)
Foreign currency translation adjustments	275,272	413,582
Comprehensive loss	$ (3,827,539)	$ (4,019,499)

Note 9 — Stock Based Compensation

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Stock options				
Share-based compensation expense	$ —	$ 3,787,654	$ —	$ 3,787,654
Income tax benefit	—	—	—	—
Share-based compensation expense, net of tax	$ —	$ 3,787,654	$ —	$ 3,787,654

Stock Options

The following table summarizes all stock option activity during the six months ended June 30, 2007:

	Number of Shares	Weighted-Average Exercise Price

Outstanding at December 31, 2006	2,402,250	$ 2.97
Granted	2,786,500	12.00
Exercised	(1,250)	2.96
Outstanding at June 30, 2007	5,187,500	7.82
Exercisable at June 30, 2007	2,866,667	4.43

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 2007:

	Six Months Ended June 30, 2007
Dividend yield	0%
Expected volatility	55.0%
Risk-free interest rate	4.94%
Expected life in years	5.7

The weighted average grant date fair value of options granted using these assumptions was $6.71 per share for the six months ended June 30, 2007.

Note 10 — Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles require 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.

Note 11 — Environmental Matters, Litigation, Claims, Committments 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.

The Company is party to various legal actions that arise 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 June 30, 2007, the Company had entered into purchase commitments totaling $29,208,000 related to constructing an LNG liquefaction plant, of which $7,827,000 had been paid as of this date.

Note 12 — Income Taxes

In June 2006, the FASB issued FASB Interpretation (FIN) No. 48, "Accounting for Uncertainty in Income Taxes, an interpretation of FASB Statement No. 109." This interpretation specifies that benefits from tax positions should be recognized in the financial statements only when it is more-likely-than-not that the tax position will be sustained upon examination by the appropriate taxing authority having full knowledge of all relevant information. A tax position meeting the more-likely-than-not recognition threshold should be measured at the largest amount of benefit for which the likelihood of realization upon ultimate settlement exceeds 50 percent.

The Company adopted the provisions of FIN No. 48 on January 1, 2007. On December 31, 2006 and June 30, 2007, the Company's liabilities for uncertain tax positions were not significant.

The Company's policy is to recognize interest and penalties related to liabilities for uncertain tax benefits in the provisions for income and other taxes on the consolidated condensed statements of income. The net interest and penalties incurred were immaterial for the three and six months ended June 30, 2006 and 2007.

The Company is subject to audit by tax authorities for varying periods in various tax jurisdictions. Taxable years from 2002 and 2003, respectively, are subject to audit for state and U.S. federal corporate income tax purposes. The Company is not currently under audit by a taxing authority. Disputes may arise during the course of such audits as to facts and matters of law.

During June 2007, the Company requested permission from the Internal Revenue Service to change its method of accounting for its derivative gains and losses related to futures contracts that are sold in one period but relate to a subsequent period. On July 5, 2007, the Internal Revenue Service granted the Company's request. The Company will begin reporting the income tax impact of the change in the third quarter of 2007. The Company anticipates that the adoption of the new method will create a federal and state alternative minimum tax liability in the amount of $807,000 for 2007, which liability will generate

a corresponding alternative minimum tax credit in the same amount which can be carried forward indefinitely to offset future regular income tax liability in excess of the tentative minimum tax.

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. 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. Please read "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 in the United States and Canada. Our primary business activity is supplying 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.

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 supplying 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, and financing our customers' natural gas vehicle purchases.

Key operating data. In evaluating our operating performance, our management focuses primarily on (1) the amount of CNG and LNG gasoline gallon equivalents delivered and (2) our revenue and net income (loss). The following table, which you should read in conjunction with our financial statements and notes contained elsewhere in this report, presents our key operating data for the years ended December 31, 2004, 2005 and 2006 and for the three and six month periods ended June 30, 2006 and 2007:

Gasoline gallon equivalents delivered (in millions)	Year ended December 31, 2004	Year ended December 31, 2005	Year ended December 31, 2006	Three months ended June 30, 2006	Six months ended June 30, 2006	Three months ended June 30, 2007	Six months ended June 30, 2007
CNG	30.6	36.1	41.9	10.2	19.7	12.3	23.4
LNG	15.7	20.7	26.5	6.7	12.8	7.0	13.7
Total	46.3	56.8	68.4	16.9	32.5	19.3	37.1
Operating data							
Revenue	$ 57,641,605	$ 77,955,083	$ 91,547,316	21,521,127	$ 42,554,992	30,663,597	$ 58,830,640
Net income (loss)	2,129,241	17,257,587	(77,500,741)	(1,056,898)	(4,102,811)	(3,562,902)	(4,433,081)

Key trends in 2004, 2005, 2006 and the first six months of 2007. Vehicle fleet demand for natural gas fuels increased significantly from January 1, 2004 through the first six months of 2007. 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. Sales to previously existing customers also increased during these periods as they expanded their fleets.

The annual amount of CNG and LNG gasoline gallon equivalents we delivered increased by 47.7% from 2004 to 2006. The amount of CNG and LNG gasoline gallon equivalents we delivered from the first six months of 2006 to the first six months of 2007 increased by 14.1%. The increase in gasoline gallon equivalents delivered, together with generally higher prices we charged our customers due to higher natural gas prices, contributed to increased revenues during these periods. Our cost of sales also increased during these periods, which was attributable primarily to increased costs related to delivering more CNG and LNG to our customers and the increased price of natural gas.

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 traditional gasoline and diesel powered vehicles more expensive for vehicle fleets. We believe there will be significant growth in the consumption of natural gas as a vehicle fuel generally, and our goal is to capitalize on this trend and enhance our leadership position as this market expands. We recently began focusing on the seaports market. We are in the process of building a natural gas fueling station, and plan to build additional natural gas fueling stations that service 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 airport markets. Consistent with the anticipated growth of our business, we also expect that our operating costs 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 plan to incur significant costs related to the LNG liquefaction plant we are in the initial stages of building in California. Additionally, we intend to increase our sales and marketing team 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 $108.6 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. In 2007, we expect to spend our cash primarily on building an LNG liquefaction plant in California, constructing new fueling stations, purchasing new LNG tanker trailers, financing natural gas vehicle purchases by our customers, and for general corporate purposes, including making deposits to suppport our derivative activities, geographic expansion (domestically and internationally), expanding our sales and marketing activities, and for working capital for our expansion. For more information, please read "Liquidity and Capital Resources" below.

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, have materially impacted our results of operations in recent periods. For the years ended December 31, 2004, 2005 and 2006 derivative (gains) losses were $(10,572,349), $(44,067,744), and $78,994,947, respectively. For the six month periods ended June 30, 2006 and 2007, derivative (gains) losses were $282,348 and $0, 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, please read "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 six months ended June 30, 2007, CNG represented 63% and LNG represented 37% 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. 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 also 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. 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. Our fleet customers typically are billed monthly based on the volume of CNG sold at a station. A smaller portion 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.

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 58 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. 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. Our LNG contracts provide that we charge our customers periodically based on the volume of LNG supplied.

Government Incentives

From October 1, 2006 through September 30, 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.

The Internal Revenue Service has not issued final guidance concerning VETC as it relates to LNG sales to tax-exempt entities. Consequently, we have not recorded any benefit of VETC related to these sales in our financial statement for contracts entered into prior to October 1, 2006.

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. Through these services, 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 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. For the six month period ended June 30, 2007, we generated $135,000 of revenue from vehicle finance activities.

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 our futures contracts to date have not qualified for hedge accounting under SFAS No. 133. See "Critical Accounting Policies—Derivative Activities" 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 for the three months ended September 30, 2005 and experienced derivative losses of $19.9 million, $0.3 million, $65.0 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 and June 30, 2007. Commencing with the adoption of our revised natural gas hedging policy in February 2007, we plan to structure all subsequent futures contracts as cash flow hedges under SFAS No. 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 the 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.

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

A significant portion of our natural gas fuel sales are covered by contracts to sell LNG or CNG to our customers at a fixed price or a variable index-based price subject to a cap. These contracts expose us to the risk that the price of natural gas may increase above the natural gas cost component included in the price at which we are committed to sell gas to our customers. We account for sales of natural gas under these contracts as described below in "Critical Accounting Policies—Fixed Price and Price Cap Sales Contracts."

Risk Management Practices Before February 2007

Historically, when we entered into a contract to sell natural gas fuel to a customer at a fixed price or a variable price subject to a cap, we generally sought to manage our exposure to natural gas price increases for some or all of the expected contract volumes in the natural gas futures market. We did this by purchasing futures contracts that were designed to cover the difference between the commodity portion of the price at which we were committed to sell natural gas and the price we had to pay for gas at delivery, thereby fixing the cost of natural gas we were paying. We generally purchased futures contracts covering all or a portion of our anticipated volumes in future periods.

From time to time, if we believed natural gas prices would decline in the future, we often elected to terminate futures contracts associated with fixed price or price cap customer contracts by selling the futures contracts and recognizing a gain upon such sales. When we did so, we lost future economic protections provided by the futures contracts.

From 2003 through 2005, we sold futures contracts covering estimated sales volumes over future periods and realized a net gain of approximately $44.8 million upon the sale of these contracts. In 2006, we disposed of certain futures contracts covering estimated sales volumes over future periods and realized a net loss of $78.7 million.

Our derivative activities are reflected in the line item derivative (gains) losses in our consolidated statements of operations. Two components make up this line item: (1) realized (gains) losses, and (2) unrealized (gains) losses. Realized (gains) losses represent the actual (gains) losses we realize when we sell or settle a futures contract during a period. Unrealized (gains) losses represent the (gain) or loss we record at the end of each period when we mark to market our open futures contracts at the end of each period. For realized (gains) losses on contracts sold or settled during a period, there is typically a corresponding unrealized loss (gain) on the contracts since the contracts are no longer outstanding at the end of the period and are therefore marked to zero.

We have a derivative committee of our board of directors and have historically conducted our futures contract activity under the advice of BP Capital L.P. (BP Capital), an entity of which Boone Pickens, our largest stockholder and a director, is the principal. Through December 31, 2006, we paid BP Capital

a monthly fee of $10,000 and a commission equal to 20% of our realized gains, net of realized losses, during a calendar year relating to the purchase and sale of natural gas futures contracts. BP Capital remitted realized net gains to us, less its applicable commissions, on a monthly basis pursuant to an agreement with BP Capital. We paid fees to BP Capital of $0.4 million in 2004, $11.7 million in 2005, $2.4 million in 2006, and $0 during the first three months of 2007. In March 2007, we amended our agreement with BP Capital to remove the 20% commission on our realized net gains during a calendar year.

We historically have purchased our natural gas futures contracts from Sempra Energy Trading Corp. The futures are based on the Henry Hub natural gas price set on the New York Mercantile Exchange. One futures contract for CNG covers approximately 80,000 gasoline gallon equivalents of CNG, and one futures contract for LNG covers approximately 120,000 gallons of LNG. Each contract has historically required a deposit of $1,000, which is below market due to the fact that Boone Pickens had guaranteed our futures obligations to Sempra. Without this guarantee, which was cancelled March 7, 2007, we estimate the deposit amount rate will be approximately $5,000 to $12,000 per contract depending on market conditions. Additionally, without this guaranty, Sempra may terminate our contract. As of June 30, 2007, we had no futures contracts outstanding and no amounts on deposit.

August 2006 Purchase of Futures Contracts and December 2006 Assumption by Boone Pickens

On August 2, 2006, we purchased the following futures contracts and made related deposits of $9.5 million:

Futures settlement year	Volume covered by futures (gasoline gallon equivalents)
2008	161,300,000
2009	201,625,000
2010	201,625,000
2011	201,625,000

In December 2006, Mr. Pickens assumed all of these futures contracts, together with any and all associated liabilities and obligations, in exchange for (1) the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at a purchase price of $10.00 per share (which warrant was valued at $80.9 million), and (2) the assignment to Mr. Pickens of any refunds of margin deposits related to the assumed futures contracts that were made using money borrowed under the line of credit with Mr. Pickens. At the time of assumption, these futures contracts had lost $78.7 million in value. The difference between the value of the warrant and the value of the losses on the futures contracts ($2.2 million) was recorded in our statement of operations as a loss on extinguishment of derivative liability. This warrant will be dilutive to net income per share if the fair market value of our common stock exceeds $10 per share in the future.

Adoption of Revised Natural Gas Hedging Policy in February 2007

In an effort to mitigate the volatility of our earnings related to our futures contracts and to reduce our risk related to fixed-price sales contracts, our board of directors revisited our risk management policies and procedures and 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. Unless otherwise agreed in advance by the board of directors and the derivative committee, we will conduct our futures activities and offer of fixed-price sales contracts pursuant to the policy as follows:

1. We may purchase futures contracts only to hedge our exposure to variability in expected future cash flows (such variability to be referred to hereafter as Cash Flow Variability) related to fixed-price sales contracts.

2. We will purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to each fixed-price sales contract that we enter into after the date of the policy.

3. We may offer a fixed-price sales contract to a customer only if the following three conditions are met:

a. We purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to the fixed-price sales contract;

b. We reasonably expect we will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover estimated margin calls related to these futures contracts; and

c. For any contract covering 2.5 million or more gasoline gallon equivalents of CNG or LNG per year (or any contract that, combined with previous contracts that year, would cause the total gasoline gallon equivalents contracted for to exceed 7.5 million gasoline gallon equivalents that year), we consult with the derivative committee regarding the proposed transaction, and the derivative committee approves both the offer of the fixed-price sales contract(s) and the purchase of the associated futures contracts.

4. When we enter into a fixed-price sales contract according to paragraph 3 above, we will purchase sufficient futures contracts to hedge our estimated exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point, and (b) the price of natural gas at the customer's delivery point.

5. If, during the duration of a fixed-price sales contract (including, without limitation, a contract signed before the adoption of this policy, a contract entered into after the adoption of this policy where futures contracts were not originally purchased to hedge the contract, and a contract that subsequently experiences a significant increase in volume that was not originally contemplated when the original futures contracts were purchased to hedge the contract), we do not have associated futures contracts in place that are sufficient to hedge effectively our estimated exposure to Cash Flow Variability related to that fixed-price sales contract, we may purchase futures contracts in quantities reasonably expected to hedge effectively our exposure to Cash Flow Variability related to that fixed-price sales contract, but only if the following two conditions are met:

a. We reasonably expect we will have funds sufficient: (i) to make the initial margin deposit(s) related to the intended futures contracts; and (ii) to cover estimated margin calls related to these futures contracts; and

b. For any fixed-price sales contract covering 1.5 million or more gasoline gallon equivalents per year (or any such contract that, combined with previous such contracts that year, would cause the total gasoline equivalents contracted for to exceed 5 million gasoline gallon equivalents that year), we consult with the derivative committee regarding the proposed transaction, and it approves the purchase of the futures contracts.

6. When we purchase futures contracts in accordance with paragraph 5 above, we may purchase additional futures contracts to hedge our estimated exposure to the basis differential between: (a) the price of natural gas at the NYMEX Henry Hub delivery point, and (b) the price of natural gas at the customer's delivery point.

7. We will not sell or otherwise dispose of a futures contract during the duration of the associated fixed-price sales contract.

8. We will attempt to qualify all futures contracts for hedge accounting as cash flow hedges under SFAS No. 133.

Due to the restrictions of our revised hedging policy, as well as the rising cost of futures contracts resulting from the loss of Mr. Pickens' guarantee to Sempra, we expect to offer significantly fewer fixed-price sales contracts to our customers. If we do offer a fixed-price sales contract, we anticipate including a price component that would cover our increased costs as well as a return on our estimated cash requirements over the duration of the underlying futures contract. The amount of this price component will vary based on the anticipated volume to be covered under the fixed-price sales contract.

Critical Accounting Policies

Our discussion and analysis of our financial condition and results of operations is based upon our financial statements, which have been prepared in accordance with U.S. generally accepted accounting principles. The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, revenue and expenses, and disclosures of contingent assets and liabilities as of the date of the financial statements. On a periodic basis, we evaluate our estimates, including those related to revenue recognition, accounts receivable reserves, notes receivable reserves, inventory reserves, asset retirement obligations, derivative values, income taxes, and the market value of equity instruments granted as stock-based compensation, among others. We use historical experience, market quotes, and other assumptions as the basis for making estimates. Actual results could differ from those estimates under different assumptions or conditions. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our financial statements.

Revenue Recognition

We recognize revenue on our gas sales and for our O&M services in accordance with SEC Staff Accounting Bulletin No. 104, *Revenue Recognition*, which requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) delivery has occurred and title and the risks and rewards of ownership have been transferred to the customer or services have been rendered; (3) the price is fixed or determinable; and (4) collectability is reasonably assured. Applying these factors, we typically recognize revenue from the sale of natural gas at the time fuel is dispensed or, in the case of LNG sales agreements, delivered to the customer's storage facility. We recognize revenue from operation and maintenance agreements as we provide the O&M services.

In certain transactions with our customers, we agree to provide multiple products or services, including construction of and either leasing or sale of a station, providing operations and maintenance to the station, and sale of fuel to the customer. We evaluate the separability of revenues for deliverables based on the guidance set forth in EITF No. 00-21, which provides a framework for establishing whether or not a particular arrangement with a customer has one or more deliverables. To the extent we have adequate objective evidence of the values of separate deliverable items under a contract, we allocate the revenue from the contract on a relative fair value basis at the inception of the arrangement. If the arrangement contains a lease, we use the existing evidence of fair value to separate the lease from the other deliverables.

We account for our leasing activities in accordance with SFAS No. 13, *Accounting for Leases*. Our existing station leases are sales-type leases, giving rise to profit at the delivery of the leased station. Unearned revenue is amortized into income over the life of the lease using the effective interest method. For those arrangements, we recognize gas sales and operations and maintenance service revenues as earned from the customer on a volume-delivered basis.

We recognize revenue on fueling station construction projects where we sell the station to the customer using the completed contract method in AICPA Statement of Position 81-1, *Accounting for Performance of Construction Type and Certain Production Type Contracts*.

Derivative Activities

We account for our derivative instruments, specifically our futures contracts, in accordance with SFAS No. 133, *Accounting for Derivative Instruments and Hedging Activities*, as amended. SFAS No. 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. Our derivatives did not qualify for hedge accounting under SFAS No. 133 for the years ended December 31, 2004, 2005 and 2006. As such, changes in the fair value of the derivatives for the years ended December 31, 2004, 2005 and 2006, were recorded directly to our consolidated statements of operations. We determine the fair value of our derivatives at the end of each reporting period based on quoted market prices from the NYMEX. We did not have any derivative instruments during the first six months of 2007.

We record gains or losses realized on our derivative instruments during the period in the line item derivative (gains) losses in our consolidated statements of operations. We also mark-to-market our open positions at the end of each reporting period with the resulting gain or loss recorded to derivative (gains) losses in our consolidated statements of operations.

Fixed Price and Price Cap Sales Contracts

Our contracts to sell CNG and LNG at a fixed price or a variable price subject to a cap are, for accounting purposes, firm commitments, and U.S. generally accepted accounting principles do not require or allow us to record a loss until the delivery of the gas and corresponding sale of the product occurs. When we enter 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 gas typically develops after we enter into the sales contract. We have entered into several contracts to sell LNG or CNG to customers at a fixed price or an index-based price that is subject to a fixed price cap. We have also generally entered into natural gas futures contracts to offset economically the adverse impact of rising natural gas prices. We have also periodically sold the underlying futures contracts related to our fixed price and price cap contracts. At June 30, 2007, we did not own any futures contracts related to our fixed price and price cap contracts. Since entering into the fixed price and price cap sales contracts, the price of natural gas has generally increased.

From an accounting perspective, during periods of rising natural gas prices, our futures contracts have generally been marked-to-market through the recognition of a derivative asset and a corresponding derivative gain in our statements of operations. However, because our contracts to sell LNG or CNG to our 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 our statements of operations during this historical period of rising natural gas prices for the future commitments under these contracts. As a result, our statements of operations do not reflect our 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).

The following table summarizes important information regarding our fixed price and price cap supply contracts under which we are required to sell fuel to our customers as of June 30, 2007:

	Estimated volumes(a)	Average price(b)	Contracts duration
CNG fixed price contracts	2,506,146	$ 1.06	through 12/13
LNG fixed price contracts	21,609,891	$ 0.37	through 7/09
CNG price cap contracts	5,720,949	$ 0.87	through 12/09
LNG price cap contracts	10,751,067	$ 0.57	through 12/08

(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 to 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 embedded in the customer's contract.

The price of natural gas has generally increased since we entered into these contracts and fixed or capped the price of CNG or LNG that we sell to the customers. If these contracts had a notional amount as defined under GAAP, then the contracts would be considered derivatives and we would record a loss based on estimated future volumes and the estimated excess of current market prices for natural gas above the cost of the natural gas commodity component of our customer's fixed price or price cap. However, because the contracts have no minimum purchase requirements, they are not considered derivatives and any estimated future losses under these contracts cannot be accrued in our financial statements under GAAP and we recognize the actual results of performing under the contract as the fuel is delivered. If we applied a derivative valuation methodology to these contracts using estimated volumes along with other assumptions, including forward pricing curves and discount rates, we estimate our pre-tax net income would have been lower (higher) by the following ranges for the periods indicated:

December 31, 2004	$ 3,646,338	to	$ 4,456,636
December 31, 2005	$ 15,148,070	to	$ 18,514,308
December 31, 2006	$ (14,267,259)	to	$ (17,437,761)
Six months ended June 30, 2007	$ (351,281)		$ (429,344)

At June 30, 2007, we estimate we will incur between $7.0 million and $8.6 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 June 30, 2007, and these estimates may change based on future natural gas prices and may be significantly higher or lower.

Our volumes under these contracts, in gasoline gallon equivalents, expire as follows:

July 1, 2007 through December 31, 2007	11,378,184
2008	14,670,803
2009	2,486,896
2010	230,000
2011	230,000
2012	230,000
2013	230,000

These amounts are based on estimates involving a high degree of judgment and actual results may vary materially from these estimates. These amounts have not been recorded in our statements of operations as they are non-GAAP.

Income Taxes

We compute income taxes under the asset and liability method. This method requires the recognition of deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of our assets and liabilities. The impact on deferred taxes of changes in tax rates and laws, if any, are applied to the years during which temporary differences are expected to be settled and are reflected in the consolidated financial

statements in the period of enactment. We record a valuation allowance against any deferred tax assets when management determines it is more likely than not that the assets will not be realized. When evaluating the need for a valuation analysis, we use estimates involving a high degree of judgment including projected future income and the amounts and estimated timing of the reversal of any deferred tax liabilities.

Stock-Based Compensation

Effective January 1, 2006, we account for stock options granted using Statement of Financial Accounting Standards No. 123(R) (SFAS No. 123(R)), *Share-Based Payment*, which has replaced SFAS No. 123 and APB 25. Under SFAS No. 123(R), companies are no longer able to account for share-based compensation transactions using the intrinsic method in accordance with APB 25, but are required to account for such transactions using a fair-value method and recognize the expense in the statements of operations. We adopted the provisions of SFAS No. 123(R) using the prospective transition method. Under the prospective transition method, only new awards, or awards that have been modified, repurchased or cancelled after January 1, 2006 are accounted for using the fair value method.

We accounted for awards outstanding as of December 31, 2005 using the accounting principles under SFAS No. 123. Under SFAS No. 123, for options granted before January 1, 2006, the fair value of employee stock options was estimated using the Black-Scholes option pricing model, which requires the use of management's judgment in estimating the inputs used to determine fair value. We elected, under the provisions of SFAS No. 123, to account for employee stock-based compensation under APB 25 during the years ended December 31, 2004 and 2005. In the statements of operations, we recorded no compensation expense in 2004 and 2005 because the fair value of our common stock was equal to the exercise price on the date of grant of the options. Therefore, there was no "intrinsic" value to recognize in the statements of operations. However, the footnotes to our consolidated financial statements set forth in our prospectus dated May 25, 2007 (and filed with the SEC on May 25, 2007) disclose the impact on net income in 2004 and 2005 of using the grant date fair value using the Black-Scholes option pricing model.

As of December 31, 2005, there were no unvested stock options. Therefore, the impact of SFAS No. 123(R) has been reflected in the consolidated statements of operations for share-based awards granted in 2006 and 2007.

Impairment of Goodwill and Long-lived Assets

We assess our goodwill for impairment at least annually (or more frequently if there is an indicator of impairment) based on Statement of Financial Accounting Standards No. 142 (SFAS No. 142), *Goodwill and Other Intangible Assets.* An initial assessment of impairment is made by comparing the fair value of the operations with goodwill, as determined in accordance with SFAS No. 142, to the book value. If the fair value is less than the book value, an impairment is indicated and we must perform a second test to measure the amount of the impairment. In the second test, we calculate the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the operations with goodwill from the fair value determined in step one of the assessment. If the carrying value of the goodwill exceeds this calculated implied fair value of the goodwill, we will record an impairment charge. We performed our annual tests of goodwill as of December 31, 2004, 2005 and 2006, and there was no impairment indicated. There was no indication of impairment from January 1, 2007 through June 30, 2007.

Recently Issued Accounting Pronouncements

In June 2006, the FASB issued FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), which prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The interpretation also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition. FIN 48 is effective for fiscal years beginning after December 15, 2006. The adoption of FIN 48 did not have a material impact on our financial statements.

In June 2006, the FASB ratified its consensus on EITF Issue No. 06-3, *How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement* (EITF No. 06-3). The scope of EITF No. 06-3 includes any tax assessed by a governmental authority that is imposed concurrent with or subsequent to a revenue-producing transaction between a seller and a customer and excludes taxes that are assessed on gross receipts or that are an inventoriable cost. For taxes within the scope of this issue that are significant in amount, the consensus requires the following disclosures: (i) the accounting policy elected for these taxes and (ii) the amount of the taxes reflected gross in the income statement on an interim and annual basis for all periods presented. The disclosure of those taxes can be done on an aggregate basis. The consensus is effective for interim and annual periods beginning after December 15, 2006. We presented sales taxes and excise taxes on sales to our customers on a net basis in our financial statements both prior to and subsequent to the adoption of EITF No. 06-3.

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 is effective for fiscal years beginning after November 15, 2007 and all interim periods within those fiscal years. Earlier application is permitted provided that the reporting entity has not yet issued interim or annual financial statements for that fiscal year. We are currently evaluating the impact, if any, that SFAS 157 may have on our financial statements.

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. If elected, SFAS 159 will be effective as of the beginning of the first fiscal year that begins after November 15, 2007, with earlier adoption permitted if all of the requirements of SFAS 157 are adopted. We are currently evaluating the impact, if any, that SFAS 159 may have on our financial statements.

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 June 30,		Six Months Ended June 30,	
	2006	2007	2006	2007
Statement of Operations Data:				
Revenue	100.0%	100.0%	100.0%	100.0%
Operating expenses:				
Cost of sales	81.6%	73.5%	86.2%	74.5%
Derivative (gains) losses	0.0%	0.0%	0.7%	0.0%
Selling, general and administrative	20.4%	34.0%	21.8%	28.5%
Depreciation and amortization	6.5%	5.5%	6.1%	5.6%
Total operating expenses	108.4%	113.1%	114.8%	108.6%
Operating income (loss)	(8.4)%	(13.1)%	(14.8)%	(8.6)%
Interest (income), net	(1.1)%	(1.8)%	(1.0)%	(1.4)%
Other (income) expense, net .	(0.3)%	0.2%	(0.1)%	0.3%
Income (loss) before income taxes	(7.0)%	(11.5)%	(13.7)%	(7.4)%
Income tax expense (benefit)	(2.1)%	0.2%	(4.1)%	0.1%
Net income (loss)	(4.9)%	(11.6)%	(9.6)%	(7.5)%

Three Months Ended June 30, 2007 Compared to Three Months Ended June 30, 2006

Revenue. Revenue increased by $9.2 million to $30.7 million in the three months ended June 30, 2007, from $21.5 million in the three months ended June 30, 2006. This increase was primarily the result of an increase in the number of CNG and LNG gallons delivered from 16.9 million gasoline gallon equivalents in the second quarter of 2006 to 19.3 million gasoline gallon equivalents in the second quarter of 2007. One of our new transit customers (Long Island Bus, NY) and one of our new airport customers (Los Angeles International Airport shuttle busses) together accounted for 1.7 million gasoline gallon equivalents of the increase. The remaining increase in gasoline gallon equivalents delivered was due to the addition of other smaller new customers and growth from our existing customers. We also recorded $4.4 million of revenue related to fuel tax credits in the second quarter of 2007, which credits began in October 2006. Revenue also increased between periods due to a $1.4 million increase in station construction revenue between periods.

Cost of sales. Cost of sales increased by $4.9 million to $22.5 million in the three months ended June 30, 2007, from $17.6 million in the three months ended June 30, 2006. This increase was primarily the result of an increase in costs related to delivering more CNG and LNG between periods. Also adding to this increase was an increase in our effective cost per gallon between periods due to higher natural gas prices between periods. Our effective cost per gallon increased to $1.11 per gallon for the three months ended June 30, 2007, which represents a $.07 per gallon increase over the three months ended June 30, 2006. Also contributing to the increase in cost of sales between periods is a $1.1 million increase in costs related to construction activities during the three month period ended June 30, 2007.

Derivative (gains) losses. We did not generate any derivative gains or losses in the three month periods ended June 30, 2007 and 2006 as we did not own any derivative instruments during these periods.

Selling, general and administrative. Selling, general and administrative expenses increased by $6.0 million to $10.4 million in the three months ended June 30, 2007, from $4.4 million in the three months ended June 30, 2006. The increase was primarily related to recording $3.8 million of stock option expense in May and June of 2007 associated with stock options we granted to our employees in May 2007 upon the effectiveness of our registration statement on Form S-1 filed in connection with our initial public offering. In addition, salaries and benefits increased between periods by $1.0 million, primarily related to increased salaries and compensation due to our executive officers. Our marketing expenses increased $.4 million between periods, primarily due to certain advertising we conducted at the Ports of Los Angeles and Long Beach, and our bad debt expense increased $.2 million between periods as we provided a reserve against loans made to one of our vehicle financing customers during the three months ended June 30, 2007. Our business insurance costs also increased $.2 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 $0.3 million to $1.7 million in the three months ended June 30, 2007, from $1.4 million in the three months ended June 30, 2006. This increase was primarily the result of additional depreciation expense in the three months ended June 30, 2007 related to increased property and equipment balances between periods, primarily related to our station network and our fleet of LNG tanker trailers.

Interest (income) expense, net. Interest (income) expense, net, increased by $0.3 million from $0.2 million of income in the three months ended June 30, 2006, to $0.5 million of income for the three months ended June 30, 2007. This increase was primarily the result of an increase in interest income in the three months ended June 30, 2007 due to higher average cash balances on hand in the second quarter of 2007 associated with the proceeds received from our initial public offering.

Other (income) expense, net. Other (income) expense, net decreased by $123,000 from $67,000 of income in the three months ended June 30, 2006 to $56,000 of expense in the three months ended June 30, 2007. The decrease was primarily related to the costs related to station closures in the second quarter of 2007.

Six months Ended June 30, 2007 Compared to Six months Ended June 30, 2006

Revenue. Revenue increased by $16.2 million to $58.8 million in the six months ended June 30, 2007, from $42.6 million in the six months ended June 30, 2006. This increase was primarily the result of an increase in the number of CNG and LNG delivered from 32.5 million gasoline gallon equivalents in the first six months of 2006 to 37.1 million gasoline gallon equivalents in the first six months of 2007. One of our new transit customers (Long Island Bus, NY) and one of our new airport customers (Los Angeles International Airport shuttle busses) together accounted for 2.6 million gasoline gallon equivalents of the increase. The remaining increase in gasoline gallon equivalents delivered was due to the addition of other smaller new customers and growth from our existing customers. In the first six months of 2007, we recorded $8.2 million of revenue related to fuel tax credits, which credits began in October 2006. Revenue also increased between periods due to a $3.1 million increase in station construction revenue between periods.

Cost of sales. Cost of sales increased by $7.1 million to $43.8 million in the six months ended June 30, 2007, from $36.7 million in the six months ended June 30, 2006. This increase was primarily the result of an increase in costs related to delivering more CNG and LNG between periods. Also contributing to the increase in cost of sales between periods is a $2.8 million increase in costs related to construction activities during the six month period ended June 30, 2007.

Derivative (gains) losses. Derivative gains decreased by $0.3 million to $0.0 million in the six months ended June 30, 2007, from a loss of $0.3 million in the six months ended June 30, 2006. This decrease was primarily the result of the fact that we incurred a loss in the six month period ended June 30, 2006 when we liquidated certain futures contracts and we did not sell or own any futures contracts during the six month period ended June 30, 2007.

Selling, general and administrative. Selling, general and administrative expenses increased by $7.4 million to $16.7 million in the six months ended June 30, 2007, from $9.3 million in the six months ended June 30, 2006. The increase was primarily related to recording $3.8 million of stock option expense in May and June of 2007 associated with the stock options we granted to our employees in May 2007 upon the effectiveness of the registration statement on Form S-1 we filed in connection with our initial public offering. There was an increase of $1.5 million in salaries and benefits between periods primarily related to the increased compensation due to our executive officers and the hiring of additional employees. Our employee headcount increased from 91 at June 30, 2006 to 103 at June 30, 2007. In addition, our rent expense increased $.2 million between periods as we acquired additional office space between periods and our travel and entertainment expenses increased $.1 million between periods, primarily related to increased travel related to our sales team. Our marketing expenses increased $.6 million between periods, primarily due to certain advertising we conducted related to our refuse market segment and in the Ports of Los Angeles and Long Beach. Our bad debt expense increased $0.9 million between periods as we provided a reserve against loans made to a vehicle manufacturer and one of our vehicle financing customers during the six months ended June 30, 2007. Our business insurance costs also increased $0.2 million between periods, primarily due to premium increases in our directors' and officers' insurance between periods, our credit card fees increased $0.3 million between periods as more of our retail customers are using credit cards to purchase their fuel, and our audit and accounting fees increased $0.3 million between periods as we are incurring increased fees associated with being a public company.

Depreciation and amortization. Depreciation and amortization increased by $0.7 million to $3.3 million in the six months ended June 30, 2007, from $2.6 million in the six months ended June 30, 2006. This increase was primarily related to the result of additional depreciation expense in the six months ended June 30, 2007 related to increased property and equipment balances between periods, primarily related to our station network and our fleet of LNG tanker trailers.

Interest (income) expense, net. Interest (income) expense, net, increased by $0.4 million from $0.4 million of income in the six months ended June 30, 2006, to $0.8 million of income for the six months ended June 30, 2007. This increase was primarily the result of a decrease in interest expense in the six months ended June 30, 2007 due to the conversion of $4 million of convertible notes in April 2006 which eliminated the interest expense on these notes. In addition, interest income for the six months ended June 30, 2007 increased in comparison to the six month period ended June 30, 2006 due to higher average cash balances on hand in the first six months of 2007 associated with the proceeds received from our initial public offering.

Other (income) expense, net. Other (income) expense, net decreased by $221,000 from $42,000 of income in the six months ended June 30, 2006 to $179,000 of expense in the six months ended June 30, 2007. The decrease was primarily related to costs related to station closures in the second quarter of 2007.

Seasonality and Inflation

To some extent, we experience seasonality in our results of operations. Natural gas vehicle fuel consumed by some of our customers tends to be higher in summer months when buses and other fleet vehicles use more fuel to power their air conditioning systems. Natural gas commodity prices tend to be higher in the fall and winter months due to increased overall demand for natural gas for heating during these periods.

Since our inception, inflation has not significantly affected our operating results. However, costs for construction, taxes, repairs, maintenance and insurance are all subject to inflationary pressures and could affect our ability to maintain our stations adequately, build new stations, build new LNG plants and expand our existing facilities.

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 $108.6 million, after deducting underwriting discounts, commissions and offering expenses. 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, and for working capital for our expansion. We financed our operations in the first six months of 2007 primarily through cash provided by operations and financing activities. At June 30, 2007, we had total cash and cash equivalents of $111.0 million compared to $0.9 million at December 31, 2006.

Cash provided by operating activities was $16.8 million for the six months ended June 30, 2007 compared to cash used in operating activities of $8.6 million for the six months ended June 30, 2006. The increase in operating cash flow was primarily due to the collection of a $22.9 million receivable that was

generated on December 28, 2006 when we transferred certain futures contracts to Boone Pickens. Also adding to the operating cash flow increase between periods was a $6.2 million reduction of income tax payments between periods. Offsetting these increases was the collection of $8.7 million of cash in the first six months of 2006 when we sold certain derivative positions. We did not have any futures contracts outstanding during the first six months of 2007.

Cash used in investing activities was $17.0 million for the six months ended June 30, 2007, compared to $6.7 million for the six months ended June 30, 2006. The $10.3 million increase between periods was primarily due to increased purchases of property and equipment and increased construction in progress activity in the first six months of 2007, including $8.1 million that we spent on developing our LNG liquefaction plant in California.

Cash provided by financing activities for the six months ended June 30, 2007 was $110.3 million, compared to cash provided by financing activities of $21.7 million for the six months ended June 30, 2006. The $88.6 million increase between periods is attributable primarily to net proceeds of $110.3 million from our initial public offering which closed in May 2007.

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, if necessary, through debt or equity financings. We believe our sources of liquidity will be sufficient to meet the cash requirements of our operations for at least the next twelve months.

Capital Expenditures

We expect to make capital expenditures, net of grant proceeds, of approximately $17.8 million in 2007 to construct new natural gas fueling stations, purchase LNG tanker trailers, and for general corporate purposes. Additionally, we have budgeted approximately $50 to $55 million over the course of 2007 and 2008 to construct an LNG liquefaction plant in California which we are in the initial stages of building and anticipate will be operational in the summer of 2008. We also anticipate using $15 to $20 million from the proceeds of our initial public offering to finance the purchase of natural gas vehicles by our customers.

Contractual Obligations

The following represents the scheduled maturities of our contractual obligations as of June 30, 2007:

		Payments Due by Period			
Contractual Obligations:	**Total**	**Remainder of 2007**	**2008 and 2009**	**2010 and 2011**	**2012 and beyond**
Capital lease obligations(a)	$ 254,363	$ 29,466	$ 133,691	$ 91,206	$ 0
Operating lease commitments(b)	5,277,278	651,683	2,361,130	1,349,217	915,248
“Take or Pay” LNG purchase contracts(c)	2,607,500	1,303,750	1,303,750	0	0
Construction contracts(d)	4,407,000	4,407,000	0	0	0
Other long-term contract liabilities(e)	26,809,561	18,047,311	8,762,250	0	0
Total	$ 39,355,702	$ 24,439,210	$ 12,560,821	$ 1,440,423	$ 915,248

(a) Consists of obligations under a lease of capital equipment used to finance such equipment. Amounts do not include interest as they are not material.

(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 two “take or pay” contracts.

(d) Consists of our obligations to fund various fueling station construction projects, net of amounts funded through June 30, 2007, 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 we have entered into to acquire certain equipment and services related to the construction of our LNG plant in California.

Off-Balance Sheet Arrangements

At June 30, 2007, we had the following off-balance sheet arrangements:

- outstanding standby letters of credit totaling $0.1 million,
- outstanding surety bonds for construction contracts and general corporate purposes totaling $5.2 million,
- two 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 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.

We have entered into two contracts with two vendors to purchase LNG that require us to purchase minimum volumes from the vendors. Both of the contracts expire in June 2008. The minimum commitments under these two contracts are included in the table set forth in “Take or Pay” LNG Purchase Contracts 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 in the initial stages of building an LNG liquefaction plant. We have budgeted approximately $50 to $55 million over the course of 2007 and 2008 to construct 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 30,000,000 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. Our obligations under the lease are contingent on us obtaining the necessary permits and approvals required in the lease related to the construction and operation of the LNG liquefaction plant, which are in process. 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 63% of our cost of sales for 2006 and 59% of our cost of sales for the six months ended June 30, 2007. Prices for natural gas over the seven-year and six month period from December 31, 1999 through June 30, 2007, 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 June 30, 2007, the NYMEX index price of natural gas was $7.59 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 No. 133, Accounting for Derivative Instruments and Hedging Activities*. 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. Our futures contracts did not qualify for hedge accounting under SFAS No. 133 for the years ended December 31, 2004, 2005 and 2006, and changes in the fair value of the derivatives were recorded directly to our consolidated statements of operations at the end of each reporting period. We did not own any derivative instruments during the first six months of 2007.

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. The net effect of the realized and unrealized gains and losses related to these derivative instruments for the year ended December 31, 2006 was a $79.0 million decrease to pre-tax income. We did not have any futures contracts outstanding during the three or six month periods ended June 30, 2007. 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. We plan to structure prospective futures contracts so that they will be accounted for as cash flow hedges under SFAS No. 133, but we cannot be certain they will qualify. For more information, please read “—Risk Management Activities” above.

We have prepared a sensitivity analysis to estimate our exposure to market risk with respect to our fixed price and price cap sales contracts as of June 30, 2007. 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%	$	(1.6)
Price cap contracts	10.0%	$	(1.2)

As of June 30, 2007 we did not have any futures contracts outstanding.

Item 4. – Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures and internal controls that are designed to provide reasonable, but not absolute, assurance that information required to be disclosed in our Exchange Act reports 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 as of the end of the period covered by this report. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective.

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.

PART II. – OTHER INFORMATION

Item 1. – Legal Proceedings

We are from time to time involved in various lawsuits, legal proceedings or claims that arise in the ordinary course of business. We do not believe any such legal proceedings or claims will have, individually or in the aggregate, a material adverse effect on our business, liquidity, results of operations or financial position. However, litigation is subject to inherent uncertainties, and an adverse result in these or other matters may arise from time to time that may harm our business.

Item 1A. – Risk Factors

Investing in our common stock involves a high degree of risk. You should carefully consider the following risk factors, as well as the other information in this report, before deciding whether to invest in shares of our common stock. The occurrence of any of the following risks could harm our business, financial condition, results of operations and/or growth prospects. In that case, the trading price of our common stock could decline, and you may lose all or part of your investment.

Risks Related to Our Business and Industry

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

In 2006 and the first six months of 2007, we incurred pre-tax losses of $10.8 million and $4.4 million, respectively, related to our operations, which consist of natural gas fueling activities and station operations, and derivative losses of $79.0 million and $0.0 million, respectively, combining for overall pre-tax losses of $89.8 million and $4.4 million, respectively. In 2004 and 2005, excluding derivative gains, we incurred pre-tax losses of $6.8 million and $15.2 million, respectively, related to our operations. We must continue to invest in developing the natural gas vehicle fuel market, and we cannot assure you that our natural gas sales activities and station operations will achieve or maintain profitability. If our natural gas sales activities and station operations continue to lose money, our business will suffer.

We historically have relied on capital contributions by related parties, particularly by Boone Pickens, and such capital may not be available in the future.

For the fiscal years ended December 31, 2004, 2005 and 2006, Boone Pickens and an affiliated trust made cash investments of $1.9 million, $12.0 million and $18.0 million, respectively, in our company. In August 2006, we entered into a $50 million revolving line of credit with Mr. Pickens to fund margin calls related to our futures contracts. This line of credit was increased to $100 million in November 2006. In December 2006, Mr. Pickens cancelled all amounts we owed to him under this line of credit (approximately $69.7 million) and assumed all of our outstanding futures contracts, together with all associated liabilities and obligations (approximately $78.7 million), in exchange for (1) the issuance to Mr. Pickens of a five-year warrant to purchase up to 15,000,000 shares of our common stock at $10.00 per share (which warrant was valued at $80.9 million), and (2) the assignment to Mr. Pickens of any refunds of margin deposits related to the assumed futures contracts that were made using money borrowed under the line of credit. Additionally, for the fiscal years ended December 31, 2004, 2005 and 2006, Perseus ENRG Expansion, L.L.C. and a related fund invested $3.0 million, $2.0 million and $3.0 million, respectively, in our company. We may not be able to obtain capital from related parties in the future. None of our officers, directors or stockholders (or their respective affiliates) are under any obligation to continue to provide cash to meet our future liquidity needs. If capital is unavailable to us in the future from related parties or from other persons on terms favorable to us, our ability to continue to support our business growth and to respond to business challenges could be significantly limited.

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 to the end of 2006, the price for natural gas, based on the NYMEX daily futures data, ranged from a low of $1.65 per Mcf to a high of $19.38 per Mcf. As of June 30, 2007, the NYMEX index price for natural gas was $7.59 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 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.

The infrastructure to support gasoline and diesel consumption is vastly more developed than the infrastructure for natural gas vehicle fuels.

Gasoline and diesel fueling stations and service infrastructure are widely available in the United States. For natural gas vehicle fuels to achieve more widespread use in the United States and Canada, they will require a promotional and educational effort, and the development and supply of more natural gas vehicles and fueling stations. This will require significant continued effort by us, as well as government and clean air groups, and we may face resistance from oil companies and other vehicle fuel companies. There is no assurance natural gas will ever achieve the level of acceptance as a vehicle fuel necessary for us to expand our business significantly.

A decline in the demand for vehicular natural gas will reduce our revenue and negatively affect our ability to sustain and grow our operations.

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 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. In that event, our growth would be slowed and our business would suffer.

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. 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.

There are a small number of companies that convert vehicles to operate on natural gas, which may restrict our sales.

Conversion of vehicle engines from gasoline or diesel to natural gas is performed only by a small number of vehicle conversion suppliers that must meet stringent safety and engine emissions certification standards. The engine certification process is time consuming and expensive and raises vehicle costs. Without an increase in vehicle conversion, vehicle choices for fleet use will remain limited and our sales may be restricted, even if there is demand.

If there are advances in other alternative vehicle fuels or technologies, or if there are improvements in gasoline, diesel or hybrid engines, demand for natural gas vehicles may decline and our business may suffer.

Technological advances in the production, delivery and use of alternative fuels that are, or are perceived to be, cleaner, more cost-effective or more readily available than CNG or LNG have the potential to slow adoption of natural gas vehicles. Advances in gasoline and diesel engine technology, especially hybrids, may offer a cleaner, cost-effective option and make fleet customers less likely to convert their fleets to natural gas. Technological advances related to ethanol or biodiesel, which are increasingly used as an additive to, or substitute for, gasoline and diesel, may slow the need to diversify fuels and impact the growth of the natural gas vehicle market. In addition, hybrid, electric, hydrogen, and other alternative fuels in experimental or developmental stages may

eventually offer a cleaner, more cost-effective alternative to gasoline and diesel than natural gas. Advances in technology which slow the growth of or conversion to natural gas vehicles or which otherwise reduce demand for natural gas as a vehicle fuel will have an adverse effect on our business. Failure of natural gas vehicle technology to advance at a sufficient pace may also limit its adoption and ability to compete with other alternative fuels.

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 source 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 built. 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.

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

Two third-party LNG suppliers supplied approximately 64% of the LNG we sold for the year ended December 31, 2006 and 51% for the six months ended June 30, 2007. Our contracts with these LNG suppliers generally may be terminated by the supplier on short notice. In particular, our supply agreement with Williams Gas Processing Company, which supplied 47% and 36% of our LNG for the year ended December 31, 2006 and for the six months ended June 30, 2007, respectively, can be terminated by Williams effective June 1, 2007 and expires on June 30, 2008. In addition, under certain circumstances, Williams 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 17% of our LNG for the year ended December 31, 2006 and 14% for the six months ended June 30, 2007, expires on June 30, 2008. We may be unable to renew these fueling contracts. 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 supply interruptions were to occur, our ability to meet customer demand would 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.

Our growth depends in part on environmental regulations 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 in the United States that promote or mandate the use of cleaner burning fuels, including natural gas for vehicles. 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. The delay, repeal or modification of federal or state policies and regulations that encourage the use of cleaner vehicles 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 in September 2009. Based on the service relationship we have with our customers, either we or our customers are able to claim the credit. 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 could slow and our business and results of operations could be adversely affected.

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. 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.

Oil companies and natural gas utilities, which have far greater resources and brand awareness than we have, may expand into the natural gas fuel market, which could harm our business and prospects.

There are numerous potential competitors who could enter the market for CNG and LNG as vehicle fuels. Many of these potential entrants, such as integrated oil companies and natural gas utilities, have far greater resources and brand awareness than we have. If the use of natural gas vehicles increases, these companies may find it more attractive to enter the market for natural gas vehicle fuels and we may experience increased pricing pressure, reduced operating margins and fewer expansion opportunities.

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 initial stages of designing and 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. If the new plant has higher than expected construction or 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.

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

From 2004 to 2006, we sold and delivered approximately 30 percent 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 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. 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 June 30, 2007, we were not economically hedged with respect to any of the anticipated requirements of our fixed price contracts, having sold the related futures contracts which we previously held. Based on natural gas prices as of June 30, 2007, we estimate we will incur between $7.0 million to $8.6 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.

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 or price cap customer contracts when determining the volumes included in the futures contracts we purchase. 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 you 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 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. 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.

Boone Pickens cancelled his guarantee of our futures contracts which will require us to make significantly larger initial margin deposits when we purchase futures contracts. This will adversely affect our cash flows, and we may be unable to secure these contracts on terms that are favorable or affordable to us or at all.

Historically, we have purchased all of our natural gas futures contracts through Sempra Energy Trading Corp. We did not have any futures contracts outstanding at June 30, 2007. Our past obligations under our contract with Sempra were guaranteed by Boone Pickens. Mr. Pickens is our largest stockholder, a director and the principal of BP Capital, L.P., which advises us regarding our hedging activities. As Mr. Pickens cancelled his guarantee with Sempra in March 2007, Sempra may cancel our contract with them at any time. Without Mr. Pickens' guarantee, we expect to have significantly larger requirements for upfront margin deposits, on the order of up to fifteen times greater than current deposit requirements. We also anticipate that it will be more difficult to purchase futures contracts generally (i.e., through Sempra or other third parties) without his guarantee. If we cannot enter into futures contracts, our ability to offer fixed price supply contracts to our customers may be impaired and we will become more susceptible to price fluctuations and losses if this were to occur.

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, 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 No. 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 for the three months ended September 30, 2005 and experienced derivative losses of $19.9 million, $0.3 million, $65.0 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 or June 30, 2007. 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.

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. 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, 2006 and the six months ended June 30, 2007, sales in California accounted for approximately 38% and 40%, respectively and sales in Arizona accounted for approximately 23% and 21%, respectively, of the total amount of gallons we delivered. A 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.

Our finance and leasing activities may be unsuccessful due to competitive pressures.

The fleet financing and leasing marketplace is competitive and dominated by large finance companies. These companies may have greater financial resources than we do, offer more attractive rates to customers, finance other types of vehicles and equipment and offer a wider range of financial services to the customer. If these large finance companies do not finance natural gas vehicles and if potential customers prefer to work with these companies, our business may be disadvantaged.

We may incur losses and use working capital if we have to purchase vehicles that we intend to place with customers.

To ensure availability for our customers, we from time to time 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 their delivery to us, we may be unable to locate purchasers timely 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 June 30, 2007, we had approximately $9.5 million of vehicles under binding purchase agreements, of which $3.1 million had been paid at June 30, 2007, without corresponding customer orders.

If we are unable to attract, retain and motivate our executives and other key personnel our business would be harmed.

Our ability to manage and expand our business depends significantly on the skills and services of our management team, each of whom may terminate his or her service with us at any time and none of whom are subject to non-compete restrictions. We believe the loss of one or more members of our management team would harm our business because few people have comparable experience working in the natural gas vehicle industry or managing companies similar to ours. Moreover, we intend to grow our operations and to do so we will need to hire additional personnel in all areas of our business, particularly in sales and marketing. Competition for qualified personnel is intense, and we therefore may be unable to attract or retain qualified personnel and expand our business as planned.

We rely on related parties for advice regarding our derivative activities, and this advice may not be available to us in the future.

We depend upon Boone Pickens and his firm, BP Capital, L.P., for advice regarding energy markets and derivative activities. We cannot guarantee that we will be able to retain these services for any period of time. BP Capital may terminate its investment advisory agreement with us at any time upon 30 days written notice to us.

We may have difficulty managing our planned growth.

If we grow our business as planned, our management team and our operational, financial and accounting systems will also need to be expanded. This expansion would result in increased expenses and may strain our resources. If we are unable to manage this growth, we may experience higher expenses, poor internal controls, employee attrition and customer dissatisfaction, any of which could harm our business. Additionally, we may find it difficult to maintain important aspects of our corporate culture, which could negatively affect our ability to retain and recruit personnel, and otherwise adversely affect our future success.

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, we need to apply for 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.

The requirements of being a public company, including the costs of complying with Section 404 of the Sarbanes-Oxley Act of 2002, may strain our resources and distract management.

As a public company, we are incurring significant legal, accounting and other expenses that we did not incur as a private company. The Sarbanes-Oxley Act, as well as rules subsequently implemented by the SEC, NASDAQ and stock exchanges have required changes in corporate governance practices of public companies. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time-consuming and costly. For example, as a result of becoming a public company, we have created additional board committees and have implemented a number of new corporate policies. In addition, we are incurring additional costs associated with our public company reporting. We also expect these new rules to make it more expensive for us to obtain director and officer liability insurance and we may be required to accept reduced policy limits and coverage.

Ensuring that we have adequate financial and accounting controls to produce accurate financial statements on a timely basis is a costly and time-consuming effort that needs to be re-evaluated frequently. We will need to begin the process of documenting, reviewing and improving our internal controls in order to comply with Section 404 of the Sarbanes-Oxley Act of 2002, which requires management assessments of the effectiveness of our internal controls over financial reporting and a report by our independent registered public accounting firm addressing these assessments. Both we and our independent registered public accounting firm will be testing our internal controls in connection with the Section 404 requirements and, as part of that documentation and testing, identify areas for further attention and improvement. Improving our internal controls will likely involve substantial costs and take a significant time to complete, 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 independent registered public accounting firm identified certain internal controls over financial reporting that we will need to strengthen in connection with being a public company, and we have not yet implemented all the requested improvements. Specifically, we will need to automate several of our processes, hire additional personnel with finance and accounting expertise and add additional policies and procedures to bolster our control and disclosure environments. Hiring qualified employees is challenging, and we may be unable to find the people with the skill sets we require in a timely manner. Modifying and changing systems and procedures is also challenging, and new systems or procedures may not prove to be efficient and effective once they are in place. Our accounting and financial reporting department may not have all of the necessary resources to ensure that we will not have significant deficiencies or material weaknesses in our system of internal control over financial reporting. The effectiveness of our internal control over financial reporting may be limited by a variety of factors including: faulty human judgment and errors, omissions or mistakes; inappropriate management override of policies and procedures; and the possibility that any enhancements to disclosure controls and procedures may still not be adequate to assure timely and accurate financial information.

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 $3.0 million, $1.1 million, $41.2 million, $32.2 million, $0.9 million and $3.6 million for the three months ended March 31, 2006, June 30, 2006, September 30, 2006, December 31, 2006, March 31, 2007 and June 30, 2007, respectively. 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 gain 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.

There may not be a viable public market for our common stock.

Our common stock had not been publicly traded before our initial public offering, which was completed in May 2007. If an active trading market is not sustained, it may be difficult for you to sell your shares of stock at an attractive price or at all. It is possible that, in future quarters, our operating results

may be below the expectations of securities analysts or investors. As a result of these and other factors, the price of our stock may decline, possibly materially.

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.

At June 30, 2007, 44,193,411 shares of our common stock were outstanding. Of these shares, only the 10,000,000 shares of our common stock sold in our initial public offering are freely tradable, without restriction, in the public market. Additionally, our directors, executive officers and certain principal stockholders have agreed to enter into "lock up" agreements with the underwriters of our initial public offering, in which they agreed to refrain from selling their shares for a period of 180 days after such offering. The lock-up is subject to extension under certain circumstances. After the lock-up

agreements pertaining to this offering expire, up to an additional 34,193,411 currently outstanding shares will be eligible for sale in the public market, 28,545,041 of which are held by directors, executive officers and other affiliates and will be subject to volume limitations under Rule 144 under the Securities Act of 1933, and various vesting agreements. If our existing stockholders sell, or indicate an intention to sell, substantial amounts of our common stock in the public market after the contractual lock-up and other legal restrictions on resale discussed in this report lapse, the trading price of our common stock could decline. WR Hambrecht + Co may, in its sole discretion, permit our directors, officers, employees and current stockholders who are subject to the 180-day contractual lock-up to sell shares prior to the expiration of the lock-up agreements.

In addition, as of June 30, 2007, there were 20,187,500 shares underlying options and warrants that were issued and outstanding. These shares will become eligible for sale in the public market to the extent permitted by the provisions of various option and warrant agreements, the lock-up agreements and Rules 144 and 701 under the Securities Act. 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.

We have also filed a registration statement on Form S-8 under the Securities Act covering shares of common stock reserved for issuance under our equity incentive plans. Upon such filing, shares of common stock issued upon the exercise of options under our equity incentive plans are available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and subject to the lock-up agreements described above.

If securities analysts do not publish research or reports about our business, or if they downgrade our stock, the price of our stock could decline.

The trading market for our stock will rely in part on the availability of research and reports that third-party industry or financial analysts publish about us. Further, if one or more of the analysts who do cover us downgrade our stock, our stock price may decline. If one or more of these analysts cease coverage of our company, we could lose visibility in the market, which in turn could cause our stock price to decline.

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 June 30, 2007, Boone Pickens and affiliates (including Madeleine Pickens, his wife) beneficially owned in the aggregate approximately 60.0% 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, concentration may facilitate a change in control at a time when you and other investors may prefer not to sell.

Provisions in our certificate of incorporation and bylaws and Delaware law may discourage, delay or prevent a change of control of our company or changes in our management and, therefore, depress the trading price of our stock.

Our certificate of incorporation and bylaws contain provisions that could depress the trading price of our stock by acting to discourage, delay or prevent a change of control of our company or changes in our management that the stockholders of our company may deem advantageous. These provisions:

- authorize the issuance of "blank check" preferred stock that our board of directors could issue to increase the number of outstanding shares to discourage a takeover attempt,
- provide that a special meeting of stockholders may only be called by our board of directors or our chief executive officer,
- provide that the board of directors is expressly authorized to make, alter or repeal our bylaws, and
- establish advance notice requirements for nominations for elections to our board of directors or for proposing matters that can be acted upon by stockholders at stockholder meetings.

Additionally, we are subject to Section 203 of the Delaware General Corporation Law, which generally prohibits a Delaware corporation from engaging in any of a broad range of business combinations with any "interested" stockholder for a period of three years following the date on which the stockholder became an "interested" stockholder and which may discourage, delay or prevent a change of control of our company.

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. 333-139496) 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, through June 30, 2007, we incurred additional costs of approximately $4.4 million in connection with the offering, which when added to the underwriting discounts paid by us, amounts to total expenses of approximately $11.4 million. Thus, the net offering proceeds to us, after deducting underwriting discounts and offering expenses, were approximately $108.6 million through June 30, 2007. 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 June 30, 2007, we have used the net proceeds from the offering as follows:

- construction of our LNG liquefaction plant in California ($.7 million),
- construction and installation of CNG and LNG stations ($1.5 million),
- financing customer vehicle purchases ($.6 million), and
- working capital ($.6 million).

The balance of the proceeds have been 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.

Item 5. – Other Information

None.

Item 6. – Exhibits

(a) Exhibits

10.1	Underwriting Agreement dated May 31, 2007
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.

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: August 14, 2007

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

Exhibit 10.1

Execution Copy

10,000,000 Shares

Clean Energy Fuels Corp.

Common Stock

UNDERWRITING AGREEMENT

May 25, 2007

W.R. Hambrecht + Co., LLC
as Representative of the several
Underwriters named in Schedule I hereto

c/o W.R. Hambrecht + Co., LLC
539 Bryant Street, Suite 100
San Francisco, CA 94107

Ladies and Gentlemen:

Clean Energy Fuels Corp., a Delaware corporation (the "Company"), proposes, subject to the terms and conditions contained in this Underwriting Agreement (this "Agreement"), to sell to you and the other underwriters named on Schedule I to this Agreement (the "Underwriters"), for whom you are acting as Representative (the "Representative"), 10,000,000 shares (the "Firm Shares") of the Company's common stock, par value $0.0001 per share (the "Common Stock"). The respective amounts of the Firm Shares to be purchased by each of the several Underwriters are set forth opposite their names on Schedule I hereto. In addition, the persons listed on Schedule II hereto (the "Selling Stockholders") propose to grant to the Underwriters an option to purchase up to an additional 1,500,000 shares (the "Option Shares") of Common Stock from the Selling Stockholders for the purpose of covering over allotments in connection with the sale of the Firm Shares. The Firm Shares and the Option Shares are collectively called the "Shares."

The Company has prepared and filed in conformity with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), and the published rules and regulations thereunder (the "Rules") adopted by the Securities and Exchange Commission (the "Commission") a Registration Statement (as hereinafter defined) on Form S-1 (No. 333-137124), including a Preliminary Prospectus (as hereinafter defined) relating to the Shares, and such

amendments thereof as may have been required to the date of this Agreement. Copies of such Registration Statement (including all amendments thereof) and of the related Preliminary Prospectus have been delivered by the Company to you. As used in this Agreement:

a. The term "Preliminary Prospectus" means any preliminary prospectus relating to the Shares included at any time as a part of the Registration Statement or filed with the Commission by the Company pursuant to Rule 424 of the Rules.

b. The term "Pricing Prospectus" means the Preliminary Prospectus relating to the Shares dated May 21, 2007 that was included in the Registration Statement immediately prior to the Applicable Time (as defined below).

c. The term "Registration Statement" means the registration statement on Form S-1 (File No. 333-137124) (including any Preliminary Prospectus, the Prospectus, all exhibits and financial schedules), as amended at the time and on the date it became effective (the "Effective Date"), including the information (if any) contained in the form of final prospectus to be filed with the Commission pursuant to Rule 424(b) of the Rules and deemed to be part thereof at the Effective Date pursuant to Rule 430A of the Rules. If the Company has filed an abbreviated registration statement to register additional Shares pursuant to Rule 462(b) under the Rules (the "462(b) Registration Statement"), then any reference herein to the Registration Statement shall also be deemed to include such 462(b) Registration Statement.

d. The term "Prospectus" as used in this Agreement means the prospectus in the form included in the Registration Statement at the Effective Date or, if Rule 430A of the Rules is relied on, the term Prospectus shall also include the final prospectus relating to the Shares filed with the Commission pursuant to Rule 424(b) of the Rules.

e. The term "Issuer Free Writing Prospectus" means any "issuer free writing prospectus" relating to the Shares as defined in Rule 433 of the Rules. The term "free writing prospectus" means each "free writing prospectus" (as defined in Rule 405 of the Rules) prepared by or on behalf of the Company in connection with the offering of the Shares.

f. "Pricing Disclosure Package" means, as of the Applicable Time, the Pricing Prospectus together with each Issuer Free Writing Prospectus filed with the Commission or used by the Company on or before the Applicable Time and listed on Schedule IV hereto, including any "road show" (as defined in Rule 433(h) of the Rules) that is an Issuer Free Writing Prospectus but is not required to be filed under Rule 433 of the Rules, taken as a whole.

g. The "Applicable Time" is 9:00 a.m. (Eastern Time) on the date of this Agreement.

The Company and the Selling Stockholders understand that the Underwriters propose to make a public offering of the Shares, as set forth in and pursuant to the Prospectus, as soon after the Effective Date and the date of this Agreement as the Representative deems advisable. The Company and the Selling Stockholders hereby confirm that the Underwriters and

dealers have been authorized to distribute or cause to be distributed the Pricing Prospectus and are authorized to distribute the Prospectus (as from time to time amended or supplemented if the Company furnishes amendments or supplements thereto to the Underwriters).

1. Sale, Purchase, Delivery and Payment for the Shares. On the basis of the representations, warranties and agreements contained in, and subject to the terms and conditions of, this Agreement:

(a) The Company agrees to sell to each of the Underwriters, and each of the Underwriters agrees, severally and not jointly, to purchase from the Company, at a purchase price of $11.298 per share (the "Initial Price"), the number of Firm Shares set forth opposite the name of such Underwriter in Schedule I hereto, subject to adjustment in accordance with Section 10 hereof.

(b) The Selling Stockholders hereby grant to the several Underwriters a one-time option to purchase, severally and not jointly, all or any part of the Option Shares at the Initial Price. The Selling Stockholders agree, severally and not jointly, to sell to the Underwriters the respective numbers of Option Shares obtained by multiplying the number of Option Shares specified in the notice referred to below in this paragraph by a fraction the numerator of which is the number of shares set forth opposite the names of such Selling Stockholders in Schedule II hereto under the caption "Maximum Number of Option Shares to be Sold" and the denominator of which is the total number of Option Shares (subject to adjustment by the Representative to eliminate fractional shares). The number of Option Shares to be purchased by each Underwriter shall be the same percentage (adjusted by the Representative to eliminate fractions) of the total number of Option Shares to be purchased by the Underwriters as such Underwriter is purchasing of the Firm Shares. Such option may be exercised only to cover over-allotments in the sales of the Firm Shares by the Underwriters and may be exercised in whole or in part at any time on or before 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date (as defined below), and from time to time thereafter within 30 days after the date of this Agreement, in each case upon written, facsimile or electronic notice, by the Representative to the Company no later than 12:00 noon, New York City time, on the business day before the Firm Shares Closing Date or at least two business days before the Option Shares Closing Date (as defined below), as the case may be, setting forth the number of Option Shares to be purchased and the time and date (if other than the Firm Shares Closing Date) of such purchase.

(c) Payment of the purchase price for and delivery of certificates for the Firm Shares shall be made at the offices of W.R. Hambrecht + Co., LLC, 539 Bryant Street, Suite 100, San Francisco, CA, 94107 at 7:00 a.m., San Francisco time, on the third business day following the date of this Agreement or at such time on such other date, not later than ten (10) business days after the date of this Agreement, as shall be agreed upon by the Company and the Representative (such time and date of delivery and payment are called the "Firm Shares Closing Date"). In addition, in the event that any or all of the Option Shares are purchased by the Underwriters, payment of the purchase price, and delivery of the certificates, for such Option Shares shall be made at the above-mentioned offices, or at such other place as shall be agreed upon by the Representative and the Company, on each date of delivery as specified in the notice from the Representative to the Company (such time and date of delivery and payment are called the "Option Shares Closing Date"). The Firm Shares Closing Date and any Option Shares Closing Date are called, individually, a "Closing Date" and, together, the "Closing Dates."

(d) Payment for the Shares shall be made to the Company and the Selling Stockholders by wire transfer of immediately available funds or by one or more certified or official bank check or checks in same day funds drawn to the order of the Company, and to the Selling Stockholders for the shares purchased from the Selling Stockholders, against delivery of the respective certificates to the Representative for the respective accounts of the Underwriters of certificates for the Shares to be purchased by them.

(e) Certificates evidencing the Shares shall be registered in such names and shall be in such denominations as the Representative shall request at least two full business days before the Firm Shares Closing Date or, in the case of Option Shares, on the day of notice of exercise of the option as described in Section 1(b) and shall be delivered by or on behalf of the Company to the Representative through the facilities of the Depository Trust Company ("DTC") for the account of such Underwriter. The Company will cause the certificates representing the Shares to be made available for checking and packaging, at such place as is designated by the Representative, on the full business day before the Firm Shares Closing Date (or the Option Shares Closing Date in the case of the Option Shares). Time shall be of the essence, and delivery at the time and place specified pursuant to this Agreement is a further condition to the obligation of each Underwriter hereunder.

2. Representations and Warranties of the Company. The Company represents and warrants to, and agrees with, each of the Underwriters that:

(a) The Registration Statement conformed in all material respects when filed, and will conform in all material respects on each of the Effective Date and the applicable Closing Date, and any amendment to the Registration Statement filed after the date hereof will conform in all material respects when filed, to the requirements of the Securities Act and the Rules. The Pricing Prospectus conformed as of the Applicable Time, and the Prospectus will conform when filed with the Commission pursuant to Rule 424(b) of the Rules and as of the applicable Closing Date, in all material respects to the requirements of the Securities Act and the Rules.

(b) The Registration Statement, as of the Effective Date, did not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein not misleading. The Prospectus, as of its date and the applicable Closing Date, will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. As of the Applicable Time, the Pricing Disclosure Package did not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Each Issuer Free Writing Prospectus listed on Schedule IV hereto does not conflict with the information contained in the Registration Statement, the Pricing Prospectus or the Prospectus. Each such Issuer Free Writing Prospectus, as of the Applicable Time, did not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Prospectus, as of its filing date and the applicable Closing Date, will not contain an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Notwithstanding the foregoing, none of the representations and warranties in this paragraph shall

apply to statements in, or omissions from, the Registration Statement, the Pricing Prospectus, the Prospectus and any Issuer Free Writing Prospectus made in reliance upon, and in conformity with, information herein or otherwise furnished in writing by the Representative on behalf of the several Underwriters for use in the Registration Statement, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus. With respect to the preceding sentence, the Company acknowledges that the only information furnished in writing by the Representative on behalf of the several Underwriters for use in the Registration Statement, any Preliminary Prospectus, the Pricing Prospectus, the Prospectus or any Issuer Free Writing Prospectus is the information set forth in the paragraph describing the Open IPO process on the front cover page, in the first and third paragraphs under the caption "Plan of Distribution," and in the "Plan of Distribution" section under the subsections entitled "The OpenIPO Auction Process," "Determination of Initial Public Offering Price," "Allocation of Shares," "Requirements for Valid Bids," "The Closing of the Auction and the Allocation of Shares," "Short Sales, Stabilizing Transactions and Penalty Bids," and the third paragraph under the subsection entitled "Lock-Up Agreements."

(c) Unless the Company obtains the prior consent of the Representative, it has not made and will not make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus other than those Issuer Free Writing Prospectuses listed on Schedule IV attached hereto, or that would otherwise constitute a Free Writing Prospectus required to be filed with the Commission. The Company has complied and will comply with the requirements of Rule 433 of the Rules applicable to any Issuer Free Writing Prospectus, including timely filing with the Commission where required, legending and recordkeeping.

(d) If applicable, each Preliminary Prospectus (including the Pricing Prospectus) and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T. If Rule 434 of the Rules is used, the Company will comply with the requirements of Rule 434 and the Prospectus shall not be "materially different," as such term is used in Rule 434, from the Prospectus included in the Registration Statement at the time it became effective.

(e) The Registration Statement has been declared effective under the Securities Act and no stop order preventing or suspending the effectiveness of the Registration Statement or suspending or preventing the use of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus has been issued by the Commission and no proceedings for that purpose are pending or have been instituted or, to the Company's knowledge, threatened by the Commission. Any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules has been or will be made in the manner and within the time period required by such Rule 424(b).

(f) The Company has not distributed and, prior to the later to occur of any Closing Date and completion of the distribution of the Shares, will not distribute any offering material in connection with the offering and sale of the Shares other than any Preliminary Prospectus, the Prospectus, any Issuer Free Writing Prospectus listed on Schedule IV hereto, and any other materials, if any, permitted by the Securities Act, including Rule 134 of the Rules, to which the Representative has consented.

(g) The financial statements of the Company (including all notes and schedules thereto) included in the Registration Statement and the Pricing Prospectus present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; and such financial statements and related schedules and notes thereto, and the unaudited financial information filed with the Commission as part of the Registration Statement and the Pricing Prospectus has been prepared in conformity with generally accepted accounting principles, consistently applied throughout the periods involved except as disclosed in the notes thereto. The summary and selected financial data included in the Registration Statement and the Pricing Prospectus present fairly in all material respects the information shown therein as at the respective dates and for the respective periods specified and have been presented on a basis consistent with the consolidated financial statements set forth in the Registration Statement and the Pricing Prospectus and other financial information.

(h) KPMG, LLP, whose reports are filed with the Commission as a part of the Registration Statement, is and, during the periods covered by their reports, was an independent registered public accounting firm within the meaning of the Securities Act and the Rules and the rules and regulations adopted by the Public Company Accounting Oversight Board (the "PCAOB").

(i) The Company (i) has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, having full corporate power and authority to own or lease its properties and to conduct its business as described in the Pricing Disclosure Package; and (ii) is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions in which the character of the property owned or leased or the nature of the business transacted by it makes qualification necessary except for such jurisdictions where the failure to so qualify individually or in the aggregate would not have a material adverse effect on the assets, properties, condition (financial or otherwise) or in the results of operations, business affairs or business prospects of the Company and its subsidiaries considered as a whole (a "Material Adverse Effect"). The Company has employees located solely in Arizona, California, Colorado, Georgia, Maryland, Massachusetts, New Hampshire, New Mexico, New York, Rhode Island, Texas, Washington, Wyoming and Canada, and in no other jurisdiction, and is duly qualified to do business as a foreign corporation and is in good standing in such jurisdictions, which are the only jurisdictions where the Company is required to be so qualified. To the Company's knowledge, no proceeding has been instituted in any such jurisdiction revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification. Except for Canada, the Company does not own, lease or license any asset or property outside the United States of America.

(j) Except as disclosed in the Registration Statement or Pricing Prospectus, the Company and each of its subsidiaries has all requisite corporate power and authority, and all necessary authorizations, approvals, consents, orders, licenses, certificates and permits of and from all governmental or regulatory bodies or any other person or entity (collectively, the "Permits"), to own, lease and license its assets and properties and conduct its business, all of which are valid and in full force and effect, except where the lack of such Permits, individually or in the aggregate, would not have a Material Adverse Effect. The Company and each of its subsidiaries has fulfilled and performed in all material respects all of its material obligations with respect to such Permits

and no event has occurred that allows, or after notice or lapse of time would allow, revocation or termination thereof or results in any other material impairment of the rights of the Company thereunder except, in each such case, where such revocation, termination or impairment would not have a Material Adverse Effect. Except as may be required under the Securities Act and state and foreign Blue Sky laws and the rules and regulations of the National Association of Securities Dealers, Inc. (the "NASD"), no other Permits are required for the Company to enter into, deliver and perform this Agreement and to issue and sell the Shares to be issued and sold by it hereunder.

(k) Except as disclosed in the Registration Statement or Pricing Prospectus, the Company and each of its subsidiaries owns or possesses legally enforceable rights to use all patents, patent rights, patent applications, inventions, trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, domain names, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other similar rights and proprietary knowledge (collectively, "Intellectual Property") necessary for the conduct of its business. Neither the Company nor any of its subsidiaries has knowledge of or has received any notice of any (i) infringement, misappropriation or violation by third parties of any such Intellectual Property or (ii) any threatened action, suit, proceeding or claim by others challenging the Company or its subsidiaries' rights in or to any such Intellectual Property. The Intellectual Property owned by the Company and its subsidiaries has not been adjudged invalid or unenforceable, in whole or in part, and there is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others challenging the validity or scope of any such Intellectual Property. There is no pending or, to the Company's knowledge, threatened action, suit, proceeding or claim by others against the Company or any of its subsidiaries that the Company or any of its subsidiaries infringes, misappropriates or otherwise violates any Intellectual Property or other proprietary rights of others. To the Company's knowledge, no employee of the Company or any of its subsidiaries is the subject of any claim or proceeding involving a violation of any term of any employment contract, patent disclosure agreement, invention assignment agreement, non-competition agreement, non-solicitation agreement, nondisclosure agreement or any restrictive covenant to or with a former employer where the basis of such violation relates to such employee's employment with the Company or any of the Company's subsidiaries or actions undertaken by the employee while employed with the Company or any of the Company's subsidiaries.

(l) The Company and each of its subsidiaries has good and indefeasible title in fee simple to all real property, and good and indefeasible title to all other property owned by it, in each case free and clear of all liens, encumbrances, claims, security interests and defects, except such as do not materially affect the value of such property and do not materially interfere with the use made or proposed to be made of such property by the Company and its subsidiaries. All property held under lease by the Company and its subsidiaries is held by them under valid, existing and enforceable leases, free and clear of all liens, encumbrances, claims, security interests and defects, except such as would not have a Material Adverse Effect. Subsequent to the respective dates as of which information is given in the Pricing Prospectus, (i) there has not been any Material Adverse Effect; (ii) neither the Company nor any of its subsidiaries has sustained any loss of or interference with its assets, businesses or properties (whether owned or leased) from fire, explosion, earthquake, flood or other calamity, whether or not covered by insurance, or from any labor dispute or any court or legislative or other governmental action, order or decree which would have a Material Adverse Effect; and (iii) since the date of the latest balance sheet included in the Pricing

Prospectus, neither the Company nor its subsidiaries has (A) issued any securities, except for issuance pursuant to this Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Registration Statement or Pricing Prospectus or upon the conversion or exercise of convertible securities, options or warrants referred to in the Registration Statement or Pricing Prospectus, or incurred any liability or obligation, direct or contingent, for borrowed money, except such liabilities or obligations incurred in the ordinary course of business, (B) entered into any transaction not in the ordinary course of business that is material to the Company or (C) declared or paid any dividend or made any distribution on any shares of its stock or redeemed, purchased or otherwise acquired or agreed to redeem, purchase or otherwise acquire any shares of its capital stock.

(m) There is no document, contract or other agreement required to be described in the Registration Statement or the Pricing Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required by the Securities Act or Rules. Each description of a contract, document or other agreement in the Registration Statement and the Pricing Prospectus accurately reflects in all material respects the terms of the underlying contract, document or other agreement. Except as disclosed in the Registration Statement or Pricing Prospectus, each contract, document or other agreement described in the Registration Statement or the Pricing Prospectus or listed in the Exhibits to the Registration Statement is in full force and effect and is valid and enforceable by and against the Company or its subsidiaries, as the case may be, in accordance with its terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization or other similar laws relating to the enforcement of creditors' rights generally, and general equitable principles relating to the availability of remedies, and except as rights of indemnity or contribution may be limited by federal or state securities laws and the public policy underlying such laws. Neither the Company nor any of its subsidiaries, if a subsidiary is a party, nor to the Company's knowledge, any other party is in default in the observance or performance of any term or obligation to be performed by it under any such agreement, and no event has occurred which with notice or lapse of time or both would constitute such a default, in any such case which default or event, individually or in the aggregate, would have a Material Adverse Effect. No default exists, and no event has occurred which with notice or lapse of time or both would constitute a default, in the due performance and observance of any term, covenant or condition, by the Company or a subsidiary, if a subsidiary is a party thereto, of any other agreement or instrument to which the Company or any of its subsidiaries is a party or by which the Company or its properties or business or a subsidiary or the subsidiary's properties or business may be bound or affected which default or event, individually or in the aggregate, would have a Material Adverse Effect.

(n) The statistical and market related data included in the Pricing Disclosure Package are based on or derived from sources that the Company believes to be reliable and accurate.

(o) Neither the Company nor any of its subsidiaries is in violation of any term or provision of its charter or bylaws or of any franchise, license, permit, judgment, decree, order, statute, rule or regulation, where the consequences of such violation, individually or in the aggregate, would have a Material Adverse Effect.

(p) This Agreement has been duly authorized, executed and delivered by the Company.

(q) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including, without limitation, the issuance and sale by the Company of the Shares) will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or an event which with notice or lapse of time or both would constitute a default) under, or require any consent or waiver under, or result in the execution or imposition of any lien, charge or encumbrance upon any properties or assets of the Company or its subsidiaries pursuant to the terms of, any indenture, mortgage, deed of trust or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which either the Company or its subsidiaries or any of their properties or businesses is bound, or any franchise, license, permit, judgment, decree, order, statute, rule or regulation applicable to the Company or any of its subsidiaries or violate any provision of the charter or bylaws of the Company or any of its subsidiaries, except for (i) such consents or waivers which have already been obtained and are in full force and effect, (ii) any such termination or acceleration right, conflict, breach, default, lien or violation that would not, individually or in the aggregate, have a Material Adverse Effect or (iii) except as may be required by the NASD or state securities or Blue Sky laws in connection with the offer and sale of the Shares.

(r) The Company has the duly authorized and validly issued outstanding capitalization as of March 31, 2007 as set forth under the caption "Capitalization" in the Pricing Prospectus and will have the adjusted capitalization as of March 31, 2007 (giving effect to the closing of the offering contemplated by this Agreement) set forth therein on each Closing Date, based on the assumptions set forth therein. The certificates evidencing the Shares are in due and proper legal form and have been duly authorized for issuance by the Company, except that some certificates do not contain the legend required by Section 151(f) of the DGCL. All of the issued and outstanding shares of Common Stock have been duly and validly issued and fully paid and nonassessable. All of the issued and outstanding shares of capital stock of the Company were issued in transactions that were exempt from the registration requirements of the Securities Act, without violation of preemptive rights, rights of first refusal or similar rights. Except as disclosed in the Registration Statement or Pricing Prospectus, there are no statutory preemptive or other similar rights to subscribe for or to purchase or acquire any shares of Common Stock of the Company or any of its subsidiaries or any such rights pursuant to its Certificate of Incorporation or bylaws or any agreement or instrument to or by which the Company or any of its subsidiaries is a party or bound other than any that do not apply to the issuance and sale of the Shares pursuant to this Agreement and that will expire at the Firm Shares Closing Date. The Shares to be issued and sold by the Company pursuant to this Agreement (the "Company Shares"), when issued and sold against payment therefor pursuant to this Agreement, will be duly authorized and validly issued, fully paid and nonassessable and none of them will be issued in violation of any preemptive or other similar right. The Shares to be sold by the Selling Stockholders have been duly authorized and are, or will be prior to the relevant Closing Date, validly issued and are fully paid and nonassessable. Except as disclosed in the Pricing Prospectus, there is no outstanding option, warrant or other right calling for the issuance of, and there is no commitment, plan or arrangement to issue, any share of stock of the Company or any of its subsidiaries or any security convertible into, or exercisable or exchangeable for, such stock. The securities of the Company conform, and the Company Shares when issued at the applicable Closing Date will conform, to the descriptions thereof contained in the Registration Statement, the Pricing Prospectus and the Prospectus. All outstanding shares of capital stock of each of the Company's subsidiaries have been duly authorized and validly issued,

and are fully paid and nonassessable and are owned directly by the Company or by another wholly-owned subsidiary of the Company free and clear of any security interests, liens, encumbrances, equities or claims, other than those described in the Registration Statement and the Pricing Prospectus.

(s) Except as disclosed in the Registration Statement or Pricing Prospectus, no holder of any security of the Company has any right, which has not been waived, to have any security owned by such holder included in the Registration Statement or to demand registration of any security owned by such holder for a period of 180 days after the date of this Agreement. Each director and executive officer of the Company and each stockholder of the Company listed on Schedule III has delivered to the Representative his enforceable written lock-up agreement in the form attached to this Agreement as Exhibit A hereto ("Lock-Up Agreement").

(t) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance and sale of the Shares by the Company. This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes and will constitute legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(u) Neither the Company nor any of its subsidiaries is involved in any labor dispute nor, to the knowledge of the Company, is any such dispute threatened, which dispute would have a Material Adverse Effect. To the Company's knowledge there is no existing or imminent labor disturbance by the employees of any of its principal suppliers or contractors which would have a Material Adverse Effect. There is no threatened or to the Company's knowledge, any pending litigation between the Company or its subsidiaries and any of its executive officers which, if adversely determined, could have a Material Adverse Effect and the Company has no reason to believe that such officers will not remain in the employment of the Company.

(v) No relationship, direct or indirect, exists between or among the Company or its subsidiaries, on the one hand, and the current or prior directors, officers, stockholders, customers or suppliers of the Company and its subsidiaries, on the other hand, which is required to be described in the Registration Statement and the Pricing Prospectus that is not so described.

(w) Neither the Company nor any affiliate of the Company has taken, nor will they take, directly or indirectly, any action designed to or which might reasonably be expected to cause or result in, or which has constituted or which might reasonably be expected to constitute, the stabilization or manipulation of the price of the Common Stock or any security of the Company to facilitate the sale or resale of any of the Shares.

(x) The Company and each of its subsidiaries has filed all federal, state, local and foreign tax returns which are required to be filed through the date hereof, which returns are true and correct in all material respects or has received timely extensions thereof, and has paid all taxes shown on such returns and all assessments received by it to the extent that the same are material and have become due. There are no tax audits or investigations pending, which if adversely

determined would have a Material Adverse Effect; nor, to the Company's knowledge, are there any material proposed additional tax assessments against the Company or any of its subsidiaries.

(y) The Shares have been approved for listing on the National Association of Securities Dealers Automated Quotation ("NASDAQ") Global Market subject only to notice of issuance.

(z) A registration statement has been filed on Form 8-A pursuant to Section 12 of the Exchange Act with respect to the Common Stock, which registration statement complies in all material respects with the Exchange Act.

(aa) The Company has taken no action designed to, or likely to have the effect of, terminating the registration of the Common Stock under the Exchange Act or the listing of the Common Stock on the NASDAQ Global Market, nor has the Company received any notification that the Commission or the NASDAQ Global Market is contemplating terminating such registration or listing.

(bb) The books, records and accounts of the Company and its subsidiaries accurately and fairly reflect, in all material respects and in reasonable detail, the transactions in, and dispositions of, the assets of, and the results of operations of, the Company and its subsidiaries. The Company and each of its subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles and to maintain asset accountability, (iii) access to assets is permitted only in accordance with management's general or specific authorization and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences; the Company maintains "disclosure controls and procedures" (as defined in Rule 13a-14(c) under the Exchange Act) to ensure that material information relating to the Company is made known to the Company's principal executive officer and the Company's principal financial officer or persons performing similar functions; the Company is otherwise in compliance in all material respects with all applicable effective provisions of the Sarbanes-Oxley Act of 2002 (the "Sarbanes-Oxley Act") and is actively taking steps to ensure that it will be in compliance with other applicable provisions of the Sarbanes-Oxley Act upon the effectiveness of such provisions.

(cc) The Company and its subsidiaries are insured by insurers of recognized financial responsibility against such losses and risks and in such amounts as are generally deemed customary in the businesses in which they are engaged or propose to engage after giving effect to the transactions described in the Pricing Prospectus, all of which insurance is in full force and effect. The Company and each of its subsidiaries are in compliance with the terms of such policies and instruments in all material respects; and neither the Company nor any subsidiary of the Company has any reason to believe that it will not be able to renew its existing insurance coverage as and when such coverage expires or to obtain similar coverage from similar insurers as may be necessary to continue its business at a cost that would not have a Material Adverse Effect. Neither the Company nor any of its subsidiaries has been denied any material insurance policy or coverage for which it has applied.

(dd) Each approval, consent, order, authorization, designation, declaration or filing of, by or with any regulatory, administrative or other governmental body necessary in connection with the execution and delivery by the Company of this Agreement and the consummation of the transactions herein contemplated required to be obtained or performed by the Company (except such additional steps as may be required by the NASD or may be necessary to qualify the Shares for public offering by the Underwriters under the state securities or Blue Sky laws) has been obtained or made and is in full force and effect.

(ee) Except as disclosed in the Registration Statement and the Pricing Prospectus, there is no action, suit, claim, proceeding or investigation pending or, to the Company's knowledge, threatened against the Company before or by any court, regulatory body or administrative agency or any other governmental agency or body, domestic or foreign, that (i) questions the validity of the capital stock of the Company or this Agreement or any action taken or to be taken by the Company pursuant to or in connection with this Agreement; (ii) is required to be disclosed in the Registration Statement and the Pricing Prospectus and is not disclosed (and such proceedings, if any, as are summarized in the Registration Statement and the Pricing Prospectus are accurately summarized in all material respects) or (iii) may have a Material Adverse Effect.

(ff) There are no affiliations with the NASD among the Company's officers, directors or, to the knowledge of the Company, any five percent (5%) or greater stockholder of the Company, except as set forth in the Pricing Prospectus or otherwise disclosed in writing to the Representative.

(gg) (i) Each of the Company and each of its subsidiaries is in compliance with all rules, laws and regulation relating to the use, treatment, storage and disposal of toxic substances and protection of health or the environment ("Environmental Law") which are applicable to its business, except where a failure to comply would not have a Material Adverse Effect; (ii) neither the Company nor its subsidiaries has received any notice from any governmental authority or third party of an asserted claim under Environmental Laws; (iii) each of the Company and each of its subsidiaries has received all permits, licenses or other approvals required of it under applicable Environmental Laws to conduct its business and is in compliance with all terms and conditions of any such permit, license or approval, except where a failure to comply would not have a Material Adverse Effect; (iv) to the Company's knowledge, no facts currently exist that will require the Company or any of its subsidiaries to make future material capital expenditures to comply with Environmental Laws; and (v) no property which is or has been owned, leased or occupied by the Company or its subsidiaries has been designated as a Superfund site pursuant to the Comprehensive Environmental Response, Compensation of Liability Act of 1980, as amended (42 U.S.C. Section 9601, et. seq.) ("CERCLA") or otherwise designated as a contaminated site under applicable state or local law. Neither the Company nor any of its subsidiaries has been named as a "potentially responsible party" under CERCLA.

(hh) In the ordinary course of its business, the Company periodically reviews the effect of Environmental Laws on the business, operations and properties of the Company and its subsidiaries, in the course of which the Company identifies and evaluates associated costs and liabilities (including, without limitation, any capital or operating expenditures required for clean-up, closure of properties or compliance with Environmental Laws, or any permit, license or approval, any related constraints on operating activities and any potential liabilities to third

parties). On the basis of such review, the Company has reasonably concluded that such associated costs and liabilities would not, individually or in the aggregate, have a Material Adverse Effect.

(ii) The Company is not and, after giving effect to the offering and sale of the Shares, including the issuance, offering and sale of the Company Shares, and the application of proceeds from the sale of the Company Shares as described in the Pricing Prospectus and the Prospectus, will not be an "investment company" within the meaning of the Investment Company Act of 1940, as amended (the "Investment Company Act").

(jj) The Company was not at the time of initial filing of the Registration Statement and at the earliest time thereafter that the Company or another offering participant made a bona fide offer (within the meaning of Rule 164(h)(2) of the Rules) of the Shares, is not on the date hereof and will not be on the applicable Closing Date, an "ineligible issuer" (as defined in Rule 405 of the Rules).

(kk) The Company does not, directly or indirectly, including through any subsidiary, have any outstanding personal loans or other credit extended to or for any director or executive officer.

(ll) None of the Company nor, to the knowledge of the Company, any other person associated with or acting on behalf of the Company including, without limitation, any director, officer, agent or employee of the Company or its subsidiary, has, directly or indirectly, while acting on behalf of the Company or any of its subsidiaries (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity; (ii) made any unlawful payment to foreign or domestic government officials or employees or to foreign or domestic political parties or campaigns from corporate funds; (iii) violated any provision of the Foreign Corrupt Practices Act of 1977, as amended; or (iv) made any other unlawful payment.

(mm) The operations of the Company and its subsidiaries are and have been conducted at all times in compliance with applicable financial recordkeeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, the USA PATRIOT Act, the money laundering statutes of all jurisdictions to which it is subject, the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws"), and no action, suit or proceeding by or before any court or governmental agency, authority or body or any arbitrator involving the Company or its subsidiary with respect to the Money Laundering Laws is pending, or to the knowledge of the Company, threatened.

(nn) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any director, officer, agent, employee or affiliate of the Company or any of its subsidiaries is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"); and the Company will not directly or indirectly use the proceeds of the offering, or lend, contribute or otherwise make available such proceeds to any subsidiary, joint venture partner or other person or entity, for the purpose of financing the activities of any person currently subject to any U.S. sanctions administered by OFAC.

(oo) Except as described in the Pricing Prospectus and the Registration Statement, the Company has not sold or issued any securities during the six-month period preceding the date of the Pricing Prospectus, including any sales pursuant to Rule 144A under, or Regulations D or S of, the Securities Act.

(pp) The Company has fulfilled its obligations, if any, under the minimum funding standards of Section 302 of the U.S. Employee Retirement Income Security Act of 1974 ("ERISA") and the regulations and published interpretations thereunder with respect to each "plan" as defined in Section 3(3) of ERISA and such regulations and published interpretations in which its employees are eligible to participate and each such plan is in compliance in all material respects with the presently applicable provisions of ERISA and such regulations and published interpretations. No "Reportable Event" (as defined in 12 ERISA) has occurred with respect to any "Pension Plan" (as defined in ERISA) for which the Company could have any liability.

(qq) The Company has not incurred any liability for a fee, commission, or other compensation on account of the employment of a broker or finder in connection with the transactions contemplated by this Agreement other than as contemplated hereby.

(rr) Each of the Company, its directors and officers has not distributed and will not distribute prior to the later of (i) the Firm Shares Closing Date, or the Option Shares Closing Date, and (ii) completion of the distribution of the Shares, any offering material in connection with the offering and sale of the Shares other than any Preliminary Prospectus, the Prospectus, the Registration Statement and any Issuer Free Writing Prospectus listed on Schedule IV attached hereto.

3. Representations and Warranties of the Selling Stockholders. Each of the Selling Stockholders hereby represents, severally and not jointly, warrants to, and agrees with, each Underwriter that:

(a) Such Selling Stockholder has caused certificates for the number of Shares listed opposite such Selling Stockholder's name on Schedule II hereto to be delivered to U.S. Stock Transfer Corporation (the "Custodian"), endorsed in blank or with blank stock powers duly executed, with a signature appropriately guaranteed, such certificates to be held in custody by the Custodian for delivery, pursuant to the provisions of this Agreement and agreements dated on or prior to the date of this Agreement among the Custodian and the Selling Stockholders substantially in the form attached hereto as Exhibit B (the "Custody Agreement").

(b) Such Selling Stockholder has granted an irrevocable power of attorney substantially in the form attached hereto as Exhibit C (the "Power of Attorney") to each of the persons named therein, on behalf of such Selling Stockholder, to execute and deliver this Agreement and any other document necessary or desirable in connection with the transactions contemplated hereby and to deliver the Shares to be sold by such Selling Stockholder pursuant hereto.

(c) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement have each been duly authorized, executed and delivered by or on behalf of such Selling Stockholder and, assuming due authorization, execution and delivery by the other parties thereto,

constitutes the valid and legally binding agreement of such Selling Stockholder, enforceable against such Selling Stockholder in accordance with its terms.

(d) The execution and delivery by such Selling Stockholder of this Agreement and the performance by such Selling Stockholder of its obligations under this Agreement, including the sale and delivery of the Shares to be sold by such Selling Stockholder and the consummation of the transactions contemplated herein and compliance by such Selling Stockholder with its obligations hereunder, do not and will not, whether with or without the giving of notice or the passage of time or both, (i) violate or contravene any provision of the charter or bylaws or other organizational instrument of such Selling Stockholder, if applicable, or any applicable law, statute, regulation, or filing or any agreement or other instrument binding upon such Selling Stockholder or any judgment, order or decree of any governmental body, agency or court having jurisdiction over such Selling Stockholder, (ii) conflict with or constitute a breach of, or default under, or result in the creation or imposition of any tax, lien, charge or encumbrance upon the Shares to be sold by such Selling Stockholder or any property or assets of such Selling Stockholder pursuant to the terms of any agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder may be bound or to which any of the property or assets of such Selling Stockholder is subject or (iii) require any consent, approval, authorization or order of or registration or filing with any court or governmental agency or body having jurisdiction over it, except such as may be required by the NASD, the Securities Act or state securities or Blue Sky laws in connection with the offer and sale of the Shares.

(e) Such Selling Stockholder will have on the Option Shares Closing Date valid and marketable title to the Option Shares to be sold by such Selling Stockholder free and clear of any lien, claim, security interest or other encumbrance, including, without limitation, any restriction on transfer, except as otherwise described in the Registration Statement and the Pricing Prospectus.

(f) Such Selling Stockholder has and will have on the Option Shares Closing Date full legal right, power and authority, and any approval required by law, to sell, assign, transfer and deliver the Option Shares to be sold by such Selling Stockholder in the manner provided by this Agreement.

(g) Upon delivery of and payment for the Shares to be sold by such Selling Stockholder pursuant to this Agreement, and assuming each Underwriter has no notice of any adverse claim, the several Underwriters will receive valid and marketable title to such Shares free and clear of any lien, claim, mortgage, pledge, security interest or other encumbrance.

(h) All information relating to such Selling Stockholder furnished in writing by such Selling Stockholder expressly for use in the Registration Statement, the Pricing Prospectus and any Issuer Free Writing Prospectus is, and on each Closing Date will be, true, correct, and complete, and does not, and on each Closing Date will not, contain any untrue statement of a material fact or omit to state any material fact necessary to make such information not misleading. Such Selling Stockholder confirms that the only information being supplied by such Selling Stockholder in writing expressly for use in the Registration Statement, any Preliminary Prospectus (including the Pricing Prospectus), the Prospectus, or any Issuer Free Writing Prospectus is the number of the Shares that such Selling Stockholder has agreed to sell pursuant to this Agreement and the information regarding such Selling Stockholder in the Pricing Prospectus and the Prospectus

(i) under the caption “Principal and Selling Stockholders,” including the footnotes, and, (ii) to the extent applicable, under the caption “Certain Relationships and Related Party Transactions.”

(i) Each Indemnification Stockholder has reviewed the Registration Statement and Pricing Prospectus and the Pricing Disclosure Package taken as a whole and, although such Indemnification Stockholder has not independently verified the accuracy or completeness of all the information contained therein, nothing has come to the attention of such Indemnification Stockholder that would lead such Indemnification Stockholder to believe that (i) as of the Effective Date, the Registration Statement contained any untrue statement of a material fact or omitted to state any material fact required to be stated therein to make the statements made therein not misleading or (ii) as of the Applicable Time, either the Pricing Prospectus or the Pricing Disclosure Package contained any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The sale of Shares by each Indemnification Stockholder pursuant to this Agreement is not prompted by such Indemnification Stockholder’s knowledge of any material adverse information concerning the Company or any of its subsidiaries which is not set forth in the Pricing Prospectus.

(k) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Shares.

(l) Such Selling Stockholder has no actual knowledge that any representation or warranty of the Company set forth in Section 2 above is untrue or inaccurate in any material respect.

(m) The representations and warranties of such Selling Stockholder in the Custody Agreement are and on each applicable Closing Date will be, true and correct.

4. Conditions of the Underwriters’ Obligations. The obligations of the Underwriters under this Agreement are several and not joint. The respective obligations of the Underwriters to purchase the Shares are subject to each of the following terms and conditions:

(a) Notification that the Registration Statement has become effective shall have been received by the Representative; the Prospectus shall have been timely filed with the Commission in accordance with Section 5(a) of this Agreement; the Company shall have complied with all filing requirements applicable to any Issuer Free Writing Prospectus used or referred to after the date hereof; and any request of the Commission for inclusion of additional information in the Registration Statement or the Prospectus or otherwise shall have been complied with or otherwise satisfied.

(b) No order preventing or suspending the use of any Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus shall have been or shall be in effect and no order suspending the effectiveness of the Registration Statement shall be in effect and no proceedings for such purpose shall be pending before or threatened by the Commission, and any requests for

additional information on the part of the Commission (to be included in the Registration Statement or the Prospectus or otherwise) shall have been complied with to the satisfaction of the Commission and the Representative. If the Company has elected to rely upon Rule 430A, Rule 430A information previously omitted from the effective Registration Statement pursuant to Rule 430A shall have been transmitted to the Commission for filing pursuant to Rule 424(b) within the prescribed time period and the Company shall have provided evidence satisfactory to the Underwriters of such timely filing, or a post-effective amendment providing such information shall have been promptly filed and declared effective in accordance with the requirements of Rule 430A. If the Company has elected to rely upon Rule 434, a term sheet shall have been transmitted to the Commission for filing pursuant to Rule 424(b) within the prescribed time period.

(c) (i) the representations and warranties of the Company and the Selling Stockholders contained in this Agreement and in the certificates delivered pursuant to Section 4(d) shall be true and correct when made and on and as of each Closing Date as if made on such date; (ii) since the Effective Date, no event has occurred that should have been set forth in a supplement or amendment to the Prospectus that has not been set forth in an effective supplement or amendment and (iii) since the respective dates as of which information is given in the Registration Statement in the form in which it originally became effective and the Pricing Prospectus, there has not been any Material Adverse Effect or any development involving a prospective Material Adverse Effect, the effect of which is, in the sole judgment of the Representative, to make it impracticable or inadvisable to proceed with the public offering or the delivery of the Shares on the terms and in the manner contemplated in the Pricing Prospectus. The Company and the Selling Stockholders shall have performed all covenants and agreements and satisfied all the conditions contained in this Agreement required to be performed or satisfied by them at or before such Closing Date.

(d) The Representative shall have received on each Closing Date a certificate, addressed to the Representative and dated such Closing Date, of the chief executive or chief operating officer and the chief financial officer or chief accounting officer of the Company to the effect that (i) the representations, warranties and agreements of the Company in this Agreement were true and correct when made and are true and correct as of such Closing Date; (ii) the Company has performed all covenants and agreements and satisfied all conditions contained herein; (iii) they have carefully examined the Registration Statement, the Prospectus and the Pricing Disclosure Package and, in their opinion (A) as of the Effective Date, the Registration Statement did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; (B) as of the Applicable Time, the Pricing Disclosure Package did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (C) as of its date and the applicable Closing Date, the Prospectus did not include any untrue statement of a material fact and did not omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (D) since the Effective Date no event has occurred which should have been set forth in a supplement or otherwise required an amendment to the Registration Statement or the Prospectus which was not set forth and (iv) no stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus has

been issued and, to their knowledge, no proceedings for that purpose are pending or have been instituted or threatened by the Commission.

(e) The Representative shall have received a certificate on each Closing Date signed by the Secretary of the Company to the effect that, as of the Closing Date the Secretary certifies as to the accuracy of the Company's Certificate of Incorporation and bylaws, the resolutions of the Board of Directors relating to the offering contemplated hereby, the form of stock certificate representing the Shares, and copies of all communications with the Commission; as to the execution and delivery of this Agreement; as to the incumbency and signature of persons signing this Agreement, the Registration Statement and other related documents; as to the approval of the Company Shares for listing on the NASDAQ Global Market; as to the Company's compliance with all agreements and performance or satisfaction of all conditions required hereunder; as to the consideration received for all outstanding shares of the Company's Common Stock; and as to such other matters as Underwriters' counsel may reasonably request.

(f) The Representative shall have been furnished evidence in the usual written or electronic form from the appropriate authorities of the several jurisdictions, or other evidence satisfactory to the Representative, of the good standing and qualifications of the Company.

(g) The Representative shall have received, on the Effective Date and prior to the time this Agreement is executed, on the effective date of any post-effective amendment to the Registration Statement filed subsequent to the date of this Agreement and on each Closing Date, a signed letter from KPMG, LLP addressed to the Representative and dated, respectively, the date of this Agreement and each such Closing Date, in form and substance reasonably satisfactory to the Representative containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information contained in the Registration Statement, the Pricing Prospectus and the Prospectus.

(h) The Representative shall have received a copy of a letter from KPMG, LLP addressed to the Company, stating that their review of the Company's internal accounting controls, to the extent they deemed necessary in establishing the scope of their examination of the Company's financial statements filed with the Registration Statement, the Pricing Prospectus and the Prospectus, did not disclose any weakness in internal controls that they considered to be material weaknesses.

(i) The Representative shall have received on each Closing Date from Sheppard, Mullin, Richter & Hampton LLP, counsel for the Company, an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware, and each of its subsidiaries has been duly incorporated and is validly existing as a corporation, limited liability company or limited partnership, as the case may be, in good standing under the laws of its jurisdiction of incorporation, formation or organization. Each of the Company and its subsidiaries is duly qualified to transact business and is in good standing as a foreign corporation in each

jurisdiction in which the character or location of its assets or properties or the nature of its business makes such qualification necessary, except where the failure to so qualify or to be in good standing, individually or in the aggregate, would not have a Material Adverse Effect.

(ii) Each of the Company and its subsidiaries has all requisite corporate power and authority to own, lease and operate its properties and to conduct its business as now being conducted and as described in the Registration Statement and the Pricing Prospectus and, with respect to the Company, to enter into and perform its obligations under this Agreement and to issue and sell the Shares required to be issued by it (the "Company Shares").

(iii) The authorized, issued and outstanding capital stock of the Company is as set forth in the Registration Statement and the Pricing Prospectus under the caption "Capitalization" as of the dates stated therein and, since such dates, there has been no change in the capital stock of the Company except for subsequent issuances, if any, pursuant to this Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Pricing Prospectus and the Prospectus or pursuant to the conversion or exercise of convertible securities or options referred to in the Pricing Prospectus and the Prospectus; all of the outstanding shares of capital stock of the Company have been duly and validly authorized and issued and are fully paid and nonassessable and none of them was issued in violation of any preemptive or other similar right under the DGCL, under the certificate of incorporation or bylaws of the Company, as amended and restated from time to time, or preemptive rights, rights of first refusal and similar rights arising under any contract filed as an exhibit to the Registration Statement or otherwise known to such counsel. The Company Shares have been duly authorized for issuance and sale to the Underwriters pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth herein, will be validly issued, fully paid and nonassessable, and no holder of the Shares is or will be subject to personal liability by reason of being such a holder. The Selling Stockholder Shares have been duly authorized and are or will be when issued pursuant to the Agreement validly issued, fully paid and nonassessable. The issuance and sale of the Company Shares by the Company is not subject to any preemptive or other similar rights of any securityholder of the Company under the DGCL, under the certificate of incorporation or bylaws of the Company, as amended and restated from time to time, or any preemptive rights, rights of first refusal or similar rights under any contract filed as an exhibit to the Registration Statement or otherwise known to such counsel. Except as disclosed in the Registration Statement and the Pricing Prospectus, there are no preemptive or other rights to subscribe for or to purchase or any restriction upon the voting or transfer of any securities of the Company pursuant to the Company's Certificate of Incorporation or bylaws or other governing documents or any agreements or other instruments known to such counsel to which the Company is a party or by which it is bound. The sale of the Shares by the Selling Stockholders is not subject to any preemptive or other similar rights of any security holders of the

company under the DGCL, under the certificate of incorporation or bylaws of the Company, as amended and restated from time to time, or any preemptive rights, rights of first refusal or similar rights under any contract filed as an exhibit to the Registration Statement or otherwise known to such counsel. Except as disclosed in the Registration Statement and the Pricing Prospectus, to the knowledge of such counsel, there is no outstanding option, warrant or other right calling for the issuance of, and no commitment, plan or arrangement to issue, any shares of stock of the Company or any security convertible into, exercisable for, or exchangeable for stock of the Company. The Common Stock, and the Shares conform in all material respects to the descriptions thereof contained in the Registration Statement, the Pricing Prospectus and the Prospectus. The form of certificate used to evidence the Common Stock complies in all material respects with all applicable statutory requirements, with any applicable requirements of the certificate of incorporation or bylaws of the Company, as amended and restated from time to time, and the requirements of the NASDAQ Global Market, except that certain certificates representing outstanding shares do not have the legend required by Section 151(f) of the DGCL. Except as disclosed in the Registration Statement and the Pricing Prospectus, to the knowledge of such counsel, there are no persons with registration rights or other similar rights to have any Company securities registered pursuant to the Registration Statement or otherwise registered by the Company under the Securities Act that have not been satisfied or waived.

(iv) All necessary corporate action has been duly and validly taken by the Company to authorize the execution, delivery and performance of this Agreement and the issuance and sale of the Company Shares. This Agreement has been duly and validly authorized, executed and delivered by the Company.

(v) Neither the execution, delivery and performance of this Agreement by the Company nor the consummation of any of the transactions contemplated hereby (including, without limitation, the issuance and sale by the Company of the Shares) nor the execution, delivery or performance of any other agreement or instrument entered into or to be entered into by the Company in connection with the transactions contemplated by this Agreement will give rise to a right to terminate or accelerate the due date of any payment due under, or conflict with or result in the breach of any term or provision of, or constitute a default (or any event which with notice or lapse of time, or both, would constitute a default) under, or require consent or waiver under, or result in the execution or imposition of any lien, charge, claim, security interest or encumbrance upon any properties or assets of the Company or any subsidiary pursuant to the terms of, (i) any indenture, mortgage, deed trust, note or other agreement or instrument to which the Company or any subsidiary is a party or by which the Company or any subsidiary or any of its assets or properties or businesses is bound and which is filed as an exhibit to the Registration Statement, (ii) any judgment, decree, order, license, permit or franchise applicable to the Company and known to such counsel, or (iii) the DGCL or any federal, California State or New York State statute, law, rule or regulation of which such counsel is aware or violate any provision of the charter or bylaws of the Company or any subsidiary.

(vi) No consent, approval, authorization, license, registration, qualification or order of any court or governmental agency or regulatory body is required for the due authorization, execution, delivery or performance of this Agreement by the Company or the consummation of the transactions contemplated hereby or thereby, except the registration of the Shares under the Securities Act, the approval for listing of the Shares on the NASDAQ Global Market and such as may be required under state securities or Blue Sky laws in connection with the purchase and distribution of the Shares by the several Underwriters.

(vii) To the best of such counsel's knowledge, there is no action, suit, proceeding or other investigation, before any court or before or by any public body or board pending or threatened against, or involving the assets, properties or businesses of, the Company which is required to be disclosed in the Registration Statement and the Pricing Prospectus and is not so disclosed or which could reasonably be expected to have a Material Adverse Effect.

(viii) The statements in the Pricing Prospectus and the Prospectus under the captions "Description of Capital Stock," "Business Background on Clean Air Regulation," "Business-Government Regulation and Environmental Matters," "Business Legal Proceedings," "Shares Eligible for Future Sale" and "Certain Relationships and Related Party Transactions," and in the Registration Statement under Item 15 of Part II, insofar as such statements constitute a summary of documents referred to therein or matters of law, are accurate in all material respects and accurately present the information with respect to such documents and matters. To the knowledge of such counsel, copies of all contracts and other documents required to be filed as exhibits to, or described in, the Registration Statement, the Pricing Prospectus and the Prospectus have been so filed with the Commission or are described therein.

(ix) The Registration Statement, as of the Effective Date and the applicable Closing Date, all Preliminary Prospectuses, including the Pricing Prospectus, as of their respective dates and the applicable Closing Date, and the Prospectus, as of its date and the applicable Closing Date, (except for the financial statements and schedules and other financial data included therein, as to which such counsel need not express an opinion) complied as to form in all material respects with the requirements of the Securities Act and the Rules.

(x) The Registration Statement is effective under the Securities Act, and to such counsel's knowledge no stop order suspending the effectiveness of the Registration Statement or preventing or suspending the use of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus has been issued and no proceedings for that purpose are pending or have been instituted or threatened by the Commission.

(xi) Any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules has been made in the manner and within the time period required by such Rule 424(b).

(xii) The Shares have been approved for listing on the NASDAQ Global Market, subject only to official notice of issuance.

(xiii) The Company is not an "investment company" or an entity controlled by an "investment company" as such terms are defined in the Investment Company Act.

To the extent deemed advisable by such counsel, such counsel may rely as to matters of fact on certificates of responsible officers of the Company and public officials, such counsel may limit its opinion to the DGCL, the laws of the States of California and New York, and the federal laws of the United States. Copies of such certificates and other opinions shall be furnished to the Representative and counsel for the Underwriters.

In addition, such counsel shall state that such counsel has participated in conferences with officers and other representatives of the Company, the Underwriters and the independent registered public accounting firm of the Company, at which conferences the contents of the Registration Statement, the Pricing Disclosure Package and the Prospectus and related matters were discussed and, although such counsel is not passing upon and does not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the Pricing Disclosure Package and the Prospectus (except as specified in the foregoing opinion), on the basis of the foregoing, no facts have come to the attention of such counsel which lead such counsel to believe that (i) the Registration Statement, as of the Effective Date, (except with respect to the financial statements and notes and schedules thereto and other financial data, as to which such counsel need make no statement) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading, (ii) the Pricing Disclosure Package, as of the Applicable Time, (except with respect to the financial statements, notes and schedules thereto and other financial data, as to which such counsel need make no statement) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading or (iii) the Prospectus, as of its date and the applicable Closing Date, (except with respect to the financial statements, notes and schedules thereto and other financial data, as to which such counsel need make no statement) contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(j) The Representative shall have received on each Closing Date from Arnold & Porter LLP, counsel for Perseus ENRG Investment, L.L.C., an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder.

(ii) Each of the Custody Agreement, the Power of Attorney and the Lock-up Agreement has been duly authorized, executed and delivered by such Selling Stockholder.

(iii) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement each constitute the legal, valid and binding obligation of such Selling Stockholder enforceable against such Selling Stockholder in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(iv) Such Selling Stockholder has the legal right, power and authority to enter into this Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by such Selling Stockholder hereunder.

(k) The Representative shall have received on each Closing Date from Simon Millner, corporate counsel for Westport Innovations, Inc., an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) This Agreement has been duly authorized, executed and delivered by or on behalf of such Selling Stockholder.

(ii) Each of the Custody Agreement, the Power of Attorney and the Lock-up Agreement has been duly authorized, executed and delivered by such Selling Stockholder.

(iii) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement each constitute the legal, valid and binding obligation of such Selling Stockholder enforceable against such Selling Stockholder in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(iv) Such Selling Stockholder has the legal right, power and authority to enter into this Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by such Selling Stockholder hereunder.

(l) The Representative shall have received on each Closing Date from Whalen LLP, counsel for the Selling Stockholders who are residents of the State of California, and for Selling Stockholder Mark Riley, all of whom are listed on Schedule V to this Agreement (the "California Selling Stockholders"), an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) This Agreement has been duly executed and delivered by or on behalf of each California Selling Stockholder.

(ii) Each of the Custody Agreement, the Power of Attorney and the Lock-up Agreement has been duly executed and delivered by each California Selling Stockholder.

(iii) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement each constitute the legal, valid and binding obligation of each California Selling Stockholder enforceable against each California Selling Stockholder in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(iv) Each California Selling Stockholder has the legal right, power and authority to enter into this Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by such California Selling Stockholder hereunder; provided no opinion shall be given concerning compliance with any state securities or Blue Sky laws in connection with the offer or sale of the Shares.

(m) The Representative shall have received on each Closing Date from Haynes and Boone, LLP, counsel for the Selling Stockholders who are residents of the State of Texas and listed on Schedule VI to this Agreement (the "Texas Selling Stockholders"), an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) This Agreement has been duly authorized, executed and delivered by or on behalf of each Texas Selling Stockholder.

(ii) Each of the Custody Agreement, the Power of Attorney and the Lock-up Agreement has been duly authorized, executed and delivered by each Texas Selling Stockholder.

(iii) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement each constitute the legal, valid and binding obligation of each Selling Stockholder enforceable against each Texas Selling Stockholder in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(iv) Each Texas Selling Stockholder has the legal right, power and authority to enter into this Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by such Texas Selling Stockholder hereunder; provided no opinion shall be given concerning compliance with any state securities or Blue Sky laws in connection with the offer or sale of the Shares.

(n) The Representative shall have received on each Closing Date from Fulbright & Jaworski L.L.P., counsel for Selling Stockholder Alan P. Basham ("Basham"), an opinion, addressed to the Representative and dated such Closing Date, and stating in effect that:

(i) This Agreement has been duly authorized, executed and delivered by or on behalf of Basham.

(ii) Each of the Custody Agreement, the Power of Attorney and the Lock-up Agreement has been duly authorized, executed and delivered by Basham.

(iii) This Agreement, the Custody Agreement, the Power of Attorney and the Lock-Up Agreement each constitute the legal, valid and binding obligation of Basham enforceable against Basham in accordance with its terms except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally and by general equitable principles.

(iv) Basham has the legal right, power and authority to enter into this Agreement and to sell, transfer and deliver in the manner provided in this Agreement, the Shares to be sold by Basham hereunder; provided no opinion shall be given concerning compliance with any state securities or Blue Sky laws in connection with the offer or sale of the Shares.

(o) The Shares shall have been approved for listing on the NASDAQ Global Market, subject only to official notice of issuance.

(p) The Company and each Selling Stockholder shall have furnished or caused to be furnished to the Representative such further certificates or documents as the Representative shall have reasonably requested.

(q) The Representative shall have received from Baker Botts L.L.P., counsel for the Underwriters, such opinion or opinions, dated such Closing Date, with respect to the issuance of the Company Shares, the sale of the Shares, the Registration Statement, the Prospectus and the Pricing Disclosure Package and other related matters as the Representative may reasonably require, and the Company shall have furnished to such counsel such documents as they reasonably request for the purpose of enabling them to pass upon such matters.

5. Covenants of the Company. The Company covenants and agrees as follows:

(a) The Company will (A) prepare and timely file with the Commission under Rule 424(b) a Prospectus containing information previously omitted at the time of effectiveness of the Registration Statement in reliance on Rule 430A; and (B) not file with the Commission any amendment to the Registration Statement or supplement to the Prospectus of which the Underwriters shall not previously have been advised and furnished with a copy a reasonable period of time prior to the proposed filing and as to which the Underwriters shall not have given their consent or which is not in compliance with the Securities Act or the Rules.

(b) The Company shall promptly advise the Representative in writing (A) when any post-effective amendment to the Registration Statement shall have become effective or any supplement to the Prospectus shall have been filed, (B) of any request by the Commission for any amendment of the Registration Statement or the Prospectus or for any additional information, (C) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of any order preventing or suspending the use of any Preliminary Prospectus, Issuer Free Writing Prospectus or the Prospectus or the institution or threatening of any proceeding for that purpose and (D) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Shares for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose. The Company shall use its best efforts to prevent the issuance of any such stop order and, if issued, to obtain as soon as possible the withdrawal thereof.

(c) The Company will not to make any offer relating to the Shares that would constitute an Issuer Free Writing Prospectus without the prior written consent of the Representative. The Company will comply with all applicable requirements of Rule 433 of the Rules with respect to any Issuer Free Writing Prospectus and retain in accordance with the Rules all Issuer Free Writing Prospectuses not required to be filed pursuant to the Rules. If at any time after the date hereof any events shall have occurred as a result of which any Issuer Free Writing Prospectus, as then amended or supplemented, would conflict with the information in the Registration Statement, the Pricing Prospectus or the Prospectus or would include an untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, or, if for any other reason it shall be necessary to amend or supplement any Issuer Free Writing Prospectus, the Company will notify the Representative and, upon its request, file such document and prepare and furnish without charge to each Underwriter as many copies as the Representative may from time to time reasonably request of an amended or supplemented Issuer Free Writing Prospectus that will correct such conflict, statement or omission or effect such compliance.

(d) If, at any time when a Prospectus relating to the Shares is required to be delivered under the Securities Act and the Rules, any event occurs as a result of which the Prospectus as then amended or supplemented would include any untrue statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made not misleading, or if it shall be necessary to amend or supplement the Registration Statement or the Prospectus to comply with the Securities Act or the Rules, the Company promptly shall prepare and file with the Commission, subject to paragraph (a) of this Section 5, an amendment or supplement which shall correct such statement or omission or an amendment which shall effect such compliance.

(e) The Company shall make generally available to its security holders and to the Representative as soon as practicable, but not later than 45 days after the end of the 12-month period beginning at the end of the fiscal quarter of the Company during which the Effective Date occurs (or 90 days if such 12-month period coincides with the Company's fiscal year), an earnings statement (which need not be audited) of the Company, covering such 12-month period, which shall satisfy the provisions of Section 11(a) of the Securities Act or Rule 158 of the Rules.

(f) The Company shall furnish to the Representative and counsel for the Underwriters, without charge, signed copies of the Registration Statement (including all exhibits thereto and amendments thereof) and to each other Underwriter a copy of the Registration Statement (without exhibits thereto) and all amendments thereof and, so long as delivery of a Prospectus by an Underwriter or dealer may be required by the Securities Act or the Rules, as many copies of any Preliminary Prospectus, the Prospectus and any Issuer Free Writing Prospectus and any amendments thereof and supplements thereto

as the Representative may reasonably request. The copies of the Registration Statement, any Preliminary Prospectus, the Prospectus and any Issuer Free Writing Prospectus and each amendment and supplement thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(g) The Company shall cooperate with the Representative and their counsel in endeavoring to qualify the Shares for offer and sale in connection with the offering under the laws of such jurisdictions as the Representative may designate and shall maintain such qualifications in effect so long as required for the distribution of the Shares; provided, however, that the Company shall not be required in connection therewith, as a condition thereof, to qualify as a foreign corporation or to execute a general consent to service of process in any jurisdiction or subject itself to taxation as doing business in any jurisdiction.

(h) The Company, during the period when the Prospectus is required to be delivered under the Securities Act and the Rules or the Exchange Act, will file all reports and other documents required to be filed by the Company with the Commission pursuant to Section 13, 14 or 15 of the Exchange Act within the time periods required by the Exchange Act and the regulations promulgated thereunder.

(i) Without the prior written consent of the Representative, for a period of 180 days after the date of this Agreement, the Company and each of its individual directors and executive officers shall not issue, sell or register with the Commission (other than on Form S-8 or on any successor form), or otherwise dispose of, directly or indirectly, any equity securities of the Company (or any securities convertible into, exercisable for or exchangeable for equity securities of the Company), except for the issuance of the Shares pursuant to the Registration Statement and the issuance of shares pursuant to outstanding Warrants or the Company's existing stock option plan or bonus plan as described in the Registration Statement and the Prospectus. In the event that during this period, (A) any shares are issued pursuant to the Company's existing stock option plan or bonus plan that are exercisable during such 180-day period or (B) any registration is effected on Form S-8 or on any successor form relating to shares that are exercisable during such 180-day period, the Company shall use commercially reasonable efforts to obtain the written agreement of such grantee or purchaser or holder of such registered securities that, for a period of 180 days after the date of this Agreement, such person will not, without the prior written consent of the Representative, offer for sale, sell, distribute, grant any option for the sale of, or otherwise dispose of, directly or indirectly, or exercise any registration rights with respect to, any shares of Common Stock (or any securities convertible into, exercisable for, or exchangeable for any shares of Common Stock) owned by such person. Notwithstanding the foregoing, if (a) during the last 17 days of such 180 day period, the Company issues an earnings release or publicly announces material news or if a material event relating to the Company occurs or (b) prior to the expiration of such 180-day period, the Company announces that it will release earnings during the 16-day period

beginning on the last day of the 180-day period, the restrictions in this Section will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of the material news or material event.

(j) On or before completion of this offering, the Company shall make all filings required under applicable securities laws and by the NASDAQ Global Market (including any required registration under the Exchange Act).

(k) Prior to the Firm Shares Closing Date, the Company will issue no press release or other communications directly or indirectly and hold no press conference with respect to the Company, the condition, financial or otherwise, or the earnings, business affairs or business prospects of any of them, or the offering of the Shares without the prior written consent of the Representative unless in the judgment of the Company and its counsel, and after notification to the Representative, such press release or communication is required by law.

(l) The Company will apply the net proceeds from the offering of the Company Shares in the manner set forth under "Use of Proceeds" in the Pricing Prospectus and the Prospectus.

(m) The Company will maintain a transfer agent and, if necessary under the jurisdiction of incorporation of the Company, a registrar (which may be the same entity as the transfer agent) for its Common Stock.

(n) The Company will not take, directly or indirectly, and will use its reasonable best efforts to cause its officers, directors or affiliates not to take, directly or indirectly, any action designed to, or that might in the future be expected to cause or result in, stabilization or manipulation of the price of any securities of the Company.

(o) Upon the request of any Underwriter, the Company shall furnish to such Underwriter an electronic version of the Company's trademarks, servicemarks and corporate logo for use on the website, if any, operated by such Underwriters for the purpose of facilitating the on-line offering of the Shares (the "License"); provided, however, that the License shall be used solely for the purpose described above and is granted without any fee and may not be assigned or transferred.

(p) The Company agrees to pay, or reimburse if paid by the Representative, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the public offering of the Shares and the performance of the obligations of the Company under this Agreement including those relating to: (i) the preparation, printing, filing and distribution of the Registration Statement including all exhibits thereto, each Preliminary Prospectus, the Prospectus, all amendments and supplements to the Registration Statement and the Prospectus, any Issuer Free Writing Prospectus and the printing, filing and distribution of this Agreement; (ii) the preparation and delivery of certificates for the Shares to the Underwriters; (iii) the registration or qualification of the Shares for offer and sale under the securities or Blue Sky laws of the various jurisdictions referred to in Section 5(g), including the reasonable fees and disbursements of counsel for the Underwriters in connection with such registration and qualification and the preparation, printing, distribution and shipment of preliminary and supplementary Blue Sky memoranda; (iv) the furnishing (including costs of

shipping and mailing) to the Representative and to the Underwriters of copies of each Preliminary Prospectus, the Prospectus and all amendments or supplements to the Prospectus, any Issuer Free Writing Prospectus and of the several documents required by this Section to be so furnished, as may be reasonably requested for use in connection with the offering and sale of the Shares by the Underwriters or by dealers to whom Shares may be sold; (v) the

filing fees of the NASD in connection with its review of the terms of the public offering; (vi) inclusion of the Shares for listing on the NASDAQ Global Market; (vii) the investor presentations on any roadshow undertaken in connection with the marketing of the Shares and related expenses of the Company, including expenses associated with any electronic roadshow, travel and lodging expenses of the Company's representatives and the cost of aircraft chartered in connection with the roadshow; (viii) all transfer taxes, if any, with respect to the sale and delivery of the Shares by the Company to the Underwriters; and (ix) the performance of the Company's obligations under Sections 4, 5 and 7. The Underwriters agree to pay, whether or not the transactions contemplated hereby are consummated or this Agreement is terminated, all costs and expenses incident to the performance of the obligations of the Underwriters under this Agreement not payable by the Company pursuant to the preceding sentence, including, the fees and disbursements of counsel for the Underwriters and travel and lodging expenses of the Underwriters' representatives in connection with the roadshow, including commercial airline travel but excluding aircraft chartered by the Company.

(q) The Company will pay all expenses incident to the performance of its obligations under, and the consummation of the transactions contemplated by, this Agreement, including (i) any stamp duties, capital duties and stock transfer taxes, if any, payable upon the sale of the Shares by the Company to the Underwriters, and its transfer between the Underwriters pursuant to an agreement between such Underwriters, and (ii) the fees and disbursements of its counsel and accountants.

6. Covenant of the Underwriters. Each Underwriter represents and agrees that, unless it obtains the prior consent of the Company, it has not made and will not make any offer relating to the Shares that would constitute a free writing prospectus required to be filed with the Commission by the Company or retained by the Company under Rule 433 under the Securities Act. Each Underwriter further represents and agrees that it has complied and will comply with the requirements of Rule 433 applicable to any free writing prospectus produced by such Underwriter, including timely filing with the Commission where required, legending and recordkeeping.

7. Indemnification.

(a) The Company and each of the Selling Stockholders listed on Schedule VII hereto (the "Indemnification Stockholders"), jointly and severally, agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become subject under the Securities Act, the Exchange Act or other federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Preliminary

Prospectus (including the Pricing Prospectus), the Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment or supplement thereto or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which such statements were made); provided, however, that such indemnity shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) on account of any losses, claims, damages or liabilities arising from the sale of the Shares to any person by such Underwriter if such untrue statement or omission or alleged untrue statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company by the Representative on behalf of any Underwriter specifically for use therein; provided, further, that such indemnity shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) with respect to the Preliminary Prospectus to the extent any such losses, claims, damages or liabilities of such Underwriter result from the fact that such Underwriter sold Shares to a person to whom there was not sent or given, at or prior to the Applicable Time, a copy of the Preliminary Prospectus as then amended or supplemented (in any case where such delivery is required by the Securities Act) or any subsequent Issuer Free Writing Prospectus if the Company has furnished copies thereof to such Underwriter sufficiently in advance of the Applicable Time to allow for delivery of the amended Preliminary Prospectus or Issuer Free Writing Prospectus to all investors prior to the Effective Time and the loss, claim, damage or liability of such Underwriter results from an untrue statement or omission of a material fact contained in the Preliminary Prospectus which was corrected in such amended Preliminary Prospectus or Issuer Free Writing Prospectus; and provided, further, that the liability of any Indemnification Stockholder pursuant to Section 7(a), 8(a) or 9 shall not exceed the lesser of (A) the Net Proceeds (as such term is defined in the Custody Agreement) received from the sale of Shares by such Indemnification Stockholder pursuant to this Agreement and (B) such Indemnification Stockholder's Pro Rata Contribution. For purposes of this Section 7(a), "Pro Rata Contribution" means, with respect to each Indemnification Stockholder, an amount equal to the product of (w) the number of Shares sold to the Underwriters under this Agreement by such Indemnification Stockholder divided by the total number of Shares sold to the Underwriters under this Agreement by the Company and all Selling Stockholders and (x) the aggregate amount of losses, claims, damages and liabilities incurred by the Underwriters, and any persons who control any Underwriter, for which the Company and the Indemnification Stockholders have agreed to indemnify each Underwriter and persons who control any Underwriter under this Section 7(a). The information described in the last sentence of Section 2(b) hereof constitutes the only information furnished by the Underwriters to the Company for inclusion in the Registration Statement, any Preliminary Prospectus (including the Pricing Prospectus), the Prospectus or any Issuer Free Writing Prospectus. This indemnity agreement will be in addition to any liability which the Company or any Indemnification Stockholder may otherwise have.

(b) Each of the Selling Stockholders other than the Indemnification Stockholders (the "Limited Indemnification Stockholders"), severally and not jointly, agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act against any and all losses, claims, damages and liabilities, joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which they, or any of them, may become

subject under the Securities Act, the Exchange Act or other federal or state law or regulation, at common law or otherwise, insofar as such losses, claims, damages or liabilities arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus (including the Pricing Prospectus), the Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment thereof or

supplement thereto or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which such statements were made); in each case, however, only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission in the Registration Statement, any Preliminary Prospectus (including the Pricing Prospectus), the Prospectus, any Issuer Free Writing Prospectus or any such amendment or supplement relates to information about such Limited Indemnification Stockholder or related persons, it being understood and agreed that the information described in the last sentence of Section 3(h) hereof constitutes the only information furnished by such Limited Indemnification Stockholder for inclusion in the Registration Statement, any Preliminary Prospectus (including the Pricing Prospectus), the Prospectus, or any Issuer Free Writing Prospectus; provided, however, that the liability of any Limited Indemnification Stockholder pursuant to Section 7(b), 8(b) or 9 shall not exceed the aggregate Net Proceeds (as such term is defined in the Custody Agreement), if any, received from the sale of Shares by such Limited Indemnification Stockholder pursuant to this Agreement. This indemnity agreement will be in addition to any liability which any Limited Indemnification Stockholder may otherwise have.

(c) Each Underwriter agrees to indemnify and hold harmless the Company and each Selling Stockholder and each person, if any, who controls the Company or each Selling Stockholder within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, each director of the Company, and each officer of the Company who signs the Registration Statement, against any losses, claims, damages or liabilities joint or several (including any reasonable investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claim asserted), to which such party may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon (i) any untrue statement or alleged untrue statement of a material fact contained in any Preliminary Prospectus (including the Pricing Prospectus), the Registration Statement, the Prospectus, any Issuer Free Writing Prospectus or any amendment thereof or supplement thereto or (ii) any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading (in the case of any Preliminary Prospectus, the Prospectus or any Issuer Free Writing Prospectus, in light of the circumstances under which such statements were made); in each case, however, only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representative expressly for use therein; provided, however, that the obligation of each Underwriter to indemnify the Company or the Selling Stockholders (including any controlling person, director or officer thereof) shall be limited to the net proceeds received by the Company from such Underwriter. The information described in the last sentence of Section 2(b) hereof constitutes the only information furnished by the Underwriters to the Company for inclusion in the Registration Statement, any

Preliminary Prospectus (including the Pricing Prospectus), the Prospectus or any Issuer Free Writing Prospectus.

(d) Any party that proposes to assert the right to be indemnified under this Section will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim is to be made against an indemnifying party or parties under this Section, notify each such indemnifying party of the commencement of such action, suit or proceeding, enclosing a copy of all papers served. No indemnification provided for in Section 7(a), 7(b) or 7(c) shall be available to any party who shall fail to give notice as provided in this Section 7(d) if the party to whom notice was not given was unaware of the proceeding to which such notice would have related and was prejudiced by the failure to give such notice; but the omission to notify such indemnifying party of any such action, suit or proceeding shall not relieve it from any liability that it may have to any indemnified party for contribution or otherwise than under this Section. In case any such action, suit or proceeding shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate in, and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election to assume the defense thereof and the approval by the indemnified party of such counsel, the indemnifying party shall not be liable to such indemnified party for any legal or other expenses, except as provided below and except for the reasonable costs of investigation subsequently incurred by such indemnified party in connection with the defense thereof. The indemnified party shall have the right to employ its counsel in any such action, but the fees and expenses of such counsel shall be at the expense of such indemnified party unless (i) the employment of counsel by such indemnified party has been authorized in writing by the indemnifying parties, (ii) the indemnified party shall have been advised by counsel that there may be one or more legal defenses available to it which are different from or in addition to those available to the indemnifying party (in which case the indemnifying parties shall not have the right to direct the defense of such action on behalf of the indemnified party) or (iii) the indemnifying parties shall not have employed counsel to assume the defense of such action within a reasonable time after notice of the commencement thereof, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying parties.

(e) An indemnifying party shall not be liable for any settlement of any action, suit, and proceeding or claim effected without its written consent, which consent shall not be unreasonably withheld or delayed.

8. Reimbursement of Certain Expenses.

(a) The Company and each of the Indemnification Stockholders, jointly and severally, and in the case of the Indemnification Stockholders, subject to Section 7(a) of this Agreement, hereby agree to reimburse the Underwriters pursuant to Section 7 of this Agreement on a monthly basis for all reasonable legal and other expenses incurred in connection with investigating or defending any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission described in paragraph (a) of Section 7 of this Agreement, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the obligations under Section 7 or this Section 8 and the possibility

that such payments might later be held to be improper; provided, however, that to the extent that such payment is ultimately held to be improper, the Underwriters shall promptly refund it.

(b) Each Limited Indemnification Stockholders, subject to Section 7(b) of this Agreement, severally and not jointly, hereby agrees to reimburse the Underwriters pursuant to Section 7 of this Agreement on a monthly basis for all reasonable legal and other expenses incurred in connection with

investigating or defending any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission described in paragraph (b) of Section 7 of this Agreement with respect to such Limited Indemnification Stockholder, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the obligations under Section 7 or this Section 8 and the possibility that such payments might later be held to be improper; provided, however, that to the extent that such payment is ultimately held to be improper, the Underwriters shall promptly refund it.

9. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 7(a), 7(b) or 7(c) is due in accordance with its terms but for any reason is unavailable to or insufficient to hold harmless an indemnified party in respect to any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate losses, liabilities, claims, damages and expenses (including any investigation, legal and other expenses reasonably incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding or any claims asserted, but after deducting any contribution received by any person entitled hereunder to contribution from any person who may be liable for contribution) incurred by such indemnified party, as incurred, in such proportion as is appropriate to reflect the relative benefits received by the Company and the Selling Stockholders on the one hand and the Underwriters on the other hand from the offering of the Shares pursuant to this Agreement or, if such allocation is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to above but also the relative fault of the Company and the Selling Stockholders on the one hand and the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations. The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 9 were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission. Notwithstanding the provisions of this Section 9, (i) no Underwriter (except as may be provided in the Agreement Among Underwriters) shall be required to contribute any amount in excess of the underwriting discount applicable to the Shares purchased by the Underwriter hereunder; and (ii) no Selling Stockholder shall be required to contribute any amount in excess of the Net Proceeds (as such term is defined in the Custody Agreement), if any, of the sale of Shares received by such Selling Stockholder. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any

person who was not guilty of such fraudulent misrepresentation. For purposes of this Section 9, each person, if any, who controls an Underwriter within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act shall have the same rights to contribution as such Underwriter, and each director of the Company including any person who, with his or her consent, is named in the Registration Statement as about to become a director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company or any/the Selling Stockholders within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, shall have the same rights to contribution as the Company or any/the Selling Stockholders, as the case may be. Any party entitled to contribution will, promptly after receipt of notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made against another party or parties under this Section 9, notify such party or parties from whom contribution may be sought, but the omission so to notify such party or parties from whom contribution may be sought shall not relieve the party or parties from whom contribution may be sought from any other obligation it or they may have hereunder or otherwise than under this Section 9. No party shall be liable for contribution with respect to any action, suit, proceeding or claim settled without its written consent, which consent shall not be unreasonably withheld or delayed. The Underwriter's obligations to contribute pursuant to this Section 9 are several in proportion to their respective underwriting commitments and not joint.

10. Termination.

(a) This Agreement may be terminated with respect to the Shares to be purchased on a Closing Date by the Representative by notifying the Company and the Selling Stockholders at any time at or before a Closing Date in the absolute discretion of the Representative if: (i) there has occurred any material adverse change in the securities markets or any event, act or occurrence that has materially disrupted, or in the opinion of the Representative, will in the future materially disrupt, the securities markets or (ii) there shall be a material adverse change in general financial, political or economic conditions in the financial markets such that, in the judgment of the Representative, it is inadvisable or impracticable to market the Shares or enforce contracts for the sale of the Shares; (iii) there has occurred any outbreak or material escalation of hostilities or other calamity or crisis the effect of which on the financial market is such as to make it, in the judgment of the Representative, inadvisable or impracticable to market the Shares or enforce contracts for the sale of the Shares; (iv) trading in the Shares or any securities of the Company has been suspended or materially limited by the Commission or trading generally on the New York Stock Exchange, Inc., the American Stock Exchange, Inc. or the NASDAQ Global Market has been suspended or materially limited, or minimum or maximum ranges for prices for securities shall have been fixed, or maximum ranges for prices for securities have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc., or any other governmental or regulatory authority; (v) a banking moratorium has been declared by any state or federal authority; or (vi) in the judgment of the Representative, there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the assets, properties, condition, financial or otherwise, or in the results of operations, business affairs or business prospects of the Company and its subsidiaries considered as a whole, whether or not arising in the ordinary course of business.

(b) If this Agreement is terminated pursuant to this Section 10, neither the Company nor the Selling Stockholders shall be under any liability to any Underwriter, and no Underwriter shall be under any liability to the Company or a Selling Stockholders; provided, however, that in the event of any such termination, the Company agrees to indemnify and hold harmless the Underwriters from all expenses incident to the performance of the obligations of the Company under this Agreement, including all costs and expenses referred to in Section 5(p); and, provided further, if this Agreement is terminated by the Representatives or the Underwriters because of any failure, refusal or inability on the part of the Company or the Selling Stockholder to comply with the terms or to fulfill any of the conditions of this Agreement, the Company shall reimburse the Underwriters for all out-of-pocket expenses (including the

reasonable fees and disbursements of their counsel) incurred by them in connection with the proposed purchase and sale of the Shares or in contemplation of performing their obligations hereunder. Notwithstanding anything in this Section 10(b) to the contrary, no Underwriter who shall have failed or refused to purchase the Shares agreed to be purchased by it under this Agreement shall be relieved of liability to the Company or the other Underwriters for damages occasioned by its refusal.

11. Substitution of Underwriters.

(a) If any Underwriter shall default in its obligation to purchase on any Closing Date the Shares agreed to be purchased hereunder on such Closing Date, the Representative shall have the right, within 36 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase such Shares on the terms contained herein. If, however, the Representative shall not have completed such arrangements within such 36 hour period, then the Company shall be entitled to a further period of 36 hours within which to procure another party or other parties satisfactory to the Underwriters to purchase such Shares on such terms. If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided above, the aggregate number of Shares which remains unpurchased on such Closing Date does not exceed 10% of the aggregate number of all the Shares that all the Underwriters are obligated to purchase on such date, then the Company shall have the right to require each non-defaulting Underwriter to purchase the number of Shares which such Underwriter agreed to purchase hereunder at such date and, in addition, to require each non-defaulting Underwriter to purchase its pro rata share (based on the number of Shares which such Underwriter agreed to purchase hereunder) of the Shares of such defaulting Underwriter or Underwriters for which such arrangements have not been made; but nothing herein shall relieve a defaulting Underwriter from liability for its default. In any such case, either the Representative or the Company and the Selling Stockholders shall have the right to postpone the applicable Closing Date for a period of not more than seven days in order to effect any necessary changes and arrangements (including any necessary amendments or supplements to the Registration Statement or Prospectus or any other documents), and the Company agrees to file promptly any amendments to the Registration Statement or the Prospectus which in the opinion of the Company and the Underwriters and their counsel may thereby be made necessary.

(b) If, after giving effect to any arrangements for the purchase of the Shares of a defaulting Underwriter or Underwriters by the Representative and the Company as provided above, the aggregate number of such Shares which remains unpurchased exceeds 10% of the aggregate number of all the Shares to be purchased at such date, then this Agreement, or, with respect to a Closing Date which occurs after the first Closing Date, the obligations of the

Underwriters to purchase and of the Company or the Selling Stockholders, as the case may be, to sell the Shares to be purchased and sold on such date, shall terminate, without liability on the part of any non-defaulting Underwriter to the Company or the Selling Stockholders, and without liability on the part of the Company or the Selling Stockholders, except as provided in Sections 5(p), 7, 8 and 9. The provisions of this Section 11 shall not in any way affect the liability of any defaulting Underwriter to the Company or the non-defaulting Underwriters arising out of such default. The term "Underwriter" as used in this Agreement shall include any person substituted under this Section 11 with like effect as if such person had originally been a party to this Agreement with respect to such Shares.

12. Miscellaneous.

(a) The respective agreements, representations, warranties, indemnities and other statements of the Company, Selling Stockholders and the several Underwriters, as set forth in this Agreement or made by or on behalf of them pursuant to this Agreement, shall remain in full force and effect, regardless of any investigation (or any statement as to the results thereof) made by or on behalf of any Underwriter or the Company or the Selling Stockholders or any of their respective officers, directors or controlling persons referred to in Section 6 hereof, and shall survive delivery of and payment for the Shares. In addition, the provisions of Sections 5(p), 7, 8 and 9 shall survive the termination or cancellation of this Agreement.

(b) This Agreement has been and is made for the benefit of the Underwriters, the Company and the Selling Stockholders and their respective successors and assigns, and, to the extent expressed herein, for the benefit of persons controlling any of the Underwriters, the Selling Stockholders or the Company, and directors and officers of the Company, and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Agreement. The term "successors and assigns" shall not include any purchaser of Shares from any Underwriter merely because of such purchase.

(c) The Company acknowledges and agrees that each of the Underwriters is acting solely in the capacity of an arm's length contractual counterparty to the Company with respect to the offering of Shares contemplated hereby. Additionally, neither the Representative nor any of the other Underwriters is advising the Company or any other person as to any legal, tax, investment, accounting or regulatory matters in any jurisdiction with respect to the offering contemplated hereby or the process leading thereto (irrespective of whether such Representative or Underwriter has advised or is advising the Company on other matters). The Company has conferred with its own advisors concerning such matters and shall be responsible for making its own independent investigation and appraisal of the transactions contemplated hereby, and the Underwriters shall have no responsibility or liability to the Company or any other person with respect thereto. The Underwriters advise that the Underwriters and their affiliates are engaged in a broad range of securities and financial services and that they or their affiliates may have business relationships or enter into contractual relationships with purchasers or potential purchasers of the Company's securities. Any review by the Underwriters of the Company, the transactions contemplated hereby or other matters relating to such transactions will be performed solely for the benefit of the Underwriters and shall not be on behalf of the Company.

(d) All notices and communications hereunder shall be in writing and mailed or delivered or by telephone or telegraph if subsequently confirmed in writing, (i) if to the Representative, c/o W.R. Hambrecht + Co., LLC, 539 Bryant Street, San Francisco, California 94107, Attention: Harrison Clay, Esq., with a copy to Stephen A. Massad, Esq., Baker Botts L.L.P., One Shell Plaza, 910 Louisiana Street, Houston, Texas 77002; (ii) if to the Company, to its agent for service as such agent's address appears on the cover page of the Registration Statement, with a copy to John J. Hentrich, Esq., Sheppard, Mullin, Richter & Hampton LLP, 12275 El Camino Real, Suite 200, San Diego, California 92130; (iii) if to the Texas Selling Stockholders, to Gregory R. Samuel, Esq., Haynes and Boone, LLP, 901 Main Street, Suite 3100, Dallas, Texas 75202; (iv) if to the California Selling Stockholders, to Karen C. Goodin, Esq.,

Whalen LLP, 60 Anton Blvd., Suite 1740, Costa Mesa, California 92626; (v) if to Alan P. Basham, to David A. Ebershoff, Esq., Fulbright & Jaworski L.L.P., 555 South Flower Street, 41st Floor, Los Angeles, California 90071; (vi) if to Perseus ENRG Investment, L.L.C., to Robert B. Ott, Esq., Arnold & Porter LLP, 1600 Tysons Blvd., Suite 900, McLean, Virginia 22102-4865; and (vii) if to Westport Innovations, Inc., to Simon Millner, Corporate Counsel, 10-1750 West 75th Avenue, Vancouver, British Columbia V6P 6G2, Canada.

(e) **This Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to conflicts of law principles thereof. The Company and the Underwriters agree to waive trial by jury in any action, proceeding or counterclaim brought by or on behalf of either party with respect to any matter whatsoever relating to or arising out of this Agreement or the purchase of the Shares hereunder. The Company also hereby submits to the jurisdiction of the courts of the State of New York located in the City and County of New York or in the United States District Court for the Southern District of New York, and each of the parties hereto submits to the jurisdiction of such courts in any proceeding arising out of or relating to this agreement, and agrees not to commence any suit, action or proceeding relating thereto except in such courts, and waives, to the fullest extent permitted by law, the right to move to dismiss or transfer any action brought in such court on the basis of any objection to personal jurisdiction, venue or inconvenient forum.**

(f) This Agreement may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument.

Please confirm that the foregoing correctly sets forth the agreement among us.

Very truly yours,

CLEAN ENERGY FUELS CORP.

By /s/ Rick Wheeler
Name: Rick Wheeler
Title: CFO

SELLING STOCKHOLDERS NAMED ON
SCHEDULE II ANNEXED HERETO

By /s/ Rick Wheeler
Name: Rick Wheeler
Attorney in Fact

Confirmed:
W.R. HAMBRECHT + CO., LLC

On behalf of itself and as Representative of the several Underwriters named in Schedule I annexed hereto.

By W.R. HAMBRECHT + CO., LLC

By Barclay F. Corbus
Name: Barclay F. Corbus
Title: Co-CEO

SCHEDULE I

Name	Number of Firm Shares to be Purchased
W.R. Hambrecht + Co., LLC	3,750,000
Simmons & Company International	3,750,000
Susquehanna Financial Group, LLLP	1,560,000
NBF Securities (USA) Corp.	940,000
TOTAL	10,000,000

SCHEDULE II

Selling Stockholder	Maximum Number of Option Shares to be Sold
Perseus ENRG Investment, L.L.C.	292,171
Westport Innovations, Inc.	92,575
Alan P. Basham	16,174
Boone Pickens	608,663
Andrew J. Littlefair	29,645
James N. Harger	39,528
Mitchell W. Pratt	10,870
Joseph B. Powers	494
Denis C.K. Ding	1,976
Warren I. Mitchell	19,764
J.L. Herrington 2002 Family Trust	49,409
Glen David Aasheim	988
Ronald D. Bassett	19,764
G. Michael Boswell IRA - FCC Custodian	9,882
Brian Bradshaw	9,882
Drew A. Campbell	4,941
Marti J. Carlin	4,941
Denise Delile	395
Sally Geymuller	4,941
Dick Grant	4,941
M&R Ventures, LLC	197,637
Chad M. Lindholm	494
Eric Oberg	19,764
Stephen R. Perkins	4,941
Bretta Price	99
Mark J. Riley	197
Michael Ross	9,882
Jack E. Rosser	4,941
Robert L. Stillwell	19,764
Aleksander A. Szewczyk	5,000
Danny Tillett	4,941
Jon N. Whisler	514
Eugene Frenkel	9,882
TOTAL	**1,500,000**

SCHEDULE III

LOCK-UP SIGNATORIES

Perseus ENRG Investment, L.L.C.
Westport Innovations, Inc.
Alan P. Basham
Boone Pickens
Andrew J. Littlefair
James N. Harger
Mitchell W. Pratt
Richard R. Wheeler
Barbara A. Johnson
Catherine M. Weaver
Madeleine Pickens
Joseph B. Powers
Denis C.K. Ding
Peter J. Grace
Warren I. Mitchell
J.L. Herrington 2002 Family Trust
Glen David Aasheim
Ronald D. Bassett
G. Michael Boswell IRA - FCC Custodian
Brian Bradshaw
Drew A. Campbell
Marti J. Carlin
Denise Delile
Sally Geymuller
Dick Grant
M&R Ventures, LLC

Chad M. Lindholm
Eric Oberg
Stephen R. Perkins
Bretta Price
Mark J. Riley
Michael Ross
Jack E. Rosser
Robert L. Stillwell
Aleksander A. Szewczyk
Danny Tillett
Jon N. Whisler
Eugene Frenkel
David D. Demers
John S. Herrington
James C. Miller III
Kenneth M. Socha

SCHEDULE IV

ISSUER FREE WRITING PROSPECTUSES

Roadshow filed with the SEC as a free writing prospectus on May 14, 2007.

Free writing prospectus filed with the SEC on May 25, 2007 conveying pricing terms.

SCHEDULE V

CALIFORNIA SELLING STOCKHOLDERS

1. Andrew J. Littlefair
2. James N. Harger
3. Mitchell W. Pratt
4. Warren I. Mitchell
5. Joseph B. Powers
6. Dennis C. K. Ding
7. John Herrington/J.L. Herrington 2002 Family Trust
8. Chad M. Lindholm
9. Mark J. Riley

SCHEDULE VI

TEXAS SELLING STOCKHOLDERS

1. Boone Pickens
2. Glen David Aasheim
3. Ronald D. Bassett
4. G. Michael Boswell IRA - FCC Customer
5. Brian Bradshaw
6. Drew A. Campbell

7. Marti J. Carlin
8. Denise Delile
9. Sally Geymuller
10. Dick Grant
11. M&R Ventures, LLC
12. Eric Oberg
13. Stephen R. Perkins
14. Bretta Price
15. Michael Ross
16. Jack E. Rosser
17. Robert L. Stillwell
18. Aleksander A. Szewczyk
19. Danny Tillett
20. Jon N. Whisler
21. Eugene Frenkel

SCHEDULE VII

INDEMNIFICATION STOCKHOLDERS

1. Boone Pickens
2. Perseus ENRG Investment, L.L.C.
3. Westport Innovations, Inc.
4. Andrew J. Littlefair
5. James N. Harger
6. Mitchell W. Pratt
7. J&L Herrington 2002 Family Trust
8. Warren I. Mitchell

Exhibit A

FORM OF LOCK-UP AGREEMENT

[ ], 2007

W.R. HAMBRECHT + CO, LLC
(as Representative of the several Underwriters listed
in Schedule I to the Underwriting Agreement referred to below)
c/o W.R. HAMBRECHT + CO, LLC
539 Bryant Street, Suite 100
San Francisco, California 94107

Re: CLEAN ENERGY FUELS CORP. — Initial Public Offering

Ladies and Gentlemen:

The undersigned understands that you**,** as Representative of the several Underwriters, propose to enter into an Underwriting Agreement (the "***Underwriting Agreement***") with Clean Energy Fuels Corp., a Delaware corporation (the "***Company***"), providing for the public offering (the "***Public Offering***") by the several Underwriters named in Schedule I to the Underwriting Agreement (the "***Underwriters***"), of common stock of the Company (the "***Securities***"). Capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Underwriting Agreement.

In consideration of the Underwriters' agreement to purchase and make the Public Offering of the Securities, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned hereby agrees that, without the prior written consent of W.R. Hambrecht + Co., LLC on behalf of the Underwriters, the undersigned will not, during the period ending 180 days after the date of the prospectus relating to the Public Offering (the "***Prospectus***"), (1) offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of, directly or indirectly, any shares of Common Stock, $0.0001 per share par value, of the Company (the "***Common Stock***"), or any securities convertible into or exercisable or exchangeable for shares of Common Stock (including without limitation, Common Stock which may be deemed to be beneficially owned by the undersigned in accordance with the rules and regulations of the Securities and Exchange Commission and securities which may be issued upon exercise of a stock option or warrant), or (2) enter into any swap or other agreement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Common Stock, whether any such transaction described in clause (1) or (2) above is to be settled by delivery of Common Stock or such other securities, in cash or otherwise, other than: (a) transfers or distributions of shares of Common Stock acquired from the Underwriters in the Public Offering; (b) transfers or distributions of shares of Common Stock acquired in open market transactions after the completion of the Public Offering; (c) transfers of shares of Common Stock or any security convertible into Common

Stock as a bona fide gift or gifts; (d) transfers of shares of Common Stock to any trust for the direct or indirect benefit of the persons bound by the foregoing terms or the immediate family of the persons bound by the foregoing terms; or (e) distributions of shares of Common Stock or any security convertible into Common Stock to the partners, members or stockholders of the persons bound by the foregoing terms; *provided*, *however*, that in the case of any transfer or distribution described in any of subclauses (c) through (e) above, the transferees, donees or distributees, as the case may be, agree to be bound by the foregoing terms and the transferor, donor or distributor, as the case may be, would not be required to, nor would such transferor, donor or distributor voluntarily, file a report under Section 16(a) of the United States Securities Exchange Act of 1934, as amended (the "***Exchange Act***"). In addition, the undersigned agrees that, without the prior written consent of W.R. Hambrecht + Co., LLC on behalf of the Underwriters, it will not, during the period ending 180 days after the date of the Prospectus, make any demand for or exercise any right with respect to, the registration of any shares of Common Stock or any security convertible into or exercisable or exchangeable for Common Stock.

Notwithstanding the foregoing, if (1) during the last seventeen (17) days of the 180-day restricted period, the Company issues an earnings release, publicly announces material news or if a material event relating to the Company occurs; or (2) prior to the expiration of the 180-day restricted period, the Company announces that it will release earnings results during the 16-day period beginning on the last day of the 180-day period, the restrictions imposed by this Letter Agreement shall continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the occurrence of a material news or material event.

In furtherance of the foregoing, the Company, and any duly appointed transfer agent for the registration or transfer of the securities described herein, are hereby authorized to decline to make any transfer of securities if such transfer would constitute a violation or breach of this Letter Agreement.

The undersigned hereby represents and warrants that the undersigned has full power and authority to enter into this Letter Agreement. All authority herein conferred or agreed to be conferred and any obligations of the undersigned shall be binding upon the successors, assigns, heirs or personal representatives of the undersigned.

The undersigned understands that, if the Underwriting Agreement does not become effective, or if the Underwriting Agreement (other than the provisions thereof which survive termination) shall terminate or be terminated prior to payment for and delivery of the Securities, the undersigned shall be released from all obligations under this Letter Agreement.

The undersigned understands that the Underwriters are entering into the Underwriting Agreement and proceeding with the Public Offering in reliance upon this Letter Agreement.

This Letter Agreement shall be governed by and construed in accordance with the laws of the State of New York, without regard to the conflict of laws principles thereof.

Very truly yours,

[NAME OF STOCKHOLDER]

By: _____
Name:
Title:

FORM OF CUSTODY AGREEMENT
for sale of shares of common stock,
par value $0.0001 per share, of
Clean Energy Fuels Corp.

U.S. Stock Transfer Corporation (the "***Custodian***")
[Address]
[Address]
[City, State ZIP]

Attention: [ ]

Ladies and Gentlemen:

There are delivered to you herewith certificate(s) representing shares of Common Stock, par value $0.0001 per share ("***Common Stock***"), of Clean Energy Fuels Corp., a Delaware corporation (the "***Company***"), as set forth at the end of this Custody Agreement (this "***Custody Agreement***") on the page entitled "CERTIFICATE(S) DEPOSITED." Each of the certificates so delivered is accompanied by an executed assignment form duly endorsed for transfer and is in negotiable form bearing the signature of the undersigned. The certificate(s) are to be held by you as Custodian for the account of the undersigned and are to be disposed of by you in accordance with this Custody Agreement.

If the undersigned is (i) acting as trustee or in any fiduciary or representative capacity, the undersigned has also delivered duly certified copies of each trust agreement, will, letters testamentary or other instrument pursuant to which the undersigned is authorized to act as a Selling Stockholders (as defined herein); (ii) a corporation or limited liability company, the undersigned has also delivered duly certified resolutions of its board of directors or managers authorizing it to enter into this Custody Agreement, the Underwriting Agreement (as defined herein) and the Power of Attorney (as defined herein) and duly certified copies of such corporation's by-laws, certificate of incorporation or other organizational documents; or (iii) a partnership, the undersigned has also delivered extracts of any applicable provisions of its partnership agreement (and applicable provisions of the organizational documents or partnership agreement(s) of the general partner(s) of such partnership) authorizing such partnership to enter into this Custody Agreement, the Underwriting Agreement and the Power of Attorney.

The undersigned agrees to deliver such additional documentation as you, the Attorneys (as defined herein), the Company or the Representative (as defined herein) or any of their respective counsel may reasonably request to effectuate or confirm compliance with any of the provisions hereof or of the Power of Attorney or the Underwriting Agreement, all of the foregoing to be in form and substance satisfactory in all respects to the party requesting such documentation.

Concurrently with the execution and delivery of this Custody Agreement, the undersigned has executed a power of attorney (the "***Power of Attorney***") irrevocably appointing

Andrew J. Littlefair, Richard R. Wheeler and Mitchell W. Pratt, each with full power and authority to act alone in any matter thereunder and with full power of substitution, the true and lawful attorneys-in-fact of the undersigned (individually, an "***Attorney***" and collectively, the "***Attorneys***"), with full power and authority in the name of, for and on behalf of, the undersigned with respect to all matters arising in connection with the sale of the Common Stock by the undersigned pursuant to an underwriting agreement (the "***Underwriting Agreement***") among the Company, certain stockholders of the Company including the undersigned (the "***Selling Stockholders***"), and W.R. Hambrecht + Co., LLC, as representative (the "***Representative***") of the several underwriters to be named in Schedule I to the Underwriting Agreement (the "***Underwriters***"). The total number of shares of Common Stock to be sold by the undersigned to the Underwriters and set forth opposite the name of the undersigned in Schedule II to the Underwriting Agreement is hereinafter referred to as the "***Shares***."

You are authorized and directed to hold the certificate(s) deposited with you hereunder in your custody and, subject to the instructions of the Attorneys, (i) to take all necessary action to cause the Shares to be transferred on the books of the Company into such names as the Representative, on behalf of the several Underwriters, shall have instructed, including surrendering the certificate(s) representing the Shares to the transfer agent for the Common Stock for cancellation, in exchange for new certificate(s) for shares of Common Stock registered in such names and in such denominations as the Representative shall have instructed; (ii) to deliver such new certificate(s) to the Representative, for the accounts of the several Underwriters, against payment for such Shares at the purchase price per Share specified in the Underwriting Agreement and to give receipt for such payment; (iii) to deposit the same to your account as Custodian and draw upon such account to pay such transfer taxes, if any, payable in connection with the transfer of the Shares to the Underwriters ("***Transfer Taxes***") as you may be instructed to pay by the Attorneys; and (iv) to transmit to the undersigned in the manner set forth under "Manner of Payment" below, within 24 hours of receiving instructions from the Attorneys to do so, the excess, if any (the "***Net Proceeds***"), of the amount received by you as payment for the Shares over the Transfer Taxes, if any. The amount of such Net Proceeds is to be paid in the manner requested by the undersigned at the end of this Custody Agreement or in such manner as you, in accordance with the terms hereof, shall deem appropriate. Upon receipt of instructions from the Attorneys, you shall also return to the undersigned, new certificate(s) representing the excess, if any, of the number of shares of Common Stock represented by the certificate(s) deposited with you hereunder over the number of Shares sold by the undersigned to the Underwriters.

Under the terms of the Power of Attorney, the authority conferred thereby is granted and conferred subject to and in consideration of the interests of the Attorneys, the several Underwriters, the Company and the other Selling Stockholders (as defined in the Underwriting Agreement) and is irrevocable and not subject to withdrawal or termination by any act of the undersigned or by operation of law, whether by the death or incapacity of the undersigned (or either or any of the undersigned) or by the occurrence of any other event or events (including, without limitation, the termination of any trust or estate for which the undersigned is acting as fiduciary or fiduciaries, the death or incapacity of one or more trustees, guardians, executors or administrators under such trust or estate or the merger, consolidation, dissolution or liquidation of any corporation or partnership) (any of the foregoing being hereinafter referred to as an "***Event***"). Accordingly, the certificate(s) deposited with you hereunder and this Custody Agreement and your authority hereunder are subject to and in consideration of the interests of the

several Underwriters, the Company, the Attorneys and the other Selling Stockholders, and this Custody Agreement and your authority hereunder are irrevocable and are not subject to withdrawal or termination by the occurrence of any Event. If an Event shall occur after the execution hereof but before the delivery of the Shares to the Underwriters, then certificate(s) representing such Shares will be delivered by you to the Underwriters on behalf of the undersigned in accordance with the terms and conditions of the Underwriting Agreement and this Custody Agreement and any actions taken by you pursuant to this Custody Agreement shall be as valid as if such Event had not occurred, regardless of whether or not you, the Attorneys, the Underwriters or any one of them, shall have received notice of such Event.

Notwithstanding any of the foregoing provisions, if the Underwriting Agreement shall not have been executed and delivered prior to [November 30], 2007, then, upon the written request of the undersigned to you (accompanied by written notice of termination of the Power of Attorney addressed to each of the Attorneys) on or after that date, you are to return to the undersigned, all certificate(s), together with any stock powers, delivered herewith.

Until payment of the purchase price for the Shares has been made to you by or for the account of the several Underwriters, the undersigned shall remain the owner of all shares of Common Stock represented by the certificate(s) deposited with you hereunder and shall have the right to vote such shares and all other securities, if any, represented by such certificate(s) and to receive all dividends and distributions thereon, except the right to retain custody and dispose of such shares, which is subject to the rights of the Custodian under this Custody Agreement, the Attorneys under the Power of Attorney and the Underwriters under the Underwriting Agreement. The Underwriters shall not acquire the power or the right to direct the investment of the Shares by virtue of this Custody Agreement until the consideration therefor is paid pursuant to the Underwriting Agreement.

You shall be entitled to act and rely upon any statement, request, notice or instruction respecting this Custody Agreement given to you by the Attorneys, or any one of them. Any Attorney has the authority to instruct you on irregularities or discrepancies in the certificates representing shares of Common Stock and any accompanying documents.

In taking any action requested or directed by the Representative under the terms of this Custody Agreement, you will be entitled to rely upon a writing signed by a Vice President, Senior Vice President, Managing Director or General Counsel of W.R. Hambrecht + Co., LLC

It is understood that you assume no responsibility or liability to any person other than to deal with the certificate(s) deposited with you hereunder and the proceeds from the sale of all or a portion of the securities represented thereby in accordance with the provisions of this Custody Agreement. THE UNDERSIGNED AGREES TO INDEMNIFY YOU FOR AND TO HOLD YOU FREE FROM AND HARMLESS AGAINST ANY AND ALL LOSS, CLAIM, DAMAGE, LIABILITY OR EXPENSE INCURRED BY YOU ARISING OUT OF OR IN CONNECTION WITH ACTING AS CUSTODIAN HEREUNDER, AS WELL AS THE COST AND EXPENSE OF DEFENDING AGAINST ANY CLAIM OF LIABILITY HEREUNDER, WHICH IS NOT DUE TO YOUR OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The representations and warranties of the undersigned set forth in the Underwriting Agreement are hereby incorporated by reference herein and the undersigned

represents and warrants that such representations and warranties are true and correct on the date hereof as if made on the date hereof. The representations, warranties and agreements contained herein, as well as those contained in the Underwriting Agreement, are made for the benefit of, and may be relied upon by, you, the other Selling Stockholders, the Attorneys, the Company, the Underwriters and Underwriter counsel and their Representative, agents and counsel. These representations, warranties and agreements shall remain operative and in full force and effect, and shall survive delivery of and payment for the Shares, regardless of (i) any investigation, or statement as to the results thereof, made by or on behalf of any of the persons listed in the preceding sentence, (ii) acceptance of the Shares and payment for them under the Underwriting Agreement and (iii) termination of this Custody Agreement.

It is understood that the undersigned Custodian shall serve entirely without compensation.

This Custody Agreement shall be binding upon the undersigned and the heirs, legal representative, distributees, successors and assigns of the undersigned.

This Custody Agreement may be signed in counterparts which together shall constitute one and the same agreement.

This Custody Agreement shall be governed by the laws of the State of New York without regard to the conflicts of laws principles thereof.

Please acknowledge your acceptance hereof as Custodian, and receipt of the certificate(s) deposited with you hereunder, by executing and returning the enclosed copy hereof to the undersigned in care of [ ].

DATED: , 2007

Very truly yours,

By: _____
Name:
Title:

Print Name(s) and Address of Selling Stockholder(s) and Name and Title of any Person Signing as Agent or Fiduciary:

Taxpayer I.D.:
Telephone:

Instruction: If you are an individual and are married, your spouse is required to complete this form:

SPOUSAL CONSENT

I am the spouse of . On behalf of myself, my heirs and legatees, I hereby join in and consent to the terms of the foregoing Custody Agreement and agree to the sale of the shares of Common Stock of , registered in the name of my spouse or otherwise registered, which my spouse proposes to sell pursuant to the Underwriting Agreement (as defined therein).

DATED: ,

(Signature of Spouse)

Instruction: Complete each column as to certificate(s) to be deposited with the Custodian.

CERTIFICATE(S) DEPOSITED

Stock Certificate No.	**Maximum Number of Shares of Common Stock To Be Sold from Certificate**
TOTAL:	

Instruction: Indicate how you wish to receive payment for the shares of Common Stock sold to the Underwriters. Please note that if you are selling shares of Common Stock registered in the name of a corporation or other association or a trust, payment will be made only to the corporation or other association or trust. A wire transfer can be made only to an account standing in exactly the same name as the person or entity, including the corporation or other association or trust, that is the registered owner of the Common Stock being sold.

MANNER OF PAYMENT

I request that payment of the net proceeds from the sale of the shares of Common Stock of the Company to be sold by me pursuant to the Underwriting Agreement be made in the following manner (CHECK ONE):

o CHECK made payable to:
to be sent to the following address:

Phone: ( )

Please send by (check one):

o First class mail
o Federal Express
Federal Express account number

o or transfer to the following account:

Account No.

Bank See attached wire transfer instructions
(name)

(address)
ABA No.

Phone: ( )

o Other (please specify)

CUSTODIAN'S ACKNOWLEDGMENT AND RECEIPT

[ ], as Custodian, acknowledges acceptance of the duties of the Custodian under the foregoing Custody Agreement and receipt of the certificate(s) referred therein.

DATED: , 2007

[CUSTODIAN]

By: _____
Name:
Title:

Exhibit C

SELLING STOCKHOLDERS'
IRREVOCABLE POWER OF ATTORNEY
for sale of shares of common stock,
par value $0.0001 per share, of Clean Energy Fuels Corp.

Andrew J. Littlefair
Richard R. Wheeler
Mitchell W. Pratt
c/o Clean Energy Fuels Corp.
3020 Old Ranch Parkway, Suite 200
Seal Beach, California 90740

Ladies and Gentlemen:

The undersigned stockholder and certain other holders of common stock of Clean Energy Fuels Corp. (the "***Company***") (such holders and the undersigned being hereinafter sometimes collectively referred to as the "***Selling Stockholders***"), propose to enter into an Underwriting Agreement, substantially in the form attached hereto as Exhibit A (the "***Underwriting Agreement***"), with the Company and W.R. Hambrecht + Co., LLC, as Representative (the "***Representative***") of the several underwriters to be named in Schedule I to the Underwriting Agreement (the "***Underwriters***"). The Selling Stockholders propose to sell to the Underwriters pursuant to the Underwriting Agreement certain authorized and issued shares of the common stock, par value $0.0001 per share, of the Company (the "***Common Stock***") owned by them in accordance with that certain Registration Rights Agreement dated December 31, 2002 among the Company and the equity security holders of the Company party thereto (as amended, the "***Rights Agreement***"). It is understood that at this time there is no commitment on the part of the Underwriters to purchase any shares of Common Stock and no assurance that the Underwriting Agreement will be entered into by the Company or the Underwriters.

The undersigned hereby irrevocably constitutes and appoints Andrew J. Littlefair, Richard R. Wheeler and Mitchell W. Pratt each with full power and authority to act alone in any matter hereunder and with full power of substitution, the true and lawful attorneys-in-fact of the undersigned (individually an "***Attorney***" and collectively, the "***Attorneys***"), with full power and authority in the name of, for and on behalf of, the undersigned with respect to all matters arising in connection with the sale of Common Stock by the undersigned pursuant to the Underwriting Agreement including, but not limited to, the power and authority on behalf of the undersigned to take any and all of the following actions:

1. To sell, assign, transfer and deliver to the several Underwriters up to the number of shares of Common Stock set forth on the signature page hereof such shares of Common Stock to be represented by certificate(s) deposited by the undersigned pursuant to the Custody Agreement substantially in the form attached hereto as Exhibit B (the "***Custody Agreement***") between the undersigned and U.S. Stock Transfer Corporation, as Custodian (the "***Custodian***"), at a purchase price per share, after deducting underwriting discounts and

commissions, to be paid by the Underwriters, as the Attorneys, in their sole discretion, shall determine, but at the same price per share at which the Company and all other Selling Stockholders (as defined in the Underwriting Agreement) sell Common Stock to the Underwriters;

2. To determine the number of shares of Common Stock to be sold by the undersigned to the Underwriters in accordance with the Rights Agreement, which numbers shall be no greater but may be fewer than the corresponding numbers set forth on the signature page hereof (such total number of shares of Common Stock as is finally determined by the Attorneys and set forth opposite the name of the undersigned in Schedule II to the Underwriting Agreement is hereinafter referred to as the "***Shares***");

3. To execute, deliver and perform the Underwriting Agreement and the Custody Agreement in the respective forms attached hereto with such customary representations, warranties and covenants as the Attorneys, in their sole discretion, may deem appropriate, with full power to make such amendments to the Underwriting Agreement and the Custody Agreement as the Attorneys, in their sole discretion, may deem advisable; *provided*, *however*, that any such amendments shall not increase the indemnification obligations of the undersigned as set forth in the form of Underwriting Agreement attached hereto;

4. On behalf of the undersigned, to make such representations and warranties and enter into the agreements contained in the form of Underwriting Agreement attached hereto (including, without limitation, entering into the "lock-up" agreements);

5. (a) To instruct the Custodian on all matters pertaining to the sale of the Shares pursuant to the Underwriting Agreement and the delivery of certificates therefor, including: (i) the transfer of the Shares on the books of the Company in order to effect the sale of the Shares (including designating the name or names in which new certificate(s) for Shares are to be issued and the denominations thereof); (ii) the delivery to or for the account of the Underwriters of the certificate(s) for the Shares against receipt by the Custodian of the purchase price to be paid therefor; (iii) the payment, out of the proceeds (net of underwriting discounts and commissions) from the sale of the Shares by the undersigned to the Underwriters, of any expense incurred in accordance with *paragraph 6* which is not payable by the Company and any transfer taxes payable in connection with the transfer of the Shares to the Underwriters ("***Transfer Taxes***"); and (iv) the transmission to the undersigned of the proceeds, if any, from the sale of the Shares (after deducting all amounts payable by the undersigned pursuant to *clause (iii)* above) and the return to the undersigned, of new certificate(s) representing the excess, if any, of the number of shares of Common Stock represented by certificate(s) deposited with the Custodian over the number of Shares sold to the Underwriters; and (b) to amend the Custody Agreement and any related documents in such manner as the Attorneys may determine to be not materially adverse to the undersigned.

6. To incur or authorize the incurrence of any necessary or appropriate expense in connection with the sale of the Shares to the Underwriters and to determine the amount of any Transfer Taxes;

7. To take any and all steps deemed necessary or desirable by the Attorneys in connection with the registration of the Shares under the Securities Act of 1933, as amended (the "***Securities Act***"), the Securities Exchange Act of 1934, as amended, and the securities or Blue Sky laws of various states and jurisdictions, including, without limitation, the giving,

making or filing of such customary undertakings, consents to service of process and representations and agreements and the taking of such other steps as the Attorneys may deem necessary or desirable;

8. To make, execute, acknowledge and deliver all such other contracts, orders, receipts, notices, instructions, certificates, letters and other writings, including, without limitation, communications with the Securities and Exchange Commission, state securities commissions and the National Association of Securities Dealers, Inc., and in general to do all things and to take all actions which the Attorneys, in their sole discretion, may consider necessary or desirable in connection with the sale of Shares to the Underwriters and the public offering thereof, as fully as could the undersigned if personally present and acting;

9. If necessary, to endorse (in blank or otherwise) on behalf of the undersigned the certificate(s) representing the Shares, or a stock power or powers attached to such certificate(s); and

10. To sign such other certificates, documents and agreements and take any and all other actions as the Attorneys may deem necessary or desirable in connection with the consummation of the transactions contemplated by the Underwriting Agreement, the Custody Agreement and this Power of Attorney.

Each Attorney may act alone in exercising the rights and powers conferred on the Attorneys in this Power of Attorney, and the act of any Attorney shall be the act of the Attorneys. Each Attorney is hereby empowered to determine in his or her sole discretion the time or times when, the purpose for and the manner in which any power herein conferred upon him or her shall be exercised, and the conditions, provisions or covenants of any instrument or document which may be executed by him or her pursuant hereto.

The undersigned acknowledges receipt of a copy of Amendment No. 4 to the Registration Statement on Form S-1, filed with the SEC on May 14, 2007 (the "***Registration Statement***"), relating to the offering of the Shares and the other shares of Common Stock (together, the "***Offered Shares***") to be sold by the Selling Stockholders. The undersigned has reviewed the Registration Statement and the form of the Underwriting Agreement attached hereto and understands the obligations and agreements of the undersigned set forth in such form of Underwriting Agreement. All representations and warranties of the Selling Stockholders in the Underwriting Agreement with respect to the undersigned will be, as of the date of the execution of the Underwriting Agreement and the Closing Dates (as determined in accordance with the Underwriting Agreement), true and correct. All such representations and warranties will, as provided in the Underwriting Agreement, survive the termination of the Underwriting Agreement and the delivery of and payment for the Shares.

Upon the execution and delivery of the Underwriting Agreement by the Attorneys on behalf of the Selling Stockholders, the undersigned agrees to be bound by and to perform each and every covenant and agreement contained therein of the undersigned as a Selling Stockholder.

The undersigned agrees, if so requested, to cause its counsel to provide an opinion of counsel, addressed to Sheppard, Mullin, Richter & Hampton LLP, which opinion shall expressly permit reliance thereon by Sheppard, Mullin, Richter & Hampton LLP, setting forth such matters as Sheppard, Mullin, Richter & Hampton LLP may reasonably request in rendering

its opinion pursuant to the Underwriting Agreement and such other documentation as the Attorneys, the Company, the Representative or any of their respective counsel may request to effectuate any of the provisions hereof or of the Underwriting Agreement, all of the foregoing to be in form and substance reasonably satisfactory in all respects to the party requesting such documentation.

This Power of Attorney and all authority conferred hereby are granted and conferred subject to and in consideration of the interests of the Attorneys, the several Underwriters, the Company and the other Selling Stockholders who may become parties to the Underwriting Agreement, and for the purposes of completing the transactions contemplated by the Underwriting Agreement and this Power of Attorney.

This Power of Attorney is an agency coupled with an interest and all authority conferred hereby shall be irrevocable, and shall not be withdrawn or terminated by any act of the undersigned or by operation of law, whether by the death or incapacity of the undersigned (or either or any of the undersigned) or by the occurrence of any other event or events (including, without limitation, the termination of any trust or estate for which the undersigned is acting as a fiduciary or fiduciaries, the death or incapacity of one or more trustees, guardians, executors or administrators under such trust or estate or the merger, consolidation, dissolution or liquidation of any corporation or partnership) (any of the foregoing being hereinafter referred to as an "***Event***"). If an Event shall occur after the execution hereof but before completion of the transactions contemplated by the Underwriting Agreement or this Power of Attorney, then certificate(s) representing the Shares will be delivered to the Underwriters by or on behalf of the undersigned in accordance with the terms and conditions of the Underwriting Agreement and the Custody Agreement and any actions taken hereunder by the Attorneys shall be as valid as if such Event had not occurred regardless of whether or not the Custodian, the Attorneys, the Underwriters, or any one of them, shall have received notice of such Event.

Notwithstanding any of the foregoing provisions, if the Underwriting Agreement shall not have been executed and delivered prior to November 30, 2007 then, upon the written notice of the undersigned on or after that date to the Attorneys, this Power of Attorney shall terminate subject, however, to all lawful action done or performed pursuant hereto prior to the receipt of actual notice.

It is understood that the Attorneys, in their capacity as such, assume no responsibility or liability to any person other than to deal with the certificate(s) for shares of Common Stock deposited with the Custodian pursuant to the Custody Agreement and the proceeds from the sale of the Shares in accordance with the provisions hereof. The Attorneys, in their capacity as such, make no representations with respect to and shall have no responsibility for the Registration Statement or any prospectus relating to the Shares nor, except as herein expressly provided, for any aspect of the offering of the Shares, **and the Attorneys shall not be liable for any error of judgment or for any act done or omitted or for any mistake of fact or law except for the Attorneys' own gross negligence or willful misconduct**. THE UNDERSIGNED AGREES TO INDEMNIFY THE ATTORNEYS FOR AND TO HOLD THE ATTORNEYS, JOINTLY AND SEVERALLY, FREE FROM AND HARMLESS AGAINST ANY AND ALL LOSS, CLAIM, DAMAGE, LIABILITY OR EXPENSE INCURRED BY OR ON BEHALF OF THE ATTORNEYS, OR ANY OF THEM, ARISING OUT OF OR IN CONNECTION WITH ACTING AS ATTORNEYS UNDER THIS POWER OF ATTORNEY, AS WELL AS THE COST AND EXPENSE OF DEFENDING AGAINST ANY CLAIM OF

LIABILITY HEREUNDER, WHICH IS NOT DUE TO THE ATTORNEYS' OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. The undersigned agrees that the Attorneys may consult with counsel of their choice (which may but need not be counsel for the Company) and the Attorneys shall have full and complete authorization and protection for any action taken or suffered by the Attorneys, or any of them hereunder, in good faith and in accordance with the opinion of such counsel.

It is understood that the purchase price per share of Common Stock to be paid in connection with the offering of the Shares pursuant to the Underwriting Agreement could be higher or lower than the high end and the low end of the price range reflected in the preliminary prospectus filed with the SEC on May 14, 2007 relating to the Shares.

It is understood that the Attorneys shall serve entirely without compensation.

This Power of Attorney shall be binding upon the undersigned and the heirs, legal representatives, distributees, successors and assigns of the undersigned.

This Power of Attorney shall be governed by the laws of the State of New York without regard to the conflicts of laws principles thereof.

Witness the due execution of the foregoing Power of Attorney as of the date written below.

Maximum Number of Shares of
Common Stock to be Sold by Selling
Stockholders(s):

Very truly yours,

By: _____
Name:
Title:

DATED: ,

Print Name and Address of Selling
Stockholder(s) and Name and Title of any Person
Signing as Agent or Fiduciary:

Telephone: ( )
Facsimile: ( )

STATE OF TEXAS §
§
COUNTY OF §

This instrument was acknowledged before me on this day of , 2007, by ,
of , a [ ] corporation, on behalf of said corporation.

_____
Notary Public in and for the State of Texas

My Commission Expires:

(SEAL)

STATE OF CALIFORNIA)
)
COUNTY OF)

On , before me, , a Notary Public, personally appeared , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Signature _____

EXHIBIT A
FORM OF UNDERWRITING AGREEMENT

EXHIBIT B
FORM OF CUSTODY AGREEMENT

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; and

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: August 14, 2007

/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; and

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: August 14, 2007

/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 June 30, 2007 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: August 14, 2007

/s/ Andrew J. Littlefair

Name: Andrew J. Littlefair
Title: President and Chief Executive Officer (Principal Executive Officer)

Dated: August 14, 2007

/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.