Clean Energy Fuels Corp.
Form 10-Q
November 07, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
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.)

4675 MacArthur Court, Suite 800, Newport Beach, CA 92660
(Address of principal executive offices, including zip code)
(949) 437-1000
(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. Yes x No o
Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes x No o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer o	Accelerated filer x
Non-accelerated filer o	Smaller reporting company o
	Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o
Indicate by check mark whether the registrant is a shell company (as defined by Rule 12b-2 of the Act). Yes o No x
As of October 31, 2018, there were 203,472,977 shares of the registrant's common stock, par value $0.0001 per share, issued and outstanding.

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Unless the context indicates otherwise, all references to “Clean Energy,” the “Company,” “we,” “us,” or “our” in this report ref
to Clean Energy Fuels Corp. together with its consolidated subsidiaries.

This report contains forward-looking statements. See the cautionary note regarding these statements in Part I, Item 2.-Management’s Discussion and Analysis of Financial Condition and Results of Operations of this report.

We own registered or unregistered trademark or service mark rights to Redeem™, NGV Easy Bay™, Clean Energy™, Clean Energy Renewables™, and Clean Energy Cryogenics™. Although we do not use the “®” or “™” symbol in each instance in which one of our trademarks appears in this report, this should not be construed as any indication that we will not assert our rights thereto to the fullest extent under applicable law. Any other service marks, trademarks and trade names appearing in this report are the property of their respective owners.

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PART I.—FINANCIAL INFORMATION
Item 1.—Financial Statements (Unaudited)
Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Balance Sheets
(In thousands, except share data, Unaudited)

	December 31, 2017	September 30, 2018
Assets		
Current assets:		
Cash, cash equivalents and restricted cash	$ 37,208	$ 160,020
Short-term investments	141,462	95,964
Accounts receivable, net of allowance for doubtful accounts of $1,276 and $1,507 as of December 31, 2017 and September 30, 2018, respectively	63,961	69,822
Other receivables	19,235	17,890
Inventory	35,238	37,103
Prepaid expenses and other current assets	7,793	8,096
Total current assets	304,897	388,895
Land, property and equipment, net	367,305	344,077
Notes receivable and other long-term assets, net	21,397	15,978
Investments in other entities	30,395	27,674
Goodwill	64,328	64,328
Intangible assets, net	3,590	2,478
Total assets	$ 791,912	$ 843,430
Liabilities and Stockholders' Equity		
Current liabilities:		
Current portion of debt and capital lease obligations	$ 139,699	$ 115,879
Accounts payable	17,901	12,849
Accrued liabilities	42,268	48,322
Deferred revenue	3,432	8,830
Total current liabilities	203,300	185,880
Long-term portion of debt and capital lease obligations	120,388	122,817
Other long-term liabilities	18,566	15,348
Total liabilities	342,254	324,045
Commitments and contingencies (Note 18)		
Stockholders' equity:		
Preferred stock, $0.0001 par value. Authorized 1,000,000 shares; issued and outstanding no shares	—	—
Common stock, $0.0001 par value. Authorized 224,000,000 shares and 304,000,000 shares as of December 31, 2017 and September 30, 2018, respectively; issued and outstanding 151,650,969 shares and 203,472,977 shares as of December 31, 2017 and September 30, 2018, respectively	15	20
Additional paid-in capital	1,111,432	1,196,720
Accumulated deficit	(683,570)	(695,515)
Accumulated other comprehensive loss	(887)	(273)
Total Clean Energy Fuels Corp. stockholders' equity	426,990	500,952
Noncontrolling interest in subsidiary	22,668	18,433
Total stockholders' equity	449,658	519,385
Total liabilities and stockholders' equity	$ 791,912	$ 843,430

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Operations
(In thousands, except share and per share data, Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Revenue:				
Product revenue	$67,669	$ 67,441	$211,747	$ 220,812
Service revenue	14,123	9,879	40,552	29,378
Total revenue	81,792	77,320	252,299	250,190
Operating expenses:				
Cost of sales (exclusive of depreciation and amortization shown separately below):				
Product cost of sales	52,884	48,063	158,306	139,658
Service cost of sales	7,283	4,743	20,066	13,595
Inventory valuation provision	13,158	—	13,158	—
Selling, general and administrative	24,798	18,396	71,875	57,101
Depreciation and amortization	14,104	13,363	43,757	39,496
Asset impairments and other charges	60,666	—	60,666	—
Total operating expenses	172,893	84,565	367,828	249,850
Operating income (loss)	(91,101)	(7,245)	(115,529)	340
Interest expense	(4,270)	(4,096)	(13,466)	(13,126)
Interest income	465	1,129	1,156	2,193
Other income (expense), net	4	(193)	(28)	(126)
Loss from equity method investments	(30)	(542)	(100)	(2,739)
Gain from extinguishment of debt	—	—	3,195	—
Gain from sale of certain assets of subsidiary	—	—	69,886	—
Loss from formation of equity method investment	—	(1,163)	—	(1,163)
Loss before income taxes	(94,932)	(12,110)	(54,886)	(14,621)
Income tax benefit (expense)	44	(89)	2,183	(266)
Net loss	(94,888)	(12,199)	(52,703)	(14,887)
Loss attributable to noncontrolling interest	747	1,300	1,813	4,235
Net loss attributable to Clean Energy Fuels Corp.	$(94,141)	$ (10,899)	$(50,890)	$ (10,652)
Loss per share:				
Basic	$(0.62)	$ (0.05)	$(0.34)	$ (0.06)
Diluted	$(0.62)	$ (0.05)	$(0.34)	$ (0.06)
Weighted-average common shares outstanding:				
Basic	150,927,825	203,469,222	150,128,204	172,946,896
Diluted	150,927,825	203,469,222	150,128,204	172,946,896

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Comprehensive Loss
(In thousands, Unaudited)

	Clean Energy Fuels Corp. Three Months Ended September 30,		Noncontrolling Interest Three Months Ended September 30,		Total Three Months Ended September 30,	
	2017	2018	2017	2018	2017	2018
Net loss	$ (94,141)	$ (10,899)	$ (747)	$ (1,300)	$ (94,888)	$ (12,199)
Other comprehensive income, net of tax:						
Foreign currency translation adjustments, net of $0 tax in 2017 and 2018	252	59	—	—	252	59
Foreign currency adjustments on intra-entity long-term investments, net of $0 tax in 2017 and 2018	2,919	—	—	—	2,919	—
Unrealized gains (losses) on available-for-sale securities, net of $0 tax in 2017 and 2018	70	56	—	—	70	56
Total other comprehensive income	3,241	115	—	—	3,241	115
Comprehensive loss	$ (90,900)	$ (10,784)	$ (747)	$ (1,300)	$ (91,647)	$ (12,084)

	Clean Energy Fuels Corp. Nine Months Ended September 30,		Noncontrolling Interest Nine Months Ended September 30,		Total Nine Months Ended September 30,	
	2017	2018	2017	2018	2017	2018
Net loss	$ (50,890)	$ (10,652)	$ (1,813)	$ (4,235)	$ (52,703)	$ (14,887)
Other comprehensive income, net of tax:						
Foreign currency translation adjustments, net of $0 tax in 2017 and 2018	289	(45)	—	—	289	(45)
Foreign currency adjustments on intra-entity long-term investments, net of $0 tax in 2017 and 2018	5,033	—	—	—	5,033	—
Unrealized gains (losses) on available-for-sale securities, net of $0 tax in 2017 and 2018	(39)	659	—	—	(39)	659
Total other comprehensive income	5,283	614	—	—	5,283	614
Comprehensive loss	$ (45,607)	$ (10,038)	$ (1,813)	$ (4,235)	$ (47,420)	$ (14,273)

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(In thousands, Unaudited)

	Nine Months Ended September 30,	
	2017	2018
Cash flows from operating activities:		
Net loss	$(52,703)	$(14,887)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization expense	43,757	39,496
Provision for doubtful accounts, notes and inventory	16,156	1,294
Stock-based compensation expense	6,604	4,312
Amortization of discount and debt issuance cost	973	55
Loss on disposal of property and equipment	2,500	1,210
Gain on extinguishment of debt	(3,195)	—
Gain from sale of certain assets of subsidiary	(69,886)	—
Loss from formation of equity method investment	—	1,163
Loss from equity method investments	100	2,739
Asset impairments and other charges	58,119	—
Changes in operating assets and liabilities:		
Accounts and other receivables	23,936	(6,605)
Inventory	494	(2,403)
Prepaid expenses and other assets	1,914	260
Accounts payable	(9,426)	(2,374)
Deferred revenue	(550)	2,790
Accrued expenses and other	(22,198)	1,954
Net cash provided by (used in) operating activities	(3,405)	29,004
Cash flows from investing activities:		
Purchases of short-term investments	(227,212)	(293,599)
Maturities and sales of short-term investments	149,044	340,284
Purchases of and deposits on property and equipment	(27,529)	(14,209)
Loans made to customers	(535)	—
Payments on and proceeds from sales of loans receivable	978	388
Cash received from sale of certain assets of subsidiary, net of cash, cash equivalents and restricted cash transferred	149,088	871
Investments in other entities	(1,929)	—
Proceeds from disposal of property and equipment	—	530
Nonrefundable customer deposit	8,350	—
Net cash provided by investing activities	50,255	34,265
Cash flows from financing activities:		
Issuances of common stock	10,767	83,433
Fees paid for issuances of common stock and debt issuance costs	(638)	(993)
Payment to holders of stock options in subsidiary	(8,605)	—
Proceeds from debt instruments	7,561	8,243
Proceeds from revolving line of credit	308	—
Repayment of borrowing under revolving line of credit	(23,670)	—
Repayment of capital lease obligations and debt instruments	(29,664)	(31,066)
Net cash provided by (used in) financing activities	(43,941)	59,617
Effect of exchange rates on cash, cash equivalents and restricted cash	751	(74)

Net increase in cash, cash equivalents and restricted cash	3,660	122,812
Cash, cash equivalents and restricted cash, beginning of period	43,115	37,208
Cash, cash equivalents and restricted cash, end of period	$46,775	$160,020
Supplemental disclosure of cash flow information:		
Income taxes paid	$363	$171
Interest paid, net of approximately $73 and $169 capitalized, respectively	14,351	9,182

See accompanying notes to condensed consolidated financial statements.

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Clean Energy Fuels Corp. and Subsidiaries
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data, Unaudited)

Note 1—General

Nature of Business

Clean Energy Fuels Corp., together with its majority and wholly owned subsidiaries (hereinafter collectively referred to as the "Company," unless the context or the use of the term indicates or requires otherwise) is engaged in the business of selling natural gas as an alternative fuel for vehicle fleets and related natural gas fueling solutions to its customers, primarily in the United States and Canada.

The Company's principal business is supplying renewable natural gas ("RNG"), compressed natural gas ("CNG") and liquefied natural gas ("LNG") (RNG can be delivered in the form of CNG or LNG) for light, medium and heavy-duty vehicles and providing operation and maintenance ("O&M") services for public and private vehicle fleet customer stations. As a comprehensive solution provider, the Company also designs, builds, operates and maintains fueling stations; sells and services natural gas fueling compressors and other equipment used in CNG stations and LNG stations; offers assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets; transports and sells CNG and LNG via "virtual" natural gas pipelines and interconnects; procures and sells RNG; sells tradable credits it generates by selling RNG and conventional natural gas as a vehicle fuel, including Renewable Identification Numbers ("RIN Credits" or "RINs") under the federal Renewable Fuel Standard Phase 2 and credits under the California and the Oregon Low Carbon Fuel Standards (collectively, "LCFS Credits"); helps its customers acquire and finance natural gas vehicles; and obtains federal, state and local credits, grants and incentives. In addition, for all periods presented before March 31, 2017, the Company produced RNG at its own production facilities, and for all periods presented before December 29, 2017, the Company manufactured natural gas fueling compressors and other equipment used in CNG stations. See Notes 4 and 5 for more information.

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 consolidated financial position as of September 30, 2018, and results of operations and comprehensive loss for the three and nine months ended September 30, 2017 and 2018, and cash flows for the nine months ended September 30, 2017 and 2018. All intercompany accounts and transactions have been eliminated in consolidation. The results of operations for the three and nine month periods ended September 30, 2017 and 2018 are not necessarily indicative of the results to be expected for the year ending December 31, 2018 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 (the "SEC"), but the resultant disclosures contained herein are in accordance with accounting principles generally accepted in the United States of America ("US GAAP") as they apply to interim reporting. The accompanying condensed consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2017 that are included in the Company's Annual Report on Form 10-K filed with the SEC on March 13, 2018.

Reclassifications

During the nine months ended September 30, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (see Note 20). The new standard requires restricted cash and restricted cash equivalents to be included as components of total cash and cash equivalents as presented on the statement of cash flows. As a result, the Company chose to also conform this classification on the accompanying condensed consolidated balance sheets. This resulted in prior period restricted cash of $1,127 as of December 31, 2017 being reclassified into one line item with cash and cash equivalents to conform to presentation as of September 30, 2018. In addition, certain prior period amounts have been reclassified in the condensed consolidated

statements of cash flows to conform to the current period presentation. These reclassifications had no material impact on the Company’s consolidated financial position, results of operations, or cash flows as previously reported.

Use of Estimates

The preparation of condensed consolidated financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the amounts reported in the accompanying condensed consolidated financial statements

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and these notes. Actual results could differ from those estimates and may result in material effects on the Company's operating results and financial position. Significant estimates made in preparing the accompanying condensed consolidated financial statements include (but are not limited to) those related to revenue recognition, goodwill and long-lived asset impairment assessments, income tax valuations and fair value measurements.

Note 2—Revenue from Contracts with Customers

Revenue Recognition Overview

The Company recognizes revenue when control of the promised goods or services is transferred to its customers, in an amount that reflects the consideration to which it expects to be entitled in exchange for the goods or services. In order to achieve that core principle, a five-step approach is applied: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue allocated to each performance obligation when the Company satisfies the performance obligation. A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account for revenue recognition.

The table below presents the Company's revenues disaggregated by revenue source. The Company is generally the principal in its customer contracts as it has control over the goods and services prior to them being transferred to the customer, and as such, revenue is recognized on a gross basis. Sales and usage-based taxes are excluded from revenues. Revenue is recognized net of allowances for returns and any taxes collected from customers, which are subsequently remitted to governmental authorities.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Volume -related	$63,123	$67,827	$199,987	$197,805
Station construction sales	12,502	9,359	34,077	20,938
Alternative fuels excise tax credit ("AFTC")	—	—	—	26,863
Compressor sales	5,919	—	17,640	—
Other	248	134	595	4,584
	$81,792	$77,320	$252,299	$250,190

Volume -Related

The Company's volume -related revenue primarily consists of sales of RNG, CNG and LNG fuel, O&M services and RINs and LCFS Credits.

Fuel and O&M services are sold pursuant to contractual commitments over defined goods -and -service delivery periods. These contracts typically include a stand -ready obligation to supply natural gas and/or provide O&M services daily based on a committed and agreed upon routine maintenance schedule or when and if called upon by the customer.

The Company recognizes fuel and O&M services revenue in the amount to which the Company has the right to invoice. The Company has a right to consideration based on the amount of gasoline gallon equivalents of natural gas dispensed by the customer and current pricing conditions, which are typically billed to the customer on a monthly basis. Since payment terms are less than a year, the Company has elected the practical expedient which allows it to not assess whether a customer contract has a significant financing component.

Contract modifications are not distinct from the existing contract and are typically renewals of fuel and O&M service sales. As a result, these modifications are accounted for as if they were part of the existing contract. The effect of a contract modification on the transaction price is recognized prospectively.

The Company sells RINs and LCFS Credits (the "government credits") to third parties that need the credits to comply with federal and state requirements. The government credits are considered variable consideration because they can either increase or decrease the transaction price based on volumes of vehicle fuel sold. Additionally, these government credits are constrained until there is an agreement in place to monetize the credits at a determinable price. Upon entering into such an agreement, the government credits are recognized as the constraint is removed.

Station Construction Sales

Station construction contracts are generally short-term, except for certain larger and more complex stations, which can take up to 24 months to complete. For most of the Company's station construction contracts, the customer contracts with the

Company to provide a significant service of integrating a complex set of tasks and components into a single station. Hence, the entire contract is accounted for as one performance obligation.

The Company generally recognizes revenue over time as the Company performs under its station construction contracts because of the continual transfer of control of the goods to the customer, who typically controls the work in process. Revenue is recognized based on the extent of progress towards completion of the performance obligation and is recorded proportionally as costs are incurred. Costs to fulfill the Company's obligations under these contracts typically include labor, materials and subcontractors' costs, other direct costs and an allocation of indirect costs.

Refinements of estimates to account for changing conditions and new developments are continuous and characteristic of the process. Many factors that can affect contract profitability may change during the performance period of the contract, including differing site conditions, the availability of skilled contract labor, the performance of major suppliers and subcontractors, and unexpected changes in material costs. Because a significant change in one or more of these estimates could affect the profitability of these contracts, the contract price and cost estimates are reviewed periodically as work progresses and adjustments proportionate to the cost-to-cost measure of progress are reflected in contract revenues in the reporting period when such estimates are revised as discussed above. Provisions for estimated losses on uncompleted contracts are recorded in the period in which the losses become known.

Contract modifications are typically expansions in scope of an existing station construction project. As a result, these modifications are accounted for as if they were part of the existing contract. The effect of a contract modification on the transaction price and the Company's measure of progress for the performance obligation to which it relates is recognized as an adjustment to revenue (either as an increase or a reduction) on a cumulative catch-up basis.

Under the typical payment terms of the Company's station construction contracts, the customer makes either performance-based payments ("PBPs") or progress payments. PBPs are interim payments of the contract price based on quantifiable measures of performance or the achievement of specified events or milestones. Progress payments are interim payments of costs incurred as the work progresses. For some of these contracts, the Company may be entitled to receive an advance payment. The advance payment typically is not considered a significant financing component because it is used to meet working capital demands that can be higher in the early stages of a construction contract and to protect the Company if the customer fails to adequately complete some or all of its obligations under the contract. In addition, the customer retains a small portion of the contract price until completion of the contract. Such retained portion of the contract price is not considered a significant financing component because the intent is to protect the customer.

In certain contracts with its customers, the Company agrees to provide multiple goods or services, including construction of and sale of a station, O&M services, and sale of fuel to the customer. These contracts have multiple performance obligations because the promise to transfer each separate good or service is separately identifiable and is distinct. This evaluation requires significant judgment and the decision to combine a group of contracts or separate the combined or single contract into multiple performance obligations could change the amount of revenue recognized in one or more periods.

The Company allocates the contract price to each performance obligation using best estimates of the standalone selling price of each distinct good or service in the contract. The primary method used to estimate the standalone selling price for fuel and O&M services is observable standalone sales, and the primary method used to estimate the standalone selling price for station construction sales is the expected cost plus a margin approach because the Company sells customized customer -specific solutions. Under this approach, the Company forecasts expected costs of satisfying a performance obligation and then adds an appropriate margin for the good or service.
AFTC

See Note 19 for more information about AFTC. AFTC is considered variable consideration because it can either increase or decrease the transaction price based on volumes of vehicle fuel sold. Additionally, AFTC is not recognized as revenue until it is authorized through federal legislation, which also provides a determinable price. The Company recognizes revenue in the period the credit is authorized through federal legislation.

Compressor Sales

The Company completed the CEC Combination (as defined in Note 5) during the year ended December 31, 2017 and no longer generates revenue from compressor sales.

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Other

The majority of other revenue is from sales of used natural gas heavy -duty trucks purchased by the Company. Revenue on these contracts is recognized at the point in time when the customer accepts delivery of the truck.

Remaining Performance Obligations

Remaining performance obligations represents the transaction price of customer orders for which the work has not been performed. As of September 30, 2018, the aggregate amount of the transaction price allocated to remaining performance obligations was $11,316, which related to the Company's station construction sale contracts. The Company expects to recognize revenue on the remaining performance obligations under these contracts over the next 12 to 24 months.

For volume -related revenue, the Company has elected to apply an optional exemption, which waives the requirement to disclose the remaining performance obligation for revenue recognized through the "right to invoice" practical expedient.

Costs to Fulfill a Contract

The Company capitalizes costs incurred to fulfill its contracts that (1) relate directly to the contract, (2) are expected to generate resources that will be used to satisfy the Company's performance obligations under the contract, and (3) are expected to be recovered through revenue generated under the contract. Contract fulfillment costs are recorded to depreciation expense as the Company satisfies its performance obligations over the term of the contract. These costs primarily relate to set-up and other direct installation costs incurred by the Company's subsidiary, NG Advantage LLC ("NG Advantage"), for equipment that must be installed on customers' land before NG Advantage is able to deliver CNG to the customer because the customer does not have direct access to the natural gas pipelines. These costs are classified in "Land, property, and equipment, net" in the accompanying condensed consolidated balance sheets. As of September 30, 2018, these capitalized costs incurred to fulfill contracts were $7,270 with accumulated depreciation of $4,495 and related amortization of $484 and $1,490 for the three and nine months ended September 30, 2018.

Contract Balances

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) in the accompanying condensed consolidated balance sheets. Changes in the contract asset and liability balances during the nine months ended September 30, 2018, were not materially impacted by any factors outside the normal course of business.

As of December 31, 2017 and September 30, 2018, the Company's contract balances were as follows:

	December 31, 2017	September 30, 2018
Receivables, net	$ 63,961	$ 69,822
Contract Assets - Current	$ 1,603	$ 550
Contract Assets - Noncurrent	5,046	3,890
Contract Assets - Total	$ 6,649	$ 4,440
Contract Liabilities - Current	$ 3,432	$ 8,830
Contract Liabilities - Noncurrent	13,413	10,682
Contract Liabilities - Total	$ 16,845	$ 19,512

Receivables, Net

"Receivables, net" in the accompanying condensed consolidated balance sheets include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of receivables that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience, and the age of outstanding receivables.

Contract Assets

Contract assets include unbilled amounts typically resulting from the Company's station construction sale contracts, when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, and right to payment is not just subject to the passage of time. Amounts may not exceed their net realizable value. Contract assets are

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classified as current or noncurrent based on the timing of billings. The current portion is included in “Prepaid expenses and other current assets” and the noncurrent portion is included in “Notes receivable and other long-term assets, net” in the accompanying condensed consolidated balance sheets.

Contract Liabilities

Contract liabilities consist of billings in excess of revenue recognized from the Company’s station construction sale contracts and deferred revenue when cash payments are received or due in advance of the Company’s performance obligation, which are generally for the Company’s volume -related revenue contracts. Billings in excess of revenue recognized of $1,092 and $3,255 are classified as current and are included in “Deferred revenue” in the accompanying condensed consolidated balance sheets as of December 31, 2017 and September 30, 2018, respectively. Deferred revenue is classified as current or noncurrent based on when the revenue is expected to be recognized. The noncurrent portion of deferred revenue is included in “Other long -term liabilities” in the accompanying condensed consolidated balance sheets.

The increase in the contract liabilities balance for the nine months ended September 30, 2018 is primarily driven by billings in excess of revenue recognized, offset by $1,636 of revenue recognized related to the Company’s contract liability balances as of December 31, 2017.

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Note 3—Asset Impairments, Other Charges, and Inventory Valuation Provision

In light of continuing low oil prices and the current state of natural gas vehicle adoption, among other factors, during the three months ended September 30, 2017, the Company undertook an evaluation of its operations with the intent of minimizing and eliminating assets it believed were underperforming. As a result of this evaluation, the Company identified certain of its fueling stations where the current and projected natural gas volume and profitability levels were not expected to be sufficient to support the Company's investment in the fueling station assets, and the Company decided to close these stations. The Company also reduced its workforce and took other steps to reduce overhead costs as a result of this evaluation, in an effort to lower its operating expenses going forward. In addition, this evaluation resulted in a strategic shift in how the Company viewed its natural gas compressor manufacturing business, operated by its then-subsidiary, Clean Energy Compression Corp. ("CEC"). In an effort to increase the scale and reach and improve the financial prospects of the Company's investment in this business, the Company entered into an investment agreement with a strategic partner in November 2017, pursuant to which both parties combined their respective natural gas compressor manufacturing businesses (see Note 5 for more information). As a result of these decisions and the steps taken to implement them, the Company incurred, during the three months ended September 30, 2017 and on a pre-tax basis, aggregate cash and non-cash charges related to asset impairments and other charges, and a non-cash inventory valuation charge.

The following table summarizes these charges:

	Three and Nine Months Ended September 30, 2017
Workforce reduction and related charges	$ 3,057
CEC asset impairments	32,274
Station closures and related charges	25,335
Total asset impairments and other charges	$ 60,666
Inventory valuation provision	13,158
Total charges	$ 73,824

Cash Charges

The following table summarizes the charges related to the foregoing that have been or will be settled with cash payments and their related liability balances as of December 31, 2017 and September 30, 2018, respectively:

	Charges	Cash Payments Made as of December 31, 2017	Balance as of December 31, 2017	Cash Payments Made as of September 30, 2018	Balance as of September 30, 2018
Employee severance	$ 2,757	(2,757)	$ —	$ —	$ —
Lease termination fees and AROs for station closures	3,861	(70)	3,791	(1,667)	2,124
	$ 6,618	(2,827)	$ 3,791	(1,667)	$ 2,124

Note 4—Divestitures

On February 27, 2017, Clean Energy Renewable Fuels ("Renewables"), a subsidiary of the Company, entered into an asset purchase agreement (the "APA") with BP Products North America, Inc. ("BP"). Pursuant to the APA, Renewables agreed to sell to BP its assets relating to its RNG production business (the "BP Transaction"), consisting of Renewables' two RNG production facilities, Renewables' interest in joint ventures formed with a third party to develop new RNG production facilities, and Renewables' third-party RNG supply contracts (the "Assets"). The BP Transaction was completed on March 31, 2017 for a sale price of $155,511, plus BP assumed all $8,820 of remaining obligations under the Canton Bonds (as defined in Note 13).

On March 31, 2017, BP paid Renewables $30,000 in cash and delivered to Renewables a promissory note with a principal amount of $123,487, which was paid in full on April 3, 2017. In addition, as a result of the determination of certain post-closing adjustments, (i) BP paid Renewables an additional $2,010 on June 22, 2017, and (ii) the gain recorded from the BP Transaction was reduced by $762. Pursuant to the APA, the valuation date of the BP Transaction was January 1, 2017, and as a result, the APA included certain adjustments to the purchase price to reflect a determination of the amount of cash accumulated by Renewables from the valuation date to the closing date, net of permitted cash outflows. Control of the Assets was not transferred until the BP Transaction was completed on March 31, 2017. Accordingly, the full operating results of Renewables are included in the accompanying condensed consolidated statements of operations through the March 31, 2017 closing date.

In addition, under the APA, BP is required, following the closing of the BP Transaction, to pay Renewables up to an additional $25,000 in cash over a five-year period if certain performance criteria relating to the Assets are met. The Company satisfied the performance criteria for the first such period, which ended on December 31, 2017, and as a result, the Company recognized a net gain of $772 as of December 31, 2017, which is included in the total gain on the BP Transaction.

The Company incurred $3,695 in transaction fees in connection with the BP Transaction, and the Company paid $8,605 in cash and issued 770,269 shares of the Company's common stock with a fair value of $1,964 to former holders of options to purchase membership units in Renewables. The net proceeds from the BP Transaction were $142,190, net of $1,007 cash transferred to BP.

In February 2018, the Company received $871 in cash for its satisfaction of the performance criteria for the first period under the APA. Upon its receipt of such cash, the Company paid $65 in cash and issued 15,877 shares of the Company's common stock with a fair value of $34 to former holders of options to purchase membership units in Renewables.

Following the completion of the BP Transaction, Renewables and the Company continue to procure RNG from BP under a long-term supply contract and from other RNG suppliers, and resell such RNG through the Company's natural gas fueling infrastructure as Redeem, the Company's RNG vehicle fuel. The Company also collects royalties from BP on gas purchased from BP and sold as Redeem at the Company's fueling stations.

The BP Transaction resulted in a total gain of $69,886 as of December 31, 2017. Included in the total gain is goodwill of $26,576 allocated to the disposed assets based on the relative fair values of the assets disposed and the portion of the retained reporting unit.

The Company determined that the BP Transaction did not meet the definition of a discontinued operation because the disposal did not represent a strategic shift that will have a major effect on the Company's operations and financial results.

Note 5— Investments in Other Entities and Noncontrolling Interest in a Subsidiary

SAFE&CEC S.r.l.

On November 26, 2017, the Company, through its former subsidiary, CEC, entered into an investment agreement with Landi Renzo S.p.A. ("LR"), an alternative fuels company based in Italy. Pursuant to the investment agreement, the

Company and LR agreed to combine their respective natural gas compressor subsidiaries, CEC and SAFE S.p.A, in a new company known as “SAFE&CEC S.r.l.” (such combination transaction is referred to as the “CEC Combination”). SAFE&CEC S.r.l. is focused on manufacturing, selling and servicing natural gas fueling compressors and related equipment for the global natural gas fueling market. Upon the closing of the CEC Combination on December 29, 2017, the Company owns 49% of SAFE&CEC S.r.l. and LR owns 51% of SAFE&CEC S.r.l.

The Company accounts for its interest in SAFE&CEC S.r.l. using the equity method of accounting because the Company does not control but has the ability to exercise significant influence over SAFE&CEC S.r.l.’s operations. The Company recorded a loss from this investment of $817 and $2,964 for the three and nine months ended September 30, 2018, respectively. Subsequent to December 29, 2017, the Company recorded an increase of $1,163 in anticipated relocation expenses under the investment

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agreement in “Accrued liabilities” in the accompanying condensed consolidated balance sheet as of September 30, 2018 and in “Loss from formation of equity method investment” in the accompanying condensed consolidated statement of operations for the nine months ended September 30, 2018. The Company has an investment balance in SAFE&CEC S.r.l. of $27,883 and $24,936 as of December 31, 2017 and September 30, 2018, respectively.

The Company determined that the CEC Combination did not meet the definition of a discontinued operation because the disposal did not represent a strategic shift that will have a major effect on the Company’s operations and financial results.

MCEP

On September 16, 2014, the Company formed a joint venture with Mansfield Ventures LLC (“Mansfield Ventures”) called Mansfield Clean Energy Partners LLC (“MCEP”), which is designed to provide natural gas fueling solutions to bulk fuel haulers in the United States. The Company and Mansfield Ventures each have a 50% ownership interest in MCEP. The Company accounts for its interest in MCEP using the equity method of accounting because the Company does not control but has the ability to exercise significant influence over MCEP’s operations. The Company recorded a gain (loss) from this investment of $(30) and $276 for the three months ended September 30, 2017 and 2018, respectively, and $(100) and $226 for the nine months ended September 30, 2017 and 2018, respectively. The Company has an investment balance in MCEP of $1,512 and $1,738 as of December 31, 2017 and September 30, 2018, respectively.

NG Advantage

On October 14, 2014, the Company entered into a Common Unit Purchase Agreement (“UPA”) with NG Advantage for a 53.3% controlling interest in NG Advantage. NG Advantage is engaged in the business of transporting CNG in high-capacity trailers to industrial and institutional energy users, such as hospitals, food processors, manufacturers and paper mills that do not have direct access to natural gas pipelines. The Company viewed the acquisition as a strategic investment in the expansion of the Company’s initiative to deliver natural gas to industrial and institutional energy users. The results of NG Advantage’s operations have been included in the Company’s consolidated financial statements since October 14, 2014.

On July 14, 2017, the Company contributed to NG Advantage all of its right, title and interest in and to a CNG fueling station located in Milton, Vermont. The Company purchased this CNG fueling station from NG Advantage in October 2014 in connection with the UPA, and at that time, the Company entered into a lease agreement with NG Advantage to lease the station back to NG Advantage. This lease agreement was terminated contemporaneously with the contribution of the station to NG Advantage in July 2017. As consideration for the contribution, NG Advantage issued to the Company Series A Preferred Units with an aggregate value of $7,500. The Series A Preferred Units provide for an accrued return upon a liquidation event with respect to NG Advantage and will convert into common units of NG Advantage if and when it completes a future equity financing that satisfies certain specified conditions; however, the Series A Preferred Units do not, in themselves, increase the Company’s controlling interest in NG Advantage. As a result, immediately following the contribution, the Company’s controlling interest in NG Advantage remained at 53.3%.

On February 28, 2018, the Company entered into a guaranty agreement with NG Advantage and BP for the purchase, sale and transportation of CNG. The Company guarantees NG Advantage’s payment obligations in the event of default up to $30,000 plus related fees. This guaranty is in effect until thirty days following the Company’s notice to NG Advantage’s customer of its termination. As consideration for the guaranty agreement, NG Advantage issued to the Company 19,660 common units, which increased the Company’s controlling interest in NG Advantage from 53.3% to 53.5%.

On October 1, 2018, the Company purchased 1,000,001 common units from NG Advantage for an aggregate cash purchase price of $5,000. This purchase increased Clean Energy's controlling interest in NG Advantage from 53.3% to 61.7% as of October 1, 2018.

Net loss included a loss from the noncontrolling interest in NG Advantage of $747 and $1,300 for the three months ended September 30, 2017 and 2018, respectively, and $1,813 and $4,235 for the nine months ended September 30, 2017 and 2018, respectively. The value of the noncontrolling interest was $22,668 and $18,433 as of December 31, 2017 and September 30, 2018, respectively.

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Note 6—Cash, Cash Equivalents, and Restricted Cash

Cash, cash equivalents and restricted cash as of December 31, 2017 and September 30, 2018 consisted of the following:

	December 31, 2017	September 30, 2018
Cash and cash equivalents	$ 36,081	$ 158,143
Restricted cash - standby letters of credit	1,127	1,127
Restricted cash - held in escrow	—	750
Total cash, cash equivalents and restricted cash	$ 37,208	$ 160,020

The Company considers all highly liquid investments with maturities of three months or less on the date of acquisition to be cash equivalents. The Company places its cash and cash equivalents with high credit quality financial institutions.

At times, such investments may be in excess of the Federal Deposit Insurance Corporation ("FDIC") and Canadian Deposit Insurance Corporation ("CDIC"). Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash deposits. The amounts in excess of FDIC and CDIC limits were approximately $34,709 and $156,795 as of December 31, 2017 and September 30, 2018, respectively.

The Company classifies restricted cash as short-term and a current asset if the cash is expected to be used in operations within a year or to acquire a current asset. Otherwise, the restricted cash is classified as long-term. Short-term restricted cash consisted of standby letters of credit renewed annually and an amount held in escrow. As of December 31, 2017 and September 30, 2018, the Company had no long-term restricted cash.

Note 7—Short-term Investments

Short-term investments include available-for-sale debt securities and certificates of deposit. Available-for-sale debt securities are carried at fair value, inclusive of unrealized gains and losses. Unrealized gains and losses for debt securities are recognized in other comprehensive income, net of applicable income taxes. Gains or losses on sales of available-for-sale debt securities are recognized on the specific identification basis.

The Company reviews available-for-sale debt securities for other-than-temporary declines in fair value below their cost basis each quarter and whenever events or changes in circumstances indicate that the cost basis of an asset may not be recoverable. This evaluation is based on a number of factors, including the length of time and the extent to which the fair value has been below its cost basis and adverse conditions related specifically to the security, including any changes to the credit rating of the security. As of September 30, 2018, the Company believes its carrying values for its available-for-sale debt securities are properly recorded.

Short-term investments as of December 31, 2017 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Estimated Fair Value
Municipal bonds and notes	$ 21,414	$ (49)	$ 21,365
Zero coupon bonds	54,159	(33)	54,126
Corporate bonds	55,109	(40)	55,069
Certificates of deposit	10,902	—	10,902
Total short-term investments	$ 141,584	$ (122)	$ 141,462

Short-term investments as of September 30, 2018 consisted of the following:

	Amortized Cost	Gross Unrealized Losses	Estimated Fair Value
Municipal bonds and notes	$ 16,351	$ —	$ 16,351
Zero coupon bonds	64,871	(2)	64,869
Corporate bonds	3,721	2	3,723
Certificates of deposit	11,021	—	11,021
Total short-term investments	$ 95,964	$ —	$ 95,964

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Note 8—Fair Value Measurements

The Company follows the authoritative guidance for fair value measurements with respect to assets and liabilities that are measured at fair value on a recurring basis and non-recurring basis. Under the standard, fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, as of the measurement date. The standard also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The hierarchy consists of the following three levels: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are unobservable inputs for the asset or liability. Categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The Company's available-for-sale debt securities and certificate of deposits are classified within Level 2 because they are valued using the most recent quoted prices for identical assets in markets that are not active and quoted prices for similar assets in active markets. The Company's liability-classified warrants are classified within Level 3 because the Company uses the Black-Scholes option pricing model to estimate the fair value based on inputs that are not observable in any market. There were no transfers of assets between Level 1, Level 2, or Level 3 of the fair value hierarchy as of December 31, 2017 or September 30, 2018.

The following tables provide information by level for assets and liabilities that are measured at fair value on a recurring basis as of December 31, 2017 and September 30, 2018, respectively:

Description	Balance at December 31, 2017	Level 1	Level 2	Level 3
Assets:				
Available-for-sale debt securities [1]:				
Municipal bonds and notes	$ 21,365	$ —	$21,365	$ —
Zero coupon bonds	54,126	—	54,126	—
Corporate bonds	55,069	—	55,069	—
Certificates of deposit [1]	10,902	—	10,902	—
Liabilities:				
Warrants [2]	$ 536	$ —	$—	$ 536

Description	Balance at September 30, 2018	Level 1	Level 2	Level 3
Assets:				
Available-for-sale debt securities [1]:				
Municipal bonds and notes	$ 16,351	$ —	$16,351	$ —
Zero coupon bonds	64,869	—	64,869	—
Corporate bonds	3,723	—	3,723	—
Certificates of deposit [1]	11,021	—	11,021	—
Liabilities:				
Warrants [2]	$ 435	$ —	$—	$ 435

(1) Included in Short-term investments in the accompanying condensed consolidated balance sheets. See Note 7 for more information.
(2) Included in Accrued liabilities and Other long-term liabilities in the accompanying condensed consolidated balance sheets.

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Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

During the three and nine months ended September 30, 2017, long-lived assets held and used with a carrying value of $59,367 were written down to their fair value of $6,709, resulting in charges of $52,658. The fair value of these assets was determined using Level 3 inputs. See Note 3 for more information.

Other Financial Assets and Liabilities

The carrying amounts of the Company’s cash, cash equivalents and restricted cash, receivables and payables approximate fair value due to the short-term nature of those instruments. The carrying amounts of the Company’s debt instruments approximated their respective fair values as of December 31, 2017 and September 30, 2018. The fair values of these debt instruments were estimated using a discounted cash flow analysis based on interest rates offered on loans with similar terms to borrowers of similar credit quality, which are Level 3 inputs. See Note 13 for more information about the Company’s debt instruments.

Note 9—Other Receivables

Other receivables as of December 31, 2017 and September 30, 2018 consisted of the following:

	December 31, 2017	September 30, 2018
Loans to customers to finance vehicle purchases	$ 4,746	$ 5,360
Accrued customer billings	10,072	9,007
Fuel tax credits	177	1,256
Other	4,240	2,267
Total other receivables	$ 19,235	$ 17,890

Note 10—Inventory

Inventory consists of raw materials and spare parts, work in process and finished goods and is stated at the lower of cost (first-in, first-out) or net realizable value. The Company evaluates inventory balances for excess quantities and obsolescence by analyzing estimated demand, inventory on hand, sales levels and other information and reduces inventory balances to net realizable value for excess and obsolete inventory based on this analysis.

Inventories as of December 31, 2017 and September 30, 2018 consisted of the following:

	December 31, 2017	September 30, 2018
Raw materials and spare parts	$ 35,145	$ 37,013
Finished goods	93	90
Total inventories	$ 35,238	$ 37,103

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Note 11—Land, Property and Equipment

Land, property and equipment as of December 31, 2017 and September 30, 2018 consisted of the following:

	December 31, 2017	September 30, 2018
Land	$ 2,858	$ 2,858
LNG liquefaction plants	94,634	94,634
Station equipment	304,090	307,301
Trailers	70,906	71,284
Other equipment	88,313	95,623
Construction in progress	74,905	74,501
	635,706	646,201
Less: accumulated depreciation	(268,401)	(302,124)
Total land, property and equipment, net	$ 367,305	$ 344,077

Included in Land, property and equipment are capitalized software costs of $26,003 and $28,910 as of December 31, 2017 and September 30, 2018, respectively. Accumulated amortization of the capitalized software costs is $18,737 and $21,424 as of December 31, 2017 and September 30, 2018, respectively.

The Company recorded amortization expense related to the capitalized software costs of $1,140 and $1,026 for the three months ended September 30, 2017 and 2018, respectively, and $3,134 and $2,699 for the nine months ended September 30, 2017 and 2018, respectively.

As of September 30, 2017 and 2018, $2,007 and $1,660, respectively, are included in accounts payable and accrued liabilities balances, which amounts are related to purchases of property and equipment. These amounts are excluded from the accompanying condensed consolidated statements of cash flows as they are non-cash investing activities.

Note 12—Accrued Liabilities

Accrued liabilities as of December 31, 2017 and September 30, 2018 consisted of the following:

	December 31, 2017	September 30, 2018
Accrued alternative fuels incentives (1)	$ 2,954	$ 5,900
Accrued employee benefits	2,378	3,381
Accrued interest	1,486	4,897
Accrued gas and equipment purchases	8,722	10,560
Accrued property and other taxes	4,582	4,245
Accrued salaries and wages	8,363	6,117
Other (2)	13,783	13,222
Total accrued liabilities	$ 42,268	$ 48,322

(1) Includes the amount of RINs and LCFS Credits and, as of September 30, 2018, the amount of AFTC payable to third parties. The AFTC expired as of December 31, 2017, but was reinstated in February 2018 for vehicle fuel sales made from January 1, 2017 through December 31, 2017. See Note 19 for more information about AFTC.

(2) The amount as of December 31, 2017 and September 30, 2018 includes lease termination fees and asset retirement obligations related to the closure of certain fueling stations and working capital adjustments in the third and fourth quarters of 2017 (see Note 3 for more information), in addition to funding for certain commitments and transaction fees incurred as a result of the CEC Combination (see Note 5 for more information).

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Note 13—Debt

Debt and capital lease obligations as of December 31, 2017 and September 30, 2018 consisted of the following and are further discussed below:

	December 31, 2017		
	Principal Balances	Unamortized Debt Financing Costs	Balance, Net of Financing Costs
7.5% Notes	$125,000	$ 131	$124,869
5.25% Notes	110,450	454	109,996
NG Advantage debt and capital lease obligations	23,437	259	23,178
Capital lease obligations	802	—	802
Other debt	1,242	—	1,242
Total debt and capital lease obligations	260,931	844	260,087
Less amounts due within one year	(140,223)	(524)	(139,699)
Total long-term debt and capital lease obligations	$120,708	$ 320	$120,388

	September 30, 2018		
	Principal Balances	Unamortized Debt Financing Costs	Balance Net of Financing Costs
7.5% Notes	$100,000	$ 72	$99,928
5.25% Notes	110,450	2	110,448
NG Advantage debt and capital lease obligations	26,723	292	26,431
Capital lease obligations	809	—	809
Other debt	1,080	—	1,080
Total debt and capital lease obligations	239,062	366	238,696
Less amounts due within one year	(115,951)	(72)	(115,879)
Total long-term debt and capital lease obligations	$123,111	$ 294	$122,817

7.5% Notes

On July 11, 2011, the Company entered into a loan agreement (the "CHK Agreement") with Chesapeake NG Ventures Corporation ("Chesapeake"), an indirect wholly owned subsidiary of Chesapeake Energy Corporation, whereby Chesapeake agreed to purchase from the Company up to $150,000 of debt securities pursuant to the issuance of three convertible promissory notes over a three-year period, each having a principal amount of $50,000 (each a "CHK Note" and collectively the "CHK Notes" and, together with the CHK Agreement and other transaction documents, the "CHK Loan Documents"). The first CHK Note was issued on July 11, 2011 and the second CHK Note was issued on July 10, 2012.

On June 14, 2013 (the "Transfer Date"), T. Boone Pickens and Green Energy Investment Holdings, LLC ("GEIH"), an affiliate of Leonard Green & Partners, L.P. (collectively, the "Buyers"), and Chesapeake entered into a note purchase agreement ("Note Purchase Agreement") pursuant to which Chesapeake sold the outstanding CHK Notes (the "Sale") to the Buyers. Chesapeake assigned to the Buyers all of its right, title and interest under the CHK Loan Documents (the "Assignment"), and each Buyer severally assumed all of the obligations of Chesapeake under the CHK Loan Documents arising after the Sale and the Assignment including, without limitation, the obligation to advance an additional $50,000 to the Company in June 2013 (the "Assumption"). The Company is also a party to the Note Purchase Agreement for the purpose of consenting to the Sale, the Assignment and the Assumption.

Contemporaneously with the execution of the Note Purchase Agreement, the Company entered into a loan agreement with each Buyer (collectively, the "Amended Agreements"). The Amended Agreements have the same terms as the CHK Agreement, other than changes to reflect the new holders of the CHK Notes. Immediately following execution

of the Amended Agreements, the Buyers delivered $50,000 to the Company in satisfaction of the funding requirement they had assumed from Chesapeake (the “2013 Advance”). In addition, the Company canceled the existing CHK Notes and issued replacement notes, and the Company

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also issued notes to the Buyers in exchange for the 2013 Advance (the replacement notes and the notes issued in exchange for the 2013 Advance are referred to herein as the "7.5% Notes").

The 7.5% Notes have the same terms as the original CHK Notes, other than changes to reflect their different holders. They bear interest at the rate of 7.5% per annum and are convertible at the option of the holder into shares of the Company's common stock at a conversion price of $15.80 per share (the "7.5% Notes Conversion Price"). Upon written notice to the Company, each holder of a 7.5% Note has the right to exchange all or any portion of the principal and accrued and unpaid interest under its 7.5% Notes for shares of the Company's common stock at the 7.5% Notes Conversion Price.

Additionally, subject to certain restrictions, the Company can force conversion of each 7.5% Note into shares of its common stock if, following the second anniversary of the issuance of a 7.5% Note, such shares trade at a 40% premium to the 7.5% Notes Conversion Price for at least 20 trading days in any consecutive 30 trading day period.

The entire principal balance of each 7.5% Note is due and payable seven years following its original issuance and the Company may repay each 7.5% Note at maturity in shares of its common stock (provided that the Company may not issue more than 13,993,630 shares of its common stock to holders of 7.5% Notes) or cash. All of the shares issuable upon conversion of the 7.5% Notes have been registered for resale by their holders pursuant to a registration statement that has been filed with and declared effective by the SEC.

The Amended Agreements provide for customary events of default which, if any of them occurs, would permit or require the principal of, and accrued interest on, the 7.5% Notes to become, or to be declared, due and payable. No events of default under the 7.5% Notes had occurred as of September 30, 2018.

On August 27, 2013, GEIH transferred $5,000 in principal amount of its 7.5% Notes to certain third parties.

On February 9, 2017, the Company purchased from Mr. Pickens, his 7.5% Note due July 2018 having an outstanding principal amount of $25,000 for a cash purchase price of $21,750. Upon such purchase, the applicable 7.5% Notes were surrendered and canceled in full. The Company's repurchase of this 7.5% Note resulted in a gain of $3,191 for the nine months ended September 30, 2017.

On February 21, 2017, GEIH transferred $11,800 in principal amount of its 7.5% Notes to certain third parties.

On November 17, 2017, Mr. Pickens transferred all remaining $40,000 in principal amount of his 7.5% Notes to a third party.

On June 29, 2018, and pursuant to the consent of the holders of the 7.5% Notes to the Company's payments of amounts owed thereunder before maturity, the Company paid to the holders, in cash, an aggregate of $25,000 in principal amount and $505 in accrued and unpaid interest owed under all outstanding 7.5% Notes due July 2018. Upon such payment, the applicable 7.5% Notes were surrendered and canceled in full.

As a result of the foregoing transactions, as of September 30, 2018, (i) GEIH held 7.5% Notes in an aggregate principal amount of $56,435, and (ii) other third parties held 7.5% Notes in an aggregate principal amount of $43,565.

5.25% Notes

In September 2013, the Company completed a private offering of $250,000 in principal amount of 5.25% Convertible Senior Notes due 2018 (the "5.25% Notes") and entered into an indenture governing the 5.25% Notes (the "Indenture"). The net proceeds from the sale of the 5.25% Notes after the payment of certain debt issuance costs of $7,805 were $242,195. The Company used the net proceeds from the sale of the 5.25% Notes to fund capital expenditures and for general corporate purposes. The 5.25% Notes bore interest at a rate of 5.25% per annum, payable semi-annually in arrears on October 1 and April 1 of each year, beginning on April 1, 2014. The 5.25% Notes matured October 1, 2018, unless any such notes were purchased, redeemed or converted prior to such date in accordance with their terms and the terms of the Indenture.

The Indenture contained customary events of default with customary cure periods, including, without limitation, failure to make required payments or deliveries of shares of the Company's common stock when due under the Indenture, failure to comply with certain covenants under the Indenture, failure to pay when due or acceleration of certain other indebtedness of the Company or certain of its subsidiaries, and certain events of bankruptcy and insolvency of the Company or certain of its subsidiaries. The occurrence of an event of default under the Indenture would allow either the trustee or the holders of at least 25% in principal amount of the then-outstanding 5.25% Notes

to accelerate, or upon an event of default arising from certain events of bankruptcy or insolvency of the Company, would automatically cause the acceleration of, all amounts due under the 5.25% Notes. No events of default under the 5.25% Notes had occurred as of September 30, 2018.

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Prior to September 30, 2018, the Company (i) paid an aggregate of $84,344 in cash to repurchase $114,550 in aggregate principal amount of the 5.25% Notes and (ii) issued an aggregate of 6,265,829 shares of its common stock in exchange for an aggregate of $25,000 in aggregate principal amount of the 5.25% Notes, together with all accrued and unpaid interest thereon. No such repurchases or exchanges occurred during the nine months ended September 30, 2017 or 2018. All repurchased and exchanged 5.25% Notes have been surrendered to the trustee for such notes and canceled in full and the Company has no further obligations under such notes.
On October 1, 2018, the Company paid to the holders, in cash, an aggregate of $110,450 in principal amount and $2,899 in accrued and unpaid interest owed under all then-outstanding 5.25% Notes due October 2018. Upon such payment, the 5.25% Notes were surrendered and canceled in full and the Company has no further obligations under such notes.

Plains Credit Facility

On February 29, 2016, the Company entered into a Loan and Security Agreement (the "Plains LSA") with PlainsCapital Bank ("Plains"), which, as amended on December 6, 2017, has a maturity date of September 30, 2019. Pursuant to the Plains LSA, Plains agreed to lend the Company up to $50,000 on a revolving basis from time to time (the "Credit Facility"). Simultaneously, the Company drew $50,000 under this Credit Facility, which the Company repaid in full on August 31, 2016. On December 22, 2016, the Company drew $23,500 under the Credit Facility, which the Company repaid in full on March 31, 2017. As a result, the Company had no amounts outstanding under the Credit Facility as of September 30, 2018.

The Credit Facility is evidenced by a promissory note issued by the Company on February 29, 2016 in favor of Plains (the "Plains Note"). Interest on the Plains Note is payable monthly and accrues at a rate equal to the greater of (i) the then-current LIBOR rate plus 2.30% or (ii) 2.70%. As collateral security for the prompt payment in full when due of the Company's obligations to Plains under the Plains LSA and the Plains Note, the Company pledged to and granted Plains a security interest in all of its right, title and interest in the cash and corporate and municipal bonds rated AAA, AA or A by Standard & Poor's Rating Services that the Company holds in an account at Plains. In connection with such pledge and security interest granted under the Credit Facility, on February 29, 2016, the Company entered into a Pledged Account Agreement with Plains and PlainsCapital Bank - Wealth Management and Trust (the "Pledge Agreement" and collectively with the Plains LSA and the Plains Note, the "Plains Loan Documents").The Plains Loan Documents include certain covenants of the Company and also provide for customary events of default, which, if any of them occurs, would permit or require, among other things, the principal of, and accrued interest on, the Credit Facility to become, or to be declared, due and payable. Events of default under the Plains Loan Documents include, among others, the occurrence of certain bankruptcy events, the failure to make payments when due under the Plains Note and the transfer or disposal of the collateral under the Plains LSA. No events of default under the Plains Loan Documents had occurred as of September 30, 2018.

Canton Bonds

On March 19, 2014, Canton Renewables, LLC ("Canton"), a former subsidiary of the Company, completed the issuance of Solid Waste Facility Limited Obligation Revenue Bonds (Canton Renewables, LLC — Sauk Trail Hills Project) Series 2014 in the aggregate principal amount of $12,400 (the "Canton Bonds"). The Canton Bonds were issued by the Michigan Strategic Fund (the "Issuer") and the proceeds of the issuance were loaned by the Issuer to Canton pursuant to a loan agreement that became effective on March 19, 2014. On March 31, 2017, Canton was sold to BP in the BP Transaction (see Note 4). As a result, the Canton Bonds became the obligation of BP as of such date.

NG Advantage Debt and Capital Lease Obligations

NG Advantage has debt and capital lease obligations for trailers and equipment due at various dates through 2025 bearing interest at rates up to 8.76%, with weighted -average interest rates of 4.98% and 5.89% as of December 31, 2017 and September 30, 2018, respectively. NG Advantage pledged to and granted a security interest in all of its right, title and interest in the CNG trailers and equipment purchased with the proceeds received from various creditors.

Other Debt

The Company has other debt due at various dates through 2023 bearing interest at rates up to 5.02%, with weighted -average interest rates of 4.79% and 4.79% as of December 31, 2017 and September 30, 2018, respectively.

Note 14—Net Loss Per Share

Basic net loss per share is computed by dividing the net loss attributable to Clean Energy Fuels Corp. by the weighted-average number of common shares outstanding and common shares issuable for little or no cash consideration during the period. Diluted net loss per share is computed by dividing the net loss attributable to Clean Energy Fuels Corp. by the weighted-average number of common shares outstanding and common shares issuable for little or no cash consideration during the period and potentially dilutive securities outstanding during the period, and therefore reflects the dilution from common shares that may be issued upon exercise or conversion of these potentially dilutive securities, such as stock options, warrants, convertible notes and restricted stock units. The dilutive effect of stock awards and warrants is computed under the treasury stock method. The dilutive effect of convertible notes and restricted stock units is computed under the if-converted method. Potentially dilutive securities are excluded from the computations of diluted net loss per share if their effect would be antidilutive.

The information required to compute basic and diluted net loss per share is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Weighted-average common shares outstanding	150,927,825	203,469,222	150,128,204	172,946,896
Dilutive effect of potential common shares from restricted stock units and stock options	—	—	—	—
Weighted-average common shares outstanding -diluted	150,927,825	203,469,222	150,128,204	172,946,896

The following potentially dilutive securities have been excluded from the diluted net loss per share calculations because their effect would have been antidilutive. Although these securities were antidilutive for these periods, they could be dilutive in future periods.

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Stock Options	9,648,613	9,417,492	9,648,613	9,417,492
Convertible Notes	14,991,521	13,409,242	14,991,521	13,409,242
Restricted Stock Units	2,403,266	2,428,731	2,403,266	2,428,731
Total	27,043,400	25,255,465	27,043,400	25,255,465

At-The-Market Offering Program

On May 31, 2017, the Company terminated its equity distribution agreement (the “Sales Agreement”) with Citigroup Global Markets Inc. (“Citigroup”), as sales agent and/or principal. The Sales Agreement was terminable at will upon written notification by the Company with no penalty. Pursuant to the Sales Agreement, the Company was entitled to issue and sell, from time to time through or to Citigroup, shares of its common stock having an aggregate offering price of up to $200,000 in an “at-the-market” offering program (the “ATM Program”). The ATM Program commenced on November 11, 2015 when the Company and Citigroup entered into the original equity distribution agreement, which was amended and restated on September 9, 2016 and again on December 21, 2016 prior to its termination.

The following table summarizes the activity under the ATM Program for the periods presented:

	Nine Months Ended September 30, 2017
Gross proceeds	$ 10,767
Fees and issuance costs	311
Net proceeds	$ 10,456
Shares issued	3,802,500

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Note 15—Stock-Based Compensation

The following table summarizes the compensation expense and related income tax benefit related to the Company's stock-based compensation arrangements recognized in the accompanying condensed consolidated statements of operations during the periods:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2018	2017	2018
Stock-based compensation expense, net of $0 tax in 2017 and 2018 (1)	$2,216	$1,206	$6,904	$4,312

(1) $300 of stock-based compensation expense for the three and nine months ended September 30, 2017 is recorded in asset impairments and other charges in the accompanying condensed consolidated statements of operations and is reported in asset impairments and other charges in the accompanying condensed consolidated statements of cash flows. See Note 3 for more information.

As of September 30, 2018, there was $5,242 of total unrecognized compensation costs related to unvested shares subject to outstanding stock options and restricted stock units, which is expected to be expensed over a weighted-average period of approximately 1.84 years.

Note 16—Stockholders' Equity

Issuance of Common Stock

On May 9, 2018, the Company entered into a stock purchase agreement (the "Purchase Agreement") with Total Marketing Services, S.A., a wholly owned subsidiary of Total S.A. ("Total"). Pursuant to the Purchase Agreement, the Company agreed to sell and issue, and Total agreed to purchase, up to 50,856,296 shares of the Company's common stock at a purchase price of $1.64 per share, all in a private placement (the "Total Private Placement"). The purchase price per share was determined based on the volume-weighted average price for the Company's common stock between March 23, 2018 (the day on which discussions began between the Company and Total) and May 3, 2018 (the day on which the Company agreed in principle with Total regarding the structure and basic terms of its investment). As of the date of the Purchase Agreement, Total did not hold or otherwise beneficially own any shares of the Company's common stock, and Total has agreed, until the later of May 9, 2020 or such date when it ceases to hold more than 5.0% of the Company's common stock then outstanding, among other similar undertakings and subject to customary conditions and exceptions, to not purchase shares of the Company's common stock or otherwise pursue transactions that would result in Total beneficially owning more than 30.0% of the Company's equity securities without the approval of the Company's board of directors.

On June 13, 2018, the Company and Total closed the Total Private Placement, in which: (1) the Company issued to Total all of the 50,856,296 shares of its common stock issuable under the Purchase Agreement, resulting in Total holding approximately 25.0% of the outstanding shares of the Company's common stock and the largest ownership position of the Company as of September 30, 2018; (2) Total paid to the Company an aggregate of $83,404 in gross proceeds, which the Company has used and expects to continue to use for working capital and general corporate purposes, which may include executing its business plans, pursuing opportunities for further growth, and retiring a portion of its outstanding indebtedness; and (3) the Company and Total entered into a registration rights agreement, described below. In connection with the issuance of common stock, the Company incurred transaction fees of $2,694.

Pursuant to the Purchase Agreement, the Company and Total also entered into a registration rights agreement on June 13, 2018, upon the closing under the Purchase Agreement. Pursuant to the registration rights agreement, the Company filed a registration statement with the SEC to cover the resale of the shares issued and sold under the Purchase Agreement, which was declared effective on August 16, 2018, and is obligated to use its commercially reasonable efforts to maintain the effectiveness of such registration statement until all such shares are sold or may be sold without restriction under Rule 144 under the Securities Act of 1933, as amended. As of September 30, 2018, the Company was in compliance with all of its registration covenants set forth in the registration rights agreement.

During the nine months ended September 30, 2017, we issued and sold 3,802,500 shares of our common stock for gross proceeds of $10,767 in the ATM Program. See Note 14 for more information.

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Note 17—Income Taxes

The provision for income taxes for interim periods is determined using an estimate of the Company's annual effective tax rate, adjusted for discrete items, if any, that are taken into account in the relevant period. Each quarter, the Company updates the estimate of the annual effective tax rate, and if the estimated tax rate changes, a cumulative adjustment is recorded.

The Company's income tax benefit (expense) was $44 and $(89) for the three months ended September 30, 2017 and 2018, respectively, and $2,183 and $(266) for the nine months ended September 30, 2017 and 2018, respectively. Tax benefit (expense) for the 2018 periods was comprised of taxes due on the Company's U.S. operations, and for the 2017 periods was comprised of taxes due on the Company's U.S. and foreign operations. The decrease in the Company's income tax benefit for the three months ended September 30, 2018 as compared to the three months ended September 30, 2017 was primarily due to the absence of the tax benefit that arose from the Company's foreign operations following the CEC Combination (see Note 5). The decrease in the Company's income tax benefit for the nine months ended September 30, 2018 as compared to the nine months ended September 30, 2017 was primarily due to a decrease in the deferred tax benefit attributed to the reduction of goodwill amortization following the BP Transaction (see Note 4). The effective tax rates for the three and nine months ended September 30, 2017 and 2018 are different from the federal statutory tax rate primarily due to losses for which no tax benefit has been recognized. Following the BP Transaction and during the year ended December 31, 2017, the Company also benefited from the utilization of federal and state net operating loss ("NOL") carryovers that offset all of the Company's federal and the majority of its state taxes. In addition to the decrease in its deferred tax liability of $2,493 attributed to the reduction in goodwill following the BP Transaction, the utilization of NOLs also resulted in a decrease of $29,768 in the Company's deferred tax assets attributed to NOLs and a corresponding decrease in the Company's deferred tax asset valuation allowance.

The Company increased its liability for unrecognized tax benefits in the nine months ended September 30, 2018 by $2,178, which was primarily attributable to the portion of AFTC revenue recognized in the period that was offset by the fuel tax the Company collected from its customers as an unrecognized tax benefit during the year ended December 31, 2017. The net interest incurred was immaterial for both the three and nine months ended September 30, 2017 and 2018, respectively.

Note 18—Commitments and Contingencies

Environmental Matters

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 that 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.

Litigation, Claims and Contingencies

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

Note 19—Alternative Fuels Excise Tax Credit

Under separate pieces of U.S. federal legislation, the Company has been eligible to receive the AFTC tax credit for its natural gas vehicle fuel sales made between October 1, 2006 and December 31, 2017. The AFTC, which had previously expired on December 31, 2016, was reinstated on February 9, 2018 to apply to vehicle fuel sales made from January 1, 2017 through December 31, 2017. The AFTC credit is equal to $0.50 per gasoline gallon equivalent

of CNG that the Company sold as vehicle fuel, $0.50 per liquid gallon of LNG that the Company sold as vehicle fuel through 2015, and $0.50 per diesel gallon of LNG that the Company sold as vehicle fuel in 2016 and 2017.

Based on the service relationship with its customers, either the Company or its customers claims the credit. The Company records its AFTC credits, if any, as revenue in its consolidated statements of operations because the credits are fully payable to the Company and do not offset income tax liabilities. As such, the credits are not deemed income tax credits under the accounting guidance applicable to income taxes.

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As a result of the most recent legislation authorizing AFTC being signed into law on February 9, 2018, all AFTC revenue for vehicle fuel the Company sold in the 2017 calendar year, totaling $25,481, has been recognized and collected during the nine months ended September 30, 2018. In addition, during the nine months ended September 30, 2018, the Internal Revenue Service approved, and the Company recognized as revenue, $1,382 of AFTC credit claims related to prior years. AFTC is not currently available, and may not be reinstated, for vehicle fuel sales made after December 31, 2017.

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Note 20—Recently Adopted Accounting Changes and Recently Issued Accounting Standards

Recently Adopted Accounting Changes

In February 2018, the Financial Accounting Standards Board ("FASB") issued ASU 2018-02, Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income, which allows for a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act (the "TCJA"). This update is effective for fiscal years beginning after December 15, 2018, which for the Company is the first quarter of 2019, with early adoption permitted. The Company elected to early adopt this ASU during the nine months ended September 30, 2018, which did not have any impact on the accompanying condensed consolidated financial statements or related disclosures. The Company did not elect to reclassify the stranded tax effects of the TCJA as there were none.

In December 2016, the FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash. The new standard requires restricted cash and restricted cash equivalents to be included as components of total cash and cash equivalents as presented on the statement of cash flows. This pronouncement is effective for reporting periods beginning after December 15, 2017, which for the Company is the first quarter of 2018. The Company adopted this standard on a retrospective basis, and adoption did not have a material impact on the Company's consolidated financial statements or related disclosures. As a result of including restricted cash with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts presented in the accompanying condensed consolidated statement of cash flows, net cash flows decreased by $5,533 for the nine months ended September 30, 2017 (see Note 1).

In September 2016, the FASB issued ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Payments. The new standard provides clarification as to the classification of certain transactions as operating, investing or financing activities. This pronouncement is effective for reporting periods beginning after December 15, 2017, which for the Company is the first quarter of 2018. Adoption of this standard did not have any impact on the accompanying condensed consolidated financial statements and related disclosures for the nine months ended September 30, 2018.

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASC 606"), which amends the guidance in former Accounting Standards Codification Topic 605, Revenue Recognition, to provide a single, comprehensive revenue recognition model for all contracts with customers. The new standard requires an entity to recognize revenue in a manner that depicts the transfer of promised goods or services to customers in amounts that reflect the consideration to which an entity expects to be entitled in exchange for those goods or services. The new standard also requires entities to enhance disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The standard is effective for fiscal years beginning after December 15, 2017, which for the Company was the first quarter of 2018.

The Company adopted this standard using the modified retrospective method and recognized the cumulative effect of initially applying ASC 606 as an adjustment to accumulated deficit in the consolidated balance sheet as of January 1, 2018. Results for reporting periods beginning after January 1, 2018 are presented under ASC 606, while prior period amounts are not adjusted. This adoption did not have a material impact to the Company's condensed consolidated financial statements.

The ASC 606 adoption adjustments are as follows, and relate to significant financing components resulting from an advance payment by a customer of NG Advantage and an extended payment term to a station construction customer:

	Balance as of December 31, 2017	Adjustments Due to ASC 606	Balance as of January 1, 2018
Notes receivable and other long-term assets, net	$21,397	$ (963)	$20,434
Deferred revenue	$3,432	$ 330	$3,762
Accumulated deficit	$(683,570)	$ (1,293)	$(684,863)

The ASC 606 adoption adjustments on the accompanying condensed consolidated balance sheet as of September 30, 2018 are as follows:

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	September 30, 2018		
	Balance before ASC 606 Adoption	Effect of Change	As Reported
Notes receivable and other long-term assets, net	$16,885	$(907)	$15,978
Deferred revenue	$7,989	$841	$8,830
Accumulated deficit	$(693,767)	$(1,748)	$(695,515)

The impact on the accompanying condensed consolidated statements of operations for the three and nine months ended September 30, 2018 was immaterial.

Recently Issued Accounting Standards

In February 2016, the FASB issued ASU 2016-02, Leases. The new standard requires most leases to be recognized on the balance sheet which will increase reported assets and liabilities. Lessor accounting remains substantially similar to current guidance. The new standard is effective for annual and interim periods in fiscal years beginning after December 15, 2018, which for the Company is the first quarter of 2019, and mandates adoption using a modified retrospective method. The Company has completed its first phase of globally identifying its leases and is in the process of identifying changes to its processes, internal controls and system requirements and configurations that would result from the new lease standard. The Company’s implementation efforts are progressing as planned. The Company’s evaluation of the impact this ASU will have on its consolidated financial statements and related disclosures is ongoing and not complete.

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Note 21—Subsequent Events

In October 2018, in support of the Company’s truck financing program, which the Company calls “Zero Now Financing,” the Company executed two commodity swap contracts with Total Gas & Power North America, an affiliate of Total, for a total of five million diesel gallons annually from April 1, 2019 to June 30, 2024. These commodity swap contracts are used to manage the risk related to the diesel -to -natural gas price spread and are measured at fair value with changes in the fair value to be recorded in the consolidated statement of operations in the period incurred.

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

The following Management’s Discussion and Analysis of Financial Condition and Results of Operations (this discussion, as well as discussions under the same heading in our other periodic reports, are referred to as the “MD&A”) should be read together with our unaudited condensed consolidated financial statements and the related notes included in this report, and all cross references to notes included in this MD&A refer to the identified note in such consolidated financial statements. For additional context with which to understand our financial condition and results of operations, refer to the MD&A included in our Annual Report on Form 10-K for our fiscal year ended December 31, 2017, which was filed with the Securities and Exchange Commission (“SEC”) on March 13, 2018, as well as the audited consolidated financial statements and notes included therein (collectively, our “2017 Form 10-K”). Pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K promulgated by the SEC, in preparing this MD&A, we have presumed that readers have access to and have read the MD&A contained in our 2017 Form 10-K. Unless the context indicates otherwise, all references to “Clean Energy,” the “Company,” “we,” “us,” or “our” in this MD&A refer to Clean Energy Fuels Corp. together with its consolidated subsidiaries.

Cautionary Note Regarding Forward Looking Statements

This MD&A and the other disclosures in this report contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements other than historical facts and relate to future events or circumstances or our future performance, and they are based on our current assumptions, expectations and beliefs concerning future developments and their potential effect on our business. In some cases, you can identify forward-looking statements by the following words: “if,” “may,” “might,” “shall,” “will,” “can,” “could,” “would,” “should,” “ “intend,” “plan,” “goal,” “objective,” “initiative,” “anticipate,” “believe,” “estimate,” “predict,” “project,” “forecast,” “potentia “ongoing” or the negative of these terms or other comparable terminology, although the absence of these words does not mean that a statement is not forward-looking. The forward-looking statements we make in this discussion include statements about, among other things, our future financial and operating performance, our growth strategies and anticipated trends in our industry and our business. Although the forward-looking statements in this discussion reflect our good faith judgment based on available information, they are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Factors that might cause or contribute to such differences include, among others, those discussed under “Risk Factors” in this report. In addition, we operate in a competitive and rapidly evolving industry in which new risks emerge from time to time, and it is not possible for us to predict all of the risks we may face, nor can we assess the impact of all factors on our business or the extent to which any factor or combination of factors could cause actual results to differ from our expectations. As a result of these and other potential risks and uncertainties, our forward-looking statements should not be relied on or viewed as predictions of future events. All forward-looking statements in this discussion are made only as of the date of this document and, except as required by law, we undertake no obligation to update publicly any forward-looking statements for any reason, including to conform these statements to actual results or to changes in our expectations.

Overview

We are the leading provider of natural gas as an alternative fuel for vehicle fleets in the United States and Canada, based on the number of stations operated and the amount of gasoline gallon equivalents (“GGEs”) of renewable natural gas (“RNG”), compressed natural gas (“CNG”) and liquefied natural gas (“LNG”) delivered. Our principal business is

supplying RNG, CNG and LNG (RNG can be delivered in the form of CNG or LNG) for light, medium and heavy-duty vehicles and providing operation and maintenance ("O&M") services for public and private vehicle fleet customer stations. As a comprehensive solution provider, we also design, build, operate and maintain fueling stations; sell and service natural gas fueling compressors and other equipment used in CNG stations and LNG stations; offer assessment, design and modification solutions to provide operators with code-compliant service and maintenance facilities for natural gas vehicle fleets; transport and sell CNG and LNG via "virtual" natural gas pipelines and interconnects; procure and sell RNG; sell tradable credits we generate by selling RNG and conventional natural gas as a vehicle fuel, including Renewable Identification Numbers ("RIN Credits" or "RINs") under the federal Renewable Fuel Standard Phase 2 and credits under the California and Oregon Low Carbon Fuel Standards (collectively, "LCFS Credits"); help our customers acquire and finance natural gas vehicles; and obtain federal, state and local tax credits, grants and incentives. In

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addition, before March 31, 2017, we produced RNG at our own production facilities (which we sold, along with certain of our other RNG production assets, in the transaction we refer to as the "BP Transaction"), and before December 29, 2017, we manufactured natural gas fueling compressors and other equipment used in CNG stations (which we combined with another company's natural gas fueling compressor manufacturing business in a newly formed joint venture, in the transaction we refer to as the "CEC Combination").

We serve fleet vehicle operators in a variety of markets, including heavy-duty trucking, airports, refuse, public transit, industrial and institutional energy users, and government fleets. We believe these fleet markets will continue to present a growth opportunity for natural gas vehicle fuel for the foreseeable future. As of September 30, 2018, we served nearly 1,000 fleet customers operating over 46,000 natural gas vehicles, and we currently own, operate or supply approximately 530 natural gas fueling stations in 41 states in the United States and four provinces in Canada.

Performance Overview

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

Sources of Revenue

The following table represents our sources of revenue:

Revenue (in millions)	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
Volume -Related [(1)]	$ 63.1	$ 67.8	$ 200.0	$ 197.8
Compressor Sales [(2)]	5.9	—	17.6	—
Station Construction Sales	12.5	9.4	34.1	20.9
AFTC [(3)]	—	—	—	26.9
Other	0.3	0.1	0.6	4.6
Total	$ 81.8	$ 77.3	$ 252.3	$ 250.2

(1) Our volume-related revenue primarily consists of sales of RNG, CNG and LNG fuel, performance of O&M services, and sales of RINs and LCFS Credits. More information about our volume of fuel and O&M services delivered in the periods is included below under "Key Operating Data." The following table summarizes our revenue from sales of RINs and LCFS Credits in the periods:

(In millions)	Three Months Ended September 30, 2017 (a)	2018	Nine Months Ended September 30, 2017	2018
RIN Credits [(b)]	$3.8	$4.0	$17.2	$10.5
LCFS Credits [(b)]	—	2.6	2.9	6.5
Total	$3.8	$6.6	$20.1	$17.0

a. We recognized no revenue from sales of LCFS Credits during the three months ended September 30, 2017 primarily because the majority of the LCFS Credits we had generated were sold in the BP Transaction and we could not sell our remaining LCFS Credits due to restrictions imposed on our credit account pending completion of an ongoing administrative review by the California Air Resources Board ("CARB"), which was completed in November 2017.

b.

Revenue from sales of RINs and LCFS Credits decreased after the first quarter of 2017 due to the effects of the BP Transaction. Please see the MD&A contained in our 2017 Form 10-K for more information.

(2) We completed the CEC Combination on December 29, 2017 (see Note 5). As a result, no revenue for compressor sales has been or will be received or recorded after that date.

(3) Represents a federal alternative fuels tax credit that we refer to as “AFTC,” which expired December 31, 2016 but, subsequent to December 31, 2017, was reinstated for vehicle fuel sales made in 2017. See “Recent Developments” below for more information.

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Key Operating Data

In evaluating our operating performance, our management focuses primarily on: (1) the amount of RNG, CNG and LNG gasoline gallon equivalents delivered (which we define as (i) the volume of gasoline gallon equivalents we sell to our customers, plus (ii) the volume of gasoline gallon equivalents dispensed at facilities we do not own but where we provide O&M services on a per-gallon or fixed fee basis, plus (iii) our proportionate share of the gasoline gallon equivalents sold as CNG by our joint venture with Mansfield Ventures, LLC called Mansfield Clean Energy Partners, LLC ("MCEP"), plus (iv) our proportionate share (as applicable) of the gasoline gallon equivalents of RNG produced and sold as pipeline quality natural gas by the RNG production facilities we owned before completion of the BP Transaction, (2) our station construction cost of sales, (3) our gross margin (which we define as revenue minus cost of sales), and (4) net income (loss) attributable to us. The following tables present our key operating data for the years ended December 31, 2015, 2016, and 2017 and for the three and nine months ended September 30, 2017 and 2018:

Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
CNG [(1)]	229.2	259.2	283.4	73.5	75.4	213.1	220.0
LNG	70.5	66.8	66.1	17.3	16.9	50.0	46.8
RNG [(2)]	8.8	3.0	1.9	0.7	—	1.9	—
Total	308.5	329.0	351.4	91.5	92.3	265.0	266.8

Gasoline gallon equivalents delivered (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
O&M services	159.3	176.6	199.5	53.2	53.4	150.2	154.6
Fuel [(1)]	130.1	128.5	127.3	32.3	32.2	96.7	92.8
Fuel and O&M services [(3)]	19.1	23.9	24.6	6.0	6.7	18.1	19.4
Total	308.5	329.0	351.4	91.5	92.3	265.0	266.8

Other operating data (in millions)	Year Ended December 31, 2015	Year Ended December 31, 2016	Year Ended December 31, 2017	Three Months Ended September 30, 2017	Three Months Ended September 30, 2018	Nine Months Ended September 30, 2017	Nine Months Ended September 30, 2018
Station construction cost of sales	$ 32.3	$ 57.0	$ 47.0	$ 11.6	$ 8.7	$ 31.3	$ 20.7
Gross margin [(4)] [(5)]	$ 125.8	$ 147.1	$ 85.8	$ 8.5	$ 24.5	$ 60.8	$ 96.9
Net loss attributable to Clean Energy Fuels. Corp [(4)]	$ (134.2)	$ (12.2)	$ (79.2)	$ (94.1)	$ (10.9)	$ (50.9)	$ (10.7)

(1) As noted above, amounts include our proportionate share of the GGEs sold as CNG by our joint venture MCEP. GGEs sold by this joint venture were 0.4 million, 0.5 million, and 0.5 million, for the years ended December 31, 2015, 2016, and 2017, respectively, 0.1 million and 0.2 million for the three months ended September 30, 2017 and 2018, respectively, and 0.4 million and 0.4 million for the nine months ended September 30, 2017 and 2018, respectively.

(2) Represents RNG sold as non-vehicle fuel. RNG, sold as vehicle fuel, is sold under the brand name Redeem™ and is included in this table in the CNG or LNG amounts as applicable based on the form in which it was sold. GGEs of Redeem sold were 50.1 million, 58.6 million, and 78.5 million for the years ended December 31, 2015, 2016, and 2017, respectively, 19.3 million and 28.3 million for the three months ended September 30, 2017 and 2018, respectively, and 53.6 million and 70.8 million for the nine months ended September 30, 2017 and 2018, respectively.

(3) Represents gasoline gallon equivalents at stations where we provide both fuel and O&M services.

(4) Includes the following amounts of AFTC revenue: $31.0 million, $26.6 million, and $0.0 million for the years ended December 31, 2015, 2016, and 2017, respectively, and $0.0 million and $26.9 million for the three and nine months ended September 30, 2018, respectively.

(5) For the three and nine months ended September 30, 2017, gross margin includes an inventory valuation provision of $13.2 million. See Note 3 for more information.

Recent Developments

BP RNG Supply Agreement. In October 2018, we entered into a joint marketing arrangement that provides for us to receive an increased supply of RNG from BP. We expect that this will boost our volumes of RNG vehicle fuel in future periods. We will also share in the incremental environmental credit revenue generated from the additional RNG supply provided as vehicle fuel.

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Full Cash Repayment of 5.25% Notes. On October 1, 2018, we paid to the holders of our 5.25% Convertible Senior Notes due 2018 (the “5.25% Notes”), in cash, an aggregate of $110.5 million in principal amount plus $2.9 million in accrued and unpaid interest owed under all then-outstanding 5.25% Notes due October 2018. Upon such payment, the 5.25% Notes were surrendered and canceled in full and we have no further obligations under such notes.

Total Private Placement. On May 9, 2018, we entered into a stock purchase agreement (“Purchase Agreement”) with Total Marketing Services, S.A., a wholly owned subsidiary of Total S.A. (“Total”), for the sale and issuance to Total of up to 50,856,296 shares of our common stock at a purchase price of $1.64 per share, all in a private placement (the “Total Private Placement”). The Total Private Placement closed on June 13, 2018, upon the satisfaction of all conditions to closing set forth in the Purchase Agreement. At the closing, we issued to Total all of the 50,856,296 shares of our common stock issuable under the Purchase Agreement, and Total paid to us an aggregate of $83.4 million in gross proceeds, which we have used and expect to continue to use for working capital and general corporate purposes, which may include executing our business plans, pursuing opportunities for further growth, and retiring a portion of our outstanding indebtedness.

The agreements related to the Total Private Placement also contain representations, warranties and covenants made by us and Total regarding, among other matters, certain director designation rights we have granted to Total (along with undertakings by certain of our stockholders, including all of our directors and executive officers, to vote their shares in favor of such director designees in future elections of directors), certain registration rights we have granted to Total for the shares that were issued and sold, certain limitations on Total’s purchase of additional securities of our Company without the approval of our board of directors, and various other matters that are customary for transactions of this nature.

In addition, and separate from the Total Private Placement, we have also launched a truck financing program with Total, pursuant to which Total will provide $100.0 million of credit support, designed to facilitate and grow the deployment of heavy-duty natural gas trucks in the United States. In October 2018, in support of the truck financing program, we executed two commodity swap agreements with Total Gas & Power North American, an affiliate of Total, for a total of five million diesel gallons annually from April 1, 2019 to June 30, 2024. These swap agreements are designed to manage our risk related to the diesel -to -natural gas price spread.

AFTC. The AFTC, which had previously expired on December 31, 2016, was reinstated on February 9, 2018 to apply to vehicle fuel sales made from January 1, 2017 through December 31, 2017. As a result, all AFTC revenue for vehicle fuel we sold in the 2017 calendar year, which totaled $25.5 million, was recognized and collected in the nine months ended September 30, 2018. The AFTC credit for 2017 is equal to $0.50 per gasoline gallon equivalent of CNG that we sold as vehicle fuel, and $0.50 per diesel gallon of LNG that we sold as vehicle fuel. In addition, during the nine months ended September 30, 2018, the Internal Revenue Service approved, and we recognized as revenue, $1.3 million of AFTC credit claims related to prior years. AFTC is not currently available, and may not be reinstated, for vehicle fuel sales made after December 31, 2017.

Business Risks and Uncertainties and Other Trends

Our business and prospects are exposed to numerous risks and uncertainties. For more information, see “Risk Factors” in Part II, Item 1A of this report. In addition, our performance in any period may be affected by various trends in our business and our industry, including certain seasonality trends. See the description of the key trends in our past performance and anticipated future trends included in the MD&A contained in our 2017 Form 10-K. Except as set forth below, there have been no material changes to such trends as described in the MD&A contained in our 2017 Form 10-K.

In the third and fourth quarters of 2017, as described further in our 2017 Form 10-K, we took actions we believe will better align our activities and assets with current and anticipated market demand, and these actions will have an impact on our future performance and financial condition. For instance, our fueling station closures and the CEC

Contribution have decreased our aggregate revenue and cost levels, and we expect these lower levels to continue. In addition, the actions we took to reduce our operating costs, including a workforce reduction and other measures to reduce overhead costs, have contributed to decreased expenses, particularly selling, general and administrative expenses, and we expect these lower expense levels will also continue. These actions also led us to record asset impairment and other cash and non-cash charges in 2017, which could be repeated if we decide to implement similar measures in the future.

The market for natural gas as a vehicle fuel is a relatively new and developing market, and has experienced slow, volatile or unpredictable growth in many sectors. For example, to date, adoption and deployment of natural gas vehicles, both in general and in certain of our key customer markets, including heavy-duty trucking, have been slower and more limited than we anticipated. Also, other important markets, including airports, refuse and public transit, have experienced fluctuations in their natural gas adoption, including slower volume and customer growth in 2018 to date that could continue in future periods. Moreover, adoption of and demand for the different types of natural gas vehicle fuel, including CNG, LNG and RNG, are subject to significant

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fluctuations, including decreased LNG volumes in some markets in recent periods that may continue in the future and may not be sufficiently offset by any increase in demand for RNG or CNG.

Debt Compliance

Certain of the agreements governing our outstanding debt, which are discussed in Note 13, have certain non-financial covenants with which we must comply. As of September 30, 2018, we were in compliance with all of these covenants.

Risk Management Activities

Our risk management activities are discussed in the MD&A contained in our 2017 Form 10-K. In the nine months ended September 30, 2018, there were no material changes to these activities.

Critical Accounting Policies

We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our condensed consolidated financial statements.

- Revenue recognition;
- Impairment of goodwill and long-lived assets;
- Income taxes; and
- Fair value measurements.

These critical accounting policies and the related judgments and estimates are discussed in the MD&A contained in our 2017 Form 10-K, except that effective January 1, 2018, we adopted new guidance for our revenue recognition policy that superseded the previous guidance for revenue recognition. The new guidance, and our revenue recognition policy under this new guidance, is described Note 2. There have been no other material changes to our critical accounting policies as described in the MD&A contained in our 2017 Form 10-K.

Recently Issued and Adopted Accounting Standards

See Note 20 for a description of recently issued and adopted accounting standards.

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Results of Operations

Three Months Ended September 30, 2018 Compared to Three Months Ended September 30, 2017

The table below presents, for each period indicated, each line item of our statement of operations data as a percentage of our total revenue for the period. Additionally, the narrative that follows provides a comparative discussion of certain of these line items between the periods indicated. Historical results are not indicative of the results to be expected in the current period or any future period.

	Three Months Ended September 30,	
	2017	2018
Statement of Operations Data:		
Revenue:		
Product revenue	82.7 %	87.2 %
Service revenue	17.3	12.8
Total revenue	100.0	100.0
Operating expenses:		
Cost of sales (exclusive of depreciation and amortization shown separately below):		
Product cost of sales	64.7	62.2
Service cost of sales	8.9	6.1
Inventory valuation provision	16.1	—
Selling, general and administrative	30.3	23.8
Depreciation and amortization	17.2	17.3
Asset impairments and other charges	74.2	—
Total operating expenses	211.4	109.4
Operating income (loss)	(111.4)	(9.4)
Interest expense	(5.2)	(5.3)
Interest income	0.6	1.5
Other income (expense), net	0.0	(0.2)
Loss from equity method investments	0.0	(0.7)
Gain from extinguishment of debt	—	—
Gain from sale of certain assets of subsidiary	—	—
Loss from formation of equity method investment	—	(1.5)
Loss before income taxes	(116.0)	(15.6)
Income tax benefit (expense)	0.1	(0.1)
Net loss	(115.9)	(15.7)
Loss attributable to noncontrolling interest	0.9	1.7
Net loss attributable to Clean Energy Fuels Corp.	(115.0)%	(14.0)%

Revenue. Revenue decreased by $4.5 million to $77.3 million in the three months ended September 30, 2018, from $81.8 million in the three months ended September 30, 2017. This decrease was primarily due to lower station construction sales and the absence of compressor revenue, partially offset by higher volume -related revenue.

Station construction sales decreased by $3.1 million between periods, principally due to fewer full station and station upgrade projects in process.

Compressor revenue decreased by $5.9 million between periods due to the completion of the CEC Combination in December 2017 (see Note 5).

Volume -related revenue increased by $4.7 million between periods, primarily due to a higher effective price per gallon charged, an increase in gallons delivered between periods, and the impact of temporarily stopping sales of LCFS Credits due to restrictions imposed on our LCFS Credit account during the 2017 period.

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Our effective price per gallon charged was $0.73 for the three months ended September 30, 2018, a $0.04 per gallon increase from $0.69 per gallon for the three months ended September 30, 2017. Our effective price per gallon is defined as revenue generated from selling RNG, CNG, LNG, and any related RINs and LCFS Credits and providing O&M services to our vehicle fleet customers at stations we do not own and for which we receive a per-gallon or fixed fee, all divided by the total GGEs delivered less GGEs delivered by non-consolidated entities, such as entities that are accounted for under the equity method. The increase in our effective price per gallon between periods was primarily due to higher retail selling prices and the impact to the 2017 period of temporarily stopping sales of LCFS Credits due to restrictions imposed on our LCFS Credit account during the period.

Cost of sales. Cost of sales decreased by $20.5 million to $52.8 million in the three months ended September 30, 2018, from $73.3 million in the three months ended September 30, 2017. This decrease was primarily due to a $13.2 million inventory valuation provision recorded in the three months ended September 30, 2017 (see Note 3), and a $6.3 million decrease in costs related to our former compressor manufacturing business due to the completion of the CEC Combination in December 2017 (see Note 5).

Our effective cost per gallon increased by $0.01 per gallon between periods, to $0.47 per gallon in the three months ended September 30, 2018 from $0.46 per gallon in the three months ended September 30, 2017. Our effective cost per gallon is defined as the total costs associated with delivering natural gas, including gas commodity costs, transportation fees, liquefaction charges, and other site operating costs, plus the total cost of providing O&M services at stations that we do not own and for which we receive a per-gallon or fixed fee, including direct technician labor, indirect supervisor and management labor, repair parts and other direct maintenance costs, all divided by the total GGEs delivered less GGEs delivered by non-consolidated entities, such as entities that are accounted for under the equity method. The increase in our effective cost per gallon was primarily due to a temporary increase in natural gas transportation prices on the SoCalGas system.

Selling, general and administrative. Selling, general and administrative expenses decreased by $6.4 million to $18.4 million in the three months ended September 30, 2018, from $24.8 million in the three months ended September 30, 2017. This decrease was primarily driven by continued cost reduction efforts and reduced administrative costs due to the completion of the CEC Combination in 2017.

Depreciation and amortization. Depreciation and amortization decreased by $0.7 million to $13.4 million in the three months ended September 30, 2018, from $14.1 million in the three months ended September 30, 2017, primarily due to asset impairments related to our station closures and former natural gas compressor manufacturing business recorded during the third quarter of 2017.

Asset impairments and other charges. During the three months ended September 30, 2017, we recorded asset impairments and other cash and non-cash charges totaling $60.7 million related to our station closures, our former natural gas fueling compressor manufacturing business, our workforce reduction and other steps taken to reduce overhead costs. See Note 3 for more information. We recorded no comparable charge in the 2018 period.

Interest expense. Interest expense decreased by $0.2 million to $4.1 million in the three months ended September 30, 2018, from $4.3 million in the three months ended September 30, 2017. This decrease was primarily due to a reduction of outstanding indebtedness between periods.

Other income (expense), net. Other income (expense), net decreased between periods, which was primarily attributable to an increase in losses recorded from disposals of assets between periods.

Loss from equity method investments. Loss from equity method investments increased by $0.5 million between periods, which was primarily attributable to the completion of the CEC Combination in December 2017.

Loss from formation of equity method investment. During the three months ended September 30, 2018, we recorded a loss of $1.2 million related to additional commitments incurred as a result of the CEC Combination. We recorded no comparable loss in the 2017 period.

Income tax benefit (expense). Income tax benefit decreased between periods, primarily due to the absence of the tax benefit that arose from the Company's foreign operations following the CEC Combination (see Note 5).

Loss attributable to noncontrolling interest. During the three months ended September 30, 2017 and 2018, we recorded a $0.7 million and $1.3 million reversal of loss, respectively, for the noncontrolling interest in the net loss of our subsidiary, NG Advantage LLC (“NG Advantage”). The noncontrolling interest in NG Advantage represents a

46.7% and 46.5% minority interest that was held by third parties during the 2017 and 2018 periods, respectively.

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Nine Months Ended September 30, 2018 Compared to Nine Months Ended September 30, 2017

The table below presents, for each period indicated, each line item of our statement of operations data as a percentage of our total revenue for the period. Additionally, the narrative that follows provides a comparative discussion of certain of these line items between the periods indicated. Historical results are not indicative of the results to be expected in the current period or any future period.

	Nine Months Ended September 30,	
	2017	2018
Statement of Operations Data:		
Revenue:		
Product revenue	83.9 %	88.3 %
Service revenue	16.1	11.7
Total revenue	100.0	100.0
Operating expenses:		