LARGE FILING SEPARATOR SHEET

CASE NUMBER: 06-1363-GA-AGG

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SECTION: (Part 2 of 2)

NUMBER OF PAGES: 181

DESCRIPTION OF DOCUMENT: Renewal Application

Item 2. Properties

We do not own any real property. We lease the business premises in the following locations for the stated principal uses:

Location	Approximate Floor Space (Square Feet)	Principal Use
446 Main Street, Worcester, Massachusetts (1)	7,458	Executive office and general administration
1215 19th Street NW, Washington, District of Columbia (2)	400	Branch office
1035 Pearl Street, Boulder, CO (3)	322	Branch office
10001 Woodloch Forest Drive, The Woodlands, TX (4)	2,027	Branch office
208 West 10th Street, Georgetown, TX (5)	400	Branch office
770 East Market Street, West Chester, PA (6)	575	Branch office
4495 Bradenton Avenue, Dublin OH (7)	4,500	Branch office

Note:

(1) Pursuant to two lease agreements with Sovereign Bank expiring December 31, 2009, at a monthly rate escalating to $11,931 in 2009, plus operating expenses and taxes.

(2) Pursuant to a five-year lease agreement with Roosevelt Land, LP expiring July 16, 2011, at a monthly rate of $5,000, plus operating expenses and taxes.

(3) Pursuant to a one-year lease agreement with Kabili, LLC expiring March 31, 2008, at a monthly rate of $1,950, plus certain operating expenses.

(4) Pursuant to a five-year lease agreement with NNN Waterway Plaza, expiring March 31, 2012, at a monthly rate escalating to $5,574, plus operating expenses and taxes.

(5) Pursuant to a one-year lease agreement with Kevin Stotz, expiring May 31, 2008, at a monthly rate of $400, plus certain operating expenses.

(6) Pursuant to a two year lease agreement with High Associates LTD expiring December 31, 2009, at a monthly rate escalating to $970, plus certain operating expenses.

(7) Pursuant to a sixty two-month lease agreement with Rickert Property Management, expiring July 31, 2012, a monthly rate escalating to $3,750, plus operating expenses and taxes.

Item 3. Legal Proceedings

From time to time we may be a party to various legal proceedings arising in the ordinary course of our business. Our management is not aware of any litigation outstanding, threatened or pending as of the date hereof by or against us or our properties which we believe would be material to our financial condition or results of operations.

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

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Our common stock (Symbol "XWE") began trading on the Toronto Stock Exchange ("TSX") on November 16, 2006. Prior to this date, there was no established public trading market for our common stock. Our common stock does not currently trade on a U.S. national market.

The following table sets forth the high and low closing prices per share reported on TSX for the periods shown, commencing with the quarter of our initial public offering on November 16, 2006 (in US $'s):

	High	Low
2007:		
First quarter	$1.00	$0.82
Second quarter	$1.53	$0.82
Third quarter	$1.77	$1.08
Fourth quarter	$1.31	$0.55
2006:		
Fourth quarter	$1.25	$0.91

On February 29, 2008, the last reported sale price of our common stock on TSX was CAD$0.75 per share and there were 141 holders of record of our common stock.

We have never declared or paid any cash dividends on our common stock. We currently intend to retain our future earnings, if any, to finance the expansion of our business and do not expect to pay any dividends in the foreseeable future.

Information regarding our equity compensation plans required by this item is incorporated by reference to the information appearing under the caption "Equity Compensation Plan Information" in our definitive Proxy Statement for the 2008 Annual Meeting of Stockholders.

Use of Proceeds from Registered Securities

We registered shares of our common stock in connection with our initial public offering concurrently in Canada under the terms of a Supplemented Prep Prospectus dated November 9, 2006 and in the United States under the Securities Act. Our Registration Statement on Form S-1 (No. 333-136528) in connection with our initial public offering was declared effective by the SEC on November 9, 2006. As of December 31, 2007, we have used approximately $10 million of the net proceeds of the initial public offering to redeem our long-term debt, to acquire the assets of Energy Gateway, for working capital and to fund operations. The remaining net proceeds of the initial public offering are invested in short-term, highly liquid money market accounts with an original maturity of 90 days or less. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b).

Recent Sales of Unregistered Securities

None.

Repurchase of Equity Securities
None.

Item 6. Selected Consolidated Financial Data

The following table summarizes our consolidated financial data for the periods presented. You should read the following financial information together with the information under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the notes to those consolidated financial statements appearing elsewhere in this annual report. The selected consolidated statements of operations data for the fiscal years ended December 31, 2007, 2006 and 2005, and the selected consolidated balance sheet data as of December 31, 2007 and 2006 are derived from the audited consolidated financial statements, which are included elsewhere in this document. The selected consolidated statements of operations data for the years ended December 31, 2004 and 2003, and the consolidated balance sheet data at December 31, 2005 and 2004 are derived from our audited consolidated financial statements not included in this document. The consolidated balance sheet data as of December 31, 2003 is derived from our unaudited consolidated financial statements not included in this document. Historical results are not necessarily indicative of the results to be expected in future periods.

	For the Years Ended December 31,				
	2007	2006	2005	2004	2003
Consolidated Statement of Operations Data:					
Revenue	$ 9,188,265	$ 5,763,098	$ 4,673,987	$ 3,191,660	$ 2,474,699
Cost of revenue	2,874,678	1,166,426	648,410	563,972	872,647
Gross profit	6,313,587	4,596,672	4,025,577	2,627,688	1,602,052
Operating expenses:					
Sales and marketing	8,598,256	3,227,263	2,649,786	1,814,799	1,781,173
General and administrative	5,858,810	1,862,450	995,703	710,462	557,910
Total operating expenses	14,457,066	5,089,713	3,645,489	2,525,261	2,339,083
Operating income (loss)	(8,143,479)	(493,041)	380,088	102,427	(737,031)
Other income (expense), net(1)	563,294	(312,280)	(86,838)	960,524	(180,738)
Income (loss) before income taxes	(7,580,185)	(805,321)	293,250	1,062,951	(917,769)
Income tax (expense) benefit	(1,061,720)	304,228	754,000	—	—
Net income (loss)	(8,641,905)	(501,093)	1,047,250	1,062,951	(917,769)
Accretion of preferred stock issuance costs	—	(6,299)	(7,199)	(7,199)	(7,199)
Net income (loss) available to common stockholders	$ (8,641,905)	$ (507,392)	$ 1,040,051	$ 1,055,752	$ (924,968)
Net income (loss) available to common stockholders per share:					
Basic Voting	$ (0.11)	$ (0.01)	$ 0.02	$ 0.02	$ (0.03)
Basic Non-Voting	$ —	$ —	$ 0.02	$ 0.02	$ (0.03)
Diluted Voting and Non-Voting	$ (0.11)	$ (0.01)	$ 0.02	$ 0.02	$ (0.03)
Weighted average shares outstanding — Basic:					
Voting Common Stock	79,793,590	45,576,477	33,049,472	32,058,759	30,105,188
Non-Voting Common Stock	—	—	6,778,327	2,880,592	339,726
Total Common Stock-Basic	79,793,590	45,576,477	39,827,799	34,939,351	30,444,914
Weighted Average Shares Outstanding — Diluted:	79,793,590	45,576,477	54,506,566	52,096,206	30,444,914

(1) Other income (expense) for the year ended December 31, 2004 includes a gain of $1,062,775 from extinguishment of debt.

	As of December 31,				
	2007	2006	2005	2004	2003
Consolidated Balance Sheet Data:					
Cash and cash equivalents	$ 7,001,884	$ 17,483,886	$ 1,584,066	$ 49,389	$ 220,796
Working capital	5,323,622	16,639,898	1,372,542	(882,162)	(2,051,277)
Total assets	20,800,565	20,791,381	3,787,842	941,688	934,635
Long-term liabilities	46,222	87,844	1,879,745	150,368	25,565
Series A redeemable convertible preferred stock	—	—	1,501,698	1,494,499	1,487,300
Accumulated deficit	(12,853,272)	(4,211,367)	(3,710,274)	(4,747,524)	(5,820,475)
Total stockholders' equity (deficit)	$ 16,859,799	$ 17,945,002	$ (938,883)	$ (2,241,134)	$ (3,485,026)

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion and analysis of our financial condition andresults of operations together with our consolidated financial statements and relatednotes appearing elsewhere in this Annual Report on Form 10-K. Some of the information contained inthis discussion and analysis includes forward-looking statements that involve risks and uncertainties.You should review the "Risk Factors" section of this Annual Report for a discussion ofimportant factors that could cause actual results to differ materially from theresults described in or implied by the forward-looking statements contained in thefollowing discussion and analysis.

Overview

World Energy is an energy and environmental commodities brokerage company that has developed online auction platforms, the World Energy Exchange and the World Green Exchange. On the World Energy Exchange, retail energy consumers (commercial, industrial and government, or CIG) and wholesale energy participants (utilities and retail suppliers) in the United States are able to negotiate for the purchase or sale of electricity and other energy resources from competing energy suppliers which have agreed to participate on our auction platform in a given auction. The World Energy Exchange is supplemented with information about market rules, pricing trends, energy consumer usage and load profiles. Our procurement staff uses this auction platform to conduct auctions, analyze results, guide energy consumers through contracting, and track their contracts, sites, accounts and usage history. Although our primary source of revenue is from brokering electricity and natural gas, we adapted our World Energy Exchange auction platform to accommodate the brokering of green power in 2003 (i.e., electricity generated by renewable resources), wholesale electricity in 2004, certain other energy-related products in 2005. In 2007, we created the World Green Exchange based on the World Energy Exchange technology and business process. On the World Green Exchange, buyers and sellers negotiate for the purchase or sale of environmental commodities such as Renewable Energy Certificates, Verified Emissions Reductions and Certified Emissions Reductions.

During 2007, we continued to increase our cost structure to support our growth plans. As of December 31, 2007, we employed 63 full time employees versus 20 as of December 31, 2006. The staffing increases in 2007 were primarily related to the acquisition of substantially all of the assets of EnergyGateway LLC ("EnergyGateway"), which employed eighteen individuals, and the hiring of eleven sales and marketing professionals, eight individuals specifically focused on the green markets and six individuals within our operations and administrative groups. Four of the eleven sales and marketing professionals hired in 2007 are specifically assigned to the wholesale market. These increased employee and related costs were the major factors contributing to our increased cost structure in all functional areas during 2007 as compared to 2006. We expect our operating expenses to rise slightly as we expand our brokerage capabilities in our retail, wholesale and green product lines, including increased sales and marketing efforts and continued expansion of our back office operation. We also expect there to be continued significant compliance costs associated with being a public company reporting in both the United States and Canada.

On June 1, 2007, we acquired substantially all of the assets of EnergyGateway for $4,951,758 in cash and 5,375,000 of our common shares plus the assumption of certain liabilities. The EnergyGateway operations are included in our financial statements from June 1, 2007. EnergyGateway provided energy procurement and value-added energy services to customers in many major industries in the U.S. and Canada, from large multi-site Fortune 500 industrials to middle-market manufacturing and small commercial operations.

Operations

Revenue

Retail Electricity Transactions

We receive a monthly commission on energy sales contracted through our online auction platform from each energy supplier based on the energy usage generated and transacted between the energy supplier and energy consumer. Our commissions are not based on the retail price for electricity; rather, commissions are based on the energy usage generated and transacted between the energy supplier and energy consumer multiplied by our contractual commission rate. Our contractual commission rate is negotiated with the energy consumer on a procurement-by-procurement basis based on energy consumer specific circumstances, including size of auction, internal effort required to organize and run the respective auction and competitive factors, among others. Once the contractual commission is agreed to with the energy consumer, all energy suppliers participating in the auction agree to that rate. That commission rate remains fixed for the duration of the contractual term regardless of energy usage. Energy consumers provide us with a letter of authority to request their usage history from the local utility. We then use this data to compile a usage profile for that energy consumer that will become the basis for the auction. This data may also be used to estimate revenue on a going forward basis, as noted below.

Historically, our revenue and operating results have varied from quarter-to-quarter and are expected to continue to fluctuate in the future. These fluctuations are primarily due to energy usage, particularly electricity, having higher demand in our second and third quarters and lower demand during our fourth and first quarters. In addition, the activity levels on the World Energy Exchange can fluctuate due to a number of factors, including geopolitical events, weather conditions and market prices. To the extent these factors affect the purchasing decisions of energy consumers our future results of operations may be affected.

Contracts between energy suppliers and energy consumers are signed for a variety of term lengths, with a one year contract term being typical for commercial and industrial energy consumers, and government contracts typically having two to three year terms. Our revenue has grown over the last three years through new participants utilizing our World Energy Exchange as well as energy consumers increasing the size or frequency of their transactions on our exchange platform.

We generally do not directly invoice our electricity energy suppliers and, therefore, we report a substantial portion of our receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates and is made up of two components. The first component represents energy usage for which we have received actual data from the supplier and/or the utility but for which payment has not been received at the balance sheet date. The majority of our contractual relationships with energy suppliers require them to supply actual usage data to us on a monthly basis and remit payment to us based on that usage. The second component represents energy usage for which we have not received actual data, but for which we have estimated usage.

Retail Natural Gas Transactions

There are two primary fee components to our retail natural gas services - transaction fees and management fees. Transaction fees are billed to and paid by the energy supplier awarded business on the platform. Transaction fees for natural gas and electricity awards are established prior to award and are the same for each supplier. For the majority of our natural gas transactions, we bill the supplier upon the conclusion of the transaction based on the estimated energy volume transacted for the entire award term multiplied by the transaction fee. Management fees are paid by our energy consumers and are generally billed on a monthly basis for services rendered based on terms and conditions included in contractual arrangements. While substantially all of our retail natural gas transactions are accounted in accordance with this policy, a certain percentage is accounted for as the natural gas is consumed by the customer and recognized as revenue in accordance with the retail electricity transaction revenue recognition methodology described above.

Wholesale and Green Transactions

For wholesale energy and environmental commodity transactions, substantially all transaction fees are invoiced upon the conclusion of the auction based on a fixed fee. These revenues are not tied to future energy usage and are recognized upon the completion of the online auction. For reverse auctions where our customers bid for a consumer's business, the fees are paid by the bidder. For forward auctions where a lister is selling energy or credits, the fees are typically paid by the lister. In addition, revenue may not be recognized on certain green transactions until the credits being auctioned have been verified. While substantially all wholesale and green transactions are accounted for in this fashion, a small percentage is accounted for as the wholesale electricity or gas is delivered similar to the retail electricity transaction methodology described above.

Cost of revenue

Cost of revenue consists primarily of:

- salaries, employee benefits and stock-based compensation associated with our auction management services, which are directly related to the development and production of the online auction and maintenance of market-related data on our auction platform and monthly management fees (our supply desk function);
- amortization of capitalized costs associated with our auction platform and acquired developed technology; and
- rent, depreciation and other related overhead and facility-related costs.

Sales and marketing

Sales and marketing expenses consist primarily of:

- salaries, employee benefits and stock-based compensation related to sales and marketing personnel;
- third party commission expenses to our channel partners;
- travel and related expenses;
- amortization related to customer relationships and contracts;
- rent, depreciation and other related overhead and facility-related costs; and
- general marketing costs such as trade shows marketing materials and outsourced services;

General and administrative

General and administrative expenses consist primarily of:

- salaries, employee benefits and stock-based compensation related to general and administrative personnel;
- accounting, legal, recruiting and other professional fees; and
- rent, depreciation and other related overhead and facility-related costs.

Interest income (expense), net

Interest income (expense), net consists primarily of:

- interest income in 2007 related to the invested portion of the proceeds from our initial public offering;
- interest expense in 2007 and 2006 related to capital leases; and
- interest expense in 2006 on our $2.0 million subordinated note payable to Massachusetts Capital Resource Company, or MCRC, including the accretion of warrants, that was redeemed on December 4, 2006.

Income tax expense

Income tax expense of approximately $1.1 million for the year ended December 31, 2007 resulted from the application of a full valuation allowance provided against deferred tax assets generated in prior years due to uncertainty regarding the realization of those deferred tax assets, primarily net operating loss carryforwards, in the future.

Results of Operations

The following table sets forth certain items as a percent of revenue for the periods presented:

	For the Years Ended December 31,		
	2007	2006	2005
Revenue	100%	100%	100%
Cost of revenue	31	20	14
Gross profit	69	80	86
Operating expenses:			
Sales and marketing	94	56	57
General and administrative	64	33	21
Operating income (loss)	(89)	(9)	8
Interest income (expense)	7	(5)	(2)
Income tax benefit (expense)	(12)	5	16
Net income (loss)	(94)%	(9)%	22%

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Comparison of the Years Ended December 31, 2007 and 2006

Revenue

	For the Years Ended December 31,							
	2007		2006		Increase			
Revenue	$	9,188,265	$	5,763,098	$	3,425,167	59%	

Revenue increased 59% primarily due to increased auction activity in multiple product lines, new customer wins and the acquisition of the assets of EnergyGateway during the year ended December 31, 2007 as compared to the same period in 2006. The revenue increase reflects the growth of our wholesale customer base to 12 in 2007 from 2 in 2006 as well as an increase to 42 channel partners as of December 31, 2007 from 29 as of December 31, 2006. Of those channel partners, 25 had contributed to our revenue by brokering transactions over the exchange during 2007 as compared to 18 during 2006.

Cost of revenue

	For the Years Ended December 31,					
	2007		2006			
	$	% of Revenue	$	% of Revenue	Increase	
Cost of revenue	$ 2,874,678	31%	$ 1,166,426	20%	$ 1,708,252	146%

The 146% increase in cost of revenue related to the year ended December 31, 2007 as compared to the same period in 2006 was substantially due to the addition of ten former EnergyGateway employees, an increase in salary and benefit costs associated with nine new supply desk employees and, to a lesser extent, amortization related to developed technology acquired. Cost of revenue as a percent of revenue increased 11% due to the cost increases noted above partially offset by the 59% increase in revenue.

Operating expenses

	For the Years Ended December 31,					
	2007		2006			
	$	% of Revenue	$	% of Revenue	Increase	
Sales and marketing	$ 8,598,256	94%	$ 3,227,263	56%	$ 5,370,993	166%
General and administrative	5,858,810	64	1,862,450	33	3,996,360	215
Total operating expenses	$ 14,457,066	158%	$ 5,089,713	89%	$ 9,367,353	184%

The 166% increase in sales and marketing expense for the year ended December 31, 2007 as compared to the same period in 2006 primarily reflects the addition of eleven new sales and marketing employees, general salary increases and the addition of the former EnergyGateway employees. In addition, the increased costs include amortization related to customer relationships and contracts as well as increases in travel, consulting and marketing expenses. Sales and marketing expense as a percentage of revenue increased 38% due to increased costs discussed above partially offset by the 59% increase in revenue.

The 215% increase in general and administrative expenses related to the year ended December 31, 2007 as compared to the same period in 2006 was primarily due to an increase in legal, audit and other compliance costs, the addition of four corporate employees, the addition of the former EnergyGateway employees and assets and increases in benefits, recruiting, and occupancy related costs. The increase in legal and audit costs were primarily related to increased compliance and infrastructure activities in support of our growth initiatives, including compliance with the Sarbanes-Oxley Act and ongoing public company costs and the acquisition of the assets of EnergyGateway. General and administrative expenses as a percent of revenue increased 31% substantially due to the cost increases noted above, partially offset by the 59% increase in revenue.

Interest income (expense), net

Interest income, net was approximately $563,000 for the year ended December 31, 2007. Interest expense, net was approximately $312,000 for the year ended December 31, 2006. Interest income in 2007 was primarily due to interest earned on the invested portion of the proceeds from our initial public offering. Interest expense in 2006 was primarily due to interest paid on our $2.0 million subordinated note with the MCRC. This note was retired in December 2006.

Income tax provision

We recorded an income tax provision of approximately $1.1 million for the year ended December 31, 2007, reflecting the application of a full valuation allowance provided against deferred tax assets generated in prior years due to uncertainty regarding the realization of those deferred tax assets, primarily net operating loss carryforwards, in the future. We recorded an income tax benefit of approximately $304,000 for the year ended December 31, 2006, reflecting an effective federal and

state tax rate of 38% as we determined that it was more likely than not that a portion of our deferred tax assets would be benefited against expected future income.

Net loss

We reported a net loss for the year ended December 31, 2007 of approximately $8.6 million as compared to a net loss of approximately $501,000 for the year ended December 31, 2006. The increase in net loss is primarily due to the higher operating expenses discussed above and, to a lesser extent, the income tax provision partially offset by increases in revenue and interest income.

Comparison of the Years Ended December 31, 2006 and 2005

Revenue

	For the Years Ended December 31,			
	2006	2005	Increase	
Revenue	$ 5,763,098	$ 4,673,987	$ 1,089,111	23%

Revenue increased 23% primarily due to increased energy usage by energy consumers during the year ended December 31, 2006 as compared to the same period in 2005. This increase was primarily due to the addition of new government procurements and the increase to 29 channel partners as of December 31, 2006 from 16 as of December 31, 2005. Of those channel partners, 18 had successfully contributed to our revenue by brokering transactions over the exchange during 2006 as compared to 10 during 2005.

Cost of revenue

	For the Years Ended December 31,					
	2006		2005			
	$	% of Revenue	$	% of Revenue	Increase	
Cost of revenue	$ 1,166,426	20%	$ 648,410	14%	$ 518,016	80%

The 80% increase in cost of revenue related to the year ended December 31, 2006 as compared to the same period in 2005 was substantially due to an increase in employee and employee-related costs associated with the addition of four new employees and general salary increases. Cost of revenue as a percent of revenue increased 6% primarily due to the cost increases noted above, partially offset by the 23% increase in revenue.

Operating expenses

	For the Years Ended December 31,					
	2006		2005			
	$	% of Revenue	$	% of Revenue	Increase	
Sales and marketing	$ 3,227,263	56%	$ 2,649,786	57%	$ 577,477	22%
General and administrative	1,862,450	33	995,703	21	866,747	87
Total operating expenses	$ 5,089,713	89%	$ 3,645,489	78%	$ 1,444,224	40%

The 22% increase in sales and marketing expense for the year ended December 31, 2006 as compared to the same period in 2005 was primarily due to an increase in employee and employee-related costs associated with one additional employee, general salary increases and increased commission costs associated with our higher sales activity as well as higher travel expenses. Sales and marketing expense as a percentage of revenue during the period decreased 1% due to the increase in revenue discussed above substantially offset by the increase in employee and employee-related costs.

The 87% increase in general and administrative expenses related to the year ended December 31, 2006 as compared to the same period in 2005 was primarily due to employee-related costs associated with the addition of four new employees, compliance and recruiting costs as we increased staffing in all functional areas. General and administrative expenses as a percent of revenue increased 12% substantially due to the cost increases noted above, partially offset by the 23% increase in revenue.

Other income (expense)

Interest expense increased approximately $357,000, or 376%, during the year ended December 31, 2006 as compared to the same period in 2005 primarily due to eleven months of interest on the MCRC note in 2006 as compared to two months in 2005. The increase in interest expense was substantially offset by an approximate $132,000 increase in interest income earned on the invested portion of the proceeds from our initial public offering in November 2006 and, to a lesser extent, proceeds from the MCRC note. In addition, in connection with our initial public offering, we redeemed the MCRC note at face value resulting in non-cash interest expense of approximately $221,000 due to the accelerated amortization of the balance of unamortized discount related to warrant issuances.

Income tax benefit

We recorded an income tax benefit of approximately $304,000 for the year ended December 31, 2006 reflecting an expected effective federal and state tax rate of 38% as we determined that it was more likely than not that a portion of our deferred tax assets would be benefited against expected future income. At December 31, 2006, we had gross deferred tax assets of approximately $1.7 million, against which a valuation allowance of approximately $639,000 had been applied. Gross deferred tax liabilities of approximately $266,000 were also applied against the net deferred tax asset. A valuation allowance was provided against the tax benefit generated during this period due to uncertainty regarding the realization of the net operating loss in the future.

We recorded an income tax benefit of $754,000 for the year ended December 31, 2005 as we determined it was more likely than not that a portion of our deferred tax assets would be benefited against future income.

Net income (loss)

We reported a net loss for the year ended December 31, 2006 of approximately $501,000 compared to net income of approximately $1,047,000 in 2005. The net loss in 2006 versus net income in 2005 is primarily due to the increases in operating expenses and net interest expense discussed above, which were partially offset by the 23% increase in revenue for the year ended December 31, 2006 as compared to 2005.

Liquidity and Capital Resources

In November 2005, we received $2.0 million in exchange for a subordinated note with the MCRC, which bore interest at the rate of 10% per annum, and required quarterly interest payments beginning on December 31, 2005. On December 4, 2006, we exercised our option to redeem the MCRC note without premium as a result of the completion of our initial public offering. In connection with the MCRC note redemption, MCRC exercised warrants to purchase 600,000 shares of our common stock. The remaining warrants to purchase 2,400,000 shares of common stock did not vest and subsequently expired due to the successful completion of our initial public offering on November 16, 2006. The net redemption amount was $1,795,000, including interest earned through the date of redemption. For the years ended December 31, 2006 and 2005, interest expense related to the subordinated debt was $437,000 and $29,444, respectively.

On November 16, 2006, we completed our initial public offering of 27,441,064 shares of common stock at a price of CDN$1.05 (approximately US$0.93) per share. The offering was comprised of 20,000,000 shares sold by us for gross proceeds to us of CDN$21,000,000 and 7,441,064 shares sold by certain selling stockholders for gross proceeds to such stockholders of approximately CDN$7,800,000.

On December 5, 2006, we issued an additional 3,000,000 shares of common stock in accordance with an over-allotment option granted to the underwriters of the initial public offering at a price of CDN$1.05 (approximately US$0.92) per share for gross proceeds to the Company of CDN$3,150,000. Net proceeds to us from the initial public offering and over-allotment option were approximately $17.5 million, net of offering costs of approximately $3.6 million. In addition, we granted the underwriters of the initial public offering, warrants to purchase up to 1,150,000 shares of common stock at the public offering price. The warrants are exercisable from the 1-year anniversary of the warrant issuance (November 16th and December 5th for the over allotment) and expire 18 months from that date (May 15, 2009 and June 4, 2009 for the over allotment). The warrants allow for net share settlement and certain of the holders of these warrants have piggy-back registration rights. We valued the warrants at $274,129 and recorded it as a component of additional paid-in capital.

At December 31, 2007, we had no commitments for material capital expenditures. We have identified and executed against a number of strategic initiatives that we believe are key components of our future growth, including: expanding our community of channel partners, energy consumers and energy suppliers on the exchange; strengthening and extending our long-term relationships with government agencies; entry into other energy-related markets; wholesale transactions with utilities and emerging green credits market; making strategic acquisitions and growing our sales force. We believe that our current management and financial resources are adequate to pursue these initiatives and to maintain our competitive position in both the short and long term. During 2007 we increased our workforce to 63 from 20 at December 31, 2006. At December 31, 2007, we had 29 professionals in our sales and marketing and account management groups, 22 in our supply desk group and 12 in our general and administrative group. While we expect to hire additional professionals as the need and/or opportunities arise, we do not expect to continue our expansion of the workforce at the same rate as 2007.

Comparison of December 31, 2007 to December 31, 2006

	December 31, 2007	December 31, 2006	Increase/(Decrease)	
Cash and cash equivalents	$ 7,001,884	$ 17,483,886	$ (10,482,002)	(60)%
Trade accounts receivable	1,878,233	1,702,798	175,435	10
Days sales outstanding	56	95	(39)	(41)
Working capital	5,323,622	16,639,898	(11,316,276)	(68)
Stockholders' equity	16,859,799	17,945,002	(1,085,203)	(6)

Cash and cash equivalents decreased 60%, primarily due to the acquisition of the EnergyGateway assets and the pre-tax loss for the year. Trade accounts receivable increased 10% due to the acquisition of the EnergyGateway assets and the 59% increase in revenue, both offset by an improvement in days sales outstanding. Days sales outstanding decreased by 39 days primarily due to the addition of EnergyGateway receivables, which are due net 15, the increase in wholesale transactions, which are typically due net 30, and improved collection rates. Revenue from our energy suppliers representing greater than 10% of our revenue decreased from 51% from four energy suppliers to 32% from two energy suppliers for the year ended December 31, 2007 and 2006, respectively. This decrease was directly related to the addition of the EnergyGateway customers.

Working capital (consisting of current assets less current liabilities) decreased approximately 68%, primarily due to the decrease in cash and cash equivalents resulting from the acquisition of the EnergyGateway assets and funding of the pre-tax loss for the year. Stockholders' equity decreased 6% due to the net loss for the period substantially offset by the fair value of the stock issued as part of the acquisition of EnergyGateway assets.

Cash used in operating activities for the year ended December 31, 2007 was approximately $4.6 million due primarily to the pre-tax loss for the period. Cash used in investing and financing activities for the year ended December 31, 2007 was approximately $5.8 million, primarily due to the purchase of the EnergyGateway assets and, to a lesser extent, costs incurred in software development and purchases of property and equipment.

Cash provided by operating activities for the year ended December 31, 2006 was approximately $259,000, due primarily to increases in accounts payable and accrued expenses substantially offset by an increase in accounts receivable, the net loss for the year and deferred taxes for the period. Cash used in investing activities for the year ended December 31, 2006 was approximately $138,000, primarily due to the purchases of property and equipment and costs incurred in software development. Cash provided by financing activities for year ended December 31, 2006 was approximately $15.8 million, primarily due to the net proceeds from our initial public offering and the issuance of warrants partially offset by the retirement of long-term debt.

We have historically funded our operations with cash flow from operations and, when required, the issuance of various debt and equity instruments. We have approximately $7.0 million of cash and cash equivalents and no long term bank debt as of December 31, 2007. We expect to continue to fund our operations from existing cash resources, operating cash flow and, when required, the issuance of various debt and equity instruments. That notwithstanding, we expect that our cash and cash equivalents on hand at December 31, 2007 will meet our working capital requirements at least to December 31, 2008.

Comparison of December 31, 2006 to December 31, 2005

	December 31, 2006	December 31, 2005	Increase/(Decrease)	
Cash and cash equivalents	$ 17,483,886	$ 1,584,066	$ 15,899,820	1,004%
Trade accounts receivable	1,702,798	1,028,807	673,991	66
Days sales outstanding	95	75	20	27
Working capital	16,639,898	1,372,542	15,267,356	1,112
Stockholders' equity (deficit)	17,945,002	(938,883)	18,883,885	N/A

Cash and cash equivalents increased approximately $15.9 million, or 1,004%, due primarily to net proceeds of $17.5 million from our initial public offering in late 2006. This increase was partially offset by the redemption of the $2.0 million MCRC note in December 2006 and the net loss for the year ended December 31, 2006. Trade accounts receivable increased 66%, due to the increase in large government procurements. These procurements tend to have longer payment cycles due to:

- added complexity and volume;
- the inclusion of various federal, state and local agencies that may be covered by the procurement (e.g. housing and prison authorities);
- varied and extensive internal approval processes; and

- an additional party (e.g., the local utility) involved in the payment cycle.

To the extent we are awarded any large government procurements in the future, we expect to experience short term increases in our trade accounts receivable. We believe that we have adequate working capital to account for these short term fluctuations and that these accounts will not have a significant short-term impact on our future liquidity. We believe these receivables are collectible and the energy consumers and energy suppliers who are parties to these contracts are all large, credit worthy entities.

Working capital (consisting of current assets less current liabilities) increased approximately $15.3 million, or 1,112%, primarily due to the increase in cash described above. Stockholders' equity increased due to our initial public offering and, to a lesser extent, the automatic conversion of Series A Preferred stock into common stock concurrent with the offering, and the exercise of warrants. These increases in stockholders' equity were partially offset by the net loss for the year ended December 31, 2006.

Cash provided by operating activities for the year ended December 31, 2006 was approximately $259,000, due primarily to increases in accounts payable and accrued expenses substantially offset by accounts receivable, the net loss for the year and deferred taxes for the period. Cash used in investing activities for the year ended December 31, 2006 was approximately $138,000, primarily due to the purchases of property and equipment and costs incurred in software development. Cash provided by financing activities for year ended December 31, 2006 was approximately $15.8 million, primarily due to the net proceeds from our initial public offering and the issuance of warrants partially offset by the retirement of long-term debt.

Cash provided by operating activities for the year ended December 31, 2005 was approximately $171,000, primarily resulting from net income for the period partially offset by increases in deferred tax assets and working capital. Cash used in investing activities for the year ended December 31, 2005 was approximately $80,000 primarily related to costs associated with software development and, to a lesser extent, purchase of property and equipment. Cash provided by financing activities for year ended December 31, 2005 was approximately $1.4 million primarily due to the MCRC note described above less the repayment of the $500,000 line of credit.

Contractual Obligations and Other Commercial Commitments

The table below summarizes our gross contractual obligations and other commercial commitments as of December 31, 2007. As of December 31, 2007, we did not have any purchase obligations other than our capital and operating leases.

	Payments Due by Period				
Contractual Obligations	**2008**	**2009 and 2010**	**2011 and 2012**	**2013 and Thereafter**	**Total**
Capital leases	$ 47,223	$ 47,937	$ 798	$ —	$ 95,958
Operating leases	304,537	447,656	178,603	—	930,796
Total contractual obligations	$ $ 351,760	$ 495,593	$ 179,401	$ —	$ 1,026,754

Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The most judgmental estimates affecting our consolidated financial statements are those relating to revenue recognition and the estimate of actual energy purchased from the energy supplier and end user, or energy consumer, of such energy; software development costs; the fair value of our equity securities prior to our initial public offering when there was no ready market for the purchase and sale of these shares; the valuation of intangible assets and goodwill; impairment of long-lived assets; and estimates of future taxable income as it relates to the realization of our net deferred tax assets. We regularly evaluate our estimates and assumptions based upon historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent actual results differ from those estimates, our future results of operations may be affected. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. Refer to Note 2 of our consolidated financial statements filed herewith for a description of our accounting policies.

Revenue Recognition

Retail Electricity Transactions

We receive a monthly commission on energy sales contracted through our online auction platform from each energy supplier based on the energy usage generated and transacted between the energy supplier and energy consumer. Our commissions are not based on the retail price for electricity; rather, commissions are based on the energy usage generated and transacted between the energy supplier and energy consumer multiplied by our contractual commission rate. Revenue from commissions is recognized as earned on a monthly basis over the life of each contract as energy is consumed, provided there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collection of the related receivable is reasonably assured, and customer acceptance criteria, if any, has been successfully demonstrated.

We record brokerage commissions based on actual usage data obtained from the energy supplier for that accounting period, or to the extent actual usage data is not available, based on the estimated amount of electricity and gas delivered to the energy consumers for that accounting period. We develop our estimates on a quarterly basis based on the following criteria:

- Payments received prior to the issuance of the financial statements;
- Usage updates from energy suppliers;
- Usage data from utilities;
- Comparable historical usage data; and
- Historical variances to previous estimates.

To the extent usage data cannot be obtained, we estimate revenue as follows:

- Historical usage data obtained from the energy consumer in conjunction with the execution of the auction;
- Geographic/utility usage patterns based on actual data received;
- Analysis of prior year usage patterns; and
- Specific review of individual energy supplier/location accounts.

In addition, we perform sensitivity analyses on this estimated data based on overall industry trends including prevailing weather and usage data. Once the actual data is received, we adjust the estimated accounts receivable and revenue to the actual total amount in the period during which the payment is received. Based on management's current capacity to obtain actual energy usage, we currently estimate 4 to 6 weeks of revenue at the end of our accounting period. Differences between estimated and actual revenue have been within management's expectations and have not been material to date.

We generally do not directly invoice our electricity energy suppliers and, therefore, we report a substantial portion of our receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates and is made up of two components. The first component represents energy usage for which we have received actual data from the supplier and/or the utility but for which payment has not been received at the balance sheet date. The majority of our contractual relationships with energy suppliers require them to supply actual usage data to us on a monthly basis and remit payment to us based on that usage. The second component represents energy usage for which we have not received actual data, but for which we have estimated usage. Commissions paid in advance by certain energy suppliers are recorded as deferred revenue and amortized to commission revenue on a monthly basis on the energy exchanged that month.

Retail Natural Gas Transactions

There are two primary fee components to our retail natural gas services - transaction fees and management fees. Transaction fees are billed to and paid by the energy supplier awarded business on the platform. Transaction fees for natural gas awards are established prior to award and are the same for each supplier. For the majority of our natural gas transactions, we bill the supplier upon the conclusion of the transaction based on the estimated energy volume transacted for the entire award term multiplied by the transaction fee. Management fees are paid by our energy consumers and are generally billed on a monthly basis for services rendered based on terms and conditions included in contractual arrangements. While substantially all of our retail natural gas transactions are accounted in accordance with this policy, a certain percentage is accounted for as the natural gas is consumed by the customer and recognized as revenue in accordance with the retail electricity transaction revenue recognition methodology described above.

Wholesale and Green Transactions

Substantially all transaction fees are invoiced upon the conclusion of the auction based on a fixed fee. These revenues are not tied to future energy usage and are recognized upon the completion of the online auction. For reverse auctions where our customers bid for a consumer's business, the fees are paid by the bidder. For forward auctions where a lister is selling energy or credits, the fees are typically paid by the lister. In addition, revenue may not be recognized on certain green transactions until the credits being auctioned have been verified. While substantially all wholesale and green transactions are accounted for in this fashion, a small percentage is accounted for as the wholesale electricity or gas is delivered similar to the retail electricity transaction revenue recognition methodology described above.

Channel Partner Commissions

We pay commissions to our channel partners at contractual rates based on monthly energy transactions between energy suppliers and energy consumers. The commission is accrued monthly and charged to sales and marketing expense as revenue is recognized. We pay commissions to our salespeople at contractual commission rates based upon cash collections from our customers.

Revenue Estimation

Our estimates in relation to revenue recognition affect revenue and sales and marketing expense as reflected on our statements of operations, and trade accounts receivable and accrued commissions accounts as reflected on our balance sheets. For any quarterly reporting period, we may not have actual usage data for certain energy suppliers and will need to estimate revenue. We record revenue based on the energy consumers' historical usage profile. At the end of each reporting period, we adjust historical revenue to reflect actual usage for the period. For the year ended December 31, 2007, we estimated usage for approximately 10% of our revenue resulting in an approximate 0.4%, or $35,179, adjustment. This increase in revenue, which is based on adjusted year to date revenue for the quarter, resulted in an approximate 0.1% reduction in sales and marketing expense related to third party commission expense associated with those revenues. Corresponding adjustments were made to unbilled accounts receivable and accrued commissions, respectively. A 1% difference between this estimate and actual usage would have an approximate $9,000 effect on our revenue for the year ended December 31, 2007.

Software Development

Certain acquired software and significant enhancements to our software are recorded in accordance with Statement of Position ("SOP") 98-1, *"Accounting for Costsof Computer Software Developed or Obtained for Internal Use"*. Accordingly, internally developed software costs of approximately $469,000, $66,000, and $54,000 related to implementation, coding and configuration have been capitalized in 2007, 2006, and 2005, respectively. We amortize internally developed and purchased software over the estimated useful life of the software (generally three years). Accordingly, during 2007, 2006, and 2005, approximately $111,000, $73,000, and $55,000, respectively, were amortized to cost of revenues resulting in accumulated amortization of approximately $273,000, $162,000, and $89,000 at December 31, 2007, 2006, and 2005, respectively.

Our estimates for capitalization of software development costs affect cost of revenue and capitalized software as reflected on our consolidated statements of operations and on our consolidated balance sheets. During the year ended December 31, 2007, we capitalized approximately $469,000, or 2.3% of our total assets. Amortization expense related to capitalized software for the year ended December 31, 2007 was approximately 3.8% of cost of revenue. To the extent the carrying amount of the capitalized software costs may not be fully recoverable or that the useful lives of those assets are no longer appropriate, we may need to record an impairment (non-cash) charge and write-off a portion or all of the capitalized software balance on the balance sheet.

Goodwill

We use assumptions in establishing the carrying value and fair value of our goodwill. Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of acquired businesses. We account for goodwill that results from acquired businesses in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*" ("SFAS No. 142"). Under SFAS No. 142, goodwill and intangible assets having indefinite lives are not amortized but instead are assigned to reporting units and tested for impairment annually or more frequently if changes in circumstances or the occurrence of events indicate possible impairment.

Pursuant to SFAS No. 142, we perform an annual impairment test for goodwill. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit. If the carrying amount is in excess of the fair value, step two requires the comparison of the implied fair value of the reporting unit whereby the carrying amount of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill will be recorded as an impairment loss. There was no impairment of goodwill in the year ended December 31, 2007. Future events could cause management to conclude that impairment indicators exist and that goodwill of previously acquired businesses is impaired. Any related impairment loss could have a material impact on our financial condition and results of operations.

Intangible Assets

We use assumptions in establishing the carrying value, fair value and estimated lives of our intangible assets. The criteria used for these assumptions include management's estimate of the assets continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in our business objectives. If assets are considered impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Useful lives and related amortization expense are based on our estimate of the period that the assets will generate revenues or otherwise be used by us. Factors that would influence the likelihood of a material change in our reported results include significant changes in the asset's ability to generate positive cash flow, a significant decline in the economic and competitive environment on which the asset depends and significant changes in our strategic business objectives.

Intangible assets consist of customer relationships and contracts, purchased technology and other intangibles, and are stated at cost less accumulated amortization. Intangible assets with a definite life are amortized using the straight-line method over their estimated useful lives, which range from one to ten years.

Impairment of Long-Lived and Intangible Assets

In accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"*, we periodically review long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable or that the useful lives of those assets are no longer appropriate. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. There was no impairment of intangible assets in the year ended December 31, 2007.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, *"Accounting for IncomeTaxes"("SFAS No. 109")*. Deferred tax assets and liabilities are determined at the end of each period based on the future tax consequences that can be attributed to net operating loss carryforwards, as well as differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. Deferred income tax expense or credits are based on changes in the asset or liability from period to period. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income. In determining the valuation allowance, we consider past performance, expected future taxable income, and qualitative factors which we consider to be appropriate in estimating future taxable income. Our forecast of expected future taxable income is for future periods that can be reasonably estimated. We have historically utilized a three year forecasting window to determine our expected future taxable income. As of December 31, 2006, we had cumulative net income for the three years then ended and the expected future taxable income anticipated from 2007 through 2009 was deemed adequate on a present value basis to benefit the majority of our deferred tax assets (primarily net operating loss carryforwards). During 2007, we accelerated our growth in excess of our initial expectations to address the strategic initiatives outlined at the time of our initial public offering. We grew from 20 employees as of December 31, 2006 to 63 as of December 31, 2007, acquired one of our main competitors in the retail energy market, and developed our wholesale and environmental commodity product lines. These initiatives increased our loss for 2007 resulting in a three-year cumulative loss as of December 31, 2007 and increased our near term operating expenses. A three-year cumulative loss is significant negative evidence in considering whether the deferred tax assets are realizable and generally precludes relying on projections of future taxable income to support the recovery of deferred tax assets. While we expect our future income will be adequate on a present value basis to benefit substantially all of our current deferred tax assets, the recent three-year cumulative loss is given more weight than projected future income when determining the need for a valuation. Therefore, during the fourth quarter of 2007, we recorded a full valuation allowance against its deferred tax assets of approximately $4.1 million, and maintain a cumulative valuation allowance of approximately $4.7 million at December 31, 2007.

Our estimates in relation to income taxes affect income tax benefit and deferred tax assets as reflected on our statements of operations and balance sheets, respectively. The deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized in the near term. As of December 31, 2007, we had deferred tax assets of approximately $4.7 million against which a full valuation allowance has been established. To the extent we determine that it is more likely than not that we will recover all of our deferred tax assets, it could result in an approximate $4.7 million non-cash tax benefit.

We adopted Financial Accounting Standards ("FASB") Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*" ("FIN 48"), on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. FIN 48 prescribes a two-step process to determine the amount of tax benefit to recognize. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by a tax authority. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If the tax position does not meet the "more-likely-than-not" threshold, then it is not recognized in the financial statements. As of our adoption date of January 1, 2007, and also at December 31, 2007, FIN 48 did not have a material impact on our financial position or results of operations.

We have reviewed the tax positions taken, or to be taken, in our tax returns for all tax years currently open to examination by the taxing authorities in accordance with the recognition and measurement standards of FIN 48. At December 31, 2007, there is no expected material, aggregate tax effect as a result of differences between tax return positions and the benefits recognized in our financial statements.

Share-Based Compensation

In accordance with SFAS No. 123(R), we recognize the compensation cost of share-based awards on a straight-line basis over the requisite service period of the award. In 2007, share-based awards consisted of grants of stock options and restricted stock. The restrictions on the restricted stock lapse over the vesting period. The vesting period of restricted stock is determined by the Board of Directors, and is generally four years for employees.

The per-share weighted-average fair value of stock options granted during the year ended December 31, 2007 and 2006 was $0.58 and $0.36, respectively, on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions and estimated forfeiture rates of 13% in 2007 and 2006, respectively:

Year ended December 31,	Expected Dividend Yield	Risk Interest Rate	Expected Option Life	Expected Volatility
2007	—	4.66%	4.61 years	54%
2006	—	4.66%	4.75 years	48%

Prior to January 1, 2006, we accounted for our stock-based awards to employees using the intrinsic value method prescribed in APB 25 and related interpretations. Under the intrinsic value method, compensation expense is measured on the date of grant as the difference between the deemed fair value of the company's common stock and the option exercise price multiplied by the number of options granted. We provided the disclosures as required by SFAS No. 148, *"Accountingfor Stock-Based Compensation and Disclosure, an Amendment of FASB StatementNo. 123"*.

A summary of options outstanding and options exercisable as of December 31, 2007 is as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Of Shares Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
$ 0.02 - $0.23	2,651,029	2.82 Years	$ 2,081,058	2,646,029	2.82 Years	$ 2,077,133
$ 0.24 - $1.12	1,612,000	4.78 Years	391,300	670,625	4.87 Years	229,263
$ 1.13 - $1.34	2,440,000	6.36 Years	—	30,000	5.96 Years	—
	6,703,029	4.58 Years	$ 2,472,358	3,346,654	3.26 Years	$ 2,306,396

The aggregate intrinsic value in the table above represents the total intrinsic value of our outstanding options and exercisable options as of December 31, 2007. The aggregate intrinsic value of options exercised during the year ended December 31, 2007 was approximately $126,000.

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A summary of restricted stock activity for the year ended December 31, 2007 is as follows:

	Shares	Weighted Average Grant Price
Outstanding at December 31, 2006	—	$ —
Granted	1,928,500	$ 1.13
Cancelled	(80,000)	$ 1.21
Vested	(400,000)	$ 1.21
Unvested at December 31, 2007	1,448,500	$ 1.10

Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141 (revised 2007), *"Business Combinations"* ("SFAS No. 141(R)"). SFAS No. 141(R) requires an acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. We expect to adopt SFAS No. 141(R) on January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *"Noncontrolling Interests in Consolidated Financial Statements"* ("SFAS No. 160"). SFAS No. 160 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. We expect to adopt SFAS No. 160 on January 1, 2009.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements" ("SFAS No. 157"). This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This pronouncement applies to other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In December of 2007, the FASB agreed to a one year deferral of SFAS No. 157's fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis. Management is currently evaluating the requirements of SFAS No. 157, but does not expect it to have a material impact on our 2008 consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities" ("SFAS No. 159"). SFAS No. 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. Such election, which may be applied on an instrument by instrument basis, is typically irrevocable once elected. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. We adopted SFAS No. 159 on January 1, 2008, but have not yet elected the fair value option for any items permitted under SFAS No. 159.

Seasonality

Our revenue is subject to seasonality and fluctuations during the year primarily as a result of weather conditions and its impact on the demand for energy. Our revenue is generated from the commissions we receive under any given energy contract, which is tied to the energy consumer's consumption of energy. Therefore, revenue from natural gas consumption tends to be strongest during the winter months due to the increase in heating usage, and revenue from electricity consumption tends to be strongest during the summer months due to the increase in air conditioning usage. Our revenue is also subject to fluctuations within any given season, depending on the severity of weather conditions — during a particularly cold winter or an unseasonably warm summer, energy consumption will rise.

Cyclicality

We believe that our business will be cyclical in nature and is tied, in part, to market energy prices which impact transaction volume. When energy prices increase in competitive markets above the price levels of the regulated utilities, energy consumers are less likely to lock-in to higher fixed price contracts in the competitive markets and so they are less likely to use our auction platform. Conversely, when energy prices decrease in competitive markets below the price levels of the regulated utilities, energy consumers are more likely to lock-in to lower fixed price contracts in the competitive markets and so they are more likely to use our auction platform. Although our short term revenue is impacted by usage trends, these cyclical effects will also have longer term implications on our business because we derive future revenue from current auctions.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency rates, interest rates, and other relevant market rates or price changes. In the ordinary course of business, we are exposed to market risk resulting from changes in foreign currency exchange rates, and we regularly evaluate our exposure to such changes. Our overall risk management strategy seeks to balance the magnitude of the exposure and the costs and availability of appropriate financial instruments.

Impact of Inflation and Changing Prices

Historically, our business has not been materially impacted by inflation. We provide our service at the inception of the service contract between the energy supplier and energy consumer. Our fee is set as a fixed dollar amount per unit of measure and fluctuates with changes in energy demand over the contract period.

Foreign Currency Fluctuation

Our commission revenue is primarily denominated in U.S. dollars. Therefore, we are not directly affected by foreign exchange fluctuations on our current orders. However, fluctuations in foreign exchange rates do have an effect on energy consumers' access to U.S. dollars and on pricing competition. We have entered into non-U.S. dollar contracts but they have not had a material impact on our operations. We do not believe that foreign exchange fluctuations will materially affect our results of operations.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements listed in Item 15(a) are incorporated herein by reference and are filed as a part of this report and follow the signature pages to this Annual Report on Form 10-K on page 42.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of December 31, 2007. In designing and evaluating the Company's disclosure controls and procedures, the Company and its management recognize that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, the Company's management was required to apply its reasonable judgment. Based upon the required evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of December 31, 2007, the Company's disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Internal Control Over Financial Reporting

a) Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Rule 13a-15(f) under the Exchange Act. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2007. In making this assessment, the Company's management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Management has excluded the assets and business lines of EnergyGateway from its assessment of internal control over financial reporting as of December 31, 2007 because the assets of this entity were acquired by the Company in 2007. The EnergyGateway assets represent 5% of our consolidated total assets and 20% of consolidated revenue as of and for the year ended December 31, 2007.

Based on this assessment, our management believes that, as of December 31, 2007, our internal control over financial reporting is effective based on those criteria.

Our independent registered public accounting firm has issued an audit report on our management's assessment of our internal control over financial reporting. This report appears below.

b) Attestation Report of the Independent Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
World Energy Solutions, Inc.
Worcester, Massachusetts

We have audited World Energy Solutions, Inc.'s ("the Company") internal control over financial reporting as of December 31, 2007, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Part II, Item 9A of this Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, World Energy Solutions, Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of World Energy Solutions, Inc. as of December 31, 2007, and the related consolidated statements of operations, stockholders' equity (deficit) and cash flows for the year then ended, and our report dated March 12, 2008, expressed an unqualified opinion on those consolidated financial statements.

As described in Management's Report on Internal Control over Financial Reporting, management excluded Energy Gateway LLC from its assessment of internal control over financial reporting as of December 31, 2007, which is included in the 2007 consolidated financial statements of World Energy Solutions, Inc. and constituted 5% of the consolidated assets and 20% of the consolidated revenue as of and for the year ended December 31, 2007. Our audit of internal control over financial reporting of World Energy Solutions, Inc. also did not include an evaluation of the internal control over financial reporting of Energy Gateway LLC.

/S/ UHY LLP

Boston, Massachusetts
March 12, 2008

c) Changes in Internal Control Over Financial Reporting

No change in our internal control over financial reporting occurred during the fiscal quarter ended December 31, 2007 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 9B. Other Information

Not applicable.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The information required to be disclosed by this item 10 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days of the close of its fiscal year.

We have adopted a code of business conduct and ethics applicable to all of our directors and employees. The code of business conduct and ethics is available on the corporate governance section of "Investor Relations" of our website www.worldenergy.com.

Any waiver of the code of business conduct and ethics for directors or executive officers, or any amendment to the code that applies to directors or executive officers, may only be made by the board of directors. We intend to satisfy the disclosure requirement under Item 5.05 of Form 8-K regarding an amendment to, or waiver from, a provision of this code of ethics by posting such information on our website, at the address and location specified above. To date, no such waivers have been requested or granted.

Item 11. Executive Compensation

The information required to be disclosed by this item 11 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required to be disclosed by this item 12 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

Item 13. Certain Relationships and Related Transactions and Director Independence

The information required to be disclosed by this item 13 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

Item 14. Principal Accountant Fees and Services

The information required to be disclosed by this item 14 is hereby incorporated by reference to the Company's definitive proxy statement to be filed by the Company within 120 days after the close of its fiscal year.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

For a list of the financial information included herein, see "Index to Consolidated Financial Statements" on page 41 of this Annual Report on Form 10-K.

(a)(2) Financial Statements Schedules

All schedules are omitted because they are not applicable or the required information is included in the financial statements or notes thereto.

(a)(3) Exhibits

The list of exhibits filed as a part of this Annual Report on Form 10-K is set forth on the Exhibit Index immediately preceding the exhibits hereto and is incorporated herein by reference.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

WORLD ENERGY SOLUTIONS, INC.

By: /s/ Richard Domaleski — March 13, 2008
Richard Domaleski
Chief Executive Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Richard Domaleski Richard Domaleski	Chief Executive Officer and Director	March 13, 2008
/s/ James Parslow James Parslow	Chief Financial Officer	March 13, 2008
/s/ Edward Libbey Edward Libbey	Chairman of the Board and Director	March 13, 2008
/s/ Patrick Bischoff Patrick Bischoff	Director	March 13, 2008
/s/ John Wellard John Wellard	Director	March 13, 2008
/s/ Thad Wolfe Thad Wolfe	Director	March 13, 2008

SUPPLEMENTAL INFORMATION TO BE FURNISHED WITH REPORTS FILED PURSUANT TO SECTION 15(d) OF THE EXCHANGE ACT BY REGISTRANTS WHICH HAVE NOT REGISTERED SECURITIES PURSUANT TO SECTION 12 OF THE EXCHANGE ACT

No annual report to security holders covering the Company's prior fiscal year or proxy materials have been furnished to security holders which have not been furnished to the Securities and Exchange Commission. The Company will furnish to the Securities and Exchange Commission any annual report to security holders covering the Company's prior fiscal year and any proxy materials to be furnished to security holders subsequent to the filing of this annual report.

WORLD ENERGY SOLUTIONS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
World Energy Solutions, Inc.
Worcester, Massachusetts

We have audited the accompanying consolidated balance sheets of World Energy Solutions, Inc. (the "Company") as of December 31, 2007 and 2006, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for each of the three years in the period ended December 31, 2007. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of World Energy Solutions, Inc. as of December 31, 2007 and 2006 and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 2007 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2006, the Company adopted the provisions of Statement of Financial Accounting Standard No. 123(R), Share-Based Payment

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of World Energy Solutions, Inc.'s internal control over financial reporting as of December 31, 2007, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 12, 2008 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

/S/ UHY LLP

Boston, Massachusetts
March 12, 2008

WORLD ENERGY SOLUTIONS, INC.

Consolidated Balance Sheets

	December 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,001,884	$ 17,483,886
Trade accounts receivable, net	1,878,233	1,702,798
Prepaid expenses and other current assets	338,049	211,749
Total current assets	9,218,166	19,398,433
Property and equipment, net	595,950	225,932
Capitalized software, net	463,888	105,296
Intangibles, net	7,316,916	—
Goodwill	3,178,701	—
Deferred taxes and other assets	26,944	1,061,720
Total assets	$ 20,800,565	$ 20,791,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 980,488	$ 848,518
Accrued commissions	712,919	1,021,433
Accrued compensation	1,516,418	304,330
Accrued expenses	279,162	232,587
Deferred revenue and customer advances	363,933	295,408
Capital lease obligations	41,624	56,259
Total current liabilities	3,894,544	2,758,535
Capital lease obligations, net of current portion	46,222	87,844
Total liabilities	3,940,766	2,846,379
Commitments (Note 9)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.0001 par value; 150,000,000 shares authorized; 82,399,241 and 76,511,741 shares issued and outstanding at December 31, 2007 and 2006, respectively	8,240	7,651
Additional paid-in capital	29,704,831	22,148,718
Accumulated deficit	(12,853,272)	(4,211,367)
Total stockholders' equity	16,859,799	17,945,002
Total liabilities and stockholders' equity	$ 20,800,565	$ 20,791,381

The accompanying notes are an integral part of these consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.

Consolidated Statements of Operations

	Years Ended December 31,		
	2007	2006	2005
Revenue:			
Brokerage commissions and transaction fees	$ 8,401,791	$ 5,762,098	$ 4,673,987
Management fees	786,474	1,000	—
Total revenue	9,188,265	5,763,098	4,673,987
Cost of revenue	2,874,678	1,166,426	648,410
Gross profit	6,313,587	4,596,672	4,025,577
Operating expenses:			
Sales and marketing	8,598,256	3,227,263	2,649,786
General and administrative	5,858,810	1,862,450	995,703
Total costs and expenses	14,457,066	5,089,713	3,645,489
Operating income (loss)	(8,143,479)	(493,041)	380,088
Interest income (expense):			
Interest income	573,395	139,617	8,004
Interest expense	(10,101)	(451,897)	(94,842)
Total interest income (expense), net	563,294	(312,280)	(86,838)
Income (loss) before income taxes	(7,580,185)	(805,321)	293,250
Income tax (expense) benefit	(1,061,720)	304,228	754,000
Net income (loss)	(8,641,905)	(501,093)	1,047,250
Accretion of preferred stock issuance costs	—	(6,299)	(7,199)
Net income (loss) available to common stockholders	$ (8,641,905)	$ (507,392)	$ 1,040,051
Earnings (loss) per share:			
Net income (loss) per voting common share — basic	$ (0.11)	$ (0.01)	$ 0.02
Net income (loss) per non-voting common share — basic	$ —	$ —	$ 0.02
Net income (loss) available to common stockholders — diluted	$ (0.11)	$ (0.01)	$ 0.02
Weighted average shares outstanding — basic:			
Voting common stock	79,793,590	45,576,477	33,049,472
Non-voting common stock	—	—	6,778,327
	79,793,590	45,576,477	39,827,799
Weighted average shares outstanding — diluted	79,793,590	45,576,477	54,506,566

The accompanying notes are an integral part of these consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.

Consolidated Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2007, 2006, and 2005

	Non-Voting Common Stock		Voting Common Stock		Treasury Stock		Additional		Total
	Number of Shares	$0.0001 Par Value	Number of Shares	$0.0001 Par Value	Number of Shares	Stated at Cost	Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance, December 31, 2004	6,552,135	655	33,724,819	3,372	675,346	(151,953)	2,664,316	(4,757,524)	(2,241,134)
Exercise of stock options	240,000	24	—	—	—	—	5,976	—	6,000
Accretion of stock issuance costs	—	—	—	—	—	—	(7,199)	—	(7,199)
Issuance of warrants in connection with long-term debt	—	—	—	—	—	—	256,200	—	256,200
Net income	—	—	—	—	—	—	—	1,047,250	1,047,250
Balance, December 31, 2005	6,792,135	679	33,724,819	3,372	675,346	(151,953)	2,919,293	(3,710,274)	(938,883)
Exercise of stock options	2,190,671	219	—	—	—	—	56,698	—	56,917
Common stock warrants exercised	—	—	1,070,958	107	—	—	253,098	—	253,205
Issuance of common stock in connection with initial public offering, net of $3.6 million of offering costs	—	—	23,000,000	2,300	—	—	17,264,968	—	17,267,268
Issuance of warrants in connection with initial public offering	—	—	—	—	—	—	274,129	—	274,129
Conversion of Non-Voting Common Stock to Voting Common Stock in connection with initial public offering	(8,982,806)	(898)	8,982,806	898	—	—	—	—	—
Conversion of Series A Redeemable Convertible Preferred Stock in connection with initial public offering	—	—	10,433,504	1,044	—	—	1,506,953	—	1,507,997
Accretion of stock issuance costs	—	—	—	—	—	—	(6,299)	—	(6,299)
Share-based compensation	—	—	—	—	—	—	44,261	—	44,261
Purchase of treasury stock	—	—	—	—	25,000	(12,500)	—	—	(12,500)
Retirement of treasury stock	—	—	(700,346)	(70)	(700,346)	164,453	(164,383)	—	—
Net loss	—	—	—	—	—	—	—	(501,093)	(501,093)
Balance, December 31, 2006	—	—	76,511,741	7,651	—	—	22,148,718	(4,211,367)	17,945,002
Share-based compensation	—	—	—	—	—	—	982,190	—	982,190
Issuance of common stock in connection with acquisition of EnergyGateway	—	—	5,375,000	538	—	—	6,522,694	—	6,523,232
Issuance of common stock in connection with restricted stock grant	—	—	400,000	40	—	—	(40)	—	—
Reversal of issuance costs related to initial	—	—	—	—	—	—	48,468	—	48,468

Source: World Energy Solutio, 10-K, March 13, 2008

public offering of common stock									
Exercise of stock options	—	—	112,500	11	—	—	2,801	—	2,812
Net loss	—	—	—	—	—	—	—	(8,641,905)	(8,641,905)
Balance, December 31, 2007	—	$ —	82,399,241	$ 8,240	—	$ —	$ 29,704,831	$ (12,853,272)	$ 16,859,799

The accompanying notes are an integral part of these consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.

Consolidated Statements of Cash Flows

	Years Ended December 31,		
	2007	2006	2005
Cash flows from operating activities:			
Net income (loss)	$ (8,641,905)	$ (501,093)	$ 1,047,250
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,028,497	135,446	105,831
Deferred taxes	1,061,720	(307,720)	(754,000)
Share-based compensation	982,190	44,261	—
Accretion of warrants	—	252,000	4,200
Changes in operating assets and liabilities , net of the effects of acquisition:			
Trade accounts receivable	17,590	(673,991)	(479,903)
Prepaid expenses and other assets	(133,377)	(106,798)	(47,451)
Accounts payable	80,491	690,908	(42,041)
Accrued commissions	(308,514)	156,540	496,035
Accrued compensation	1,212,088	193,330	68,507
Accrued expenses	33,762	210,578	38,009
Deferred revenue and customer advances	68,525	165,668	(265,216)
Net cash provided by (used in) operating activities	(4,598,933)	259,129	171,221
Cash flows from investing activities:			
Costs incurred in software development	(469,171)	(65,652)	(54,375)
Net cash paid in acquisition of EnergyGateway, net of cash acquired	(4,904,358)	—	—
Purchases of property and equipment	(456,095)	(72,061)	(25,374)
Net cash used in investing activities	(5,829,624)	(137,713)	(79,749)
Cash flows from financing activities:			
Proceeds from exercise of stock options	2,812	56,917	6,000
Proceeds from exercise of stock warrants	—	253,205	—
Proceeds from initial public offering of common stock, net of offering costs of $3.6 million	—	17,541,397	—
Retirement of long-term debt	—	(2,000,000)	—
Principal payments on line of credit	—	—	(500,000)
Proceeds from the issuance of long-term debt	—	—	2,000,000
Principal payments on capital lease obligations	(56,257)	(50,092)	(48,733)
Principal payments on guaranteed return	—	(10,523)	(14,062)
Purchase of treasury stock	—	(12,500)	—
Net cash provided by (used in) financing activities	(53,445)	15,778,404	1,443,205
Net (decrease) increase in cash and cash equivalents	(10,482,002)	15,899,820	1,534,677
Cash and cash equivalents, beginning of year	17,483,886	1,584,066	49,389
Cash and cash equivalents, end of year	$ 7,001,884	$ 17,483,886	$ 1,584,066
Supplemental Disclosure of Cash Flow Information:			
Net cash received (paid) for interest	$ 612,303	$ (129,401)	$ (94,842)
Non-cash investing and financing activities:			
Property and equipment acquired through capital lease obligations	$ —	$ 12,943	$ 56,205
Non-cash investing and financing activities:			
Fair value of common stock issued in acquisition of EnergyGateway	$ 6,536,000	$ —	$ —
Reversal of accrued expenses related to initial public offering of common stock	$ 48,468	$ —	$ —
Conversion of series A preferred stock to common stock	$ —	$ 1,507,997	$ —
Conversion of non-voting common stock to common stock	$ —	$ 898	$ —
Issuance of warrants in connection with initial public offering of common stock	$ —	$ 274,129	$ —
Issuance of warrants in connection with debt offering	$ —	$ —	$ 256,200

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 — NATURE OF BUSINESS AND BASIS OF PRESENTATION

World Energy Solutions, Inc. ("World Energy" or the "Company") was incorporated in 1999 as a Delaware corporation and is focused in one operating segment – brokering energy and environmental commodities utilizing online auction platforms. The Company commenced operations through an entity named Oceanside Energy, Inc. ("Oceanside"), which was incorporated under the laws of the State of Delaware on September 3, 1996. We incorporated World Energy Solutions, Inc. under the laws of the State of Delaware under the name "World Energy Exchange, Inc." on June 22, 1999 and on October 31, 1999, Oceanside became a wholly-owned subsidiary of World Energy Solutions, Inc.. Oceanside was subsequently dissolved on May 18, 2006. On December 15, 2006 the Company established World Energy Securities Corp., a Massachusetts Securities Corporation, as a wholly-owned subsidiary.

World Energy is an energy and environmental commodities brokerage company that has developed online auction platforms, the World Energy Exchange and the World Green Exchange. On the World Energy Exchange, retail energy consumers (commercial, industrial and government) and wholesale energy participants (utilities and retail suppliers) in the United States are able to negotiate for the purchase or sale of electricity and other energy resources from competing energy suppliers which have agreed to participate on our auction platform in a given auction. Although the Company's primary source of revenue is from brokering electricity and natural gas, the Company adapted its World Energy Exchange auction platform to accommodate the brokering of green power in 2003 (i.e., electricity generated by renewable resources), wholesale electricity in 2004 and certain other energy-related products in 2005. In 2007, the Company created the World Green Exchange based on the World Energy Exchange technology and business process. On the World Green Exchange, buyers and sellers negotiate for the purchase or sale of environmental commodities such as Renewable Energy Certificates, Verified Emissions Reductions and Certified Emissions Reductions.

On November 16, 2006, the Company completed its initial public offering of common stock, including the exercise by the underwriters of an over-allotment option on December 5, 2006, for the sale of 23,000,000 shares of common stock resulting in net proceeds to the Company of approximately $17.5 million (net of offering costs of approximately $3.6 million).

On June 1, 2007, the Company acquired substantially all of the assets of EG Partners, LLC, formerly known as EnergyGateway LLC ("EnergyGateway"), for $4,951,758 in cash and 5,375,000 common shares of World Energy plus the assumption of certain liabilities. The EnergyGateway operations are included in these financial statements from June 1, 2007. See Note 10 for further discussion of this acquisition.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Company's consolidated financial statements include its wholly-owned subsidiary World Energy Securities Corp. All intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

The Company's most judgmental estimates affecting the consolidated financial statements are those relating to revenue recognition and the estimate of actual energy purchased from the energy supplier and end user, or energy consumer, of such energy; software development costs; the fair value of equity securities prior to the Company's initial public offering when there was no ready market for the purchase and sale of these shares; the valuation of intangible assets and goodwill; impairment of long-lived assets; and estimates of future taxable income as it relates to the realization of net deferred tax assets. The Company regularly evaluates its estimates and assumptions based upon historical experience and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent actual results differ from those estimates, future results of operations may be affected. The Company believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of the consolidated financial statements.

Revenue Recognition

The Company generates revenue through commissions on sales of energy usage transacted on the Company's online auction platform. The Company recognizes revenues in accordance with the United States Securities and Exchange Commission's ("SEC") Staff Accounting Bulletin No. 104, *Revenue Recognition* ("SAB 104"). SAB 104 requires that four basic criteria must be met before revenue can be recognized: (1) persuasive evidence of an arrangement exists; (2) the service has been rendered; (3) the fee is fixed or determinable; and (4) collectibility is reasonably assured.

The Company participates in four primary markets: retail electricity, retail natural gas, wholesale energy and environmental commodities. Prior to the June 1, 2007 acquisition of substantially all of the assets of EnergyGateway, the Company primarily received revenue from the brokering of electricity on the World Energy Exchange, utilizing reverse auction technology ("retail electricity transactions"). While EnergyGateway also utilized an online auction format, its primary focus was on the brokering of natural gas and its "post and bid" methodology ("retail natural gas transactions"). In addition, the Company adapted the World Energy Exchange to conduct reverse and forward online auctions for the wholesale electricity and natural gas markets and recently conducted several green credit auctions ("wholesale and green transactions"). The revenue recognition policy and related third party commissions for each of these products is more fully described below.

Retail Electricity Transactions

The Company receives a monthly commission on energy sales contracted through its online auction platform from each energy supplier based on the energy usage generated and transacted between the energy supplier and energy consumer. The Company's commissions are not based on the retail price for electricity; rather, commissions are based on the energy usage generated and transacted between the energy supplier and energy consumer multiplied by the contractual commission rate. Revenue from commissions is recognized as earned on a monthly basis over the life of each contract as energy is consumed, provided there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collection of the related receivable is reasonably assured, and customer acceptance criteria, if any, has been successfully demonstrated.

The Company records brokerage commissions based on actual usage data obtained from the energy supplier for that accounting period, or to the extent actual usage data is not available, based on the estimated amount of electricity delivered to the energy consumers for that accounting period. The Company's estimates are developed on a quarterly basis based on the following criteria:

- Payments received prior to the issuance of the financial statements;
- Usage updates from energy suppliers;
- Usage data from utilities;
- Comparable historical usage data; and
- Historical variances to previous estimates.

To the extent usage data cannot be obtained, revenue is estimated as follows:

- Historical usage data obtained from the energy consumer in conjunction with the execution of the auction;
- Geographic/utility usage patterns based on actual data received;
- Analysis of prior year usage patterns; and
- Specific review of individual energy supplier/location accounts.

In addition, the Company performs sensitivity analyses on this estimated data based on overall industry trends including prevailing weather and usage data. Once the actual data is received, estimated accounts receivable and revenue is adjusted to the actual total amount in the period during which the payment is received. Based on management's current capacity to obtain actual energy usage, the Company currently estimates 4 to 6 weeks of revenue at the end of its accounting period. Differences between estimated and actual revenue have been within management's expectations and have not been material to date.

The Company generally does not directly invoice its electricity energy suppliers and, therefore, reports a substantial portion of its receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates and is made up of two components. The first component represents energy usage for which actual data has been received from the supplier and/or the utility but for which payment has not been received at the balance sheet date. The majority of the Company's contractual relationships with energy suppliers require that the suppliers provide the Company with actual usage data on a monthly basis and remit payment based on that usage. The second component represents energy usage for which the Company has not received actual data, but for which it has estimated usage. Commissions paid in advance by certain energy suppliers are recorded as deferred revenue and amortized to commission revenue on a monthly basis on the energy exchanged that month.

Retail Natural Gas Transactions

There are two primary components related to retail natural gas services - transaction fees and management fees. Transaction fees are billed to and paid by the energy supplier awarded business on the platform. Transaction fees for natural gas awards are established prior to award and are the same for each supplier. For the majority of natural gas transactions, the Company bills the supplier upon the conclusion of the transaction based on the estimated energy volume transacted for the entire award term multiplied by the transaction fee. Management fees are paid by the energy consumers and are generally billed on a monthly basis for services rendered based on terms and conditions included in contractual arrangements. While substantially all retail natural gas transactions are accounted for in accordance with this policy, a certain percentage is accounted for as the natural gas is consumed by the customer and recognized as revenue in accordance with the retail electricity transaction revenue recognition methodology described above.

Wholesale and Green Transactions

Substantially all transaction fees are invoiced upon the conclusion of the auction based on a fixed fee. These revenues are not tied to future energy usage and are recognized upon the completion of the online auction. For reverse auctions where customers bid for a consumer's business, the fees are paid by the bidder. For forward auctions where a lister is selling energy or credits, the fees are typically paid by the lister. In addition, revenue may not be recognized on certain green transactions until the credits being auctioned have been verified. While substantially all wholesale and green transactions are accounted for in this fashion, a small percentage is accounted for as the wholesale electricity or gas is delivered similar to the retail electricity transaction methodology described above.

Third Party Channel Commissions

Commissions are paid to channel partners at contractual rates based on monthly energy transactions between energy suppliers and energy consumers. The commission is accrued monthly and charged to sales and marketing expense as revenue is recognized. Commissions are paid to salespeople at contractual commission rates based upon cash collections from customers.

Revenue Estimation

The Company's estimates in relation to revenue recognition affect revenue and sales and marketing expense as reflected on its statements of operations, and trade accounts receivable and accrued commissions accounts as reflected on its balance sheets. For any quarterly reporting period, the Company may not have actual usage data for certain energy suppliers and will need to estimate revenue. Revenue is recorded based on the energy consumers' historical usage profile. At the end of each reporting period, the Company adjusts historical revenue to reflect actual usage for the period. For the year ended December 31, 2007, usage was estimated for approximately 10% of the Company's revenue resulting in a $35,179, or 0.4%, adjustment. This increase in revenue resulted in an approximate 0.1% reduction in sales and marketing expense related to third party commissions associated with those revenues. Corresponding adjustments were made to unbilled accounts receivable and accrued commissions, respectively. A 1% difference between this estimate and actual usage would have an approximate $9,000 effect on the Company's revenue for the year ended December 31, 2007.

Software Development

Certain acquired software and significant enhancements to the Company's software are recorded in accordance with Statement of Position ("SOP") 98-1, *"Accounting for Costsof Computer Software Developed or Obtained for Internal Use"*. Accordingly, internally developed software costs of approximately $469,000, $66,000, and $54,000 related to implementation, coding and configuration have been capitalized in 2007, 2006, and 2005, respectively. The Company amortizes internally developed and purchased software over the estimated useful life of the software (generally three years). Accordingly, during 2007, 2006, and 2005, approximately $111,000, $73,000, and $55,000, respectively, were amortized to cost of revenues resulting in accumulated amortization of approximately $273,000, $162,000, and $89,000 at December 31, 2007, 2006, and 2005, respectively. At December 31, 2007, future amortization expense for capitalized internally developed software is as follows:

2008	$ 188,000
2009	167,000
2010 and thereafter	109,000
	$ 464,000

Pre- and post- software implementation and configuration costs have historically been immaterial and charged to cost of revenue as incurred.

Goodwill

The Company uses assumptions in establishing the carrying value and fair value of its goodwill. Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of acquired businesses. The Company accounts for goodwill that results from acquired businesses in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*" ("SFAS No. 142"). Under SFAS No. 142, goodwill and intangible assets having indefinite lives are not amortized but instead are assigned to reporting units and tested for impairment annually or more frequently if changes in circumstances or the occurrence of events indicate possible impairment.

Pursuant to SFAS No. 142, the Company performs an annual impairment test for goodwill. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit. If the carrying amount is in excess of the fair value, step two requires the comparison of the implied fair value of the reporting unit whereby the carrying amount of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill will be recorded as an impairment loss. There was no impairment of goodwill in the year ended December 31, 2007. Future events could cause management to conclude that impairment indicators exist and that goodwill of previously acquired businesses is impaired. Any related impairment loss could have a material impact on the Company's financial condition and results of operations.

Intangible Assets

The Company uses assumptions in establishing the carrying value, fair value and estimated lives of its intangible assets. The criteria used for these assumptions include management's estimate of the assets continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in our business objectives. If assets are considered impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Useful lives and related amortization expense are based on an estimate of the period that the assets will generate revenues or otherwise be used by the Company. Factors that would influence the likelihood of a material change in the Company's reported results include significant changes in the asset's ability to generate positive cash flow, a significant decline in the economic and competitive environment on which the asset depends and significant changes in the Company's strategic business objectives.

Intangible assets consist of customer relationships and contracts, purchased technology and other intangibles, and are stated at cost less accumulated amortization. Intangible assets with a definite life are amortized using the straight-line method over their estimated useful lives, which range from one to ten years. Accumulated amortization of intangible assets amounted to approximately $813,000 at December 31, 2007.

Impairment of Long-Lived and Intangible Assets

In accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"*, the Company periodically reviews long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable or that the useful lives of those assets are no longer appropriate. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. There was no impairment of intangible assets in the year ended December 31, 2007.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments purchased with an original maturity of 90 days or less to be cash equivalents.

Property and Equipment

Property and equipment is stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of the related assets or the life of the related lease, whichever is shorter, which range from 3 to 7 years.

Income Taxes

The Company accounts for income taxes in accordance with SFAS No. 109, *"Accounting for IncomeTaxes"("SFAS No. 109").* Deferred tax assets and liabilities are determined at the end of each period based on the future tax consequences that can be attributed to net operating loss carryforwards, as well as differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. Deferred income tax expense or credits are based on changes in the asset or liability from period to period. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income. In determining the valuation allowance, the Company considers past performance, expected future taxable income, and qualitative factors which are considered to be appropriate in estimating future taxable income. The Company's forecast of expected future taxable income is for future periods that can be reasonably estimated. The Company has historically utilized a three year forecasting window to determine its expected future taxable income. As of December 31, 2006, the Company had cumulative net income for the three years then ended and the expected future taxable income anticipated from 2007 through 2009 was deemed adequate on a present value basis to benefit the majority of our deferred tax assets (primarily net operating loss carryforwards). During 2007, the Company accelerated its growth in excess of its initial expectations to address the strategic initiatives outlined at the time of our initial public offering. The Company grew from 20 employees as of December 31, 2006 to 63 as of December 31, 2007, acquired one of its main competitors in the retail energy market, and developed its wholesale and environmental commodity product lines. These initiatives increased the Company's loss for 2007 resulting in a three-year cumulative loss as of December 31, 2007 and increased its near term operating expenses. A three-year cumulative loss is significant negative evidence in considering whether the deferred tax assets are realizable and generally precludes relying on projections of future taxable income to support the recovery of deferred tax assets. While the Company expects its future income will be adequate on a present value basis to benefit substantially all of its current deferred tax assets, the recent three-year cumulative loss is given more weight than projected future income when determining the need for a valuation. Therefore, during the fourth quarter of 2007, the Company recorded a full valuation allowance against its deferred tax assets of approximately $4.1 million, and maintains a cumulative valuation allowance of approximately $4.7 million at December 31, 2007.

The Company's estimates in relation to income taxes affect income tax expense and deferred tax assets as reflected on its statements of operations and balance sheets, respectively. The deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized in the near term. As of December 31, 2007, the Company had deferred tax assets of approximately $4.7 million against which a full valuation allowance has been established. To the extent the Company determines that it is more likely than not that it will recover all of its deferred tax assets, it could result in an approximate $4.7 million non-cash tax benefit.

The Company adopted Financial Accounting Standards ("FASB") Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*" ("FIN 48"), on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. FIN 48 prescribes a two-step process to determine the amount of tax benefit to recognize. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by a tax authority. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If the tax position does not meet the "more-likely-than-not" threshold, then it is not recognized in the financial statements. As of its adoption date of January 1, 2007, and also at December 31, 2007, FIN 48 did not have a material impact on our financial position or results of operations.

The Company has reviewed the tax positions taken, or to be taken, in its tax returns for all tax years currently open to examination by the taxing authority in accordance with the recognition and measurement standards of FIN 48. At December 31, 2007, there are no expected material, aggregate tax effect of differences between tax return positions and the benefits recognized in our financial statements.

Advertising Expense

Advertising expense primarily includes promotional expenditures and is expensed as incurred, as such efforts have not met the direct-response criteria required for capitalization. Amounts incurred for advertising expense were not material for the years ended December 31, 2007, 2006, and 2005.

Comprehensive Income

SFAS No. 130, "*Reporting Comprehensive Income*", establishes standards for reporting and displaying comprehensive income (loss) and its components in financial statements. Comprehensive income (loss) is defined as the change in stockholders' equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The comprehensive income (loss) for all periods presented does not differ from the reported net income (loss).

Fair Value of Financial Instruments

SFAS No. 107, *"Disclosures about Fair Value of Financial Instruments"*, requires management to disclose the estimated fair value of certain assets and liabilities defined by SFAS 107 as financial instruments. Financial instruments are generally defined as cash, evidence of ownership interest in an entity, or a contractual obligation that both conveys to one entity a right to receive cash or other financial instruments from another entity and imposes on the other entity the obligation to deliver cash or other financial instruments to the first entity. At December 31, 2007, management believes that the carrying value of cash and cash equivalents, receivables and payables approximated fair value because of the short maturity of these financial instruments.

Segment Reporting

SFAS No. 131, *"Disclosures about Segments of an Enterprise and RelatedInformation"*, established standards for reporting information about operating segments in financial statements. Operating segments are defined as components of an enterprise about which separate financial information is available that is evaluated regularly by the chief decision maker in deciding how to allocate resources and in assessing performance. The Company's chief decision maker is the chief executive officer. The Company's chief decision maker reviews the results of operations based on one industry segment: the brokering of energy and environmental commodities utilizing online auction platforms.

Concentration of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company has no significant off-balance sheet risk such as foreign exchange contracts, option contracts, or other foreign hedging arrangements. The Company places its cash with primarily one institution, which management believes is of high credit quality.

The Company receives commission payments from energy suppliers based on the energy usage transacted between energy consumers and energy suppliers. The Company provides credit in the form of invoiced and unbilled accounts receivable to energy suppliers and energy consumers in the normal course of business. Collateral is not required for trade accounts receivable, but ongoing credit evaluations of energy suppliers and energy consumers are performed. Management provides for an allowance for doubtful accounts on a specifically identified basis, as well as through historical experience applied to an aging of accounts, if necessary. Trade accounts receivable are written off when deemed uncollectible. To date write-offs have not been material.

The following represents revenue and trade accounts receivable from energy suppliers exceeding 10% of the total in each category:

	Revenue for the year ended December 31,			**Trade accounts receivable as of December 31,**	
Energy supplier	**2007**	**2006**	**2005**	**2007**	**2006**
A	11%	18%	18%	10%	21%
B	5%	13%	10%	7%	12%
C	6%	10%	18%	12%	4%
D	7%	10%	—	10%	4%
E	6%	6%	11%	2%	1%
F	21%	9%	—	22%	4%

During 2006, supplier A was acquired by another supplier who is not reflected above as its revenues represented less than 10% of total revenue. If these suppliers were combined as of January 1, 2006, revenue attributable to these customers would have been 27% for the year ended December 31, 2006 and unbilled accounts receivable would have represented 46% of total unbilled accounts receivable as of December 31, 2006.

In addition to its direct relationship with energy suppliers, the Company also has direct contractual relationships with energy consumers for the online procurement of certain of their energy needs. These energy consumers are primarily large businesses and government organizations. For the years ended December 31, 2007, 2006 and 2005, two, four and three of these energy consumers accounted for transactions resulting in over 10% individually, respectively, and approximately 30%, 63% and 51% in the aggregate of our revenue, respectively.

Reclassifications

Certain prior year amounts have been reclassified to conform with the current presentation.

Earnings (Loss) Per Share

In March 2004, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 03-6, *"Participating Securities and the Two — Class Methodunder FAS 128"* ("EITF Issue No. 03-6"). EITF Issue No. 03-6 provides guidance in determining when the two-class method, as defined in SFAS No. 128, *"Earnings Per Share"*, must be utilized in calculating earnings per share. For the year ended December 31, 2005, the Company had determined that its non-voting common stock and Series A redeemable convertible preferred stock (the "Series A Preferred") represented participating securities. The non-voting common had the same privileges and rights of the voting common stock, except for the right to vote. The Series A Preferred participated in dividends, if any, paid by the Company on a proportional basis with the voting common stock. The Series A Preferred and non-voting common automatically converted into voting common stock on a one-for-one basis upon the closing of the Company's initial public offering. EITF Issue No. 03-6 requires the income per share for each class of common stock to be calculated assuming 100% of the Company's earnings are distributed as dividends to each class of common stock based upon their respective dividend rights, even though the Company does not anticipate distributing 100% of its earnings as dividends.

Basic earnings per share for the Company's voting common and non-voting common stock is calculated by dividing net income (loss) allocated to voting common and non-voting common stock by the weighted average number of shares of voting common and non-voting common stock outstanding, respectively. Diluted earnings per share for the Company's voting common stock assumes the conversion of all the Company's non-voting common stock and Series A Preferred therefore no allocation of earnings to non-voting common stock or the Series A Preferred is required.

For the basic earnings per share calculation in 2005, net income was allocated to Series A Preferred shareholders based on dividend rights and then among the Company's two classes of common stock; voting common stock and non-voting common stock based on ownership interests. The allocation among each class of stock was based upon the two-class method. The following table reflects the allocation of net income using this method:

	For the Year Ended December 31, 2005
Net income available to common shareholders	$ 1,040,051
Allocation of net income for basic:	
Voting common stock	$ 684,354
Non-voting common stock	140,407
Series A Preferred stock	215,290
	$ 1,040,051

On November 16, 2006, the Company completed an initial public offering of its common stock. As a result, all issued and outstanding shares of Series A Preferred Stock and non-voting common stock were automatically converted into voting common stock. As of December 31, 2007 and 2006, the Company only had one issued and outstanding class of stock – common stock. As a result, the basic loss per share for the years ended December 31, 2007 and 2006 is computed by dividing net loss available to common stockholders by the weighted average number of common shares outstanding for the period. The computed loss per share does not assume conversion, exercise, or contingent exercise of securities that would have an anti-dilutive effect on loss per share. The following table reflects the weighted average shares used to calculate basic and diluted earnings per share:

	For the Years Ended December 31,		
	2007	2006	2005
Weighed average number of voting common shares — basic	79,793,590	45,576,477	33,049,472
Weighed average number of non-voting common shares — basic	—	—	6,778,327
Weighted average number of common and common equivalent shares outstanding — basic	79,793,590	45,576,477	39,827,799
Dilutive Shares:			
Weighted average number of Series A Preferred shares	—	—	10,433,504
Incremental shares under the treasury stock method for outstanding warrants	—	—	1,191,808
Incremental shares under the treasury stock method for outstanding options	—	—	3,053,455
Weighted average number of common and common equivalent shares outstanding — diluted	79,793,590	45,576,477	54,506,566

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For the year ended December 31, 2007, 1,048,575, 1,826,375 and 493,718 weighted average shares issuable relative to common stock warrants, common stock options and restricted stock, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position. For the year ended December 31, 2006, 9,147,182, 2,251,072 and 2,230,232 weighted average shares issuable relative to preferred stock, common stock warrants and stock options, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position. For the year ended December 31, 2007, 2,320,000 shares issuable relative to common stock options had exercise prices that exceeded the average market price of the Company's common stock and were excluded from the calculation of diluted shares since the inclusion of such shares would be anti-dilutive.

The Company did not declare or pay any dividends in 2007, 2006 and 2005.

Share-Based Compensation

At December 31, 2007, the Company had two share-based employee compensation plans, which are more fully described in Note 6. Effective January 1, 2006, the Company accounted for stock-based compensation in accordance with SFAS No. 123(R), "*Stock-Based Compensation*" ("SFAS No. 123(R)") which is a revision of SFAS No. 123 "*Accounting for Stock-Based Compensation*" ("SFAS No. 123"). SFAS No. 123(R) superseded Accounting Principles Board (APB) No. 25, "*Accounting for Stock Issued to Employees*", and amends SFAS No. 95, "*Statement of Cash Flows*". SFAS No. 123(R) requires all share-based payments to employees, including grants of employee stock options and restricted stock, to be recognized in the income statement based on their fair values. Pro forma disclosure is no longer an alternative.

SFAS No. 123(R) requires nonpublic companies that used the minimum value method in SFAS No. 123 for either recognition or pro forma disclosures to apply SFAS No. 123(R) using the prospective-transition method. As such, the Company will continue to apply APB 25 in future periods to equity awards outstanding at the date of SFAS No. 123(R)'s adoption that were measured using the minimum value method. In accordance with this standard, the prior period pro forma stock information has not been restated. In accordance with SFAS No. 123(R), the Company will recognize the compensation cost of share-based awards on a straight-line basis over the vesting period of the award.

The per-share weighted-average fair value of stock options granted during the year ended December 31, 2007 and 2006 was $0.58 and $0.36, respectively, on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions and estimated forfeiture rates of 13% in 2007 and 2006, respectively:

Year ended December 31,	Expected Dividend Yield	Risk Interest Rate	Expected Option Life	Expected Volatility
2007	—	4.66%	4.61 years	54%
2006	—	4.66%	4.75 years	48%

Effective with the adoption of SFAS No. 123(R), the Company elected to use the Black-Scholes option pricing model to determine the weighted average fair value of options granted. As the Company's stock has a limited trading history as of December 31, 2007, the Company determined the volatility for stock options granted in 2007 based on a weighted combination of per share closing prices reported on the Toronto Stock Exchange, and historical and reported data for a peer group of companies that issued options with substantially similar terms. The expected life of options has been determined utilizing the "simplified" method as prescribed by the Securities and Exchange Commission's Staff Accounting Bulletin No. 107, "*Share-Based Payment*". The risk-free interest rate is based on a treasury instrument whose term is consistent with the expected life of the stock options. The Company has not paid and does not anticipate paying cash dividends on its common stock; therefore, the expected dividend yield is assumed to be zero. In addition, SFAS No. 123(R) requires companies to utilize an estimated forfeiture rate when calculating the expense for the period, whereas, SFAS No. 123 permitted companies to record forfeitures based on actual forfeitures, which was the Company's historical policy under SFAS No. 123. As a result, the Company applied estimated forfeiture rates of between 11% and 13%, and 12% and 13% during the years ended December 31, 2007 and 2006, respectively, in determining the expense recorded in the accompanying consolidated statements of operations. The effect on compensation expense for the year ended December 31, 2007 from changes in the forfeiture rate in 2007 of previous years' stock option grants, resulted in an increase in compensation expense of less than $1,000.

For the year ended December 31, 2007, the Company recorded stock-based compensation expense of approximately $982,000 in connection with share-based payment awards as follows: approximately $753,000 in sales and marketing, approximately $103,000 in cost of revenue and approximately $126,000 in general and administrative expenses. For the year ended December 31, 2006, the Company recorded stock-based compensation expense of approximately $44,000 in connection with share-based payment awards as

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follows: approximately $20,000 in sales and marketing, approximately $2,000 in cost of revenue and approximately $22,000 in general and administrative expenses. As of December 31, 2007, there was approximately $3,024,000 of unrecognized compensation expense related share-based awards, including approximately $1,513,000 related to non-vested stock option awards that is expected to be recognized over a weighted-average period of 3.18 years, and approximately $1,511,000 related to non-vested restricted stock awards. See Note 6 for a summary of the share-based activity under the Company's stock-based employee compensation plans for the years ended December 31, 2007, 2006 and 2005.

Prior to January 1, 2006, the Company accounted for its stock-based awards to employees using the intrinsic value method prescribed in APB 25 and related interpretations. Under the intrinsic value method, compensation expense is measured on the date of grant as the difference between the deemed fair value of the Company's common stock and the option exercise price multiplied by the number of options granted. Generally, the Company grants stock options with exercise prices equal to the estimated fair value of its common stock; however, to the extent that the deemed fair value of the common stock exceeded the exercise price of stock options granted to employees on the date of grant, the Company recorded stock-based compensation expense ratably over the vesting schedule of the options, generally four years. The fair value of the Company's common stock is determined by the Company's Board of Directors (the "Board").

Prior to November 16, 2006, there had been no public market for the Company's common stock and the fair value for the Company's common stock was estimated by the Board, with input from management as well as from independent appraisals. The Board exercised judgment in determining the estimated fair value of the Company's common stock on the date of grant based on several factors, including the liquidation preferences, dividend rights, and voting control attributable to the Company's then-outstanding convertible preferred stock and, primarily, the likelihood of achieving a liquidity event such as an initial public offering or sale of the Company. In the absence of a public trading market for the Company's common stock, the Board considered objective and subjective factors in determining the fair value of the Company's common stock. The Company believes this to have been a reasonable methodology based upon the Company's internal peer company analyses and based on arms-length transactions, when applicable, involving the Company's common stock supportive of the results produced by this valuation methodology.

For the years ended December 31, 2007 and 2006, options to purchase 3,020,000 and 1,262,000 shares of common stock were granted, respectively, at weighted exercise prices of $1.24 and $0.79, respectively. The weighted average fair value of the Company's common stock at option grant date for the years ended December 31, 2007 and 2006 was $1.17 and $0.78, respectively. Additionally, 1,928,500 shares of restricted stock were granted for the twelve months ended December 31, 2007.

In preparing for the initial public offering of the Company's common stock, the Company reassessed the valuations of its common stock during 2006, in accordance with the American Institute of Certified Public Accountants ("AICPA's") Practice Aid, *Valuation of Privately-Held-Company Equity Securities Issued as Compensation (the "Practice Aid").* In May 2006, the company engaged an unrelated third-party valuation specialist to assist management in providing a retrospective valuation report of option grants during the first quarter of 2006 and a prospective valuation of the July 31, 2006 option grants. The third-party valuation specialist valued the Company's common stock (both voting and non-voting common stock) at approximately $0.30, $0.39 and $0.95 as of January 16, 2006, February 10, 2006 and July 31, 2006, respectively, representing the dates when certain stock options were granted.

The Company believes that the valuation methodologies that were used were consistent with the Practice Aid. With the exception of one option to purchase 60,000 shares on March 30, 2006, the Company has concluded that for all options granted to employees during the two years ended December 31, 2005 and the period from January 1, 2006 to November 16, 2006, the fair value of its common stock, for financial reporting purposes, did not exceed the exercise price for those options at the time of grant. The Company granted stock options to purchase 60,000 shares of non-voting common stock, on March 30, 2006, to an employee with an exercise price of $0.38 per share, which was $0.12 per share below fair value as subsequently determined by the Board of Directors. Compensation expense related to this grant was deemed to be immaterial. On July 19, 2006 the Company and the option holder agreed to terminate the option grant. On July 31, 2006, the Company granted this employee an option to purchase 72,000 shares of common stock at an exercise price of $0.95, which the Board determined to be the fair value at that date. No stock-based compensation expense was recorded for the year ended December 31, 2005 as the exercise price of the Company's stock options was equal to the estimated fair value of the Company's common stock on the date of grant.

The Company accounts for transactions in which services are received from non-employees in exchange for equity instruments based on the fair value of such services received or of the equity instruments issued, whichever is more reliably measured, in accordance with SFAS No. 123(R) and EITF 96-18, *"Accounting for Equity Instruments That Are Issuedto Other Than Employees for Acquiring, or in Conjunction With Selling, Goods orServices"*. The Company granted 455,000 shares of restricted common stock during 2007 to non-employees in consideration for services performed. At the time of the grants, these shares of restricted stock had a fair value of approximately $523,000, based on the fair value of the Company's common stock at the grant date. The Company recognized a charge of approximately $488,000 to sales and marketing expense in the statements of operations for the year ended December 31, 2007 related to these grants.

The Company provides the disclosures as required by SFAS No. 148, *"Accountingfor Stock-Based Compensation and Disclosure, an Amendment of FASB Statement No.123"*.

The following table illustrates the assumptions used and the effect on net income if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation. For purposes of this pro forma disclosure, the Company estimated the fair value of stock options issued to employees using the minimum value option-pricing model. The Company's use of the minimum value model was primarily due to the determination as to its appropriateness, as well as its general acceptance as an option valuation technique for private companies.

The weighted-average assumptions used to calculate the SFAS No. 123 pro forma expense for stock options granted to employees and directors for the year ended December 31, 2005:

Dividend yield	0%
Risk-free interest rate	3.63% to 4.22%
Expected life	5 years
Volatility	0%

Had compensation cost for these awards been determined consistent with SFAS No. 123, the Company's net income would have been as follows:

		2005
Net income available to common shareholders, as reported	$	1,040,051
Deduct: total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects		(7,499)
Net income available to common shareholders, pro forma	$	1,032,552
As Reported Per Share Amounts:		
Basic net income per weighted average voting common share	$	0.02
Basic net income per weighted average non-voting common share	$	0.02
Diluted net income per weighted average common share	$	0.02
Pro-forma Per Share Amounts:		
Pro-forma basic net income per weighted average voting common share	$	0.02
Pro-forma basic net income per weighted average non-voting common share	$	0.02
Pro-forma diluted net income per weighted average common share	$	0.02

As stock options vest over several years and additional stock option grants are expected to be made each year, the above pro forma disclosures are not necessarily representative of pro forma effects on results of operations for future periods.

Recent Accounting Pronouncements

In December 2007, the FASB issued SFAS No. 141 (revised 2007), *"Business Combinations"* ("SFAS No. 141(R)"). SFAS No. 141(R) requires an acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition-date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. SFAS No. 141(R) is effective for fiscal years beginning after December 15, 2008. The Company expects to adopt SFAS No. 141(R) on January 1, 2009.

In December 2007, the FASB issued SFAS No. 160, *"Noncontrolling Interests in Consolidated Financial Statements"* ("SFAS No. 160"). SFAS No. 160 clarifies that a noncontrolling or minority interest in a subsidiary is considered an ownership interest and, accordingly, requires all entities to report such interests in subsidiaries as equity in the consolidated financial statements. SFAS No. 160 is effective for fiscal years beginning after December 15, 2008. The Company expects to adopt SFAS No. 160 on January 1, 2009.

In September 2006, the FASB issued SFAS No. 157, *"Fair Value Measurements"* ("SFAS No. 157"). This standard defines fair value, establishes a framework for measuring fair value in accounting principles generally accepted in the United States of America, and expands disclosure about fair value measurements. This pronouncement applies to other accounting standards that require or permit fair value measurements. Accordingly, this statement does not require any new fair value measurement. This statement is effective for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. In December of 2007, the FASB agreed to a one year deferral of SFAS No. 157's fair value measurement requirements for nonfinancial assets and liabilities that are not required or permitted to be measured at fair value on a recurring basis. The Company's management is currently evaluating the requirements of SFAS No. 157, but does not expect it to have a material impact on the Company's 2008 consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities." SFAS No. 159 allows entities the option to measure eligible financial instruments at fair value as of specified dates. Such election, which may be applied on an instrument by instrument basis, is typically irrevocable once elected. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. The Company adopted SFAS No. 159 on January 1, 2008, but has not yet elected the fair value option for any items permitted under SFAS No. 159.

NOTE 3 — TRADE ACCOUNTS RECEIVABLE, NET

The Company generally does not directly invoice energy suppliers and, therefore, reports a significant portion of its receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates.

Trade accounts receivable, net consists of the following:

	December 31,	
	2007	2006
Unbilled accounts receivable	$ 1,619,440	$ 1,698,665
Billed accounts receivable	263,793	4,133
	1,883,233	1,702,798
Allowance for doubtful accounts	(5,000)	—
Trade accounts receivable, net	$ 1,878,233	$ 1,702,798

NOTE 4 — PROPERTY AND EQUIPMENT, NET

Property and equipment, net consists of the following:

	December 31,	
	2007	2006
Leasehold improvements	$ 65,451	$ 16,751
Equipment	426,781	225,051
Furniture and fixtures	418,974	194,552
	911,206	436,354
Less accumulated depreciation	(315,256)	(210,422)
Property and equipment, net	$ 595,950	$ 225,932

Depreciation expense for the years ended December 31, 2007, 2006 and 2005 was $104,834, $62,156 and $51,084, respectively. Property and equipment purchased under capital lease obligations at December 31, 2007 and 2006 was $271,104 for both years, respectively. Accumulated depreciation for property and equipment purchased under capital lease was $182,872 and $137,758 at December 31, 2007 and 2006, respectively.

NOTE 5 — SERIES A REDEEMABLE CONVERTIBLE PREFERRED STOCK

On November 16, 2006, in connection with its initial public offering, the Company amended its Certificate of Incorporation to eliminate all references to the Series A Preferred Stock and authorize 5,000,000 shares of $0.0001 par value undesignated preferred stock. No shares have been issued as of December 31, 2007 and 2006.

Prior to November 16, 2006, the Company had authorized 15,000,000 shares of $0.0001 par value Series A Redeemable Convertible Preferred Stock (the "Series A Preferred"). The Series A Preferred had the following terms and conditions:

Dividends — In the event that the Company pays a dividend (other than a dividend payable solely in shares of common stock) on its common stock, the holders of shares of Series A will be entitled to a proportionate share of any such distribution as though it was the holder of the number of shares of common stock into which its share of Series A is convertible as of the date fixed for the determination of the holders of common stock entitled to receive the distribution.

Automatic Conversion — Shares of Series A Preferred will automatically convert into common stock at the applicable conversion rate (one share of common stock for one share of Series A Preferred) in the event of: (1) the closing of an underwritten initial public offering with aggregate proceeds to the Company of at least $10,000,000 and a per share price to the public of at least three times the initial conversion price (a "qualified public offering") or (2) the election of the holders of a majority of the outstanding shares of Series A Preferred.

Optional Conversion — The holders of Series A Preferred have the right to convert their shares, at any time, into shares of voting common stock on a one for one basis.

Liquidation Preference — In the event of liquidation or winding up of the Company, each holder of Series A Preferred shall be entitled to be paid out of the assets of the Company available for distribution to its stockholders in preference to the common stockholders, in an amount equal to the price per share of the Series A Preferred or $0.146 (the "Liquidation Amount"). After the payment of this amount to holders of Series A Preferred, the common stockholders will be entitled to receive any remaining assets of the Company on a pro rata basis. The following qualify as events that would trigger a liquidation: (1) a merger or consolidation (other than one in which the stockholders, at the time of the merger or consolidation, continue to hold more than 50% of the stock of the surviving entity) or (2) a sale or exclusive license of all or substantially all of the assets or intellectual property of the Company.

Redemption Provisions — All shares of Series A Preferred will be redeemed by the Company, at the Liquidation Amount, at any time after January 31, 2009, if the holders of two-thirds of the outstanding shares of Series A Preferred request, by written notice to the Company, that the shares be redeemed. The shares will be redeemed within 60 days of the Company receiving such written notice.

The Company had classified the Series A Preferred outside of permanent equity due to its redemption feature being outside the control of the Company. The activity within the Series A Preferred shares and redemption value for the years ended December 31, 2007, 2006 and 2005 is as follows:

	Number of Shares	**Redemption Value**
Balance, December 31, 2004	10,433,504	1,494,499
Accretion of stock issuance costs	—	7,199
Balance, December 31, 2005	10,433,504	1,501,698
Accretion of stock issuance costs	—	6,299
Conversion of Series A Preferred into common stock	(10,433,504)	(1,507,997)
Balance, December 31, 2006 and 2007	—	$ —

NOTE 6 — COMMON STOCK

On March 31, 2003, the Board increased the number of shares of $0.0001 par value common stock from 50,000,000 to 90,000,000, of which 75,000,000 were designated voting common stock ("Voting Common Stock") and 15,000,000 were designated as non-voting common stock ("Non-Voting Common Stock").

On October 16, 2006, the Company amended its Certificate of Incorporation to increase the authorized shares of voting common stock from 75,000,000 to 100,000,000 shares. The total number of shares of all classes of stock which the Company had the authority to issue after this amendment was 130,000,000, consisting of 15,000,000 shares of Non-Voting Common Stock, 100,000,000 shares of Voting Common Stock and 15,000,000 shares of Series A Preferred.

On November 16, 2006, the Company completed its initial public offering of 27,441,064 shares of common stock at a price of CDN$1.05 (approximately US$0.93) per share. The offering was comprised of 20,000,000 shares sold by the Company for gross proceeds to the Company of CDN$21,000,000 and 7,441,064 shares sold by certain selling stockholders for gross proceeds to such stockholders of approximately CDN$7,800,000. In connection with this offering, the Company amended its Certificate of Incorporation to increase the authorized shares of common stock from 100,000,000 to 150,000,000 shares. The total number of shares of all classes of stock which the Company has the authority to issue after this amendment is 155,000,000, consisting of 150,000,000 shares of common stock and 5,000,000 shares of undesignated preferred stock.

On December 5, 2006, the Company issued an additional 3,000,000 shares of common stock in accordance with an over-allotment option granted to the underwriters of the initial public offering at a price of CDN$1.05 (approximately US $0.92) per share for gross proceeds to the Company of CDN$3,150,000. Net proceeds to the Company from the initial public offering and over-allotment option were approximately $17.5 million, after deducting the underwriting discount of $1.3 million and other direct costs of $2.3 million.

As of December 31, 2007, 2006 and 2005, 82,399,241, 76,511,741 and 33,049,473 shares of Voting Common Stock were issued and outstanding, respectively, while 6,792,135 shares of Non-Voting Common Stock were issued and outstanding as of December 31, 2005. The holders of the Non-Voting Common Stock had the same privileges and rights of the holders of the Voting Common Stock, except for the right to vote. The 8,982,806 shares of Non-Voting Common Stock automatically converted to Voting Common Stock at the closing of the initial public offering of the Company's common stock.

On June 1, 2007, the Company issued 5,375,000 common shares of World Energy in connection with the acquisition of substantially all of the assets of EnergyGateway. The shares were valued at approximately $6,536,000 based on the average closing price on the Toronto Stock Exchange for the two days before and after the announcement date of $1.22 per share. Approximately 2.175 million of the shares that the Company delivered to EnergyGateway in connection with this transaction (or the proceeds upon any sale thereof) are being held in escrow for 18 months following the closing of the sale to secure various indemnification obligations of EnergyGateway and its members.

Guaranteed Return on Voting Common Stock

In 2002, a certain shareholder purchased shares of Voting Common Stock of the Company and the Company agreed to pay an 8% guaranteed return per year based on the initial investment of $200,000 with payments to continue until the earlier of a liquid market for the Company's equity or August 31, 2006. In accordance with SFAS 133, "*Accounting for Derivatives and Hedging Activities*", the Company bifurcated the guaranteed return on the Voting Common Stock at its then deemed fair value of $66,651 and recorded the guaranteed return as a liability. The payments on the guaranteed return were being amortized to principal and interest, using the interest method, through August 31, 2006. The Company has deemed the difference between the stated value and the fair value of the derivative feature to be immaterial and has not recorded a "mark-to-market" adjustment during the life of the feature.

Fair Value of Common Stock

The Company has granted common stock, common stock warrants, and common stock option awards ("equity awards") to consultants, employees, debt holders, and others since its inception. The Company's determination of the fair value of the underlying common stock is a significant aspect in accounting for these aforementioned equity awards in accordance with generally accepted accounting principles.

During each of the two years in the period ended December 31, 2006, the Company and the Board had determined the fair value of the Series A Preferred, the Voting and Non-Voting Common Stock at each issuance of such equity awards. Prior to the consummation of the Company's initial public offering the fair value of the Voting and Non-Voting Common Stock had been determined by the Board at the measurement date of each of the aforementioned equity awards, based on a variety of different factors including, but not limited to the Company's financial position and historical financial performance, the status of technological developments within the Company, the composition and ability of the current engineering, operations, and management team, an evaluation and benchmark of the Company's competition, the current climate in the marketplace, the illiquid nature of the common stock, arms-length sales and anticipated sales of the Company's capital stock (including preferred stock), the effect of the rights and preferences of preferred shareholders, independent third party appraisals, and the prospects of a liquidity event, among others.

Treasury Stock

On March 14, 2006, the Company purchased 25,000 of its Voting Common Stock from certain shareholders at $2.00 per share. The excess of the purchase price and the then deemed fair value on the date of the purchase of $0.50 per share, or $37,500, has been charged to general and administrative expense. On June 19, 2006, the Board voted to retire all its treasury stock (700,346 shares) which had a cost of $164,453.

Common Stock Warrants

At December 31, 2007, the Company had outstanding warrants to purchase 2,000,814 shares of common stock at a weighted average exercise price of $0.54. During 2005, the Company issued warrants to purchase 3,000,000 shares of Voting Common Stock in connection with the subordinated note issued to Massachusetts Capital Resource Company, or MCRC. Of the warrants that were issued in connection with this note, 600,000 were vested upon issuance and the remaining 2,400,000 did not vest and subsequently expired due to the successful consummation of the Company's initial underwritten public offering of its common stock on November 16, 2006. On December 4, 2006, MCRC exercised its warrant to purchase 600,000 shares of the Company's common stock at $0.40 in connection with the redemption of the subordinated note by the Company.

On November 16, 2006 and December 5, 2006, the Company granted the underwriters of the initial public offering warrants to purchase up to 1,000,000 and 150,000 shares of common stock, respectively at the initial public offering price. The warrants are exercisable at the 1-year anniversary of the warrants issuance (November 16, 2007 and December 5, 2007, respectively) and expire 18 months from the date of the one year anniversary (May 15, 2009 and June 4, 2009, respectively). These warrants allow for net share settlement and certain of the holders of these warrants have piggy-back registration rights. The Company valued the warrants at $274,129 and recorded them as a component of additional paid-in capital. The following table summarizes the Company's warrant activity:

	Shares	Weighted Average Exercise Price
Warrants outstanding, December 31, 2004	1,321,772	$ 0.03
Granted	3,000,000	$ 0.40
Exercised	—	$ —
Canceled/expired	—	$ —
Warrants outstanding, December 31, 2005	4,321,772	$ 0.29
Granted	1,150,000	$ 0.92
Exercised	(1,070,958)	$ 0.24
Canceled/expired	(2,400,000)	$ 0.40
Warrants outstanding, December 31, 2006 and 2007	2,000,814	$ 0.54

The weighed average remaining contractual life of warrants outstanding is 1.3 years and 2.3 years as of December 31, 2007 and 2006, respectively.

Stock Options

On May 9, 2003, the Company formally approved the adoption of the 2003 Stock Incentive Plan (the "2003 Plan") and authorized 15,000,000 shares for the grant of options to purchase shares of Voting Common Stock. As of December 31, 2007, 4,163,029 shares of common stock were reserved under the 2003 Plan. No further grants are allowed under the 2003 Plan. On November 16, 2006, the Company adopted the 2006 Stock Incentive Plan (the "2006 Plan") and authorized 4,738,161 shares of common stock for grant thereunder. A summary of option activity under the Plans is as follows:

	Shares	Weighted Average Exercise Price
Outstanding at December 31, 2004	6,664,200	$ 0.03
Granted	440,000	$ 0.24
Canceled	(1,392,500)	$ 0.03
Exercised	(240,000)	$ 0.03
Outstanding at December 31, 2005	5,471,700	$ 0.04
Granted	1,262,000	$ 0.79
Canceled	(60,000)	$ 0.38
Exercised	(2,190,671)	$ 0.03
Outstanding at December 31, 2006	4,483,029	$ 0.26
Granted	3,020,000	$ 1.24
Canceled	(687,500)	$ 0.82
Exercised	(112,500)	$ 0.03
Outstanding at December 31, 2007	6,703,029	$ 0.65

A summary of options outstanding and options exercisable as of December 31, 2007 is as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Of Shares Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
$0.02 - $0.23	2,651,029	2.82 Years	$ 2,081,058	2,646,029	2.82 Years	$ 2,077,133
$0.24 - $1.12	1,612,000	4.78 Years	391,300	670,625	4.87 Years	229,263
$1.13 - $1.34	2,440,000	6.36 Years	—	30,000	5.96 Years	—
	6,703,029	4.58 Years	$ 2,472,358	3,346,654	3.26 Years	$ 2,306,396

The aggregate intrinsic value in the table above represents the total intrinsic value of our outstanding options and exercisable options as of December 31, 2007. The aggregate intrinsic value of options exercised during the year ended December 31, 2007 was approximately $126,000. At December 31, 2007, the weighted average exercise price of options outstanding and exercisable was $0.64 and $0.13, respectively. The weighted average fair value of option grants for the years ended December 31, 2007 and 2006 was $0.58 and $0.36, respectively.

Restricted Stock

A summary of restricted stock activity under the 2006 Plan for the year ended December 31, 2007 is as follows:

	Shares	Weighted Average Grant Price
Outstanding at December 31, 2006	—	$ —
Granted	1,928,500	$ 1.13
Cancelled	(80,000)	$ 1.21
Vested	(400,000)	$ 1.21
Unvested at December 31, 2007	1,448,500	$ 1.10

There were 8,151,529 shares reserved for issuance under these plans, and 349,661 shares available for grant under the 2006 Plan at December 31, 2007.

NOTE 7 — RELATED PARTIES

In 2006, the Company entered into a consulting agreement with a member of the Board to assist the Company with strategic planning. Costs incurred during the year ended December 31, 2007 were approximately $209,000 and were charged to general and administrative expense. Amounts owed by the Company at December 31, 2007 on behalf of the agreement were $9,700.

NOTE 8 — INCOME TAXES

The components of the net deferred tax asset are as follows:

	December 31, 2007	December 31, 2006
Depreciation and amortization	$ 166,694	$ 22,242
Commission income	(462,079)	(266,310)
Accruals and reserves	753,407	155,263
Prepaids	(13,428)	20,099
Net operating loss carryforwards	4,254,013	1,769,489
	4,698,607	1,700,783
Valuation allowance	(4,698,607)	(639,063)
	$ —	$ 1,061,720

The provision for income taxes is comprised of the following:

	Years Ended December 31, 2007	2006	2005
Current income tax expense:			
Federal	$ —	$ —	$ —
State	—	—	—
	—	—	—
Deferred income tax expense (benefit):			
Federal	823,703	(232,091)	(588,120)
State	238,017	(72,137)	(165,880)
	1,061,720	(304,228)	(754,000)
Total income tax expense (benefit)	$ 1,061,720	$ (304,228)	$ (754,000)

A reconciliation of the Company's federal statutory tax rate to its effective rate is as follows:

	Years Ended December 31, 2007	2006	2005
Income tax at federal statutory rate	(34.0)%	(34.0)%	34.0%
Increase (decrease) in tax resulting from:			
State taxes, net of federal benefit	(6.3)%	(6.3)%	6.3%
Permanent differences	0.7%	2.1%	2.3%
Change in valuation allowance	53.6%	0.0%	(270.0)%
	14.0%	(38.1)%	(227.4)%

As of December 31, 2007, the Company has federal net operating loss carryforwards of approximately $10,800,000 which begin to expire in 2022, and state net operating loss carryforwards of approximately $10,300,000, which begin to expire in 2008. A valuation allowance is established, if it is more likely than not, that all or a portion of the deferred tax asset will not be realized.

The Company accounts for income taxes in accordance with SFAS No. 109, *"Accounting for IncomeTaxes"("SFAS No. 109")*. Deferred tax assets and liabilities are determined at the end of each period based on the future tax consequences that can be attributed to net operating loss carryforwards, as well as differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. Deferred income tax expense or credits are based on changes in the asset or liability from period to period. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income. In determining the valuation allowance, the Company considers past performance, expected future taxable income, and qualitative factors which are considered to be appropriate in estimating future taxable income. The Company's forecast of expected future taxable income is for future periods that can be reasonably estimated. The Company has historically utilized a three year forecasting window to determine its expected future taxable income. As of December 31, 2006, the Company had cumulative net income for the three years then ended and the expected future taxable income anticipated from 2007 through 2009 was deemed adequate on a present value basis to benefit the majority of our deferred tax assets (primarily net operating loss carryforwards). During 2007, the Company accelerated its growth in excess of its initial expectations to address the strategic initiatives outlined at the time of our initial public offering. The Company grew from 20 employees as of December 31, 2006 to 63 as of December 31, 2007, acquired one of its main competitors in the retail energy market, and developed its wholesale and environmental commodity product lines. These initiatives increased the Company's loss for 2007 resulting in a three-year cumulative loss as of December 31, 2007 and increased its operating expenses. A three-year cumulative loss is significant negative evidence in considering whether the deferred tax assets are realizable and generally precludes relying on projections of future taxable income to support the recovery of deferred tax assets. While the Company expects its near term future income will be adequate on a present value basis to benefit substantially all of its current deferred tax assets, the recent three-year cumulative loss is given more weight than projected future income when determining the need for a valuation. Therefore, during the fourth quarter of 2007, the Company recorded a full valuation allowance against its deferred tax assets of approximately $4.1 million, and maintains a cumulative valuation allowance of approximately $4.7 million at December 31, 2007.

The amount of the net deferred tax asset considered realizable at December 31,2007 could be reduced or increased in the near term if estimates of future taxable income during the carryforward period change.

The Company has reviewed the tax positions taken, or to be taken, in its tax returns for all tax years currently open to examination by the taxing authorities in accordance with the recognition and measurement standards of FIN 48. At December 31, 2007, there are no expected material, aggregate tax effect of differences between tax return positions and the benefits recognized in the financial statements.

Under the provisions of the Internal Revenue Code, certain substantial changes in the Company's ownership may have limited or may limit in the future the amount of net operating loss carryforwards which could be utilized annually to offset future taxable income and income tax liabilities. The amount of any annual limitation is determined based upon the Company's value prior to an ownership change.

NOTE 9 — COMMITMENTS

Leases

The Company leases certain equipment under capital leases that expire through May 2011 and are collateralized by the related equipment. The Company has accounted for these leases using an incremental borrowing rate of 8%. The Company maintains operating leases for office space in seven locations in the United States, paid in installments due the beginning of each month and that expire through July 2012. Future aggregate minimum payments under capital and operating leases as of December 31, 2007 were as follows:

	Capital Leases	Operating Leases
2008	$ 47,223	$ 304,537
2009	44,745	295,381
2010	3,192	152,275
2011	798	135,630
2012	—	42,973
Total future minimum lease payments	95,958	$ 930,796
Less: amounts representing interest	(8,112)	
Present value of future minimum lease payments	87,846	
Less: current portion	41,624	
Capital lease obligation, net of current portion	$ 46,222	

The accompanying statement of operations for the years ended December 31, 2007, 2006, and 2005 includes $242,813, $118,902 and $78,800 of rent expense, respectively.

Service Agreement

In 2007, the Company entered into a service agreement with an unrelated party for a hosting environment and dedicated server for the Company's online energy procurement software. The terms of the agreement requires quarterly and monthly payments amounting to approximately $8,400 per quarter. The agreement expires in May 2008.

NOTE 10 — ACQUISITION

On June 1, 2007, the Company acquired substantially all of the assets of EnergyGateway for $4,951,758 in cash and 5,375,000 common shares of World Energy plus the assumption of certain liabilities. The shares were valued at approximately $6,536,000 based on the average closing price on the Toronto Stock Exchange for the two days before and after the announcement date of $1.22 per share. Approximately 2.175 million of the shares that the Company delivered to EnergyGateway in connection with this transaction (or the proceeds upon any sale thereof) are being held in escrow for 18 months following the closing of the sale to secure various indemnification obligations of EnergyGateway and its members. EnergyGateway, located near Columbus, Ohio, was an online broker of natural gas and electricity for commercial and industrial consumers in the United States. It provided its customers with professional energy purchasing services, including access to its proprietary 'post and bid' online procurement system called EGate.

The total purchase price was $11,440,358, net of cash acquired, and includes related acquisition costs of $229,500, plus the assumption of certain liabilities of $138,128. The EnergyGateway operations have been included within our consolidated results from June 1, 2007. The cost of the acquisition was allocated to the assets and liabilities assumed based on estimates of their respective fair values at the date of acquisition resulting in net assets of $8,261,657. The excess purchase price of $3,178,701 has been recorded as goodwill which is fully deductible for tax purposes. Management is responsible for the valuation of net assets acquired and considered a number of factors, including valuations and appraisals, when estimating the fair values and estimated useful lives of acquired assets and liabilities. During the third quarter of 2007, the Company refined estimates recorded in the second quarter of 2007 and finalized the valuation of intangible assets through a reduction of $660,000 in customer relationships resulting in a corresponding increase to goodwill.

The Company has allocated the purchase price for the acquisition as follows:

Current assets	$ 247,938
Fixed assets	18,755
Other assets	3,092
Intangible assets	
Non-compete agreements	680,000
Customer relationships	4,740,000
Customer contracts	500,000
Supplier agreements	380,000
Developed technology	1,830,000
Goodwill	3,178,701
Current liabilities	(138,128)
Net assets acquired	$ 11,440,358

The intangible assets, excluding goodwill, are being amortized on a straight-line basis over their weighted average lives as follows: non-compete agreements – 1 to 5 years; customer relationships – 10 years; customer contracts – 3 years; supplier agreements – 5 years; and developed technology – 5 years.

The following unaudited pro forma information assumes that the acquisition of EnergyGateway assets had been completed as of January 1, 2006:

	Years Ended December 31,			
		2007		2006
Revenues	$	10,461,780	$	8,617,678
Net loss available to common stockholders	$	(9,448,352)	$	(1,719,847)
Loss per share:				
Net loss available to common stockholders per share – basic	$	(0.12)	$	(0.03)
Net loss available to common stockholders per share – diluted	$	(0.12)	$	(0.03)
Weighted average number of common and common equivalent shares outstanding – basic		82,017,220		50,951,477
Weighted average number of common and common equivalent shares outstanding – diluted		82,017,220		50,951,477

The pro forma financial information is not necessarily indicative of the results to be expected in the future as a result of the acquisition of EnergyGateway.

NOTE 11 — 401(k) PLAN

During the fourth quarter of 2006, the Company established the World Energy Solutions, Inc. 401(k) Plan (the "401(k) Plan") under Section 401(k) of the Internal Revenue Code covering all eligible employees. Employees of the Company may participate in the 401(k) Plan after reaching the age of 21. The Company may make discretionary matching contributions as determined from time to time. Employee contributions vest immediately, while Company matching contributions begin to vest after one year service and continue to vest at 20% per year over the next five years. To date, the Company has not made any discretionary contributions to the 401(k) Plan.

EXHIBIT INDEX

Exhibit	Description
2.1	Asset Purchase Agreement by and among World Energy Solutions, Inc., EnergyGateway, LLC and the Members of EnergyGateway, LLC dated May 23, 2007 (incorporated by reference to Exhibit 99.1 to our report on Form 8-K filed May 24, 2007 (File No. 333-136528)).
3.1	Form of Amended and Restated Certificate of Incorporation of World Energy (incorporated by reference to Exhibit 3.4 to our Registration Statement of Form S-1(File No. 333-136528)).
3.2	Form of Amended and Restated By-laws of World Energy (incorporated by reference to Exhibit 3.5 to our Registration Statement of Form S-1(File No. 333-136528)).
4.1	Specimen Certificate evidencing shares of common stock (incorporated by reference to Exhibit 4.1 to our Registration Statement of Form S-1(File No. 333-136528)).
10.1+	2003 Stock Incentive Plan (incorporated by reference to Exhibit 10.1 to our Registration Statement of Form S-1(File No. 333-136528)).
10.2+	2006 Stock Incentive Plan (incorporated by reference to Exhibit 10.2 to our Registration Statement of Form S-1(File No. 333-136528)).
10.3	Note and Warrant Purchase Agreement, dated November 7, 2005, between World Energy and Massachusetts Capital Resource Company (incorporated by reference to Exhibit 10.3 to our Registration Statement of Form S-1(File No. 333-136528)).
10.4	Subordinated Note due 2013, dated November 7, 2005 (incorporated by reference to Exhibit 10.4 to our Registration Statement of Form S-1(File No. 333-136528)).
10.5	Voting Common Stock Purchase Warrant, dated November 7, 2005 (incorporated by reference to Exhibit 10.5 to our Registration Statement of Form S-1(File No. 333-136528)).
10.6	Form of Common Stock Purchase Warrants (incorporated by reference to Exhibit 10.6 to our Registration Statement of Form S-1(File No. 333-136528)).
10.7	Solicitation/Contract/Order for Commercial Items, dated September 28, 2005, between U.S. General Services Administration and World Energy (incorporated by reference to Exhibit 10.7 to our Registration Statement of Form S-1(File No. 333-136528)).
10.8	Agreement to Provide Software and Support for a Reverse Energy Auction Procurement to the Maryland Department of General Services, dated March 16, 2006, by and between World Energy and the State of Maryland (incorporated by reference to Exhibit 10.8 to our Registration Statement of Form S-1(File No. 333-136528)).
10.9	Contract, dated January 9, 2006, by and between Montgomery County, Maryland and World Energy (incorporated by reference to Exhibit 10.9 to our Registration Statement of Form S-1(File No. 333-136528)).
10.10	Emergency Purchase/Interim Agreement, dated March 28, 2006, by and between the Commonwealth of Pennsylvania, Department of General Services and World Energy (incorporated by reference to Exhibit 10.10 to our Registration Statement of Form S-1(File No. 333-136528)).
10.11	Professional Services Agreement, dated June 1, 2005, between World Energy and Science Applications International Corporation (incorporated by reference to Exhibit 10.11 to our Registration Statement of Form S-1(File No. 333-136528)).
10.12	Escrow Agreement (incorporated by reference to Exhibit 10.12 to our Registration Statement of Form S-1(File No. 333-136528)).
10.13+	Offer letter agreement, dated October 1, 2003, between World Energy and Philip V. Adams (incorporated by reference to Exhibit 10.13 to our Registration Statement of Form S-1(File No. 333-136528)).
10.14+	Offer letter agreement, dated April 5, 2006, between World Energy and James Parslow (incorporated by reference to Exhibit 10.14 to our Registration Statement of Form S-1(File No. 333-136528)).
10.15	Lease, dated September 8, 2004, between Sovereign Bank and World Energy (incorporated by reference to Exhibit 10.15 to our Registration Statement of Form S-1(File No. 333-136528)).

10.16 Lease, dated June 21, 2006, between Roosevelt Land, LP and World Energy (incorporated by reference to Exhibit 10.16 to our Registration Statement of Form S-1(File No. 333-136528)).

10.17 Form of Warrant being issued to Underwriters (incorporated by reference to Exhibit 10.17 to our Registration Statement of Form S-1(File No. 333-136528)).

10.18 Form of Registration Rights Agreement with Underwriters (incorporated by reference to Exhibit 10.18 to our Registration Statement of Form S-1(File No. 333-136528)).

21.1* List of Subsidiaries

23.1* Consent of UHY LLP, Independent Registered Public Accounting Firm

31.1* Certification of the Chief Executive Officer pursuant to Rule 15d-14(a) under the Securities Exchange Act.

31.2* Certification of the Chief Financial Officer pursuant to Rule 15d-14(a) under the Securities Exchange Act.

32.1* Certification of the Chief Executive Officer pursuant to Rule 15d-14(b) under the Securities Exchange Act.

32.2* Certification of the Chief Financial Officer pursuant to Rule 15d-14(b) under the Securities Exchange Act.

* Filed herewith
\+ Indicates a management contract or any compensatory plan, contract or arrangement

EXHIBIT 21.1

SUBSIDIARIES OF REGISTRANT

Subsidiary	State of Incorporation
World Energy Securities Corp.	Massachusetts

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of World Energy Solutions, Inc.:

We consent to the incorporation by reference in the Registration Statement on Form S-8 (File No. 333-1140014) and Form S-3 (File No. 333- 147301) of our reports dated March 12, 2008, relating to the consolidated financial statements of World Energy Solutions, Inc. (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the Company's change in its method of accounting for share based payments upon the adoption of Statement of Financial Accounting Standard No. 123(R), *"Share-Based Payment"*, effective January 1, 2006) and the effectiveness of World Energy Solutions, Inc.'s internal control over financial reporting dated March 12, 2008, appearing in this Annual Report to Shareholders, which is included in this Annual Report on Form 10-K of World Energy Solutions, Inc., for the year ended December 31, 2007.

/s/ UHY LLP

Boston, Massachusetts
March 12, 2008

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
§302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Domaleski, Chief Executive Officer of World Energy Solutions, Inc. (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: March 13, 2008

By: /s/ Richard Domaleski
Richard Domaleski
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
§302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Parslow, Chief Financial Officer of World Energy Solutions, Inc. (the "Company"), certify that:

1. I have reviewed this annual report on Form 10-K of the Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: March 13, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO §906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of World Energy Solutions, Inc. (the "Company") on Form 10-K (the "Report") for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof, I, Richard Domaleski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2008

By: /s/ Richard Domaleski
Richard Domaleski
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO §906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the annual report of World Energy Solutions, Inc. (the "Company") on Form 10-K (the "Report") for the year ended December 31, 2007 as filed with the Securities and Exchange Commission on the date hereof, I, James Parslow, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 13, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit C-2 "SEC Filings"

World Energy Solutions, Inc. has attached Form 10-Q and Form 8-K filed with the SEC.

FORM 10-Q

World Energy Solutions, Inc. - WLDE

Filed: November 06, 2008 (period: September 30, 2008)

Quarterly report which provides a continuing view of a company's financial position

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2008; or

☐ Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the transition period from __________ to __________

Commission file number: 333-136528

World Energy Solutions, Inc.

(Exact name of registrant as specified in its charter)

Delaware	**04-3474959**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
446 Main Street **Worcester, Massachusetts**	**01608**
(Address of principal executive offices)	(Zip Code)

508-459-8100

(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 past 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 ☒ No ☐

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

Large Accelerated Filer ☐ Accelerated Filer ☒

Non-Accelerated Filer ☐ Smaller Reporting Company ☐
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: As of November 1, 2008, the registrant had 84,814,728 shares of common stock outstanding.

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PART I
FINANCIAL INFORMATION

Item 1. Financial Statements

WORLD ENERGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30, 2008	December 31, 2007
Assets	(Unaudited)	
Current assets		
Cash and cash equivalents	$ 1,756,829	$ 7,001,884
Trade accounts receivable, net	2,962,684	1,878,233
Prepaid expenses and other current assets	403,961	338,049
Total current assets	5,123,474	9,218,166
Property and equipment, net	524,275	595,950
Capitalized software, net	587,183	463,888
Intangibles, net	6,285,637	7,316,916
Goodwill	3,178,701	3,178,701
Other assets	27,594	26,944
Total assets	$ 15,726,864	$ 20,800,565
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable	$ 545,986	$ 980,488
Accrued commissions	669,801	712,919
Accrued compensation	1,381,742	1,516,418
Accrued expenses	401,602	279,162
Deferred revenue and customer advances	851,237	363,933
Capital lease obligations	41,630	41,624
Total current liabilities	3,891,998	3,894,544
Capital lease obligations, net of current portion	14,686	46,222
Total liabilities	3,906,684	3,940,766
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized; no shares issued or outstanding	—	—
Common stock, $0.0001 par value; 150,000,000 shares authorized; 83,509,840 shares issued and 83,438,825 shares outstanding at September 30, 2008, and 82,399,241 shares issued and outstanding at December 31, 2007	8,351	8,240
Additional paid-in capital	30,499,580	29,704,831
Accumulated deficit	(18,609,351)	(12,853,272)
Treasury stock, at cost; 71,015 shares at September 30, 2008 and no shares at December 31, 2007	(78,400)	—
Total stockholders' equity	11,820,180	16,859,799
Total liabilities and stockholders' equity	$ 15,726,864	$ 20,800,565

See accompanying notes to condensed consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue:				
Brokerage commissions and transaction fees	$ 2,984,110	$ 2,350,516	$ 8,184,250	$ 5,674,775
Management fees	305,405	324,827	980,477	428,897
Total revenue	3,289,515	2,675,343	9,164,727	6,103,672
Cost of revenue	1,113,325	787,517	3,626,237	1,853,660
Gross profit	2,176,190	1,887,826	5,538,490	4,250,012
Operating expenses:				
Sales and marketing	2,355,907	3,028,912	7,770,567	5,965,261
General and administrative	1,041,321	1,876,618	3,562,946	4,274,415
Total costs and expenses	3,397,228	4,905,530	11,333,513	10,239,676
Operating loss	(1,221,038)	(3,017,704)	(5,795,023)	(5,989,664)
Interest income, net	5,218	108,195	38,944	482,438
Loss before income taxes	(1,215,820)	(2,909,509)	(5,756,079)	(5,507,226)
Income tax benefit	—	1,099,125	—	2,079,836
Net loss	$ (1,215,820)	$ (1,810,384)	$ (5,756,079)	$ (3,427,390)
Loss per share:				
Net loss per common share –basic	$ (0.01)	$ (0.02)	$ (0.07)	$ (0.04)
Net loss per common share –diluted	$ (0.01)	$ (0.02)	$ (0.07)	$ (0.04)
Weighted average shares outstanding –basic and diluted	83,215,951	81,943,263	82,875,299	78,932,803

See accompanying notes to condensed consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Cash flows from operating activities:		
Net loss	$ (5,756,079)	$ (3,427,390)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	1,313,692	608,213
Deferred taxes	—	(2,079,836)
Share-based compensation	770,383	779,975
Changes in assets and liabilities, net of the effects of acquisition:		
Trade accounts receivable	(1,084,451)	(389,411)
Prepaid expenses and other assets	(66,562)	(146,725)
Accounts payable	(434,502)	431,502
Accrued commissions	(43,118)	(386,089)
Accrued compensation	(134,676)	844,077
Accrued expenses	122,440	48,465
Deferred revenue and customer advances	487,304	54,398
Net cash used in operating activities	(4,825,569)	(3,662,821)
Cash flows from investing activities:		
Cost incurred in software development	(293,329)	(329,995)
Net cash paid in acquisition of EnergyGateway, net of cash acquired	—	(4,904,358)
Purchases of property and equipment	(40,704)	(355,272)
Net cash used in investing activities	(334,033)	(5,589,625)
Cash flows from financing activities:		
Proceeds from exercise of stock options	16,669	—
Proceeds from exercise of stock warrants	7,808	—
Purchase of treasury stock	(78,400)	—
Principal payments on capital lease obligations	(31,530)	(41,724)
Net cash used in financing activities	(85,453)	(41,724)
Net decrease in cash and cash equivalents	(5,245,055)	(9,294,170)
Cash and cash equivalents, beginning of period	7,001,884	17,483,886
Cash and cash equivalents, end of period	$ 1,756,829	$ 8,189,716
Supplemental disclosure of cash flow information:		
Net cash received for interest	$ 43,823	$ 525,691
Non-cash investing and financing activities:		
Fair value of common stock issued in acquisition of EnergyGateway, net of issuance costs	$ —	$ 6,523,232
Reversal of accrued expenses related to initial public offering of common stock	$ —	$ 48,466

See accompanying notes to condensed consolidated financial statements.

WORLD ENERGY SOLUTIONS, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

1. Nature of Business and Basis of Presentation

World Energy is an energy and environmental commodities brokerage company that has developed online auction platforms, the World Energy Exchange and the World Green Exchange. On the World Energy Exchange, retail energy consumers (commercial, industrial and government) and wholesale energy participants (utilities and retail suppliers) in the United States are able to negotiate for the purchase or sale of electricity and other energy resources from competing energy suppliers which have agreed to participate on our auction platform in a given auction. Although the Company's primary source of revenue is from brokering electricity and natural gas, the Company adapted its World Energy Exchange auction platform to accommodate the brokering of green power in 2003 (i.e., electricity generated by renewable resources), wholesale electricity in 2004 and certain other energy-related products in 2005. In 2007, the Company created the World Green Exchange based on the World Energy Exchange technology and business process. On the World Green Exchange, buyers and sellers negotiate for the purchase or sale of environmental commodities such as Renewable Energy Certificates, Verified Emissions Reductions, and Certified Emissions Reductions and Regional Greenhouse Gas Initiative allowances.

2. Interim Financial Statements

The accompanying unaudited interim condensed consolidated financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission regarding interim reporting. Accordingly, they do not include all of the information and footnotes required by accounting principles generally accepted in the United States of America ("generally accepted accounting principles") for complete financial statements and should be read in conjunction with the audited financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007.

In the opinion of the Company's management, the unaudited interim condensed consolidated financial statements have been prepared on the same basis as the audited consolidated financial statements and include all adjustments consisting of normal recurring adjustments and accruals necessary for the fair presentation of the Company's financial position as of September 30, 2008, the results of its operations for the three and nine months ended September 30, 2008 and 2007 and its cash flows for the nine months ended September 30, 2008 and 2007, respectively. The results of operations for the three and nine months ended September 30, 2008 are not necessarily indicative of the results to be expected for the fiscal year ending December 31, 2008.

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

The Company's most judgmental estimates relate to revenue recognition and the estimate of actual energy purchased from the energy supplier by the end user of such energy; the fair value of the Company's equity securities where there was no ready market for the purchase and sale of those shares prior to our November 16, 2006 initial public offering of common stock; the valuation of intangible assets and goodwill; and estimates of future taxable income as it relates to the realization of the Company's net deferred tax assets. The effect of those estimates could have a material impact on the Company's estimation of commission revenue, accounts receivable, intangible assets, accrued commission expense, income taxes, share-based compensation and earnings per share.

On January 1, 2008, the Company adopted Financial Accounting Standards Board ("FASB") Statement No. 157, *Fair Value Measurements* ("FAS 157"), which clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures on fair value measurements. In February 2008, the FASB issued Staff Position 157-2, *Effective Date of FASB Statement No. 157* ("FSP 157-2"), that deferred the effective date of FAS 157 for one year for nonfinancial assets and liabilities recorded at fair value on a non-recurring basis. The effect of adoption of FAS 157 for financial assets and liabilities recognized at fair value on a recurring basis did not have a material impact on the Company's financial position and results of operations. The Company is assessing the impact of FAS 157 for nonfinancial assets and liabilities.

3. Earnings (Loss) Per Share

As of September 30, 2008 and 2007, the Company only had one issued and outstanding class of stock – common stock. As a result, the basic loss per share for the three and nine months ended September 30, 2008 and 2007, respectively, is computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period.

The computed loss per share does not assume conversion, exercise, or contingent exercise of securities that would have an anti-dilutive effect on loss per share. As the Company was in a net loss position for the reported periods, all common stock equivalents were anti-dilutive. Therefore, the weighted average number of basic and diluted voting common shares outstanding for the three months ended September 30, 2008 and 2007 were 83,215,951 shares and 81,943,263 shares, respectively, and the weighted average number of basic and diluted voting common shares outstanding for the nine months ended September 30, 2008 and 2007 were 82,875,299 shares and 78,932,803 shares, respectively.

For the three months ended September 30, 2008, 594,731, 2,621,743 and 175,319 weighted average shares issuable relative to common stock warrants, common stock options and restricted stock, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position. For the three months ended September 30, 2007, 754,870 and 1,078,834 and 622,370 weighted average shares issuable relative to common stock warrants, common stock options and restricted stock, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position.

For the nine months ended September 30, 2008, 869,162, 2,638,738 and 404,911 weighted average shares issuable relative to common stock warrants, common stock options and restricted stock, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position. For the nine months ended September 30, 2007, 666,926, 1,887,340 and 272,538 weighted average shares issuable relative to common stock warrants, common stock options and restricted stock, respectively, were excluded from net loss per share since the inclusion of such shares would be anti-dilutive due to the Company's net loss position.

At September 30, 2008, 1,150,000 shares and 2,258,250 shares issuable relative to common stock warrants and common stock options, respectively, had exercise prices that exceeded the average market price of the Company's common stock during the three months ended September 30, 2008 and were excluded from the calculation of diluted shares since the inclusion of such shares would be anti-dilutive. At September 30, 2008, 598,903 shares of restricted stock were excluded from the calculation of diluted shares during the three months ended September 30, 2008, since the inclusion of such shares would be anti-dilutive.

At September 30, 2008, 1,516,250 shares issuable relative to common stock options had exercise prices that exceeded the average market price of the Company's common stock during the nine months ended September 30, 2008 and were excluded from the calculation of diluted shares since the inclusion of such shares would be anti-dilutive. At September 30, 2007, 2,320,000 shares issuable relative to common stock options had exercise prices that exceeded the average market price of the Company's common stock during the nine months ended September 30, 2007 and were excluded from the calculation of diluted shares since the inclusion of such shares would be anti-dilutive. At September 30, 2008, 428,903 shares of restricted stock were excluded from the calculation of diluted shares during the nine months ended September 30, 2008, since the inclusion of such shares would be anti-dilutive.

4. Concentration of Credit Risk and Off-Balance Sheet Risk

Financial instruments that potentially expose the Company to concentrations of credit risk consist principally of cash and trade accounts receivable. The Company had no significant off-balance sheet risk such as foreign exchange contracts, open contracts, or other foreign hedging arrangements. The Company places its cash with primarily one institution, which management believes is of high credit quality. As of September 30, 2008, approximately $1.4 million of our cash and cash equivalents was invested in a highly liquid, U.S. Treasury money market fund.

The Company receives commission payments from energy suppliers based on the energy usage transacted between energy consumers and energy suppliers. The Company provides credit in the form of invoiced and unbilled accounts receivable to energy suppliers in the normal course of business. Collateral is not required for trade accounts receivable, but periodic credit evaluations of energy suppliers are performed. Management provides for an allowance for doubtful accounts on a specifically identified basis, as well as through historical experience applied to an aging of accounts, if necessary. Trade accounts receivable are written off when deemed uncollectible. To date, write-offs have not been material.

The following represents revenue and trade accounts receivable from energy suppliers exceeding 10% of the total in each category:

Energy Supplier	Revenue for the three months ended September 30,		Revenue for the nine months ended September 30,		Trade Accounts Receivable as of September 30,	
	2008	2007	2008	2007	2008	2007
A	24%	23%	22%	21%	26%	25%
B	7%	6%	7%	7%	13%	4%
C	9%	11%	7%	13%	14%	16%

In addition to its direct relationship with energy suppliers, the Company also has direct contractual relationships with energy consumers for the online procurement of certain of their energy needs. These energy consumers are primarily large businesses and government organizations. For the three months ended September 30, 2008 and 2007, one and two of these energy consumers accounted for transactions resulting in over 10% individually, and approximately 15% and 26% in the aggregate of our revenue, respectively. For the nine months ended September 30, 2008 and 2007, two of these energy consumers accounted for transactions resulting in over 10% individually and approximately 24% and 33% in the aggregate, respectively.

Statement of Financial Accounting Standards ("SFAS") No. 130, "*Reporting Comprehensive Income*", establishes standards for reporting and displaying comprehensive income (loss) and its components in financial statements. Comprehensive income (loss) is defined as the change in stockholders' equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The comprehensive loss for all periods presented does not differ from the reported net loss.

5. Trade Accounts Receivable, Net

The Company generally does not directly invoice energy suppliers and, therefore, reports a significant portion of its receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates.

Trade accounts receivable, net consists of the following:

	September 30, 2008	December 31, 2007
Unbilled accounts receivable	$ 2,083,893	$ 1,619,440
Billed accounts receivable	883,791	263,793
	2,967,684	1,883,233
Allowance for doubtful accounts	(5,000)	(5,000)
Trade accounts receivable, net	$ 2,962,684	$ 1,878,233

6. Property and Equipment, Net

Property and equipment, net consists of the following:

	September 30, 2008	December 31, 2007
Leasehold improvements	$ 65,451	$ 65,451
Equipment	452,312	426,781
Furniture and fixtures	434,147	418,974
	951,910	911,206
Less accumulated depreciation	(427,635)	(315,256)
Property and equipment, net	$ 524,275	$ 595,950

Depreciation expense for the three months ended September 30, 2008 and 2007 was $36,967 and $28,064, respectively. Depreciation expense for the nine months ended September 30, 2008 and 2007 was $112,379 and $68,720, respectively. Property and equipment purchased under capital lease obligations as of September 30, 2008 and December 31, 2007 was $189,524 and $271,104, respectively. Accumulated depreciation for property and equipment purchased under capital lease was $125,944 and $182,872 at September 30, 2008 and December 31, 2007, respectively.

7. Share-Based Compensation

In accordance with SFAS No. 123(R) *"Share-Based Payment"*, the Company recognizes the compensation cost of share-based awards on a straight-line basis over the requisite service period of the award. For the nine months ended September 30, 2008, share-based awards consisted of grants of restricted stock, and for the nine months ended September 30, 2007, share-based awards consisted of grants of restricted stock and stock options. The restrictions on the restricted stock lapse over the vesting period. The vesting period of restricted stock is determined by the Board of Directors, and is generally four years for employees. The per-share weighted-average fair value of stock options granted during the nine months ended September 30, 2007 was $0.58 on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Nine-months ended September 30,	Expected Dividend Yield	Risk Interest Rate	Expected Option Life	Expected Volatility
2007	—	4.66%	4.61 years	54%

For the three and nine months ended September 30, 2008, the Company recorded share-based compensation expense of approximately $268,000 and $770,000 in connection with share-based payment awards, respectively. For the three and nine months ended September 30, 2007, the Company recorded share-based compensation expense of approximately $657,000 and $780,000 in connection with share-based payment awards, respectively. The approximate total share-based compensation expense included in the condensed consolidated statements of operations for the periods presented is included in the following expense categories:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2008	2007	2008	2007
Cost of revenue	$ 43,000	$ 22,000	$ 148,000	$ 53,000
Sales and marketing	208,000	581,000	512,000	637,000
General and administrative	17,000	54,000	110,000	90,000
Total share-based compensation	$ 268,000	$ 657,000	$ 770,000	$ 780,000

The Company has two stock incentive plans: the 2003 Stock Incentive Plan, or the 2003 Plan, and the 2006 Stock Incentive Plan, or the 2006 Plan. As of September 30, 2008, 3,582,300 shares of common stock were reserved under the 2003 Plan. No further grants are allowed under the 2003 Plan. During the second quarter of 2008, stockholders approved an amendment to the 2006 Plan to increase the number of shares of common stock covered by the plan by 4,000,000 shares. As of September 30, 2008, 8,738,161 shares of common stock were reserved under the 2006 Plan representing 1,516,250 outstanding stock options, 2,258,500 shares of restricted stock granted and 4,963,411 shares available for grant. A summary of stock option activity under both plans for the nine months ended September 30, 2008 is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	6,703,029	$ 0.65
Granted	—	$ —
Cancelled	(1,023,750)	$ 1.30
Exercised	(580,729)	$ 0.03
Outstanding at September 30, 2008	5,098,550	$ 0.59

A summary of restricted stock activity under the 2006 Plan for the nine months ended September 30, 2008 is as follows:

	Shares	Weighted Average Grant Price
Outstanding at December 31, 2007	1,448,500	$ 1.10
Granted	774,000	$ 0.88
Cancelled	(364,000)	$ 1.04
Vested	(269,597)	$ 1.17
Unvested at September 30, 2008	1,588,903	$ 1.00

For Company employees, vested restricted stock awards were net-share settled such that the Company withheld shares with value equivalent to employees' minimum statutory obligation for the applicable income and other employment taxes, and remitted the cash to the appropriate taxing authorities. The total shares withheld of 71,015 for the nine months ended September 30, 2008 was based on the value of the restricted stock on their vesting date as determined by the Company's closing stock price. Total payment for employees' tax obligations was approximately $78,400. These net-share settlements had the effect of share repurchases by the Company as they reduced the number of shares that would have otherwise been issued as a result of the vesting and did not represent an expense to the Company.

A summary of common stock options outstanding and common stock options exercisable as of September 30, 2008 is as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Of Shares Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
0.02 - $ $0.23	2,080,300	2.09 Years	$ 870,477	2,080,300	2.09 Years	$ 870,477
0.24 - $ $1.12	1,502,000	4.35 Years	107,013	946,000	4.18 Years	87,227
1.13 - $ $1.34	1,516,250	5.57 Years	—	493,125	5.51 Years	—
	5,098,550	3.79 Years	$ 977,490	3,519,425	3.13 Years	$ 957,704

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2008 was $415,718. At September 30, 2008, the weighted average exercise price of common stock options outstanding and exercisable was $0.59 and $0.35, respectively.

During the second quarter of 2008, stockholders voted to authorize an amendment the Company's Certificate of Incorporation which would effect a reverse stock split of our common stock in any one of the following ratios: one-for-two, one-for-three, one-for-four, one-for-five, one-for-six, one-for-seven, one-for-eight, one-for-nine and one-for-ten at any time prior to May 21, 2009. The exact ratio and the discretion of whether or when to effect the reverse stock split is at the discretion of the Board of Directors. To date, the Board has not effected a reverse stock split.

8. Credit Arrangement

On September 8, 2008, the Company and its wholly-owned subsidiary, World Energy Securities Corp., entered into a Loan and Security Agreement (the "Agreement") with Silicon Valley Bank ("SVB"). Under the Agreement, SVB has committed to make advances to the Company in an aggregate amount of up to $3,000,000, subject to availability against certain eligible account receivables, eligible retail backlog and maintenance of financial covenants. The credit facility bears interest at a floating rate per annum based on SVB's prime rate plus three-quarters of one percentage point (0.75%) on advances made against eligible accounts receivable and prime plus one-and-one-half of one percentage point (1.5%) on advances made against eligible retail backlog. These interest rates are subject to change based on the Company's maintenance of an adjusted quick ratio of one-to-one. All unpaid principal and accrued interest is due on September 7, 2009 (the "Maturity Date"). Until the Maturity Date, the Company is only required to pay interest, with each such payment due in arrears on the last calendar day of each month.

There were no outstanding borrowings from the credit facility at September 30, 2008 and the Company was in compliance with its covenants as of September 30, 2008.

9. Acquisition

On June 1, 2007, the Company acquired substantially all of the assets of EnergyGateway LLC, or EnergyGateway, for $4,951,758 in cash and 5,375,000 common shares of World Energy plus the assumption of certain liabilities. The shares were valued at approximately $6,536,000 based on the average closing price on the Toronto Stock Exchange for the two days before and after the announcement date of $1.22 per share. Approximately 2.175 million of the shares that the Company delivered to EnergyGateway in connection with this transaction are, or their cash value, if liquidated is, being held in escrow for 18 months following the closing of the sale to secure various indemnification obligations of EnergyGateway and its members. EnergyGateway, located near Columbus, Ohio, was an online broker of natural gas and electricity for commercial and industrial consumers in the United States. It provided its customers with professional energy purchasing services, including access to its proprietary 'post and bid' online procurement system called EGate.

The total purchase price was $11,440,358, net of cash acquired, and includes related acquisition costs of $229,500, plus the assumption of certain liabilities of approximately $138,128. The EnergyGateway operations have been included within our consolidated results from June 1, 2007. The cost of the acquisition was allocated to the assets and liabilities assumed based on estimates of their respective fair values at the date of acquisition resulting in net assets of $8,261,657. The excess purchase price of $3,178,701 has been recorded as goodwill which is fully deductible for tax purposes. Management is responsible for the valuation of net assets acquired and considered a number of factors, including valuations and appraisals, when estimating the fair values and estimated useful lives of acquired assets and liabilities. During the third quarter of 2007, the Company refined estimates recorded in the second quarter of 2007 and finalized the valuation of intangible assets through a reduction of $660,000 in customer relationships resulting in a corresponding increase to goodwill.

The Company has allocated the purchase price for the acquisition as follows:

Current assets	$ 247,938
Fixed assets	18,755
Other assets	3,092
Intangible assets	
Non-compete agreements	680,000
Customer relationships	4,740,000
Customer contracts	500,000
Supplier agreements	380,000
Developed technology	1,830,000
Goodwill	3,178,701
Current liabilities	(138,128)
Net assets acquired	$ 11,440,358

The intangible assets, excluding goodwill, are being amortized on a straight-line basis over their weighted average lives as follows: non-compete agreements – 1 to 5 years; customer relationships – 10 years; customer contracts – 3 years; supplier agreements – 5 years; and developed technology – 5 years. Pursuant to SFAS No. 142 *"Goodwill and Other Intangible Assets"*, the Company performs an annual impairment test for goodwill, with any excess of the carrying value of a reporting unit's goodwill over the implied fair value of the goodwill recorded as an impairment loss.

The following unaudited pro forma information assumes that the acquisition of EnergyGateway assets had been completed as of the beginning of 2007:

	Nine Months Ended September 30, 2007
Revenues	$ 7,377,187
Net loss available to common stockholders	$ (3,934,464)
Loss per share:	
Net loss available to common stockholders per share – basic	$ (0.05)
Net loss available to common stockholders per share – diluted	$ (0.05)
Weighted average number of common and common equivalent shares outstanding – basic	81,905,789
Weighted average number of common and common equivalent shares outstanding – diluted	81,905,789

The pro forma financial information is not necessarily indicative of the results to be expected in the future as a result of the acquisition of EnergyGateway.

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

This quarterly report on Form 10-Q including this Item 2, contains 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, which involve risks and uncertainties. Readers can identify these statements by forward-looking words such as "may," "could," "should," "would," "intend," "will," "expect," "anticipate," "believe," "estimate," "continue" or similar words. The Company's actual results and the timing of certain events may differ significantly from the results and timing discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed or referred to in this report and in the "Risk Factors" section of our Annual Report on Form 10-K and any later publicly available filing with the Securities and Exchange Commission. The following discussion and analysis of the Company's financial condition and results of operations should be read in light of those factors and in conjunction with the Company's accompanying consolidated financial statements and notes thereto.

Overview

World Energy is an energy and environmental commodities brokerage company that has developed online auction platforms, the World Energy Exchange and the World Green Exchange. On the World Energy Exchange, retail energy consumers (commercial, industrial and government, or CIG) and wholesale energy participants (utilities and retail suppliers) in the United States are able to negotiate for the purchase or sale of electricity and other energy resources from competing energy suppliers which have agreed to participate on our auction platform in a given auction. The World Energy Exchange is supplemented with information about market rules, pricing trends, energy consumer usage and load profiles. Our procurement staff uses this auction platform to conduct auctions, analyze results, guide energy consumers through contracting, and track their contracts, sites, accounts and usage history. Although our primary source of revenue is from brokering electricity and natural gas, we adapted our World Energy Exchange auction platform to accommodate the brokering of green power in 2003 (i.e., electricity generated by renewable resources), wholesale electricity in 2004 and certain other energy-related products in 2005. In 2007, we created the World Green Exchange based on the World Energy Exchange technology and business process. On the World Green Exchange, buyers and sellers negotiate for the purchase or sale of environmental commodities such as Renewable Energy Certificates, Verified Emissions Reductions, Certified Emissions Reductions and Regional Greenhouse Gas Initiative allowances.

On June 1, 2007, we acquired substantially all of the assets of EnergyGateway LLC, or EnergyGateway, for $4,951,758 in cash and 5,375,000 of our common shares plus the assumption of certain liabilities. The EnergyGateway operations are included in our financial statements from June 1, 2007. EnergyGateway provided energy procurement and value-added energy services to customers in many major industries in the U.S. and Canada, from large multi-site Fortune 500 industrials to middle-market manufacturing and small commercial operations.

Since our initial public offering (IPO) in November 2006, we have aggressively grown the Company from 20 employees to 56 at September 30, 2007 to 58 as of September 30, 2008. This planned investment has allowed us to pursue our strategic initiatives as outlined in our IPO resulting in a more than 250% growth in revenue. Our cost structure has increased correspondingly. The majority of our infrastructure investment was made during the first 9-months of 2007 and our fixed operating cost structure has remained stable since the fourth quarter of 2007 and declined in Q3 2008. We believe that our fixed operating cost structure will remain at, or decrease from, current levels in the short-term. However, a portion of our operating costs, including channel partner and internal commission structures, are variable in nature and will increase as revenue levels increase. While we do expect there will be changes within our workforce in the future, we believe that we have the necessary resources to pursue our strategic initiatives.

Beginning in the latter half of the first quarter and continuing into the early part of the third quarter, there was a sharp rise in electricity and natural gas prices. We believe that these increases caused some of our customers in our wholesale and retail product lines to delay their energy procurement decisions. We have seen these rapid increases in commodity prices before and, based on our prior experience, we believe that customers who are now on the sidelines will come back to transact on our platform either when they have to renew their contract due to expiration, prices come down to a level at which they are comfortable, or if they believe that the then-present environment represents a new market level. During the latter half of July 2008 we began to observe a contraction in electricity and natural gas prices. We believe this contraction contributed to an increase in procurement activity in both the retail and wholesale product lines in the third quarter as compared to levels in the second quarter.

Operations

Revenue

Retail Electricity Transactions

We receive a monthly commission on energy sales contracted through our online auction platform from each energy supplier based on the energy usage generated and transacted between the energy supplier and energy consumer. Our commissions are not based on the retail price for electricity; rather, commissions are based on the energy usage generated and transacted between the energy supplier and energy consumer multiplied by our contractual commission rate. Our contractual commission rate is negotiated with the energy consumer on a procurement-by-procurement basis based on energy consumer specific circumstances, including size of auction, internal effort required to organize and run the respective auction and competitive factors, among others. Once the contractual commission is agreed to with the energy consumer, all energy suppliers participating in the auction agree to that rate. That commission rate remains fixed for the duration of the contractual term regardless of energy usage. Energy consumers provide us with a letter of authority to request their usage history from the local utility. We then use this data to compile a usage profile for that energy consumer that will become the basis for the auction. This data may also be used to estimate revenue on a going forward basis, as noted below.

Historically, our revenue and operating results have varied from quarter-to-quarter and are expected to continue to fluctuate in the future. These fluctuations are primarily due to energy usage, particularly electricity, having higher demand in our second and third quarters and lower demand during our fourth and first quarters. In addition, the activity levels on the World Energy Exchange can fluctuate due to a number of factors, including geopolitical events, weather conditions and market prices. To the extent these factors affect the purchasing decisions of energy consumers our future results of operations may be affected.

Contracts between energy suppliers and energy consumers are signed for a variety of term lengths, with a one year contract term being typical for commercial and industrial energy consumers, and government contracts typically having two to three year terms. As a result of recent commodity price fluctuations, we have seen our commercial and industrial customers contracting for multiple year terms. Our revenue has grown over the last three years through new participants utilizing our World Energy Exchange as well as energy consumers increasing the size or frequency of their transactions on our exchange platform.

We generally do not directly invoice our electricity energy suppliers and, therefore, we report a substantial portion of our receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates and is made up of two components. The first component represents energy usage for which we have received actual data from the supplier and/or the utility, but for which payment has not been received at the balance sheet date. The majority of our contractual relationships with energy suppliers require them to supply actual usage data to us on a monthly basis and remit payment to us based on that usage. The second component represents energy usage for which we have not received actual data, but for which we have estimated usage.

Retail Natural Gas Transactions

There are two primary fee components to our retail natural gas services - transaction fees and management fees. Transaction fees are billed to and paid by the energy supplier awarded business on the platform. Transaction fees for natural gas and electricity awards are established prior to award and are the same for each supplier. For the majority of our natural gas transactions, we bill the supplier upon the conclusion of the transaction based on the estimated energy volume transacted for the entire award term multiplied by the transaction fee. Management fees are paid by our energy consumers and are generally billed on a monthly basis for services rendered based on terms and conditions included in contractual arrangements. While substantially all of our retail natural gas transactions are accounted for in accordance with this policy, a certain percentage is accounted for as the natural gas is consumed by the customer and recognized as revenue in accordance with the retail electricity transaction revenue recognition methodology described above.

Wholesale and Environmental Commodity Transactions

For wholesale energy and environmental commodity transactions, substantially all transaction fees are invoiced upon the conclusion of the auction based on a fixed fee. These revenues are not tied to future energy usage and are recognized upon the completion of the online auction. For reverse auctions where our customers bid for a consumer's business, the fees are paid by the bidder. For forward auctions where a lister is selling energy or credits, the fees are typically paid by the lister. In addition, revenue may not be recognized on certain green transactions until the credits being auctioned have been verified and/or delivered. While substantially all wholesale and green transactions are accounted for in this fashion, a small percentage of our wholesale revenue is accounted for as electricity or gas is delivered similar to the retail electricity transaction methodology described above.

Cost of revenue

Cost of revenue consists primarily of:

- salaries, employee benefits and stock-based compensation associated with our auction management services, which are directly related to the development and production of the online auction and maintenance of market-related data on our auction platform and monthly management fees (our supply desk function);

- amortization of capitalized costs associated with our auction platform and acquired developed technology; and

- rent, depreciation and other related overhead and facility-related costs.

Sales and marketing

Sales and marketing expenses consist primarily of:

- salaries, employee benefits and stock-based compensation related to sales and marketing personnel;

- third party commission expenses to our channel partners;

- travel and related expenses;

- amortization related to customer relationships and contracts;

- rent, depreciation and other related overhead and facility-related costs; and

- general marketing costs such as trade shows, marketing materials and outsourced services.

General and administrative

General and administrative expenses consist primarily of:

- salaries, employee benefits and stock-based compensation related to general and administrative personnel;

- accounting, legal, recruiting and other professional fees; and

- rent, depreciation and other related overhead and facility-related costs.

Interest income (expense), net

Interest income (expense), net consists primarily of:

- interest income related to the invested portion of the proceeds from our initial public offering; and

- interest expense related to capital leases.

Results of Operations

The following table sets forth certain items as a percent of revenue for the periods presented:

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2008	2007	2008	2007
Revenue	100%	100%	100%	100%
Cost of revenue	34	29	40	30
Gross profit	66	71	60	70
Operating expenses:				
Sales and marketing	71	113	84	98
General and administrative	32	70	39	70
Operating loss	(37)	(112)	(63)	(98)
Interest income, net	—	4	—	8
Income tax benefit	—	41	—	34
Net loss	(37)%	(67)%	(63)%	(56)%

Comparison of the Three Months Ended September 30, 2008 and 2007

Revenue

	For the Three Months Ended September 30,		Increase	
	2008	2007		
Revenue	$ 3,289,515	$ 2,675,343	$ 614,172	23%

Revenue increased 23%, primarily due to increased auction activity in all of our product lines and new customer wins. The revenue increase reflects the growth in our wholesale customer base to 38 at September 30, 2008 from 7 at September 30, 2007. In addition, the third quarter of 2008 benefited from increased activity in our retail product line including record commercial and industrial bookings generated by our international sales force, strong renewal rates, an increase to 54 channel partners as of September 30, 2008 from 36 as of September 30, 2007 and large state government procurements run during 2007. Of the 54 channel partners, 30 had contributed to our revenue by brokering transactions over the exchange in 2008 as compared to 23 during 2007.

Cost of revenue

	For the Three Months September 30,				Increase	
	2008		2007			
	$	% of Revenue	$	% of Revenue		
Cost of revenue	$1,113,325	34%	$787,517	29%	$325,808	41%

The 41% increase in cost of revenue related to the three month period ended September 30, 2008 as compared to the same period in 2007 was substantially due to an increase in salary and benefit costs, costs associated with three additional supply desk employees and, to a lesser extent, increased travel costs and amortization related to developed technology acquired. Cost of revenue as a percent of revenue increased 5% due to the cost increases noted above partially offset by the 23% increase in revenue.

Operating expenses

	For the Three Months Ended September 30,				Decrease	
	2008		2007			
	$	% of Revenue	$	% of Revenue		
Sales and marketing	$2,355,907	71%	$3,028,912	113%	$ (673,005)	(22)%
General and administrative	1,041,321	32	1,876,618	70	(835,297)	(45)
Total operating expenses	$3,397,228	103%	$4,905,530	183%	$(1,508,302)	(31)%

The 22% decrease in sales and marketing expense for the three month period ended September 30, 2008 as compared to the same period in 2007 primarily reflects decreases in share-based compensation, marketing and travel costs. Sales and marketing expense as a percentage of revenue decreased 42% due to the decreased costs discussed above and the 23% increase in revenue.

The 45% decrease in general and administrative expenses for the three month period ended September 30, 2008 as compared to the same period in 2007 was primarily due to decreases in legal, accounting and consulting fees, and a reduction in payroll and payroll related expenses. General and administrative expenses as a percent of revenue decreased 38% substantially due to the cost decreases noted above and the 23% increase in revenue.

Interest income, net

Interest income, net was approximately $5,000 and $108,000 for the three months ended September 30, 2008 and 2007, respectively. The decrease in interest income was primarily due to a lower average cash balance during the third quarter of 2008 as compared to the same period last year as we utilized the proceeds from our initial public offering to pursue our strategic initiatives.

Income tax benefit

We did not record an income tax benefit for the three months ended September 30, 2008 as we provided a full valuation allowance against our deferred tax assets due to uncertainty regarding the realization of those deferred tax assets, primarily net operating loss carryforwards, in the future. We recorded an income tax benefit of approximately $1.1 million for the three months ended September 30, 2007, reflecting an expected federal and state tax rate of 38%.

Net loss

We reported a net loss for the three months ended September 30, 2008 of approximately $1.2 million compared to a net loss of approximately $1.8 million for the three months ended September 30, 2007. The decrease in net loss is primarily due to the decrease in operating expenses discussed above and the 23% increase in revenue, both partially offset by decreases in the income tax benefit and interest income, and the decrease in cost of revenue.

Comparison of the Nine Months Ended September 30, 2008 and 2007

Revenue

	For the Nine Months Ended September 30,			
	2008	2007	Increase	
Revenue	$ 9,164,727	$ 6,103,672	$ 3,061,055	50%

Revenue increased 50%, primarily due to increased auction activity in all of our product lines, new customer wins and the inclusion of the EnergyGateway operation for a full nine months during the first nine months of 2008 as compared to four months during the first nine months of 2007. The revenue increase reflects the growth of our wholesale customer base to 38 at September 30, 2008 from 7 at September 30, 2007. In addition, the first nine months of 2008 benefited from increased activity in our retail business including the large state government procurements run during calendar 2007 and an increase to 54 channel partners as of September 30, 2008 from 36 as of September 30, 2007. Of those channel partners, 30 had contributed to our revenue by brokering transactions over the exchange in 2008 as compared to 23 during 2007.

Cost of revenue

	For the Nine Months September 30,					
	2008		2007			
	$	% of Revenue	$	% of Revenue	Increase	
Cost of revenue	$3,626,237	40%	$1,853,660	30%	$1,772,577	96%

The 96% increase in cost of revenue related to the nine month period ended September 30, 2008 as compared to the same period in 2007 was substantially due to an increase in salary and benefit costs associated with three additional supply desk employees and the inclusion of the former EnergyGateway employees for a full nine months during 2008 versus four months during the first nine months of 2007 and, to a lesser extent, increased travel costs and amortization related to developed technology acquired. Cost of revenue as a percent of revenue increased 10% due to the cost increases noted above partially offset by the 50% increase in revenue.

Operating expenses

	For the Nine Months Ended September 30,					
	2008		2007			
	$	% of Revenue	$	% of Revenue	Increase/(Decrease)	
Sales and marketing	$ 7,770,567	84%	$ 5,965,261	98%	$1,805,306	30%
General and administrative	3,562,946	39	4,274,415	70	(711,469)	(17)
Total operating expenses	$11,333,513	123%	$10,239,676	168%	$1,093,837	11%

The 30% increase in sales and marketing expense for the nine month period ended September 30, 2008 as compared to the same period in 2007 primarily reflects general salary increases and the addition of the former EnergyGateway employees, as well as amortization related to customer relationships and contracts. Sales and marketing expense as a percentage of revenue decreased 14% substantially due to the 50% increase in revenue partially offset by the cost increases noted above.

The 17% decrease in general and administrative expenses for the nine month period ended September 30, 2008 as compared to the same period in 2007 was primarily due to decreases in compliance related costs and, to a lesser extent, recruiting costs. General and administrative expenses as a percent of revenue decreased 31% substantially due to the 50% increase in revenue and, to a lesser extent, the cost decreases noted above.

Interest income, net

Interest income, net was approximately $39,000 and $482,000 for the nine months ended September 30, 2008 and 2007. The decrease in interest income was primarily due to a lower average cash balance during the first nine months of 2008 as compared to the same period last year as we utilized the proceeds from our initial public offering to pursue our strategic initiatives.

Income tax benefit

We did not record an income tax benefit for the nine months ended September 30, 2008 as we provided a full valuation allowance against our deferred tax assets due to uncertainty regarding the realization of those deferred tax assets, primarily net operating loss carryforwards, in the future. We recorded an income tax benefit of approximately $2.1 million for the nine months ended September 30, 2007, reflecting an expected federal and state tax rate of 38%.

Net loss

We reported a net loss for the nine months ended September 30, 2008 of approximately $5.8 million compared to a net loss of approximately $3.4 million for the nine months ended September 30, 2007. The increase in net loss is primarily due to higher cost of revenue and sales and marketing expenses and decreases in interest income and income tax benefit. These increases in net loss were partially offset by the increase in revenue and the decrease in general and administrative expenses.

Liquidity and Capital Resources

At September 30, 2008, we had no commitments for material capital expenditures. We have identified and executed against a number of strategic initiatives that we believe are key components of our future growth, including: expanding our community of channel partners, energy consumers and energy suppliers on our exchanges; strengthening and extending our long-term relationships with government agencies; entering into other energy-related markets including wholesale transactions with utilities and the emerging green credit markets; making strategic acquisitions and growing our sales force. As of September 30, 2008, our workforce numbered 58 reflecting an increase of two from the 56 we employed at September 30, 2007. At September 30, 2008, we had 22 professionals in our sales and marketing and account management groups, 27 in our supply desk group and 9 in our general and administrative group. While we will hire additional professionals as the need and/or opportunity arises, we believe that in the short-term our operating costs will remain at, or decrease from, current levels.

Comparison of September 30, 2008 to December 31, 2007

	September 30, 2008	December 31, 2007	Increase/(Decrease)	
Cash and cash equivalents	$ 1,756,829	$ 7,001,884	$ (5,245,055)	(75)%
Trade accounts receivable	2,962,684	1,878,233	1,084,451	58
Days sales outstanding	75	56	19	34
Working capital	1,231,476	5,323,622	(4,092,146)	(77)
Stockholders' equity	11,820,180	16,859,799	(5,039,619)	(30)

Cash and cash equivalents decreased 75%, primarily due to the pre-tax loss for the nine months ended September 30, 2008, an increase in accounts receivable and decreases in accounts payable and accrued expenses. Trade accounts receivable increased 58% primarily due to an increase in day's sales outstanding within our accounts receivable balance. Days sales outstanding (representing account receivable outstanding at September 30, 2008 divided by the average sales per day during the quarter, adjusted for deferred revenue of approximately $272,000) increased 34% due to the timing of collections, a higher concentration of retail energy sales during the three months ended September 30, 2008 and a greater concentration of auction activity in September 2008 due to the contraction in oil and gas prices in late July and early August. Revenue from our energy suppliers representing greater than 10% of our revenue decreased to 22% from one energy supplier during the nine months ended September 30, 2008 from 34% from two energy suppliers for the same period in 2007. This decrease was directly related to the addition of the EnergyGateway customers and an increase in wholesale transactions.

Working capital (consisting of current assets less current liabilities) decreased 77%, primarily due to the decrease in cash and cash equivalents resulting from the funding of the pre-tax loss for the nine months ended September 30, 2008, and an approximate $1.1 million increase in accounts receivable discussed above. Stockholders' equity decreased 30% due to the net loss for the period partially offset by share-based compensation and the exercise of stock options and warrants.

Cash used in operating activities for the nine months ended September 30, 2008 and 2007 was approximately $4.8 million and $3.7 million, respectively, due primarily to the pre-tax losses in each respective period. Cash used in investing and financing activities for the nine months ended September 30, 2008 was approximately $419,000 primarily due to costs incurred in software development. Cash used in investing and financing activities for the nine months ended September 30, 2007 was approximately $5.6 million primarily due to the acquisition of EnergyGateway in June 2007.

We have historically funded our operations with cash flow from operations and the issuance of various debt and equity instruments. We have approximately $1.8 million of cash and cash equivalents and no bank debt as of September 30, 2008. We expect to continue to fund our operations from existing cash resources, operating cash flow and, when required, the issuance of various debt and equity instruments. That notwithstanding, we believe that our current financial resources are adequate to fund our ongoing operations and pursue our strategic initiatives.

On September 8, 2008, we entered into a Loan and Security Agreement (the "Agreement") with Silicon Valley Bank ("SVB"). Under the Agreement, SVB has committed to make advances to us in an aggregate amount of up to $3,000,000, subject to availability against certain eligible account receivables, eligible retail backlog and maintenance of financial covenants. The credit facility bears interest at a floating rate per annum based on SVB's prime rate plus three-quarters of one percentage point (0.75%) on advances made against eligible accounts receivable and prime plus one-and-one-half of one percentage point (1.5%) on advances made against eligible retail backlog. These interest rates are subject to change based on our maintenance of an adjusted quick ratio of one-to-one. All unpaid principal and accrued interest is due on September 7, 2009 (the "Maturity Date"). Until the Maturity Date, we are only required to pay interest, with each such payment due in arrears on the last calendar day of each month.

There were no outstanding borrowings from the credit facility and we were in compliance with our bank covenants as of September 30, 2008.

Critical Accounting Policies

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("generally accepted accounting principles") requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

The most judgmental estimates affecting our consolidated financial statements are those relating to revenue recognition and the estimate of actual energy purchased from the energy supplier and end user, or energy consumer, of such energy; software development costs; the fair value of our equity securities prior to our initial public offering when there was no ready market for the purchase and sale of these shares; the valuation of intangible assets and goodwill; impairment of long-lived assets; and estimates of future taxable income as it relates to the realization of our net deferred tax assets. We regularly evaluate our estimates and assumptions based upon historical experience and various other factors that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. To the extent actual results differ from those estimates, our future results of operations may be affected. We believe the following critical accounting policies affect our more significant judgments and estimates used in the preparation of our consolidated financial statements. Refer to Note 2 of our consolidated financial statements within our Annual Report on Form 10-K as filed on March 13, 2008 for a description of our accounting policies.

Revenue Recognition

Retail Electricity Transactions

We receive a monthly commission on energy sales contracted through our online auction platform from each energy supplier based on the energy usage generated and transacted between the energy supplier and energy consumer. Our commissions are not based on the retail price for electricity; rather, commissions are based on the energy usage generated and transacted between the energy supplier and energy consumer multiplied by our contractual commission rate. Revenue from commissions is recognized as earned on a monthly basis over the life of each contract as energy is consumed, provided there is persuasive evidence of an arrangement, the sales price is fixed or determinable, collection of the related receivable is reasonably assured, and customer acceptance criteria, if any, has been successfully demonstrated.

We record brokerage commissions based on actual usage data obtained from the energy supplier for that accounting period, or to the extent actual usage data is not available, based on the estimated amount of electricity and gas delivered to the energy consumers for that accounting period. We develop our estimates on a quarterly basis based on the following criteria:

- Payments received prior to the issuance of the financial statements;
- Usage updates from energy suppliers;
- Usage data from utilities;
- Comparable historical usage data; and
- Historical variances to previous estimates.

To the extent usage data cannot be obtained, we estimate revenue as follows:

- Historical usage data obtained from the energy consumer in conjunction with the execution of the auction;
- Geographic/utility usage patterns based on actual data received;
- Analysis of prior year usage patterns; and
- Specific review of individual energy supplier/location accounts.

In addition, we perform sensitivity analyses on this estimated data based on overall industry trends including prevailing weather and usage data. Once the actual data is received, we adjust the estimated accounts receivable and revenue to the actual total amount in the period during which the payment is received. Based on management's current capacity to obtain actual energy usage, we currently estimate four to six weeks of revenue at the end of our accounting period. Differences between estimated and actual revenue have been within management's expectations and have not been material to date.

We generally do not directly invoice our electricity energy suppliers and, therefore, we report a substantial portion of our receivables as "unbilled." Unbilled accounts receivable represents management's best estimate of energy provided by the energy suppliers to the energy consumers for a specific completed time period at contracted commission rates and is made up of two components. The first component represents energy usage for which we have received actual data from the supplier and/or the utility but for which payment has not been received at the balance sheet date. The majority of our contractual relationships with energy suppliers require them to supply actual usage data to us on a monthly basis and remit payment to us based on that usage. The second component represents energy usage for which we have not received actual data, but for which we have estimated usage. Commissions paid in advance by certain energy suppliers are recorded as deferred revenue and amortized to commission revenue on a monthly basis on the energy exchanged that month.

Retail Natural Gas Transactions

There are two primary fee components to our retail natural gas services - transaction fees and management fees. Transaction fees are billed to and paid by the energy supplier awarded business on the platform. Transaction fees for natural gas awards are established prior to award and are the same for each supplier. For the majority of our natural gas transactions, we bill the supplier upon the conclusion of the transaction based on the estimated energy volume transacted for the entire award term multiplied by the transaction fee. Management fees are paid by our energy consumers and are generally billed on a monthly basis for services rendered based on terms and conditions included in contractual arrangements. While substantially all of our retail natural gas transactions are accounted in accordance with this policy, a certain percentage is accounted for as the natural gas is consumed by the customer and recognized as revenue in accordance with the retail electricity transaction revenue recognition methodology described above.

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Wholesale and Green Transactions

Substantially all transaction fees are invoiced upon the conclusion of the auction based on a fixed fee. These revenues are not tied to future energy usage and are recognized upon the completion of the online auction. For reverse auctions where our customers bid for a consumer's business, the fees are paid by the bidder. For forward auctions where a lister is selling energy or credits, the fees are typically paid by the lister. In addition, revenue may not be recognized on certain green transactions until the credits being auctioned have been verified and/or delivered. While substantially all wholesale and green transactions are accounted for in this fashion, a small percentage of our wholesale revenue is accounted for as the wholesale electricity or gas is delivered similar to the retail electricity transaction revenue recognition methodology described above.

Channel Partner Commissions

We pay commissions to our channel partners at contractual rates based on monthly energy transactions between energy suppliers and energy consumers. The commission is accrued monthly and charged to sales and marketing expense as revenue is recognized. We pay commissions to our salespeople at contractual commission rates based upon cash collections from our customers.

Revenue Estimation

Our estimates in relation to revenue recognition affect revenue and sales and marketing expense as reflected on our statements of operations, and trade accounts receivable and accrued commissions accounts as reflected on our balance sheets. For any quarterly reporting period, we may not have actual usage data for certain energy suppliers and will need to estimate revenue. We record revenue based on the energy consumers' historical usage profile. At the end of each reporting period, we adjust historical revenue to reflect actual usage for the period. For the nine months ended September 30, 2008, we estimated usage for approximately 11% of our revenue resulting in a negative 0.4%, or approximately $13,000, adjustment. This decrease in revenue, which is based on adjusted year to date revenue, resulted in an approximate $8,000 decrease in sales and marketing expense related to third party commission expense associated with those revenues. Corresponding adjustments were made to trade accounts receivable and accrued commissions, respectively. A 1% difference between this estimate and actual usage would have an approximate $7,000 effect on our revenue for the three months ended September 30, 2008.

Software Development

Certain acquired software and significant enhancements to our software are recorded in accordance with Statement of Position ("SOP") 98-1, *"Accounting for Costs of Computer Software Developed or Obtained for Internal Use"*. Accordingly, internally developed software costs of approximately $293,000 and $330,000 related to implementation, coding and configuration have been capitalized during the nine months ended September 30, 2008 and 2007, respectively. We amortize internally developed and purchased software over the estimated useful life of the software (generally three years). During the nine months ended September 30, 2008 and 2007 approximately $170,000 and $73,000 were amortized to cost of revenues, respectively. Accumulated amortization was approximately $443,000 and $273,000 at September 30, 2008 and December 31, 2007, respectively.

Our estimates for capitalization of software development costs affect cost of revenue and capitalized software as reflected on our consolidated statements of operations and on our consolidated balance sheets. During the nine months ended September 30, 2008, capitalized software costs were 1.9% of our total assets and amortization expense was approximately 4.7% of cost of revenue. To the extent the carrying amount of the capitalized software costs may not be fully recoverable or that the useful lives of those assets are no longer appropriate, we may need to record an impairment (non-cash) charge and write-off a portion or all of the capitalized software balance on the balance sheet.

Goodwill

We use assumptions in establishing the carrying value and fair value of our goodwill. Goodwill represents the excess of the purchase price over the fair value of identifiable net assets of acquired businesses. We account for goodwill that results from acquired businesses in accordance with Statement of Financial Accounting Standards ("SFAS") No. 142, "*Goodwill and Other Intangible Assets*" ("SFAS No. 142"). Under SFAS No. 142, goodwill and intangible assets having indefinite lives are not amortized but instead are assigned to reporting units and tested for impairment annually or more frequently if changes in circumstances or the occurrence of events indicate possible impairment.

Pursuant to SFAS No. 142, we perform an annual impairment test for goodwill. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the fair value of a reporting unit with its carrying amount, including the goodwill allocated to each reporting unit. If the carrying amount is in excess of the fair value, step two requires the comparison of the implied fair value of the reporting unit with the carrying amount of the reporting unit's goodwill over the implied fair value of the reporting unit's goodwill will be recorded as an impairment loss. During the first nine months of 2008, no impairment of our goodwill was recorded.

Intangible Assets

We use assumptions in establishing the carrying value, fair value and estimated lives of our intangible assets. The criteria used for these assumptions include management's estimate of the assets continuing ability to generate positive income from operations and positive cash flow in future periods compared to the carrying value of the asset, as well as the strategic significance of any identifiable intangible asset in our business objectives. If assets are considered impaired, the impairment recognized is the amount by which the carrying value of the assets exceeds the fair value of the assets. Useful lives and related amortization expense are based on our estimate of the period that the assets will generate revenues or otherwise be used by us. Factors that would influence the likelihood of a material change in our reported results include significant changes in the asset's ability to generate positive cash flow, a significant decline in the economic and competitive environment on which the asset depends and significant changes in our strategic business objectives.

Intangible assets consist of customer relationships and contracts, purchased technology and other intangibles, and are stated at cost less accumulated amortization. Intangible assets with a definite life are amortized using the straight-line method over their estimated useful lives, which range from one to ten years.

Impairment of Long-Lived and Intangible Assets

In accordance with SFAS No. 144, *"Accounting for the Impairment or Disposal of Long-Lived Assets"*, we periodically review long-lived assets and intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable or that the useful lives of those assets are no longer appropriate. Recoverability of these assets is determined by comparing the forecasted undiscounted net cash flows of the operation to which the assets relate to the carrying amount. During the first nine months of 2008, no impairment of our long-lived assets was recorded as no change in circumstances indicated that the carrying value of the assets was not recoverable.

Income Taxes

We account for income taxes in accordance with SFAS No. 109, *"Accounting for Income Taxes"("SFAS No. 109").* Deferred tax assets and liabilities are determined at the end of each period based on the future tax consequences that can be attributed to net operating loss carryforwards, as well as differences between the financial statement carrying amounts of the existing assets and liabilities and their respective tax basis. Deferred income tax expense or credits are based on changes in the asset or liability from period to period. Valuation allowances are provided if, based on the weight of available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income. In determining the valuation allowance, we consider past performance, expected future taxable income, and qualitative factors which we consider to be appropriate in estimating future taxable income. Our forecast of expected future taxable income is for future periods that can be reasonably estimated. Results that differ materially from current expectations may cause management to change its judgment on future taxable income. These changes, if any, may require us to adjust our existing tax valuation allowance higher or lower than the amount recorded.

Our estimates in relation to income taxes affect income tax benefit and deferred tax assets as reflected on our statements of operations and balance sheets, respectively. The deferred tax assets are reduced by a valuation allowance if it is more likely than not that the tax benefits will not be realized in the near term. As of September 30, 2008, we had deferred tax assets of approximately $6.9 million against which a full valuation allowance has been established. To the extent we determine that it is more likely than not that we will recover all of our deferred tax assets, it could result in an approximate $6.9 million non-cash tax benefit.

We adopted Financial Accounting Standards ("FASB") Interpretation No. 48, "*Accounting for Uncertainty in Income Taxes*" ("FIN 48"), on January 1, 2007. FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with SFAS 109. FIN 48 prescribes a two-step process to determine the amount of tax benefit to recognize. First, the tax position must be evaluated to determine the likelihood that it will be sustained upon examination by a tax authority. If the tax position is deemed "more-likely-than-not" to be sustained, the tax position is then assessed to determine the amount of benefit to recognize in the financial statements. The amount of the benefit that may be recognized is the largest amount that has a greater than 50 percent likelihood of being realized upon ultimate settlement. If the tax position does not meet the "more-likely-than-not" threshold, then it is not recognized in the financial statements.

We have reviewed the tax positions taken, or to be taken, in our tax returns for all tax years currently open to examination by the taxing authorities in accordance with the recognition and measurement standards of FIN 48. At September 30, 2008, there is no expected material, aggregate tax effect as a result of differences between tax return positions and the benefits recognized in our financial statements.

Share-Based Compensation

In accordance with SFAS No. 123(R) *"Share-Based Payment"*, the Company recognizes the compensation cost of share-based awards on a straight-line basis over the requisite service period of the award. For the nine months ended September 30, 2008, share-based awards consisted of grants of restricted stock, and for the nine months ended September 30, 2007, share-based awards consisted of grants of restricted stock and stock options. The restrictions on the restricted stock lapse over the vesting period. The vesting period of restricted stock is determined by the Board of Directors, and is generally four years for employees. The per-share weighted-average fair value of stock options granted during the nine months ended September 30, 2007 was $0.58 on the date of grant, using the Black-Scholes option-pricing model with the following weighted-average assumptions:

Nine-months ended September 30,	Expected Dividend Yield	Risk Interest Rate	Expected Option Life	Expected Volatility
2007	—	4.66%	4.61 years	54%

The Company has two stock incentive plans: the 2003 Stock Incentive Plan, or the 2003 Plan, and the 2006 Stock Incentive Plan, or the 2006 Plan. As of September 30, 2008, 3,582,300 shares of common stock were reserved under the 2003 Plan. No further grants are allowed under the 2003 Plan. As of September 30, 2008, 8,738,161 shares of common stock were reserved under the 2006 Plan representing 1,516,250 outstanding stock options, 2,258,500 shares of restricted stock granted and 4,963,411 shares available for grant. A summary of stock option activity under both plans for the nine months ended September 30, 2008 is as follows:

	Number of Stock Options	Weighted Average Exercise Price
Outstanding at December 31, 2007	6,703,029	$ 0.65
Granted	—	$ —
Cancelled	(1,023,750)	$ 1.30
Exercised	(580,729)	$ 0.03
Outstanding at September 30, 2008	5,098,550	$ 0.59

A summary of restricted stock activity under the 2006 Plan for the nine months ended September 30, 2008 is as follows:

	Shares	Weighted Average Grant Price
Outstanding at December 31, 2007	1,448,500	$ 1.10
Granted	774,000	$ 0.88
Cancelled	(364,000)	$ 1.04
Vested	(269,597)	$ 1.17
Unvested at September 30, 2008	1,588,903	$ 1.00

A summary of common stock options outstanding and common stock options exercisable as of September 30, 2008 is as follows:

	Options Outstanding			Options Exercisable		
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value	Number Of Shares Exercisable	Weighted Average Remaining Contractual Life	Aggregate Intrinsic Value
$ 0.02 - $0.23	2,080,300	2.09 Years	$ 870,477	2,080,300	2.09 Years	$ 870,477
$ 0.24 - $1.12	1,502,000	4.35 Years	107,013	946,000	4.18 Years	87,227
$ 1.13 - $1.34	1,516,250	5.57 Years	—	493,125	5.51 Years	—
	5,098,550	3.79 Years	$ 977,490	3,519,425	3.13 Years	$ 957,704

The aggregate intrinsic value of options exercised during the nine months ended September 30, 2008 was $415,718.

Item 3. Quantitative and Qualitative Disclosure about Market Risk

Market Risk

Market risk is the potential loss arising from adverse changes in market rates and prices, such as foreign currency rates, interest rates, and other relevant market rates or price changes. In the ordinary course of business, the Company is exposed to market risk resulting from changes in foreign currency exchange rates, and the Company regularly evaluates its exposure to such changes. The Company's overall risk management strategy seeks to balance the magnitude of the exposure and the costs and availability of appropriate financial instruments.

Impact of Inflation and Changing Prices

Historically, our business has not been materially impacted by inflation. We provide our service at the inception of the service contract between the energy supplier and energy consumer. Our fee is set as a fixed dollar amount per unit of measure and fluctuates with changes in energy demand over the contract period.

Foreign Currency Fluctuation

Our commission revenue is primarily denominated in U.S. dollars. Therefore, we are not directly affected by foreign exchange fluctuations on our current orders. However, fluctuations in foreign exchange rates do have an effect on energy consumers' access to U.S. dollars and on pricing competition. We have entered into non-U.S. dollar contracts but they have not had a material impact on our operations. We do not believe that foreign exchange fluctuations will materially affect our results of operations.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As required by Rule 13a-15 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), the Company carried out an evaluation under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures as of September 30, 2008. In designing and evaluating the Company's disclosure controls and procedures, the Company and its management recognize that there are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their desired control objectives. Additionally, in evaluating and implementing possible controls and procedures, the Company's management was required to apply its reasonable judgment. Based upon the required evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of September 30, 2008, the Company's disclosure controls and procedures were effective at the reasonable assurance level to ensure that information required to be disclosed by the Company in the reports it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

Changes in Internal Control Over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the three months ended September 30, 2008 that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

There have been no material changes to the risk factors previously disclosed in our most recently filed annual report on Form 10-K.

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

We registered shares of our common stock in connection with our initial public offering concurrently in Canada under the terms of a Supplemented Prep Prospectus dated November 9, 2006 and in the United States under the Securities Act of 1933, as amended. Our Registration Statement on Form S-1 (No. 333-136528) in connection with our initial public offering was declared effective by the SEC on November 9, 2006.

As of September 30, 2008, we have used approximately $16 million of the net proceeds of the initial public offering to redeem our long-term debt, to acquire the assets of EnergyGateway, for working capital and to fund operations. The remaining net proceeds of the initial public offering are invested in short-term, highly liquid money market accounts with an original maturity of 90 days or less. There has been no material change in the planned use of proceeds from our initial public offering as described in our final prospectus filed with the SEC pursuant to Rule 424(b).

Item 3. Defaults Upon Senior Securities

None.

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

None.

Item 5. Other Information

None.

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Item 6. Exhibits

31.1 Certification of the Chief Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of the Chief Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of the Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of the Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002.

SIGNATURES

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

World Energy Solutions, Inc.

Dated: November 6, 2008

By: /s/ Richard Domaleski
Richard Domaleski
Chief Executive Officer

Dated: November 6, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

EXHIBIT INDEX

Exhibit	Description
31.1	Certification of the Chief Executive Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer pursuant to §302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002

EXHIBIT 31.1

CERTIFICATION PURSUANT TO
§302 OF THE SARBANES-OXLEY ACT OF 2002

I, Richard Domaleski, Chief Executive Officer of World Energy Solutions, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: November 6, 2008

By: /s/ Richard Domaleski
Richard Domaleski
Chief Executive Officer

EXHIBIT 31.2

CERTIFICATION PURSUANT TO
§302 OF THE SARBANES-OXLEY ACT OF 2002

I, James Parslow, Chief Financial Officer of World Energy Solutions, Inc. (the "Company"), certify that:

1. I have reviewed this quarterly report on Form 10-Q of the Company.

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report.

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Dated: November 6, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO §906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of World Energy Solutions, Inc (the "Company") on Form 10-Q (the "Report") for the period ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, Richard Domaleski, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2008

By: /s/ Richard Domaleski
Richard Domaleski
Chief Executive Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION PURSUANT TO 18 U.S.C. §1350, AS ADOPTED PURSUANT TO §906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of World Energy Solutions, Inc. (the "Company") on Form 10-Q (the "Report") for the period ended September 30, 2008 as filed with the Securities and Exchange Commission on the date hereof, I, James Parslow, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. §1350, as adopted pursuant to §906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: November 6, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signatures that appear in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

10kWIZARD
SEC POWER SEARCH

FORM 8-K

World Energy Solutions, Inc. - WLDE

Filed: September 08, 2008 (period: September 08, 2008)

Report of unscheduled material events or corporate changes.

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SIGNATURE

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 8, 2008

World Energy Solutions, Inc.

(Exact Name of Registrant as Specified in Charter)

Delaware	**333-136528**	**04-3474959**
(State or Other Jurisdiction of Incorporation	(Commission File Number)	(IRS Employer Identification No.)

446 Main Street **Worcester, Massachusetts**	**01608**
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: **(508) 459-8100**

n/a
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On September 8, 2008, World Energy Solutions, Inc. and its wholly-owned subsidiary World Energy Securities Corp. (collectively, the "Company") entered into a Loan and Security Agreement (the "Agreement") with Silicon Valley Bank ("SVB"). Under the Agreement, SVB has committed to make advances to the Company in an aggregate amount of up to $3,000,000, subject to availability against certain eligible account receivables and eligible retail backlog. The credit facility bears interest at a floating rate per annum based on SVB's prime rate plus three-quarters of one percentage point (0.75%) on advances made against eligible accounts receivable and prime plus one-and-one-half of one percentage point (1.5%) on advances made against eligible retail backlog. These interest rates are subject to change based on the Company's maintenance of an adjusted quick ratio of one-to-one. All unpaid principal and accrued interest is due on September 7, 2009 (the "Maturity Date"). Until the Maturity Date, the Company is only required to pay interest, with each such payment due in arrears on the last calendar day of each month.

The Company intends to use the credit facility solely as working capital and to fund its general business requirements.

The credit facility is secured by a first priority perfected security interest in substantially all of the Company's assets. The Agreement contains certain affirmative and negative covenants, including a tangible net worth covenant. Any failure by the Company to comply with these covenants and any other obligations under the Agreement could result in an event of default which could lead to acceleration of the amounts owed and other remedies.

The foregoing description of the Loan and Security Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Loan and Security Agreement attached to this Form 8-K as Exhibit 10.1 and incorporated herein by reference.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

Our discussion under Item 1.01 of this Current Report is hereby incorporated by this reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

See Exhibit Index attached hereto.

SIGNATURE

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

WORLD ENERGY SOLUTIONS, INC.

Date: September 8, 2008

By: /s/ James Parslow
James Parslow
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
10.1	Loan and Security Agreement with Silicon Valley Bank dated September 8, 2008
99.1	Press Release dated September 8, 2008

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "**Agreement**") dated as of the Effective Date among **SILICON VALLEY BANK**, a California corporation with its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 and with a loan production office located at One Newton Executive Park, Suite 200, 2221 Washington Street, Newton, Massachusetts 02462 ("**Bank**"), **WORLD ENERGY SOLUTIONS, INC.**, a Delaware corporation with offices located at 446 Main Street, Worcester, Massachusetts 01608, and **WORLD ENERGY SECURITIES CORP.**, a Massachusetts securities corporation with offices located at 446 Main Street, Worcester, Massachusetts 01608 (individually and collectively, jointly and severally, "**Borrower**"), provides the terms on which Bank shall lend to Borrower and Borrower shall repay Bank. The parties agree as follows:

1 ACCOUNTING AND OTHER TERMS

Accounting terms not defined in this Agreement shall be construed following GAAP. Calculations and determinations must be made following GAAP. Capitalized terms not otherwise defined in this Agreement shall have the meanings set forth in Section 13. All other terms contained in this Agreement, unless otherwise indicated, shall have the meaning provided by the Code to the extent such terms are defined therein.

2 LOAN AND TERMS OF PAYMENT

2.1 Promise to Pay. Borrower hereby unconditionally promises to pay Bank the outstanding principal amount of all Credit Extensions and accrued and unpaid interest thereon as and when due in accordance with this Agreement.

2.1.1 Revolving Advances.

(a) Availability. Subject to the terms and conditions of this Agreement and to deduction of Reserves, Bank will make Advances to Borrower up to the Availability Amount. Amounts borrowed under the Revolving Line may be repaid, and prior to the Revolving Line Maturity Date, reborrowed, subject to the applicable terms and conditions precedent herein.

(b) Termination: Repayment. The Revolving Line terminates on the Revolving Line Maturity Date, when the principal amount of all Advances, the unpaid interest thereon, and all other Obligations relating to the Revolving Line shall be immediately due and payable.

2.1.2 Letters of Credit Sublimit.

(a) As part of the Revolving Line and subject to deduction of Reserves, Bank shall issue or have issued Letters of Credit for Borrower's account. The face amount of outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve) may not exceed One Million Dollars ($1,000,000.00) inclusive of Credit Extensions relating to Sections 2.1.3 and 2.1.4. Such aggregate amounts utilized hereunder shall at all times reduce the amount otherwise available for Advances under the Revolving Line. If, on the Revolving Line Maturity Date or after the occurrence and during the continuance of an Event of Default there are any outstanding Letters of Credit, then on such date Borrower shall provide to Bank cash collateral in an amount equal to 105% of the face amount of all such Letters of Credit plus all interest, fees, and costs due or to become due in connection therewith (as estimated by Bank in its good faith business judgment), to secure all of the Obligations relating to said Letters of Credit. All Letters of Credit shall be in form and substance acceptable to Bank in its sole discretion and shall be subject to the terms and conditions of Bank's standard Application and Letter of Credit Agreement (the "**Letter of Credit Application**"), provided that, to the extent of any conflict, this Agreement shall govern. Borrower agrees to execute any further documentation in connection with the Letters of Credit as Bank may reasonably request. Borrower further agrees to be bound by the regulations and interpretations of the issuer of any Letters of Credit guarantied by Bank and opened for Borrower's account or by Bank's interpretations of any Letter of Credit issued by Bank for Borrower's account, and Borrower understands and agrees that Bank shall not be liable for any error, negligence, or mistake, whether of omission or commission, in following Borrower's instructions or those contained in the Letters of Credit or any modifications, amendments, or supplements thereto, except Bank's gross negligence or willful misconduct.

(b) The obligation of Borrower to immediately reimburse Bank for drawings made under Letters of Credit shall be absolute, unconditional, and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement, such Letters of Credit, and the Letter of Credit Application. Any amounts Bank pays on behalf of Borrower for any Letters of Credit will be treated as Advances under the Revolving Line and will accrue interest at the interest rate applicable to Advances.

(c) Borrower may request that Bank issue a Letter of Credit payable in a Foreign Currency. If a demand for payment is made under any such Letter of Credit, Bank shall treat such demand as an Advance to Borrower of the equivalent of the amount thereof (plus fees and charges in connection therewith such as wire, cable, SWIFT or similar charges) in Dollars at the then-prevailing rate of exchange in San Francisco, California, for sales of the Foreign Currency for transfer to the country issuing such Foreign Currency.

(d) To guard against fluctuations in currency exchange rates, upon the issuance of any Letter of Credit payable in a Foreign Currency, Bank shall create a reserve (the "**Letter of Credit Reserve**") under the Revolving Line in an amount equal to ten percent (10%) of the face amount of such Letter of Credit. The amount of the Letter of Credit Reserve may be adjusted by Bank from time to time to account for fluctuations in the exchange rate. The availability of funds under the Revolving Line shall be reduced by the amount of such Letter of Credit Reserve for as long as such Letter of Credit remains outstanding.

2.1.3 Foreign Exchange Sublimit. As part of the Revolving Line, Borrower may enter into foreign exchange contracts with Bank under which Borrower commits to purchase from or sell to Bank a specific amount of Foreign Currency (each, a "**FX Forward Contract**") on a specified date (the "**Settlement Date**"). FX Forward Contracts shall have a Settlement Date of at least one (1) FX Business Day after the contract date and shall be subject to a reserve of ten percent (10%) of each outstanding FX Forward Contract in a maximum aggregate amount equal to One Hundred Thousand Dollars ($100,000.00) (the "**FX Reserve**"). The aggregate amount of FX Forward Contracts at any one time plus Credit Extensions made pursuant to Sections 2.1.2 and 2.1.4 may not exceed ten (10) times the maximum amount of the FX Reserve. Any amounts needed to fully reimburse Bank will be treated as Advances under the Revolving Line and will accrue interest at the interest rate applicable to Advances.

2.1.4 Cash Management Services Sublimit. Borrower may use up to One Million Dollars ($1,000,000.00) inclusive of Credit Extensions relating to Sections 2.1.2 and 2.1.3 (the "Cash Management Services Sublimit") of the Revolving Line for Bank's cash management services which may include merchant services, direct deposit of payroll, business credit card, and check cashing services identified in Bank's various cash management services agreements (collectively, the "Cash Management Services"). The dollar amount of any Cash Management Services provided under this sublimit will reduce the amount otherwise available under the Revolving Line. Any amounts used or reserved by Borrower for any Cash Management Services will reduce the amount otherwise available for Credit Extensions under the Revolving Line. Any amounts Bank pays on behalf of Borrower for any Cash Management Services will be treated as Advances under the Revolving Line and will accrue interest at the interest rate applicable to Advances.

2.2 Overadvances. If, at any time the sum of (a) the outstanding amount of any Advances (including any amounts used for Cash Management Services) plus (b) the face amount of any outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit and any Letter of Credit Reserve, plus (c) the FX Reserve exceeds the lesser of either the Revolving Line or the Borrowing Base (such excess amount being an "**Overadvance**"), Borrower shall pay to Bank in cash such Overadvance immediately; provided, however, that if such Overadvance results from Bank's exercising its right to decrease the percentages of the Borrowing Base or to adjust the criteria for Eligible Accounts, Borrower shall have three (3) Business Days from receipt of notice from Bank of such decrease or adjustment to repay such Overadvance.

2.3 Payment of Interest on the Credit Extensions.

(a) Interest Rate; Advances. Subject to Section 2.3(b), (a) the principal amount of the Revolving Line outstanding due to Advances made in respect of Eligible Accounts shall accrue interest at a floating per annum rate equal to the aggregate of the Prime Rate plus one and three-quarters of one percentage point (1.75%), provided, however, during a Streamline Period, the principal amount of the Revolving Line outstanding due to Advances made in respect of Eligible Accounts shall accrue interest at a floating per annum rate equal to the aggregate of the Prime Rate plus three-quarters of one percentage point (0.75%); and (b) the principal amount of the Revolving Line outstanding due to Advances made in respect of Eligible Retail Backlog Accounts shall accrue interest at a floating per annum rate equal to the aggregate of the Prime Rate plus two and one-quarter of one percentage point (2.25%), provided, however, during a Streamline Period, the principal amount of the Revolving Line outstanding due to Advances made in respect of Eligible Retail Backlog Accounts shall accrue interest at a floating per annum rate equal to the aggregate of the Prime Rate plus one and one-half of one percentage point (1.50%). Interest on any Credit Extension shall be payable monthly.

(b) Default Rate. Immediately upon the occurrence and during the continuance of an Event of Default, Obligations shall bear interest at a rate per annum which is four percentage points (4.00%) above the rate effective immediately before the occurrence of the Event of Default (the "**Default Rate**"). Payment or acceptance of the increased interest rate provided in this Section 2.3(b) is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of Bank.

(c) Adjustment to Interest Rate. Changes to the interest rate of any Credit Extension based on changes to the Prime Rate shall be effective on the effective date of any change to the Prime Rate and to the extent of any such change.

(d) 360-Day Year. Interest shall be computed on the basis of a 360-day year for the actual number of days elapsed.

(e) Debit of Accounts. Bank may debit any of Borrower's deposit accounts, including the Designated Deposit Account, for principal and interest payments or any other amounts Borrower owes Bank when due. These debits shall not constitute a set-off.

(f) Payment; Interest Computation; Float Charge. Interest is payable monthly on the last Business Day of each month. In computing interest on the Obligations, all Payments received after 3:00 p.m. local Boston time on any day shall be deemed received on the next Business Day. Bank shall be entitled to charge Borrower a "float" charge in an amount equal to two (2) Business Days interest, at the interest rate applicable to the Advances, on all Payments received by Bank. Said float charge is not applicable during a Streamline Period, and is not included in interest for purposes of computing Minimum Monthly Interest (if any) under this Agreement. The float charge for each month shall be payable on the last day of the month. Bank shall not, however, be required to credit Borrower's account for the amount of any item of payment which is unsatisfactory to Bank in its good faith business judgment, and Bank may charge Borrower's Designated Deposit Account for the amount of any item of payment which is returned to Bank unpaid.

2.4 **Fees.** Borrower shall pay to Bank:

(a) Commitment Fee. A fully earned, non-refundable commitment fee of Twenty Thousand Dollars ($20,000.00), on the Effective Date;

(b) Letter of Credit Fee. Bank's customary fees and expenses for the issuance or renewal of Letters of Credit, upon the issuance or renewal of such Letter of Credit by Bank;

(c) Termination Fee. Subject to the terms of Section 12.1, a termination fee;

(d) Unused Revolving Line Facility Fee. A fee (the "**Unused Revolving Line Facility Fee**"), which fee shall be paid monthly, in arrears, on the last Business Day of each month, in an amount equal to one-half of one percent (0.50%) per annum of the average unused portion of the Revolving Line, as determined by Bank. Borrower shall not be entitled to any credit, rebate or repayment of any Unused Revolving Line Facility Fee previously earned by Bank pursuant to this Section notwithstanding any termination of the within Agreement, or suspension or termination of Bank's obligation to make loans and advances hereunder; and

(f) Bank Expenses. All Bank Expenses (including reasonable attorneys' fees and expenses for documentation and negotiation of this Agreement) which are the subject of an invoice delivered to Borrower, incurred through and after the Effective Date, when due.

3 CONDITIONS OF LOANS

3.1 **Conditions Precedent to Initial Advance.** Bank's obligation to make the initial Advance is subject to the condition precedent that Bank shall have received, in form and substance satisfactory to Bank, such

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documents, and completion of such other matters, as Bank may reasonably deem necessary or appropriate, including, without limitation:

(a) Borrower shall have delivered duly executed original signatures to the Loan Documents to which it is a party;

(b) Other than accounts described in Section 6.8(a)(i), Borrower shall have delivered duly executed original signatures to the Control Agreement(s);

(c) Borrower shall have delivered its Operating Documents and a good standing certificate of Borrower certified by the Secretary of State of the applicable state of incorporation or organization of Borrower, dated as of a date no earlier than thirty (30) days prior to the Effective Date;

(d) Borrower shall have delivered duly executed original signatures to the completed Borrowing Resolutions for Borrower;

(e) Borrower shall have delivered the Subordination Agreement duly executed by any holder of Subordinated Debt as required by Bank, in favor of Bank;

(f) Bank shall have received certified copies, dated as of a recent date, of financing statement searches, as Bank shall request, accompanied by written evidence (including any UCC termination statements) that the Liens indicated in any such financing statements either constitute Permitted Liens or have been or, in connection with the initial Credit Extension, will be terminated or released;

(g) Borrower shall have delivered the Perfection Certificate(s) executed by Borrower;

(h) Borrower shall have delivered a bailee's/warehouseman's waiver executed by each bailee, if any, of Borrower as required by Bank, in favor of Bank;

(i) Borrower shall have delivered a legal opinion of Borrower's counsel as to authority and enforceability, dated as of the Effective Date together with the duly executed original signatures thereto;

(j) Borrower shall have delivered evidence satisfactory to Bank that the insurance policies required by Section 6.7 hereof are in full force and effect, together with appropriate evidence showing loss payable and/or additional insured clauses or endorsements in favor of Bank;

(k) the completion of the Initial Audit with results satisfactory to Bank in its sole and absolute discretion; and

(l) Borrower shall have paid the fees and Bank Expenses then due as specified in Section 2.4 hereof.

3.2 **Conditions Precedent to all Credit Extensions.** Bank's obligations to make each Credit Extension, including the initial Credit Extension, is subject to the following:

(a) Subject to Section 6.2(a), timely receipt of an executed Transaction Report;

(b) the representations and warranties in Section 5 shall be true in all material respects on the date of the Transaction Report and on the Funding Date of each Credit Extension; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, and no Default or Event of Default shall have occurred and be continuing or result from the Credit Extension. The Borrower's acceptance of each Credit Extension is Borrower's representation and warranty on that date that the representations and warranties in Section 5 remain true in all material respects; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date; and

(c) in Bank's good faith business judgment, there has not been any material impairment in the general affairs, management, results of operation, financial condition or the prospect of repayment of the Obligations, and that Borrower is in general compliance with its most recent business plan presented to and accepted by Bank.

3.3 Covenant to Deliver.

Borrower agrees to deliver to Bank each item required to be delivered to Bank under this Agreement as a condition to any Credit Extension. Borrower expressly agrees that the extension of a Credit Extension prior to the receipt by Bank of any such item shall not constitute a waiver by Bank of Borrower's obligation to deliver such item, and any such extension in the absence of a required item shall be in Bank's sole discretion.

3.4 Procedures for Borrowing. Subject to the prior satisfaction of all other applicable conditions to the making of an Advance set forth in this Agreement, to obtain an Advance (other than Advances under Sections 2.1.2, 2.1.3 or 2.1.4), Borrower shall notify Bank (which notice shall be irrevocable) by electronic mail, facsimile, or telephone by 3:00 p.m. local Boston time on the Funding Date of the Advance. Together with such notification, Borrower must promptly deliver to Bank by electronic mail or facsimile a completed Transaction Report executed by a Responsible Officer or his or her designee. Bank shall credit Advances to the Designated Deposit Account. Bank may make Advances under this Agreement based on instructions from a Responsible Officer or his or her designee or without instructions if the Advances are necessary to meet Obligations which have become due. Bank may rely on any telephone notice given by a person whom Bank believes in its good faith business judgment, to be a Responsible Officer or designee.

4 CREATION OF SECURITY INTEREST

4.1 Grant of Security Interest. Borrower hereby grants Bank, to secure the payment and performance in full of all of the Obligations, a continuing security interest in, and pledges to Bank, the Collateral, wherever located, whether now owned or hereafter acquired or arising, and all proceeds and products thereof. Borrower represents, warrants, and covenants that the security interest granted herein is and shall at all times continue to be a first priority perfected security interest in the Collateral (except for Permitted Liens that may have superior priority to Bank's Lien under this Agreement). If Borrower shall acquire any commercial tort claims in an aggregate amount in excess of Seventy Five Thousand Dollars ($75,000.00), Borrower shall promptly notify Bank in a writing signed by Borrower of the general details thereof and grant to Bank in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to Bank.

4.2 Authorization to File Financing Statements. Borrower hereby authorizes Bank to file financing statements, without notice to Borrower, with all appropriate jurisdictions to perfect or protect Bank's interest or rights hereunder, including a notice that any disposition of the Collateral, by either Borrower or any other Person, shall be deemed to violate the rights of Bank under the Code. Without limiting the foregoing, Borrower hereby authorizes Bank to file financing statements which describe the collateral as "all assets" and/or "all personal property" of Borrower or words of similar import.

5 REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants as follows:

5.1 Due Organization and Authorization. Borrower and each of its Subsidiaries, if any, are duly existing and in good standing as Registered Organizations in their respective jurisdictions of formation and are qualified and licensed to do business and are in good standing in any jurisdiction in which the conduct of their business or their ownership of property requires that they be qualified except where the failure to do so could not reasonably be expected to have a material adverse effect on Borrower's business. In connection with this Agreement, Borrower has delivered to Bank a completed certificate substantially in the form provided by Bank, entitled "Perfection Certificate" (the "**Perfection Certificate**"). Borrower represents and warrants to Bank that (a) Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof; (b) Borrower is an organization of the type and is organized in the jurisdiction set forth in the Perfection Certificate; (c) the Perfection Certificate accurately sets forth Borrower's organizational identification number or accurately states that Borrower has none; (d) the Perfection Certificate accurately sets forth Borrower's place of business, or, if more than one, its chief executive office as well as Borrower's mailing address (if different than its chief executive office); (e) Borrower (and each of its predecessors) has not, in the past five (5) years, changed its jurisdiction of formation, organizational structure or type, or any organizational number assigned by its jurisdiction; and (f) all other information set forth on the Perfection Certificate pertaining to Borrower and each of its Subsidiaries is accurate and complete in all material respects (it being understood and agreed that Borrower may from time to time update certain information in the Perfection Certificate after the Effective Date in connection with actions permitted by this Agreement). If Borrower is not a Registered Organization as of the Effective Date but later becomes one, Borrower shall promptly notify Bank of such occurrence and provide Bank with Borrower's organizational identification number.

The execution, delivery and performance by Borrower of the Loan Documents to which it is a party have been duly authorized, and do not conflict with Borrower's organizational documents, nor constitute an event of default under any material agreement by which Borrower is bound. Borrower is not in default under any agreement to which it is a party or by which it is bound in which the default could reasonably be expected to have a material adverse effect on Borrower's business.

5.2 Collateral. Borrower has good title to, has rights in, and the power to transfer each item of Collateral upon which it purports to grant a Lien hereunder, free and clear of any and all Liens except Permitted Liens. Other than as described in Section 6.8(a), Borrower has no deposit accounts other than the deposit accounts with Bank and deposit accounts described in the Perfection Certificate delivered to Bank in connection herewith, or of which Borrower has given Bank notice and taken such actions as are necessary to give Bank a perfected security interest therein.

The Collateral is not in the possession of any third party bailee (such as a warehouse) except as otherwise provided in the Perfection Certificate. None of the components of the Collateral shall be maintained at locations other than as provided in the Perfection Certificate or as permitted pursuant to Section 7.2. In the event that Borrower, after the date hereof, intends to store or otherwise deliver any portion of the Collateral to a bailee, then Borrower will first receive the written consent of Bank and such bailee must execute and deliver a bailee agreement in form and substance satisfactory to Bank in its sole discretion.

All Inventory is in all material respects of good and marketable quality, free from material defects.

Borrower is the sole owner of its intellectual property, except for non-exclusive licenses granted to its customers in the ordinary course of business. To the best of Borrower's actual knowledge, each patent is valid and enforceable and no part of the intellectual property has been judged invalid or unenforceable, in whole or in part, and to the best of Borrower's knowledge, no claim has been made that any part of the Intellectual Property violates the rights of any third party.

Except as noted on the Perfection Certificate, Borrower is not a party to, nor is bound by, any material license or other agreement with respect to which Borrower is the licensee that prohibits or otherwise restricts Borrower from granting a security interest in Borrower's interest in such license or agreement or any other property. Borrower shall provide written notice to Bank within ten (10) days of entering or becoming bound by any such license or agreement (other than over-the-counter software that is commercially available to the public) which is reasonably likely to have a material impact on Borrower's business or financial condition. Borrower shall take such steps as Bank requests to obtain the consent of, or waiver by, any person whose consent or waiver is necessary for all such licenses or contract rights to be deemed "Collateral" and for Bank to have a security interest in it that might otherwise be restricted or prohibited by law or by the terms of any such license or agreement (such consent or authorization may include a licensor's agreement to a contingent assignment of the license to Bank if Bank determines that is necessary in its good faith judgment), whether now existing or entered into in the future.

5.3 Accounts Receivable.

(a) For each Account with respect to which Advances are requested, on the date each Advance is requested and made, such Account shall meet the Minimum Eligibility Requirements set forth in Section 13 below.

(b) All statements made and all unpaid balances appearing in all invoices, instruments and other documents evidencing the Accounts are and shall be true and correct to the best of Borrower's actual knowledge, and all such invoices, instruments and other documents, and all of Borrower's Books are genuine and in all respects what they purport to be. All sales and other transactions underlying or giving rise to each Account shall comply in all material respects with all applicable laws and governmental rules and regulations. Borrower has no actual knowledge of any actual or imminent Insolvency Proceeding of any Account Debtor whose accounts are an Eligible Account in any Borrowing Base Certificate. To the best of Borrower's actual knowledge, all signatures and endorsements on all documents, instruments, and agreements relating to all Accounts are genuine, and all such documents, instruments and agreements are legally enforceable in accordance with their terms.

5.4 **Litigation**. Except as disclosed to the Bank in writing pursuant to Section 6.2 or as listed in the Perfection Certificate, there are no actions or proceedings pending or, to the knowledge of the Responsible Officers, threatened in writing by or against Borrower or any of its Subsidiaries involving more than Fifty Thousand Dollars ($50,000.00).

5.5 **No Material Deviation in Financial Statements**. All consolidated financial statements for Borrower and any of its Subsidiaries delivered to Bank fairly present in all material respects Borrower's consolidated financial condition and Borrower's consolidated results of operations in accordance with GAAP. There has not been any material deterioration in Borrower's consolidated financial condition since the date of the most recent financial statements submitted to Bank.

5.6 **Solvency**. The fair salable value of Borrower's assets (including goodwill minus disposition costs) exceeds the fair value of its liabilities; Borrower is not left with unreasonably small capital after the transactions in this Agreement; and Borrower is able to pay its debts (including trade debts) as they mature.

5.7 **Regulatory Compliance**. Borrower is not an "investment company" or a company "controlled" by an "investment company" under the Investment Company Act. Borrower is not engaged as one of its important activities in extending credit for margin stock (under Regulations T and U of the Federal Reserve Board of Governors). Borrower has complied in all material respects with the Federal Fair Labor Standards Act. Borrower has not violated any laws, ordinances or rules, the violation of which could reasonably be expected to have a material adverse effect on its business. None of Borrower's or any of its Subsidiaries' properties or assets has been used by Borrower or any Subsidiary or, to the best of Borrower's knowledge, by previous Persons, in disposing, producing, storing, treating, or transporting any hazardous substance other than legally which use could reasonably be expected to cause a Material Adverse Change. Borrower and each of its Subsidiaries have obtained all consents, approvals and authorizations of, made all declarations or filings with, and given all notices to, all government authorities that are necessary to continue its business as currently conducted.

5.8 **Subsidiaries; Investments**. Borrower does not own any stock, partnership interest or other equity securities except for Permitted Investments.

5.9 **Tax Returns and Payments; Pension Contributions**. Borrower has timely filed all required tax returns and reports (except such returns or reports related to taxes as may be due or owing in an amount not to exceed Twenty Five Thousand Dollars ($25,000.00) in the aggregate), and Borrower and its Subsidiaries, if any, have timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower (except such returns or reports related to taxes as may be due or owing in an amount not to exceed Twenty Five Thousand Dollars ($25,000.00) in the aggregate). Borrower may defer payment of any contested taxes, provided that Borrower (a) in good faith contests its obligation to pay the taxes by appropriate proceedings promptly and diligently instituted and conducted, (b) notifies Bank in writing of the commencement of, and any material development in, the proceedings, (c) posts bonds or takes any other steps required to prevent the governmental authority levying such contested taxes from obtaining a Lien upon any of the Collateral that is other than a "Permitted Lien". Borrower is unaware of any claims or adjustments proposed for any of Borrower's prior tax years which could result in additional taxes becoming due and payable by Borrower. Borrower has paid all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms, and Borrower has not withdrawn from participation in, and has not permitted partial or complete termination of, or permitted the occurrence of any other event with respect to, any such plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

5.10 **Use of Proceeds**. Borrower shall use the proceeds of the Credit Extensions solely as working capital and to fund its general business requirements, and not for personal, family, household or agricultural purposes.

5.11 **Full Disclosure**. No written representation, warranty or other statement of Borrower in any certificate or written statement given to Bank, as of the date such representations, warranties, or other statements were made, taken together with all such written certificates and written statements given to Bank, contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained in the certificates or statements not misleading (it being recognized by Bank that the projections and forecasts provided by Borrower in good faith and based upon reasonable assumptions are not viewed as facts and that actual results during the period or periods covered by such projections and forecasts may differ from the projected or forecasted results).

6 AFFIRMATIVE COVENANTS

Borrower shall do all of the following:

6.1 Government Compliance. Maintain its and all its Subsidiaries' legal existence and good standing in their respective jurisdictions of formation and maintain qualification in each jurisdiction in which the failure to so qualify would reasonably be expected to have a material adverse effect on Borrower's business or operations. Borrower shall comply, and have each Subsidiary comply, with all laws, ordinances and regulations to which it is subject, the noncompliance with which could have a material adverse effect on Borrower's business.

6.2 Financial Statements, Reports, Certificates.

(a) Borrower shall provide Bank with the following:

(i) weekly, whenever there are any outstanding Credit Extensions, and upon each request for a Credit Extension, a Transaction Report;

(ii) whenever there are any outstanding Credit Extensions, within twenty (20) days after the end of each month, (A) monthly accounts receivable agings, aged by invoice date, (B) monthly accounts payable agings, aged by invoice date, and outstanding or held check registers, if any, (C) monthly unbilled accounts receivable agings (aged by revenue date), Deferred Revenue report and general ledger, and (D) a schedule of expected collections;

(iii) as soon as available, and in any event within thirty (30) days after the end of each month, monthly unaudited financial statements, unless Borrower has filed financial information with the Securities and Exchange Commission on form 10-Q or 10-K within any given month, in which case Borrower's compliance with Section 6.2(b) of this Agreement shall satisfy this subsection (iii);

(iv) within thirty (30) days after the end of each month a monthly Compliance Certificate signed by a Responsible Officer, certifying that as of the end of such month, Borrower was in full compliance with all of the terms and conditions of this Agreement, and setting forth calculations showing compliance with the financial covenants set forth in this Agreement and such other information as Bank shall reasonably request, including, without limitation, a statement that at the end of such month there were no held checks;

(v) within thirty (30) days after approval by Borrower's board of directors, (A) annual operating budgets (including income statements, balance sheets and cash flow statements, by month) for the upcoming fiscal year of Borrower, and (B) annual financial projections for the following fiscal year (on a quarterly basis), together with any related business forecasts delivered to Borrower's board of directors in the preparation of such annual financial projections; and

(vi) as soon as available, and in any event within one hundred fifty (150) days following the end of Borrower's fiscal year, annual financial statements certified by, and with an unqualified opinion of, independent certified public accountants acceptable to Bank.

Notwithstanding the foregoing, during a Streamline Period, provided no Event of Default has occurred and is continuing, Borrower shall not be required to provide Bank with the Transaction Report required pursuant to clause (a)(i) above; provided, however, that during such Streamline Period, Borrower shall provide Bank, within twenty (20) days after the end of each month in which there were any outstanding Credit Extensions, a duly completed Borrowing Base Certificate signed by a Responsible Officer.

(b) In the event that Borrower is or becomes subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, within five (5) days after filing, all reports on Form 10-K, 10-Q and 8-K filed with the Securities and Exchange Commission or a link thereto on Borrower's or another website on the Internet.

(c) Prompt written notice of (i) any material change in the composition of the intellectual property, (ii) the registration of any copyright, including any subsequent ownership right of Borrower in or to any copyright, patent or trademark not previously disclosed to Bank, or (iii) Borrower's knowledge of an event that has an actual material adverse effect on the value of the intellectual property.

6.3 *Accounts Receivable*.

(a) Schedules and Documents Relating to Accounts. Borrower shall deliver to Bank transaction reports and schedules of collections, as provided in Section 6.2, on Bank's standard forms; provided, however, that Borrower's failure to execute and deliver the same shall not affect or limit Bank's Lien and other rights in all of Borrower's Accounts, nor shall Bank's failure to advance or lend against a specific Account affect or limit Bank's Lien and other rights therein. If requested by Bank, and to the extent commercially reasonable, Borrower shall furnish Bank with copies (or, at Bank's request, originals) of all contracts, orders, invoices, and other similar documents, and all shipping instructions, delivery receipts, bills of lading, and other evidence of delivery, for any goods the sale or disposition of which gave rise to such Accounts. In addition, Borrower shall deliver to Bank, on its reasonable request and to the extent commercially reasonable, the originals of all instruments, chattel paper, security agreements, guarantees and other documents and property evidencing or securing any Accounts, in the same form as received, with all necessary endorsements, and copies of all credit memos.

(b) Disputes. Borrower shall promptly notify Bank of all material disputes or claims relating to Accounts in an aggregate amount in excess of Fifty Thousand Dollars ($50,000.00) at any time. Borrower may forgive (completely or partially), compromise, or settle any Account for less than payment in full, or agree to do any of the foregoing so long as (i) Borrower does so in good faith, in a commercially reasonable manner, in the ordinary course of business, in arm's-length transactions, and reports the same to Bank in the regular reports provided to Bank; (ii) no Default or Event of Default has occurred and is continuing; and (iii) after taking into account all such discounts, settlements and forgiveness, the total outstanding Advances will not exceed the Availability Amount.

(c) Collection of Accounts. Borrower shall have the right to collect all Accounts, unless and until a Default or an Event of Default has occurred and is continuing. All payments on, and proceeds of, Accounts shall be deposited directly by the applicable Account Debtor into a lockbox account, or such other "blocked account" as Bank may specify, pursuant to a blocked account agreement in form and substance satisfactory to Bank in its sole discretion. Whether or not an Event of Default has occurred and is continuing, Borrower shall hold all payments on, and proceeds of, Accounts in trust for Bank, and Borrower shall promptly deliver all such payments and proceeds to Bank in their original form, duly endorsed, to be applied to the Obligations pursuant to the terms of Section 9.4 hereof; provided, however, during a Streamline Period, such payments shall be deposited in Borrower's Designated Deposit Account.

(d) Returns. Provided no Event of Default has occurred and is continuing, if any Account Debtor returns any Inventory to Borrower, Borrower shall promptly (i) determine the reason for such return, (ii) issue a credit memorandum to the Account Debtor in the appropriate amount, and (iii) provide a copy of such credit memorandum to Bank, upon request from Bank. In the event any attempted return occurs after the occurrence and during the continuance of any Event of Default, Borrower shall hold the returned Inventory in trust for Bank, and immediately notify Bank of the return of the Inventory.

(e) Verification. Bank may, from time to time, verify directly with the respective Account Debtors the validity, amount and other matters relating to the Accounts, either in the name of Borrower or Bank or such other name as Bank may choose.

(f) No Liability. Bank shall not be responsible or liable for any shortage or discrepancy in, damage to, or loss or destruction of, any goods, the sale or other disposition of which gives rise to an Account, or for any error, act, omission, or delay of any kind occurring in the settlement, failure to settle, collection or failure to collect any Account, or for settling any Account in good faith for less than the full amount thereof, nor shall Bank be deemed to be responsible for any of Borrower's obligations under any contract or agreement giving rise to an Account. Nothing herein shall, however, relieve Bank from liability for its own gross negligence or willful misconduct.

6.4 Remittance of Proceeds. Except as otherwise provided in Section 6.3(c), deliver, in kind, all proceeds arising from the disposition of any Collateral to Bank in the original form in which received by Borrower not later than the following Business Day after receipt by Borrower, to be applied to the Obligations pursuant to the terms of Section 9.4 hereof; provided that, if no Default or Event of Default has occurred and is continuing, Borrower shall not be obligated to remit to Bank the proceeds of the sale of worn out or obsolete Equipment disposed of by Borrower in good faith in an arm's length transaction for an aggregate purchase price of Fifty Thousand Dollars ($50,000.00) or less (for all such transactions in any fiscal year). Borrower agrees that it will not commingle proceeds of Collateral with any of Borrower's other funds or property, but will hold such proceeds separate and apart from such other funds and property and in an express trust for Bank. Nothing in this Section limits the restrictions on disposition of Collateral set forth elsewhere in this Agreement.

6.5 **Taxes; Pensions.** Make, and cause each of its Subsidiaries, if any, to make, timely payment of all foreign, federal, state and local taxes or assessments (other than taxes and assessment which Borrower or its Subsidiaries are contesting pursuant to the terms of Section 5.9 hereof), and shall deliver to Bank, on demand, appropriate certificates attesting to such payments, and pay all amounts necessary to fund all present pension, profit sharing and deferred compensation plans in accordance with their terms.

6.6 **Access to Collateral; Books and Records.** At reasonable times, on one (1) Business Day's notice (provided no notice is required if an Event of Default has occurred and is continuing), Bank, or its agents, shall have the right on a semi-annual basis (or more frequently if an Event of Default has occurred and is continuing), to inspect the Collateral and the right to audit and copy Borrower's Books. The foregoing inspections and audits shall be at Borrower's expense, and the charge therefor shall be $750 per person per day (or such higher amount as shall represent Bank's then-current standard charge for the same), plus reasonable out-of-pocket expenses. In the event Borrower and Bank schedule an audit more than ten (10) days in advance, and Borrower cancels or seeks to reschedules the audit with less than ten (10) days written notice to Bank, then (without limiting any of Bank's rights or remedies), Borrower shall pay Bank a fee of $1,000 plus any out-of-pocket expenses incurred by Bank to compensate Bank for the anticipated costs and expenses of the cancellation or rescheduling.

6.7 **Insurance.** Keep its business and the Collateral insured for risks and in amounts standard for companies in Borrower's industry and location and as Bank may reasonably request. Insurance policies shall be in a form, with companies, and in amounts that are satisfactory to Bank. All property policies shall have a lender's loss payable endorsement showing Bank as the sole lender loss payee and waive subrogation against Bank, and all liability policies shall show, or have endorsements showing, Bank as an additional insured. All property and liability policies (other than directors and officers liability policies) (or the loss payable and additional insured endorsements) shall provide that the insurer must give Bank at least thirty (30) days notice before canceling, or declining to renew its policy. At Bank's request, Borrower shall deliver certified copies of policies and evidence of all premium payments. Proceeds payable under any policy shall, at Bank's option, be payable to Bank on account of the Obligations. Notwithstanding the foregoing, (a) so long as no Event of Default has occurred and is continuing, Borrower shall have the option of applying the proceeds of any casualty policy up to Fifty Thousand Dollars ($50,000.00), in the aggregate, toward the replacement or repair of destroyed or damaged property; provided that any such replaced or repaired property (i) shall be of equal or like value as the replaced or repaired Collateral and (ii) shall be deemed Collateral in which Bank has been granted a first priority security interest, and (b) after the occurrence and during the continuance of an Event of Default, all proceeds payable under such casualty policy shall, at the option of Bank, be payable to Bank on account of the Obligations. If Borrower fails to obtain insurance as required under this Section 6.7 or to pay any amount or furnish any required proof of payment to third persons and Bank, Bank may make all or part of such payment or obtain such insurance policies required in this Section 6.7, and take any action under the policies Bank deems prudent.

6.8 **Operating Accounts.**

(a) Subject to the following, maintain its and its Subsidiaries', if any, primary depository, operating accounts and securities accounts with Bank and Bank's affiliates with all excess funds maintained at or invested through Bank or an affiliate of Bank:

(i) Borrower is permitted to maintain accounts nos. 000000708266184 and 000002330740974 (collectively, the "**JP Morgan Chase Bank Accounts**"), provided that, whenever the aggregate balance in the JP Morgan Chase Bank Accounts exceeds Fifty Thousand Dollars ($50,000), such excess amounts in such JP Morgan Chase Bank Accounts shall promptly be transferred to Bank for deposit into such account as Bank shall specify.

(b) Provide Bank five (5) days prior-written notice before establishing any Collateral Account at or with any bank or financial institution other than Bank or its Affiliates. In addition, for each Collateral Account that Borrower at any time maintains, other than the JP Morgan Chase Bank Accounts, Borrower shall cause the applicable bank or financial institution (other than Bank) at or with which any Collateral Account is maintained to execute and deliver a Control Agreement or other appropriate instrument with respect to such Collateral Account to perfect Bank's Lien in such Collateral Account in accordance with the terms hereunder. The provisions of the previous sentence shall not apply to deposit accounts exclusively used for payroll, payroll taxes and other employee wage and benefit payments to or for the benefit of Borrower's employees and identified to Bank by Borrower as such.

6.9 Financial Covenants.

Borrower shall maintain at all times, to be tested as of the last day of each month, unless otherwise noted, on a consolidated basis with respect to Borrower and its Subsidiaries:

(a) Tangible Net Worth. A Tangible Net Worth of at least Five Hundred Thousand Dollars ($500,000.00).

6.10 Protection of Intellectual Property Rights. Borrower shall use commercially reasonable efforts to: (a) protect, defend and maintain the validity and enforceability of its intellectual property; (b) promptly advise Bank in writing of material infringements of its intellectual property; and (c) not allow any intellectual property material to Borrower's business to be abandoned, forfeited or dedicated to the public without Bank's written consent.

6.11 Litigation Cooperation. From the date hereof and continuing through the termination of this Agreement, make available to Bank, at reasonable times and intervals, without expense to Bank, Borrower and its officers, employees and agents and Borrower's Books and records, to the extent that Bank may deem them reasonably necessary to prosecute or defend any third-party (for clarity, other than Borrower or its Affiliates) suit or proceeding instituted by or against Bank with respect to any Collateral or relating to Borrower.

6.12 Further Assurances. Borrower shall execute any further instruments and take further action as Bank reasonably requests to perfect or continue Bank's Lien in the Collateral or to effect the purposes of this Agreement.

7 NEGATIVE COVENANTS

Borrower shall not do any of the following without Bank's prior written consent:

7.1 Dispositions. Convey, sell, lease, transfer or otherwise dispose of (collectively, "**Transfer**"), or permit any of its Subsidiaries to Transfer, all or any part of its business or property, except for Transfers of (a) of Inventory in the ordinary course of business; (b) of worn out or obsolete Equipment; (c) in connection with Permitted Liens and Permitted Investments; and (d) of non-exclusive licenses for the use of the property of Borrower or its Subsidiaries in the ordinary course of business, and licenses that could not result in a legal transfer of title of the licensed property but that may be exclusive in respects other than territory and that may be exclusive as to territory only as to discreet geographical areas outside of the United States. Borrower shall not enter into an agreement with any Person other than Bank which restricts the subsequent granting of a security interest in Borrower's intellectual property.

7.2 Changes in Business, Management, Ownership, Control, or Business Locations. (a) Engage in or permit any of its Subsidiaries, if any, to engage in any business other than the businesses currently engaged in by Borrower and such Subsidiary, as applicable, or reasonably related thereto; (b) liquidate or dissolve; or (c) (i) have a change in any member of the Senior Management Group or (ii) enter into any transaction or series of related transactions in which the stockholders of Borrower who were not stockholders immediately prior to the first such transaction own more than forty-nine percent (49.00%) of the voting stock of Borrower immediately after giving effect to such transaction or related series of such transactions (other than by the sale of Borrower's equity securities in a public offering or to venture capital investors so long as Borrower identifies to Bank the venture capital investors prior to the closing of the transaction). Borrower shall not, without at least thirty (30) days prior written notice to Bank: (1) add any new offices or business locations, including warehouses (unless such new offices or business locations contain less than Ten Thousand Dollars ($10,000.00) in Borrower's assets or property), (2) change its jurisdiction of organization, (3) change its organizational structure or type, (4) change its legal name, or (5) change any organizational number (if any) assigned by its jurisdiction of organization.

7.3 Mergers or Acquisitions. Merge or consolidate, or permit any of its Subsidiaries to merge or consolidate, with any other Person, or acquire, or permit any of its Subsidiaries to acquire, all or substantially all of the capital stock or property of another Person. A Subsidiary may merge or consolidate into another Subsidiary or into Borrower.

7.4 Indebtedness. Create, incur, assume, or be liable for any Indebtedness, or permit any Subsidiary to do so, other than Permitted Indebtedness.

7.5 Encumbrance. Create, incur, or allow any Lien on any of its property, or assign or convey any right to receive income, including the sale of any Accounts, or permit any of its Subsidiaries to do so, except for Permitted Liens, permit any Collateral not to be subject to the first priority security interest granted herein, or enter into any agreement, document, instrument or other arrangement (except with or in favor of Bank) with any Person which directly or indirectly prohibits or has the effect of prohibiting Borrower or any Subsidiary from assigning, mortgaging, pledging, granting a security interest in or upon, or encumbering any of Borrower's or any Subsidiary's intellectual property, except as is otherwise permitted in Section 7.1 hereof and the definition of "Permitted Lien" herein.

7.6 Maintenance of Collateral Accounts. Maintain any Collateral Account except pursuant to the terms of Section 6.8(b) hereof.

7.7 Investments; Distributions. (a) Directly or indirectly make any Investment other than Permitted Investments, or permit any of its Subsidiaries to do so; or (b) pay any dividends or make any distribution or payment or redeem, retire or purchase any capital stock provided that (i) Borrower may convert any of its convertible securities into other securities pursuant to the terms of such convertible securities or otherwise in exchange thereof, (ii) Borrower may pay dividends solely in common stock; and (iii) Borrower may repurchase the stock of existing and former employees or consultants pursuant to board approved stock repurchase agreements so long as (X) an Event of Default does not exist at the time of such repurchase and would not exist after giving effect to such repurchase, and (Y) such repurchase does not exceed Two Hundred Fifty Thousand Dollars ($250,000.00) in the aggregate in any fiscal year.

7.8 Transactions with Affiliates. Directly or indirectly enter into or permit to exist any material transaction with any Affiliate of Borrower, except for transactions that are in the ordinary course of Borrower's business, upon fair and reasonable terms that are no less favorable to Borrower than would be obtained in an arm's length transaction with a non-affiliated Person.

7.9 Subordinated Debt. (a) Make or permit any payment on any Subordinated Debt, except under the terms of the subordination, intercreditor, or other similar agreement to which such Subordinated Debt is subject, or (b) amend any provision in any document relating to the Subordinated Debt which would increase the amount thereof or adversely affect the subordination thereof to Obligations owed to Bank.

7.10 Compliance. Become an "investment company" or a company controlled by an "investment company", under the Investment Company Act of 1940 or undertake as one of its important activities extending credit to purchase or carry margin stock (as defined in Regulation U of the Board of Governors of the Federal Reserve System), or use the proceeds of any Credit Extension for that purpose; fail to meet the minimum funding requirements of ERISA, permit a Reportable Event or Prohibited Transaction, as defined in ERISA, to occur; fail to comply with the Federal Fair Labor Standards Act or violate any other law or regulation, if the violation could reasonably be expected to have a material adverse effect on Borrower's business, or permit any of its Subsidiaries to do so; withdraw or permit any Subsidiary to withdraw from participation in, permit partial or complete termination of, or permit the occurrence of any other event with respect to, any present pension, profit sharing and deferred compensation plan which could reasonably be expected to result in any liability of Borrower, including any liability to the Pension Benefit Guaranty Corporation or its successors or any other governmental agency.

8 EVENTS OF DEFAULT

Any one of the following shall constitute an event of default (an **"Event of Default"**) under this Agreement:

8.1 Payment Default. Borrower fails to (a) make any payment of principal or interest on any Credit Extension on its due date, or (b) pay any other Obligations within three (3) Business Days after such Obligations are

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due and payable. During the cure period, the failure to cure the payment default is not an Event of Default (but no Credit Extension will be made during the cure period);

8.2 Covenant Default.

(a) Borrower fails or neglects to perform any obligation in Sections 6.2, 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, or 6.11, or violates any covenant in Section 7; or

(b) Borrower fails or neglects to perform, keep, or observe any other term, provision, condition, covenant or agreement contained in this Agreement, any Loan Documents, and as to any default (other than those specified in this Section 8) under such other term, provision, condition, covenant or agreement that can be cured, has failed to cure the default within ten (10) days after the occurrence thereof; provided, however, that if the default cannot by its nature be cured within the ten (10) day period or cannot after diligent attempts by Borrower be cured within such ten (10) day period, and such default is likely to be cured within a reasonable time, then Borrower shall have an additional period (which shall not in any case exceed thirty (30) days) to attempt to cure such default, and within such reasonable time period the failure to cure the default shall not be deemed an Event of Default (but no Credit Extensions shall be made during such cure period). Grace periods provided under this section shall not apply, among other things, to financial covenants or any other covenants set forth in subsection (a) above;

8.3 Material Adverse Change. A Material Adverse Change occurs;

8.4 Attachment. (a) Any material portion of Borrower's assets is attached, seized, levied on, or comes into possession of a trustee or receiver and the attachment, seizure or levy is not removed in ten (10) days; (b) the service of process upon Bank (or Bank's Affiliate) seeking to attach, by trustee or similar process, any funds of Borrower, or of any entity under control of Borrower (including a Subsidiary) on deposit with Bank (or bank's Affiliate) in an aggregate amount in excess of Fifty Thousand Dollars ($50,000.00); (c) Borrower is enjoined, restrained, or prevented by court order from conducting a material part of its business; (d) a judgment or other claim in excess of Fifty Thousand Dollars ($50,000.00) becomes a Lien on any of Borrower's assets and is not stayed or satisfied within ten (10) days; or (e) a notice of lien, levy, or assessment is filed against any of Borrower's assets in an aggregate amount in excess of Fifty Thousand Dollars ($50,000.00) at any time by any government agency and not paid, discharged or stayed within ten (10) days after Borrower receives notice. These are not Events of Default if stayed or if a bond is posted pending contest by Borrower (but no Credit Extensions shall be made during the cure period);

8.5 Insolvency. (a) Borrower is unable to pay its debts (including trade debts) as they become due or otherwise becomes insolvent; (b) Borrower begins an Insolvency Proceeding; or (c) an Insolvency Proceeding is begun against Borrower and not dismissed or stayed within thirty (30) days (but no Credit Extensions shall be made while of any of the conditions described in clause (a) exist and/or until any Insolvency Proceeding is dismissed);

8.6 Other Agreements. There is a default in any agreement to which Borrower is a party with a third party or parties resulting in a right by such third party or parties, whether or not exercised, to accelerate the maturity of any Indebtedness in an amount in excess of Fifty Thousand Dollars ($50,000.00) or that could have a material adverse effect on Borrower's business;

8.7 Judgments. A judgment or judgments for the payment of money in an amount, individually or in the aggregate, of at least Fifty Thousand Dollars ($50,000.00) (not covered by independent third-party insurance) shall be rendered against Borrower and shall remain unsatisfied, unvacated and unstayed for a period of ten (10) days after the entry thereof (provided that no Credit Extensions will be made prior to the satisfaction or stay of such judgment);

8.8 Misrepresentations. Borrower or any Person acting for Borrower makes any representation, warranty, or other statement now or later in this Agreement, any Loan Document or in any writing delivered to Bank or to induce Bank to enter into this Agreement or any Loan Document, and such representation, warranty, or other statement is incorrect in any material respect when made; or

8.9 Subordinated Debt. A default or breach occurs under any agreement between Borrower and any creditor of Borrower that signed a Subordination Agreement, intercreditor, or other similar agreement with Bank, or any creditor that has signed such an agreement with Bank breaches any terms of such agreement.

9 BANK'S RIGHTS AND REMEDIES

9.1 ***Rights and Remedies.*** While an Event of Default occurs and continues Bank may, without notice or demand, do any or all of the following:

(a) declare all Obligations immediately due and payable (but if an Event of Default described in Section 8.5 occurs all Obligations are immediately due and payable without any action by Bank);

(b) stop advancing money or extending credit for Borrower's benefit under this Agreement or under any other agreement between Borrower and Bank;

(c) demand that Borrower (i) deposits cash with Bank in an amount equal to the aggregate amount of any Letters of Credit remaining undrawn, as collateral security for the repayment of any future drawings under such Letters of Credit, and Borrower shall forthwith deposit and pay such amounts, and (ii) pay in advance all Letter of Credit fees scheduled to be paid or payable over the remaining term of any Letters of Credit;

(d) terminate any FX Forward Contracts;

(e) settle or adjust disputes and claims directly with Account Debtors for amounts on terms and in any order that Bank considers advisable, notify any Person owing Borrower money of Bank's security interest in such funds, and verify the amount of such account;

(f) make any payments and do any acts it considers necessary or reasonable to protect the Collateral and/or its security interest in the Collateral. Borrower shall assemble the Collateral if Bank requests and make it available as Bank designates. Bank may enter premises where the Collateral is located, take and maintain possession of any part of the Collateral, and pay, purchase, contest, or compromise any Lien which appears to be prior or superior to its security interest and pay all expenses incurred. Borrower grants Bank a license to enter and occupy any of its premises, without charge, to exercise any of Bank's rights or remedies;

(g) apply to the Obligations any (i) balances and deposits of Borrower it holds, or (ii) any amount held by Bank owing to or for the credit or the account of Borrower;

(h) ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell the Collateral. Bank is hereby granted a non-exclusive, royalty-free license or other right to use, without charge, Borrower's labels, patents, copyrights, mask works, rights of use of any name, trade secrets, trade names, trademarks, service marks, and advertising matter, or any similar property as it pertains to the Collateral, in completing production of, advertising for sale, and selling any Collateral and, in connection with Bank's exercise of its rights under this Section, Borrower's rights under all licenses and all franchise agreements inure to Bank's benefit;

(i) place a "hold" on any account maintained with Bank and/or deliver a notice of exclusive control, any entitlement order, or other directions or instructions pursuant to any Control Agreement or similar agreements providing control of any Collateral;

(j) demand and receive possession of Borrower's Books; and

(k) exercise all rights and remedies available to Bank under the Loan Documents or at law or equity, including all remedies provided under the Code (including disposal of the Collateral pursuant to the terms thereof).

9.2 **Power of Attorney.** Borrower hereby irrevocably appoints Bank as its lawful attorney-in-fact, exercisable upon the occurrence and during the continuance of an Event of Default, to: (a) endorse Borrower's name on any checks or other forms of payment or security; (b) sign Borrower's name on any invoice or bill of lading for any Account or drafts against Account Debtors; (c) settle and adjust disputes and claims about the Accounts directly with Account Debtors, for amounts and on terms Bank determines reasonable; (d) make, settle, and adjust all claims under Borrower's insurance policies; (e) pay, contest or settle any Lien, charge, encumbrance, security interest, and adverse claim in or to the Collateral, or any judgment based thereon, or otherwise take any action to terminate or discharge the same; and (f) transfer the Collateral into the name of Bank or a third party as the Code permits. Borrower hereby appoints Bank as its lawful attorney-in-fact to sign Borrower's name on any documents

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necessary to perfect or continue the perfection of any security interest in the Collateral regardless of whether an Event of Default has occurred until all Obligations have been satisfied in full and Bank is under no further obligation to make Credit Extensions hereunder. Bank's foregoing appointment as Borrower's attorney in fact, and all of Bank's rights and powers, coupled with an interest, are irrevocable until all Obligations have been fully repaid and performed and Bank's obligation to provide Credit Extensions terminates.

9.3 **Protective Payments.** If Borrower fails to obtain the insurance called for by Section 6.7 or fails to pay any premium thereon or fails to pay any other amount which Borrower is obligated to pay under this Agreement or any other Loan Document, Bank may obtain such insurance or make such payment, and all amounts so paid by Bank are Bank Expenses and immediately due and payable, bearing interest at the then highest applicable rate charged by Bank, and secured by the Collateral. Bank will make reasonable efforts to provide Borrower with notice of Bank obtaining such insurance at the time it is obtained or within a reasonable time thereafter. No payments by Bank are deemed an agreement to make similar payments in the future or Bank's waiver of any Event of Default.

9.4 **Application of Payments and Proceeds.** Unless an Event of Default has occurred and is continuing, Bank shall apply any funds in its possession, whether from Borrower account balances, payments, or proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, first, to Bank Expenses, including without limitation, the reasonable costs, expenses, liabilities, obligations and attorneys' fees incurred by Bank in the exercise of its rights under this Agreement; second, to the interest due upon any of the Obligations; and third, to the principal of the Obligations and any applicable fees and other charges, in such order as Bank shall determine in its sole discretion. Any surplus shall be paid to Borrower or other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If an Event of Default has occurred and is continuing, Bank may apply any funds in its possession, whether from Borrower account balances, payments, proceeds realized as the result of any collection of Accounts or other disposition of the Collateral, or otherwise, to the Obligations in such order as Bank shall determine in its sole discretion. Any surplus shall be paid to Borrower or to other Persons legally entitled thereto; Borrower shall remain liable to Bank for any deficiency. If Bank, in its good faith business judgment, directly or indirectly enters into a deferred payment or other credit transaction with any purchaser at any sale of Collateral, Bank shall have the option, exercisable at any time, of either reducing the Obligations by the principal amount of the purchase price or deferring the reduction of the Obligations until the actual receipt by Bank of cash therefor.

9.5 **Bank's Liability for Collateral.** So long as Bank complies with reasonable banking practices regarding the safekeeping of the Collateral in the possession or under the control of Bank, Bank shall not be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage to the Collateral; (c) any diminution in the value of the Collateral; or (d) any act or default of any carrier, warehouseman, bailee, or other Person. Borrower bears all risk of loss, damage or destruction of the Collateral.

9.6 **No Waiver; Remedies Cumulative.** Bank's failure, at any time or times, to require strict performance by Borrower of any provision of this Agreement or any other Loan Document shall not waive, affect, or diminish any right of Bank thereafter to demand strict performance and compliance herewith or therewith. No waiver hereunder shall be effective unless signed by Bank and then is only effective for the specific instance and purpose for which it is given. Bank's rights and remedies under this Agreement and the other Loan Documents are cumulative. Bank has all rights and remedies provided under the Code, by law, or in equity. Bank's exercise of one right or remedy is not an election, and Bank's waiver of any Event of Default is not a continuing waiver. Bank's delay in exercising any remedy is not a waiver, election, or acquiescence.

9.7 **Demand Waiver.** Borrower waives demand, notice of default or dishonor, notice of payment and nonpayment, notice of any default, nonpayment at maturity, release, compromise, settlement, extension, or renewal of accounts, documents, instruments, chattel paper, and guarantees held by Bank on which Borrower is liable.

10 NOTICES

All notices, consents, requests, approvals, demands, or other communication (collectively, "**Communication**"), other than Advance requests made pursuant to Section 3.4, by any party to this Agreement or any other Loan Document must be in writing and be delivered or sent by facsimile at the addresses or facsimile numbers listed below. Bank or Borrower may change its notice address by giving the other party written notice thereof. Each such Communication shall be deemed to have been validly served, given, or delivered: (a) upon the earlier of actual receipt and three (3) Business Days after deposit in the U.S. mail, registered or certified mail, return receipt requested, with proper postage prepaid; (b) upon transmission, when sent by facsimile transmission (with such facsimile promptly confirmed by delivery of a copy by personal delivery or United States mail as otherwise provided in this Section 10); (c) one (1) Business Day after deposit with a reputable overnight courier with all charges prepaid; or (d) when delivered, if hand-delivered by messenger, all of which shall be addressed to the party to be notified and sent to the address or facsimile number indicated below. Advance requests made pursuant to Section 3.4 must be in writing and may be in the form of electronic mail, delivered to Bank by Borrower at the e-mail address of Bank provided below and shall be deemed to have been validly served, given, or delivered when sent (with such electronic mail promptly confirmed by delivery of a copy by personal delivery or United States mail as otherwise provided in this Section 10). Bank or Borrower may change its address, facsimile number, or electronic mail address by giving the other party written notice thereof in accordance with the terms of this Section 10.

If to Borrower:	World Energy Solutions, Inc. World Energy Securities Corp. c/o World Energy Solutions, Inc. 446 Main Street Worcester, Massachusetts 01608 Attn: Jim Parslow, CFO Fax: (508) 459-8101 Email: jparslow@worldenergy.com
with a copy to:	Wilmer Cutler Pickering Hale and Dorr LLP 60 State Street Boston, Massachusetts Attn: Mr. Mitchel Appelbaum Fax: (617) 526-5000 Email: mitchel.appelbaum@wilmerhale.com
If to Bank:	Silicon Valley Bank One Newton Executive Park, Suite 200 2221 Washington Street, Newton, MA 02462 Attn: Mr. David Rodriguez Fax: (617) 969-4395 Email: drodriguez@svb.com
with a copy to:	Riemer & Braunstein LLP Three Center Plaza Boston, Massachusetts 02108 Attn: Charles W. Stavros, Esquire Fax: (617) 880-3456 Email: cstavros@riemerlaw.com

11 CHOICE OF LAW, VENUE AND JURY TRIAL WAIVER

Massachusetts law governs the Loan Documents without regard to principles of conflicts of law. Borrower and Bank each submit to the exclusive jurisdiction of the State and Federal courts in Massachusetts; provided, however, that nothing in this Agreement shall be deemed to operate to preclude Bank from bringing suit or taking other legal action in any other jurisdiction to realize on the Collateral or any other security for the Obligations, or to enforce a judgment or other court order in favor of Bank. Borrower expressly submits and consents in advance to such jurisdiction in any action or suit commenced in any such court, and Borrower hereby waives any objection that it may have based upon lack of personal jurisdiction, improper venue, or forum non conveniens and hereby consents to the granting of such legal or equitable relief as is deemed appropriate by such court. Borrower hereby waives personal service of the summons, complaints, and other process issued in such action or suit and agrees that service of such summons, complaints, and other process may be made by registered or certified mail addressed to Borrower at the address set forth in Section 10 of this Agreement and that service so made shall be deemed completed upon the earlier to occur of Borrower's actual receipt thereof or three (3) days after deposit in the U.S. mails, proper postage prepaid. NOTWITHSTANDING ANYTHING TO THE CONTRARY SET FORTH HEREINABOVE,

BANK SHALL SPECIFICALLY HAVE THE RIGHT TO BRING ANY ACTION OR PROCEEDING AGAINST BORROWER OR ITS PROPERTY IN THE COURTS OF ANY OTHER JURISDICTION WHICH BANK DEEMS NECESSARY OR APPROPRIATE IN ORDER TO REALIZE ON THE COLLATERAL OR TO OTHERWISE ENFORCE BANK'S RIGHTS AGAINST BORROWER OR ITS PROPERTY.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, BORROWER AND BANK EACH WAIVE THEIR RIGHT TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION ARISING OUT OF OR BASED UPON THIS AGREEMENT, THE LOAN DOCUMENTS OR ANY CONTEMPLATED TRANSACTION, INCLUDING CONTRACT, TORT, BREACH OF DUTY AND ALL OTHER CLAIMS. THIS WAIVER IS A MATERIAL INDUCEMENT FOR BOTH PARTIES TO ENTER INTO THIS AGREEMENT. EACH PARTY HAS REVIEWED THIS WAIVER WITH ITS COUNSEL.

12 GENERAL PROVISIONS

12.1 Termination Prior to Maturity Date. This Agreement may be terminated prior to the Revolving Line Maturity Date by Borrower, effective three (3) Business Days after written notice of termination is received by Bank or if Bank's obligation to fund Credit Extensions terminates pursuant to the terms of Section 2.1.1(b). Notwithstanding any such termination, Bank's lien and security interest in the Collateral shall continue until Borrower fully satisfies its Obligations. If such termination is at Borrower's election or at Bank's election due to the occurrence and continuance of an Event of Default, Borrower shall pay to Bank, in addition to the payment of any other expenses or fees then-owing, a termination fee in an amount equal to Fifteen Thousand Dollars ($15,000.00) provided that no termination fee shall be charged if the credit facility hereunder is replaced with a new facility from another division of Silicon Valley Bank. Upon payment in full of the Obligations and at such time as Bank's obligation to make Credit Extensions has terminated, Bank shall release its liens and security interests in the Collateral and all rights therein shall revert to Borrower.

12.2 Successors and Assigns. This Agreement binds and is for the benefit of the successors and permitted assigns of each party. Borrower may not assign this Agreement or any rights or obligations under it without Bank's prior written consent (which may be granted or withheld in Bank's discretion). Bank has the right, without the consent of or notice to Borrower, to sell, transfer, negotiate, or grant participation in all or any part of, or any interest in, Bank's obligations, rights, and benefits under this Agreement and the other Loan Documents.

12.3 Indemnification. Borrower agrees to indemnify, defend and hold Bank and its directors, officers, employees, agents, attorneys, or any other Person affiliated with or representing Bank harmless against: (a) all obligations, demands, claims, and liabilities (collectively, "**Claims**") asserted by any other party in connection with the transactions contemplated by the Loan Documents; and (b) all losses or Bank Expenses incurred, or paid by Bank from, following, or arising from transactions between Bank and Borrower (including reasonable attorneys' fees and expenses), except for Claims and/or losses directly caused by Bank's gross negligence or willful misconduct.

12.4 Time of Essence. Time is of the essence for the performance of all Obligations in this Agreement.

12.5 Severability of Provisions. Each provision of this Agreement is severable from every other provision in determining the enforceability of any provision.

12.6 Amendments in Writing; Integration. All amendments to this Agreement must be in writing signed by both Bank and Borrower. This Agreement and the Loan Documents represent the entire agreement about this subject matter and supersede prior negotiations or agreements. All prior agreements, understandings, representations, warranties, and negotiations between the parties about the subject matter of this Agreement and the Loan Documents merge into this Agreement and the Loan Documents.

12.7 Counterparts. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, are an original, and all taken together, constitute one Agreement.

12.8 Survival. All covenants, representations and warranties made in this Agreement continue in full force until this Agreement has terminated pursuant to its terms and all Obligations (other than inchoate indemnity obligations and any other obligations which, by their terms, are to survive the termination of this Agreement) have been satisfied. The obligation of Borrower in Section 12.3 to indemnify Bank shall survive until the statute of limitations with respect to such claim or cause of action shall have run.

12.9 Confidentiality. In handling any confidential information, Bank shall exercise the same degree of care that it exercises for its own proprietary information, but disclosure of information may be made: (a) to Bank's Subsidiaries or Affiliates; (b) to prospective transferees or purchasers of any interest in the Credit Extensions (provided, however, Bank shall use commercially reasonable efforts to obtain such prospective transferee's or purchaser's agreement to the terms of this provision); (c) as required by law, regulation, subpoena, or other order; (d) to Bank's regulators or as otherwise required in connection with Bank's examination or audit; and (e) as Bank considers appropriate in exercising remedies under this Agreement. Confidential information does not include information that either: (i) is in the public domain or in Bank's possession when disclosed to Bank, or becomes part of the public domain after disclosure to Bank; or (ii) is disclosed to Bank by a third party, if Bank does not know that the third party is prohibited from disclosing the information.

12.10 Attorneys' Fees, Costs and Expenses. In any action or proceeding between Borrower and Bank arising out of or relating to the Loan Documents, Bank shall be entitled to recover its reasonable attorneys' fees and other costs and expenses incurred, in addition to any other relief to which it may be entitled.

12.11 Borrower Liability. Either Borrower may, acting singly, request Credit Extensions hereunder. Each Borrower hereby appoints the other as agent for the other for all purposes hereunder, including with respect to requesting Credit Extensions hereunder. Each Borrower hereunder, jointly and severally, shall be obligated to repay all Credit Extensions made hereunder, regardless of which Borrower actually receives said Advance, as if each Borrower hereunder directly received all Credit Extensions. Each Borrower waives any suretyship defenses available to it under the Code or any other applicable law. Each Borrower waives any right to require Bank to: (i) proceed against any Borrower or any other person; (ii) proceed against or exhaust any security; or (iii) pursue any other remedy. Bank may exercise or not exercise any right or remedy it has against any Borrower or any security it holds (including the right to foreclose by judicial or non-judicial sale) without affecting any Borrower's liability. Notwithstanding any other provision of this Agreement or other related document, each Borrower irrevocably waives all rights that it may have at law or in equity (including, without limitation, any law subrogating Borrower to the rights of Bank under this Agreement) to seek contribution, indemnification or any other form of reimbursement from any other Borrower, or any other Person now or hereafter primarily or secondarily liable for any of the Obligations, for any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise and all rights that it might have to benefit from, or to participate in, any security for the Obligations as a result of any payment made by Borrower with respect to the Obligations in connection with this Agreement or otherwise. Any agreement providing for indemnification, reimbursement or any other arrangement prohibited under this Section shall be null and void. If any payment is made to a Borrower in contravention of this Section, such Borrower shall hold such payment in trust for Bank and such payment shall be promptly delivered to Bank for application to the Obligations, whether matured or unmatured.

12.12 Right of Set Off. Borrower hereby grants to Bank, a lien, security interest and right of set off as security for all Obligations to Bank, whether now existing or hereafter arising upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Bank or any entity under the control of Bank (including a Bank subsidiary) or in transit to any of them. At any time after the occurrence and during the continuance of an Event of Default, without demand or notice, Bank may set off the same or any part thereof and apply the same to any liability or obligation of Borrower even though unmatured and regardless of the adequacy of any other collateral securing the Obligations. ANY AND ALL RIGHTS TO REQUIRE BANK TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY OTHER COLLATERAL WHICH SECURES THE OBLIGATIONS, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF BORROWER ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

13 DEFINITIONS

13.1 Definitions. As used in this Agreement, the following terms have the following meanings:

"**Account**" is any "account" as defined in the Code with such additions to such term as may hereafter be made, and includes, without limitation, all accounts receivable and other sums owing to Borrower.

"**Account Debtor**" is any "account debtor" as defined in the Code with such additions to such term as may hereafter be made.

"**Advance**" or "**Advances**" means an advance (or advances) under the Revolving Line.

"**Affiliate**" of any Person is a Person that owns or controls directly or indirectly the Person, any Person that controls or is controlled by or is under common control with the Person, and each of that Person's senior executive officers, directors, partners and, for any Person that is a limited liability company, that Person's managers and members.

"**Agreement**" is defined in the preamble hereof.

"**Adjusted Quick Ratio**" is, on any date of determination, the ratio of (a) (i) Borrower's unrestricted cash at Bank, plus (ii) Eligible Accounts, to (b) (i) all Indebtedness of Borrower owed to Bank, plus (ii) without duplication, the aggregate amount of Borrower's Total Liabilities that mature within one (1) year, minus (ii) Deferred Revenue.

"**Availability Amount**" is (a) the lesser of (i) the Revolving Line or (ii) the Borrowing Base minus (b) the amount of all outstanding Letters of Credit (including drawn but unreimbursed Letters of Credit plus an amount equal to the Letter of Credit Reserves), minus (c) the FX Reserve, and minus (d) the outstanding principal balance of any Advances (including any amounts used for Cash Management Services).

"**Bank**" is defined in the preamble hereof.

"**Bank Expenses**" are all audit fees and reasonable expenses, costs, and expenses (including reasonable attorneys' fees and expenses) for preparing, negotiating, administering, defending and enforcing the Loan Documents (including, without limitation, those incurred in connection with appeals or Insolvency Proceedings) or otherwise incurred with respect to Borrower.

"**Borrower**" is defined in the preamble hereof.

"**Borrower's Books**" are all Borrower's books and records including ledgers, federal and state tax returns, records regarding Borrower's assets or liabilities, the Collateral, business operations or financial condition, and all computer programs or storage or any equipment containing such information.

"**Borrowing Base**" is (a) eighty percent (80.0%) of Eligible Accounts, plus (b) twenty-five percent (25%) of Eligible Retail Backlog Accounts, capped at an amount not to exceed twenty-five percent (25%) of clause (a) plus clause (b), in each case as determined by Bank from Borrower's most recent Borrowing Base Certificate; provided, however, that Bank may decrease the foregoing percentages in its good faith business judgment based on events, conditions, contingencies, or risks which, as determined by Bank, may adversely affect the value of the Collateral.

"**Borrowing Base Certificate**" is that certain certificate included within each Transaction Report.

"**Borrowing Resolutions**" are, with respect to any Person, those resolutions adopted by such Person's Board of Directors or other appropriate body and delivered by such Person to Bank approving the Loan Documents to which such Person is a party and the transactions contemplated thereby, together with a certificate executed by its secretary on behalf of such Person certifying that (a) such Person has the authority to execute, deliver, and perform its obligations under each of the Loan Documents to which it is a party, (b) that attached as Exhibit A to such certificate is a true, correct, and complete copy of the resolutions then in full force and effect authorizing and ratifying the execution, delivery, and performance by such Person of the Loan Documents to which it is a party, (c) the name(s) of the Person(s) authorized to execute the Loan Documents on behalf of such Person, together with a sample of the true signature(s) of such Person(s), and (d) that Bank may conclusively rely on such certificate unless and until such Person shall have delivered to Bank a further certificate canceling or amending such prior certificate.

"**Business Day**" is any day that is not a Saturday, Sunday or a day on which Bank is closed.

"**Cash Equivalents**" means (a) marketable direct obligations issued or unconditionally guaranteed by the United States or any agency or any State thereof having maturities of not more than one (1) year from the date of acquisition; (b) commercial paper maturing no more than one (1) year after its creation and having the highest rating from either Standard & Poor's Ratings Group or Moody's Investors Service, Inc., (c) Bank's certificates of deposit issued maturing no more than one (1) year after issue; and (d) money market funds at least ninety-five percent (95%) of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (c) of this definition.

"Cash Management Services" is defined in Section 2.1.4.

"Cash Management Services Sublimit" is defined in Section 2.1.4.

"Code" is the Uniform Commercial Code, as the same may, from time to time, be enacted and in effect in the Commonwealth of Massachusetts; provided, that, to the extent that the Code is used to define any term herein or in any Loan Document and such term is defined differently in different Articles or Divisions of the Code, the definition of such term contained in Article or Division 9 shall govern; provided further, that in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection, or priority of, or remedies with respect to, Bank's Lien on any Collateral is governed by the Uniform Commercial Code in effect in a jurisdiction other than the Commonwealth of Massachusetts, the term **"Code"** shall mean the Uniform Commercial Code as enacted and in effect in such other jurisdiction solely for purposes on the provisions thereof relating to such attachment, perfection, priority, or remedies and for purposes of definitions relating to such provisions.

"Collateral" is any and all properties, rights and assets of Borrower described on Exhibit A.

"Collateral Account" is any Deposit Account, Securities Account, or Commodity Account.

"Commodity Account" is any "commodity account" as defined in the Code with such additions to such term as may hereafter be made.

"Communication" is defined in Section 10.

"Compliance Certificate" is that certain certificate in the form attached hereto as Exhibit B.

"Contingent Obligation" is, for any Person, any direct or indirect liability, contingent or not, of that Person for (a) any indebtedness, lease, dividend, letter of credit or other obligation of another such as an obligation directly or indirectly guaranteed, endorsed, co-made, discounted or sold with recourse by that Person, or for which that Person is directly or indirectly liable; (b) any obligations for undrawn letters of credit for the account of that Person; and (c) all obligations from any interest rate, currency or commodity swap agreement, interest rate cap or collar agreement, or other agreement or arrangement designated to protect a Person against fluctuation in interest rates, currency exchange rates or commodity prices; but "Contingent Obligation" does not include endorsements in the ordinary course of business. The amount of a Contingent Obligation is the stated or determined amount of the primary obligation for which the Contingent Obligation is made or, if not determinable, the maximum reasonably anticipated liability for it determined by the Person in good faith; but the amount may not exceed the maximum of the obligations under any guarantee or other support arrangement.

"Control Agreement" is any control agreement entered into among the depository institution at which Borrower maintains a Deposit Account or the securities intermediary or commodity intermediary at which Borrower maintains a Securities Account or a Commodity Account, Borrower, and Bank pursuant to which Bank obtains control (within the meaning of the Code) over such Deposit Account, Securities Account, or Commodity Account.

"Credit Extension" is any Advance, Letter of Credit, FX Forward Contract, amount utilized for Cash Management Services, or any other extension of credit by Bank for Borrower's benefit.

"Default" means any event which with notice or passage of time or both, would constitute an Event of Default.

"Default Rate" is defined in Section 2.3(b).

"Deferred Revenue" is all amounts received or invoiced in advance of performance under contracts and not yet recognized as revenue.

"Deposit Account" is any "deposit account" as defined in the Code with such additions to such term as may hereafter be made.

"**Designated Deposit Account**" is Borrower's deposit account, account number ____________, maintained with Bank.

"**Dollars**," "**dollars**" and "**$**" each mean lawful money of the United States.

"**Effective Date**" is the date Bank executes this Agreement and as indicated on the signature page hereof.

"**Eligible Accounts**" are Accounts which arise in the ordinary course of Borrower's business that meet all Borrower's representations and warranties in Section 5.3. Bank reserves the right at any time and from time to time after the Effective Date upon notice to Borrower, to adjust any of the criteria set forth below and to establish new criteria in its good faith business judgment. Without limiting the fact that the determination of which Accounts are eligible for borrowing is a matter of Bank's good faith judgment, the following ("Minimum Eligibility Requirements") are the minimum requirements for an Account to be an Eligible Account. Unless Bank agrees otherwise in writing, Eligible Accounts shall not include:

(a) Accounts that the Account Debtor has not paid within ninety (90) days of invoice date;

(b) Accounts owing from an Account Debtor, fifty percent (50%) or more of whose Accounts have not been paid within ninety (90) days of invoice date;

(c) Credit balances over ninety (90) days from invoice date;

(d) Accounts owing from an Account Debtor, including Affiliates, whose total obligations to Borrower exceed twenty-five (25%) of all Accounts, for the amounts that exceed that percentage, unless Bank approves in writing;

(e) Represent progress billings, or be due under a fulfillment or requirements contract;

(f) Accounts owing from an Account Debtor which does not have its principal place of business in the United States or Canada;

(g) Accounts owing from the United States or any department, agency, or instrumentality thereof except for Accounts of the United States if Borrower has assigned its payment rights to Bank and the assignment has been acknowledged under the Federal Assignment of Claims Act of 1940, as amended;

(h) Accounts owing from an Account Debtor to the extent that Borrower is indebted or obligated in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise - sometimes called "contra" accounts, accounts payable, customer deposits or credit accounts), with the exception of customary credits, adjustments and/or discounts given to an Account Debtor by Borrower in the ordinary course of its business;

(i) Accounts for demonstration or promotional equipment, or in which goods are consigned, or sold on a "sale guaranteed", "sale or return", "sale on approval", "bill and hold", or other terms if Account Debtor's payment may be conditional;

(j) Accounts for which the Account Debtor is Borrower's Affiliate, officer, employee, or agent;

(k) Accounts in which the Account Debtor disputes liability or makes any claim (but only up to the disputed or claimed amount), or if the Account Debtor is subject to an Insolvency Proceeding, or becomes insolvent, or goes out of business;

(l) Accounts owing from an Account Debtor with respect to which Borrower has received Deferred Revenue (but only to the extent of such Deferred Revenue);

(m) Accounts for which Bank in its good faith business judgment determines collection to be doubtful; and

(n) other Accounts Bank deems ineligible in the exercise of its good faith business judgment.

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"**Eligible Retail Backlog Accounts**" are Accounts that (i) are otherwise Eligible Accounts and (ii) are contractually due to be recognized as revenue within ninety (90) days and are the result of completed auctions.

"**Equipment**" is all "equipment" as defined in the Code with such additions to such term as may hereafter be made, and includes without limitation all machinery, fixtures, goods, vehicles (including motor vehicles and trailers), and any interest in any of the foregoing.

"**ERISA**" is the Employment Retirement Income Security Act of 1974, and its regulations.

"**Event of Default**" is defined in Section 8.

"**Funding Date**" is any date on which a Credit Extension is made to or on account of Borrower which shall be a Business Day.

"**FX Business Day**" is any day when (a) Bank's Foreign Exchange Department is conducting its normal business and (b) the Foreign Currency being purchased or sold by Borrower is available to Bank from the entity from which Bank shall buy or sell such Foreign Currency.

"**FX Forward Contract**" is defined in Section 2.1.3.

"**FX Reserve**" is defined in Section 2.1.3.

"**GAAP**" is generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other Person as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"**General Intangibles**" is all "general intangibles" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation, all copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, any trade secret rights, including any rights to unpatented inventions, payment intangibles, royalties, contract rights, goodwill, franchise agreements, purchase orders, customer lists, route lists, telephone numbers, domain names, claims, income and other tax refunds, security and other deposits, options to purchase or sell real or personal property, rights in all litigation presently or hereafter pending (whether in contract, tort or otherwise), insurance policies (including without limitation key man, property damage, and business interruption insurance), payments of insurance and rights to payment of any kind.

"**Indebtedness**" is (a) indebtedness for borrowed money or the deferred price of property or services, such as reimbursement and other obligations for surety bonds and letters of credit, (b) obligations evidenced by notes, bonds, debentures or similar instruments, (c) capital lease obligations, and (d) Contingent Obligations.

"**Initial Audit**" is Bank's initial inspection of the Collateral and Borrower's Books.

"**Insolvency Proceeding**" is any proceeding by or against any Person under the United States Bankruptcy Code, or any other bankruptcy or insolvency law, including assignments for the benefit of creditors, compositions, extensions generally with its creditors, or proceedings seeking reorganization, arrangement, or other relief.

"**Inventory**" is all "inventory" as defined in the Code in effect on the date hereof with such additions to such term as may hereafter be made, and includes without limitation all merchandise, raw materials, parts, supplies, packing and shipping materials, work in process and finished products, including without limitation such inventory as is temporarily out of Borrower's custody or possession or in transit and including any returned goods and any documents of title representing any of the above.

"**Investment**" is any beneficial ownership interest in any Person (including stock, partnership interest or other securities), and any loan, advance or capital contribution to any Person.

"**Letter of Credit**" means a standby letter of credit issued by Bank or another institution based upon an application, guarantee, indemnity or similar agreement on the part of Bank as set forth in Section 2.1.2.

"**Letter of Credit Application**" is defined in Section 2.1.2(a).

"**Letter of Credit Reserve**" has the meaning set forth in Section 2.1.2(d).

"**Lien**" is a mortgage, lien, deed of trust, charge, pledge, security interest or other encumbrance.

"**Loan Documents**" are, collectively, this Agreement, the Perfection Certificate, the Subordination Agreement, if any, any note, or notes or guaranties executed by Borrower, or any other present or future agreement executed by Borrower, if any, and/or for the benefit of Bank in connection with this Agreement, each as amended, restated, or otherwise modified.

"**Material Adverse Change**" is (a) a material impairment in the perfection or priority of Bank's Lien in the Collateral or in the value of such Collateral; (b) a material adverse change in the business, operations, or condition (financial or otherwise) of Borrower; (c) a material impairment of the prospect of repayment of any portion of the Obligations or (d) Bank determines, based upon information available to it and in its reasonable judgment, that there is a reasonable likelihood that Borrower shall fail to comply with one or more of the financial covenants in Section 6 during the next succeeding financial reporting period.

"**Minimum Eligibility Requirements**" is defined in the defined term "Eligible Accounts".

"**Obligations**" are Borrower's obligation to pay when due any debts, principal, interest, Bank Expenses and other amounts Borrower owes Bank now or later, whether under this Agreement, the Loan Documents, including, without limitation, all obligations relating to letters of credit, cash management services, and foreign exchange contracts, if any, and including interest accruing after Insolvency Proceedings begin and debts, liabilities, or obligations of Borrower assigned to Bank, and the performance of Borrower's duties under the Loan Documents.

"**Operating Documents**" are, for any Person, such Person's formation documents, as certified with the Secretary of State of such Person's state of formation on a date that is no earlier than 30 days prior to the Effective Date, and, (a) if such Person is a corporation, its bylaws in current form, (b) if such Person is a limited liability company, its limited liability company agreement (or similar agreement), and (c) if such Person is a partnership, its partnership agreement (or similar agreement), each of the foregoing with all current amendments or modifications thereto.

"**Payment**" means all checks, wire transfers and other items of payment received by Bank (including proceeds of Accounts and payment of all the Obligations in full) for credit to Borrower's outstanding Credit Extensions or, if the balance of the Credit Extensions has been reduced to zero, for credit to its Deposit Accounts.

"**Perfection Certificate**" is defined in Section 5.1.

"**Permitted Indebtedness**" is:

(a) Borrower's Indebtedness to Bank under this Agreement and the other Loan Documents;

(b) Indebtedness existing on the Effective Date and shown on the Perfection Certificate;

(c) Subordinated Debt, if any;

(d) unsecured Indebtedness to trade creditors incurred in the ordinary course of business; any

(e) Indebtedness incurred as a result of endorsing negotiable instruments received in the ordinary course of business;

(f) Indebtedness secured by Permitted Liens;

(g) Indebtedness not otherwise permitted by Section 7.4 in an amount not to exceed Fifty Thousand Dollars ($50,000) in the aggregate outstanding at any time; and

(h) extensions, refinancings, modifications, amendments and restatements of any items of Permitted Indebtedness (a) through (g) above, provided that the principal amount thereof is not increased or the terms thereof are not modified to impose more burdensome terms upon Borrower or its Subsidiary, as the case may be.

"**Permitted Investments**" are:

(a) Investments shown on the Perfection Certificate and existing on the Effective Date;

(b) Cash Equivalents;

(c) Investments consisting of the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of Borrower's business;

(d) Investments consisting of (i) travel advances and employee relocation loans and other employee loans and advances in the ordinary course of business, and (ii) loans to employees, officers or directors relating to the purchase of equity securities of Borrower or its Subsidiaries pursuant to employee stock purchase plans or agreements approved by Borrower's Board of Directors;

(e) Investments (including debt obligations) received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, customers or suppliers arising in the ordinary course of business; and

(f) Investments consisting of notes receivable of, or prepaid royalties and other credit extensions, to customers and suppliers who are not Affiliates, in the ordinary course of business; provided that this paragraph (f) shall not apply to Investments of Borrower in any Subsidiary;

"**Permitted Liens**", whether now existing or hereafter arising, are:

(a) Liens existing on the Effective Date and shown on the Perfection Certificate or arising under this Agreement and the other Loan Documents;

(b) Liens for taxes, fees, assessments or other government charges or levies, either not delinquent or being contested in good faith and for which Borrower maintains adequate reserves on its Books, <u>if</u> they have no priority over any of Bank's Liens;

(c) purchase money Liens (i) on Equipment acquired or held by Borrower incurred for financing the acquisition of the Equipment securing no more than One Hundred Thousand Dollars ($100,000.00) in the aggregate amount outstanding, or (ii) existing on Equipment when acquired, <u>if</u> the Lien is confined to the property and improvements and the proceeds of the Equipment;

(d) Liens of carriers, warehousemen, suppliers, or other Persons that are possessory in nature arising in the ordinary course of business, so long as such Liens attach only to Inventory, that are not delinquent, that remain payable without penalty, or that are being contested in good faith and by appropriate proceedings that have the effect of preventing the forfeiture or sale of the property subject to such Liens;

(e) Liens to secure payment of workers' compensation, employment insurance, old age pensions, social security, and other like obligations incurred in the ordinary course of business (other than Liens imposed by ERISA);

(f) Liens incurred in the extension, renewal or refinancing of the indebtedness secured by Liens described in (a) through (c), <u>but</u> any extension, renewal or replacement Lien must be limited to the property encumbered by the existing Lien and the principal amount of the indebtedness may not increase;

(g) leases or subleases of real property granted in the ordinary course of business, and leases, subleases, non-exclusive licenses or sublicenses of property (other than real property or intellectual property) granted in the ordinary course of Borrower's business, <u>if</u> the leases, subleases, licenses and sublicenses do not prohibit granting Bank a security interest;

(h) non-exclusive licenses of intellectual property granted to third parties in the ordinary course of business;

(i) Liens arising from judgments, decrees or attachments in circumstances not constituting an Event of Default under Section 8.4 or 8.7;

(j) Liens securing Permitted Indebtedness;

(k) Liens in favor of any landlord of Borrower solely to secure the payment of rent by Borrower; and

(k) Liens in favor of other financial institutions arising in connection with Borrower's deposit and/or securities accounts held at such institutions.

"**Person**" is any individual, sole proprietorship, partnership, limited liability company, joint venture, company, trust, unincorporated organization, association, corporation, institution, public benefit corporation, firm, joint stock company, estate, entity or government agency.

"**Prime Rate**" is Bank's most recently announced "prime rate," even if it is not Bank's lowest rate.

"**Registered Organization**" is any "registered organization" as defined in the Code with such additions to such term as may hereafter be made.

"**Reserves**" means, as of any date of determination, such amounts as Bank may from time to time establish and revise in good faith reducing the amount of Advances, Letters of Credit and other financial accommodations which would otherwise be available to Borrower under the lending formulas: (a) to reflect events, conditions, contingencies or risks which, as determined by Bank in good faith, do or may affect (i) the Collateral or any other property which is security for the Obligations or its value (including without limitation any increase in delinquencies of Accounts), (ii) the assets or business of Borrower or any guarantor, or (iii) the security interests and other rights of Bank in the Collateral (including the enforceability, perfection and priority thereof); or (b) to reflect Bank's good faith belief that any collateral report or financial information furnished by or on behalf of Borrower or any guarantor to Bank is or may have been incomplete, inaccurate or misleading in any material respect; or (c) in respect of any state of facts which Bank determines in good faith constitutes an Event of Default or may, with notice or passage of time or both, constitute an Event of Default.

"**Responsible Officer**" is any of the Chief Executive Officer, President, Chief Financial Officer and Controller of Borrower.

"**Revolving Line**" is an Advance or Advances in an aggregate amount of up to Three Million Dollars ($3,000,000.00) outstanding at any time.

"**Revolving Line Maturity Date**" is September 7, 2009.

"**Securities Account**" is any "securities account" as defined in the Code with such additions to such term as may hereafter be made.

"**Senior Management Group**" is the group of individuals, exclusive of others, who, as of the Effective Date, hold any of the following positions at Borrower: Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer.

"**Settlement Date**" is defined in Section 2.1.3.

"**Streamline Period**" is any date of measurement in which Borrower's Adjusted Quick Ratio is greater than or equal to 1.0 to 1.0.

"**Subordinated Debt**" is indebtedness incurred by Borrower subordinated to all of Borrower's now or hereafter indebtedness to Bank (pursuant to a subordination, intercreditor, or other similar agreement in form and substance satisfactory to Bank entered into between Bank and the other creditor), on terms acceptable to Bank.

"**Subordination Agreement**" is any agreement, in form and substance acceptable to Bank in its sole discretion, as required by Bank in its sole discretion, subordinating Subordinated Debt to the Bank.

"**Subsidiary**" means, with respect to any Person, any Person of which more than fifty percent (50%) of the voting stock or other equity interests is owned or controlled, directly or indirectly, by such Person or one or more Affiliates of such Person.

"**Tangible Net Worth**" is, on any date, the consolidated total assets of Borrower and its Subsidiaries minus (a) any amounts attributable to (i) goodwill, (ii) intangible items including unamortized debt discount and expense, patents, trade and service marks and names, copyrights and research and development expenses except prepaid expenses, (iii) notes, accounts receivable and other obligations owing to Borrower from its officers or other Affiliates, and (iv) reserves not already deducted from assets, minus (b) Total Liabilities plus (c) Subordinated Debt.

"**Total Liabilities**" is on any day, obligations that should, under GAAP, be classified as liabilities on Borrower's consolidated balance sheet, including all Indebtedness, and current portion of Subordinated Debt permitted by Bank to be paid by Borrower, but excluding all other Subordinated Debt.

"**Transaction Report**" is the Bank's standard reporting package provided by Bank to Borrower.

"**Transfer**" is defined in Section 7.1.

"**Unused Revolving Line Facility Fee**" is defined in Section 2.4(d).

[Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as a sealed instrument under the laws of the Commonwealth of Massachusetts as of the Effective Date.

BORROWER:

WORLD ENERGY SOLUTIONS, INC.

By________________________________

Name:______________________________

Title:_______________________________

WORLD ENERGY SECURITIES CORP.

By________________________________

Name:______________________________

Title:_______________________________

BANK:

SILICON VALLEY BANK

By________________________________

Name:______________________________

Title:_______________________________

Effective Date: September ____, 2008

[Signature page to Loan and Security Agreement]

EXHIBIT A

The Collateral consists of all of Borrower's right, title and interest in and to the following personal property:

All goods, Accounts (including health-care receivables), Equipment, Inventory, contract rights or rights to payment of money, leases, license agreements, franchise agreements, General Intangibles (except as provided below), commercial tort claims, documents, instruments (including any promissory notes), chattel paper (whether tangible or electronic), cash, deposit accounts, fixtures, letters of credit rights (whether or not the letter of credit is evidenced by a writing), securities, and all other investment property, supporting obligations, and financial assets, whether now owned or hereafter acquired, wherever located; and

all Borrower's Books relating to the foregoing, and any and all claims, rights and interests in any of the above and all substitutions for, additions, attachments, accessories, accessions and improvements to and replacements, products, proceeds and insurance proceeds of any or all of the foregoing.

Notwithstanding the foregoing, the Collateral does not include any of the following, whether now owned or hereafter acquired: any copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, and the goodwill of the business of Borrower connected with and symbolized thereby, know-how, operating manuals, trade secret rights, rights to unpatented inventions, and any claims for damage by way of any past, present, or future infringement of any of the foregoing, and any personal property in which a purchase money creditor has or obtains a purchase money security interest, but only (a) to the extent such purchase money creditor prohibits the Borrower from further encumbering such personal property; and (b) for as long as such purchase money security interest exists in such personal property; provided, however, the Collateral shall include all Accounts, license and royalty fees and other revenues, proceeds, or income arising out of or relating to any of the foregoing.

Pursuant to the terms of a certain negative pledge arrangement with Bank, Borrower has agreed not to encumber any of its copyright rights, copyright applications, copyright registrations and like protections in each work of authorship and derivative work, whether published or unpublished, any patents, patent applications and like protections, including improvements, divisions, continuations, renewals, reissues, extensions, and continuations-in-part of the same, trademarks, service marks and, to the extent permitted under applicable law, any applications therefor, whether registered or not, and the goodwill of the business of Borrower connected with and symbolized thereby, know-how, operating manuals, trade secret rights, rights to unpatented inventions, and any claims for damage by way of any past, present, or future infringement of any of the foregoing, without Bank's prior written consent.

EXHIBIT B

COMPLIANCE CERTIFICATE

TO: SILICON VALLEY BANK
FROM: WORLD ENERGY SOLUTIONS, INC.
AND WORLD ENERGY SECURITIES CORP.

Date: ______________________

The undersigned authorized officers of World Energy Solutions, Inc., and World Energy Securities Corp. (individually and collectively, jointly and severally, "Borrower"), solely in their capacities as officers of their respective entities, certify that under the terms and conditions of the Loan and Security Agreement between Borrower and Bank (the "Agreement"), (1) Borrower is in complete compliance for the period ending ______________ with all required covenants except as noted below, (2) there are no Events of Default, (3) all representations and warranties in the Agreement are true and correct in all material respects on this date except as noted below; provided, however, that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof; and provided, further that those representations and warranties expressly referring to a specific date shall be true, accurate and complete in all material respects as of such date, (4) Borrower, and each of its Subsidiaries, has timely filed all required tax returns and reports, and Borrower has timely paid all foreign, federal, state and local taxes, assessments, deposits and contributions owed by Borrower except as otherwise permitted pursuant to the terms of Section 5.9 of the Agreement, and (5) no Liens have been levied or claims made against Borrower or any of its Subsidiaries, if any, relating to unpaid employee payroll or benefits of which Borrower has not previously provided written notification to Bank. Attached are the required documents supporting the certification. The undersigned solely in their capacities as officers of their respective entities, certify that these are prepared in accordance with generally GAAP consistently applied from one period to the next except as explained in an accompanying letter or footnotes. The undersigned solely in their capacities as officers of their respective entities, acknowledge that no borrowings may be requested at any time or date of determination that Borrower is not in compliance with any of the terms of the Agreement, and that compliance is determined not just at the date this certificate is delivered. Capitalized terms used but not otherwise defined herein shall have the meanings given them in the Agreement.

Please indicate compliance status by circling Yes/No under "Complies" column.

Reporting Covenant	**Required**	**Complies**
Monthly financial statements with Compliance Certificate	Monthly within 30 days	Yes No
Annual financial statement (CPA Audited) + CC	FYE within 150 days	Yes No
10-Q, 10-K and 8-K	Within 5 days after filing with SEC	Yes No
A/R & A/P Agings, Deferred Revenue report, and schedule of expected collections	Monthly within 20 days	Yes No
Borrowing Base Certificate	Monthly within 20 Days during Streamline Period	Yes No
Transaction Report	Weekly when not Streamline Period	Yes No
Board-approved projections	Within 30 days of approval	Yes No

Financial Covenant	**Required**	**Actual**	**Complies**
Maintain, to be tested monthly:			
Tangible Net Worth	$500,000	$	Yes No

The following financial covenant analyses and information set forth in Schedule 1 attached hereto are true and accurate as of the date of this Certificate.

The following are the exceptions with respect to the certification above: (If no exceptions exist, state "No exceptions to note.")

WORLD ENERGY SOLUTIONS, INC.	**BANK USE ONLY**
By:__________	Received by: __________
Name:__________	AUTHORIZED SIGNER
Title:__________	Date: __________
WORLD ENERGY SECURITIES CORP.	Verified: __________
	AUTHORIZED SIGNER
By:__________	Date: __________
Name:__________	
Title:__________	Compliance Status: Yes No

Schedule 1 to Compliance Certificate

Financial Covenants of Borrower

Dated: ____________________

I. **Tangible Net Worth** (Section 6.9(a))

Required: $500,000.00

Actual:

A.	Aggregate value of consolidated total assets of Borrower and its Subsidiaries	$
B.	1. Aggregate value of goodwill of Borrower and its Subsidiaries	$
	2. Aggregate value of intangible assets of Borrower and its Subsidiaries	$
	3. Aggregate value of notes, accounts receivables, and other obligations owing to Borrower from its officers or other Affiliates	$
	4. Aggregate value of any reserves not already deducted from assets	$
	5. Total Liabilities	$
C.	Net Tangible net Worth (line A minus lines B.1 through B.5)	$
D.	Subordinated Debt	$
E.	Tangible Net Worth (line C plus line D)	$

Is line E equal to or greater than $500,000.00?

_________ No, not in compliance _________Yes, in compliance

WorldEnergy

World Energy Solutions secures US$3 million credit facility with Silicon Valley Bank

Worcester, MA – September 8, 2008 – World Energy Solutions, Inc. (TSX: XWE) (the "Company") today announced that it has entered into a Loan and Security Agreement (the "Agreement") with Silicon Valley Bank ("SVB"). Under the Agreement, SVB has committed to make advances to the Company in an aggregate amount of up to $3,000,000 subject to availability against certain eligible account receivables and eligible retail backlog.

Jim Parslow, Chief Financial Officer of the Company, said, "We are pleased that SVB provided this credit facility, which gives us increased financial strength and flexibility as we grow the business. As we reported in our second quarter earnings, we continue to believe we have the financial resources to achieve our strategic growth initiatives, and expect further decreases in cash used in operations this year based on strong revenue growth in multiple product lines and a stable fixed cost base. We have continued to experience a rise in auction activity during the third quarter as commodity prices have declined significantly after the dramatic run-up from February through June."

About Silicon Valley Bank

Silicon Valley Bank is the premier commercial bank for companies in the technology, life science, private equity and premium wine industries. SVB provides a comprehensive suite of financing solutions, treasury management, corporate investment and international banking services to its clients worldwide. Through its focus on specialized markets and extensive knowledge of the people and business issues driving them, Silicon Valley Bank provides a level of service and partnership that measurably impacts its clients' success. Founded in 1983 and headquartered in Santa Clara, Calif., the company serves clients around the world through 27 U.S. offices and five international operations. Silicon Valley Bank is a member of global financial services firm SVB Financial Group, with SVB Analytics, SVB Capital, SVB Global and SVB Private Client Services. More information on the company can be found at http://www.svb.com.

About World Energy

World Energy operates leading online exchanges for energy and environmental commodities. Our proven approach provides market intelligence, promotes liquidity, and creates price transparency for all market participants, enabling our customers to transact with confidence and to seek the best possible price. To date, the company has transacted more than 45 billion kWh of electricity, 1 billion kWh of green power and Renewable Energy Certificates (RECs) and over 100 billion Dth of natural gas. For more information, please visit www.worldenergy.com.

This press release contains forward-looking statements that are subject to risks and uncertainties that could cause actual results to differ from those indicated in the forward-looking statements. Such risks and uncertainties include, but are not limited to: our revenue is dependent on actual future energy purchases pursuant to completed procurements; the demand for our services is affected by changes in regulated prices or cyclicality or volatility in competitive market prices for energy; we depend on a small number of key energy consumers, suppliers and channel partners; there are factors outside our control that affect transaction volume in the electricity market; and there are other factors identified in our Annual Report on Form 10-K and subsequent reports filed with the Securities and Exchange Commission.

For additional information, contact:

Jim Parslow
World Energy Solutions, Inc.
(508) 459-8100
jparslow@worldenergy.com

Craig Armitage
The Equicom Group
(416) 815-0700 x278
carmitage@equicomgroup.com

Exhibit C-3 "Financial Statements"

World Energy Solutions, Inc. has attached the most recent two years of audited financial statements which are for year ending **2006** and **2007**.

Consolidated Balance Sheets

	December 31, 2007	December 31, 2006
ASSETS		
Current assets:		
Cash and cash equivalents	$ 7,001,884	$ 17,483,886
Trade accounts receivable, net	1,878,233	1,702,798
Prepaid expenses and other current assets	338,049	211,749
Total current assets	9,218,166	19,398,433
Property and equipment, net	595,950	225,932
Capitalized software, net	463,888	105,296
Intangibles, net	7,316,916	—
Goodwill	3,178,701	—
Deferred taxes and other assets	26,944	1,061,720
Total assets	$ 20,800,565	$ 20,791,381
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 980,488	$ 848,518
Accrued commissions	712,919	1,021,433
Accrued compensation	1,516,418	304,330
Accrued expenses	279,162	232,587
Deferred revenue and customer advances	363,933	295,408
Capital lease obligations	41,624	56,259
Total current liabilities	3,894,544	2,758,535
Capital lease obligations, net of current portion	46,222	87,844
Total liabilities	3,940,766	2,846,379
Commitments (Note 9)		
Stockholders' equity:		
Preferred stock, $0.0001 par value; 5,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, $0.0001 par value; 150,000,000 shares authorized; 82,399,241 and 76,511,741 shares issued and outstanding at December 31, 2007 and 2006, respectively	8,240	7,651
Additional paid-in capital	29,704,831	22,148,718
Accumulated deficit	(12,853,272)	(4,211,367)
Total stockholders' equity	16,859,799	17,945,002
Total liabilities and stockholders' equity	$ 20,800,565	$ 20,791,381

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Operations

	Years Ended December 31,		
	2007	2006	2005
Revenue:			
Brokerage commissions and transaction fees	$ 8,401,791	$ 5,762,098	$ 4,673,987
Management fees	786,474	1,000	—
Total revenue	9,188,265	5,763,098	4,673,987
Cost of revenue	2,874,678	1,166,426	648,410
Gross profit	6,313,587	4,596,672	4,025,577
Operating expenses:			
Sales and marketing	8,598,256	3,227,263	2,649,786
General and administrative	5,858,810	1,862,450	995,703
Total costs and expenses	14,457,066	5,089,713	3,645,489
Operating income (loss)	(8,143,479)	(493,041)	380,088
Interest income (expense):			
Interest income	573,395	139,617	8,004
Interest expense	(10,101)	(451,897)	(94,842)
Total interest income (expense), net	563,294	(312,280)	(86,838)
Income (loss) before income taxes	(7,580,185)	(805,321)	293,250
Income tax (expense) benefit	(1,061,720)	304,228	754,000
Net income (loss)	(8,641,905)	(501,093)	1,047,250
Accretion of preferred stock issuance costs	—	(6,299)	(7,199)
Net income (loss) available to common stockholders	$ (8,641,905)	$ (507,392)	$ 1,040,051
Earnings (loss) per share:			
Net income (loss) per voting common share — basic	$ (0.11)	$ (0.01)	$ 0.02
Net income (loss) per non-voting common share — basic	$ —	$ —	$ 0.02
Net income (loss) available to common stockholders — diluted	$ (0.11)	$ (0.01)	$ 0.02
Weighted average shares outstanding — basic:			
Voting common stock	79,793,590	45,576,477	33,049,472
Non-voting common stock	—	—	6,778,327
	79,793,590	45,576,477	39,827,799
Weighted average shares outstanding — diluted	79,793,590	45,576,477	54,506,566

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Stockholders' Equity (Deficit)
Years Ended December 31, 2007, 2006, and 2005

	Non-Voting Common Stock		Voting Common Stock		Treasury Stock		Additional		Total
	Number of Shares	$0.0001 Par Value	Number of Shares	$0.0001 Par Value	Number of Shares	Stated at Cost	Paid-in Capital	Accumulated Deficit	Stockholders' Equity (Deficit)
Balance, December 31, 2004	6,552,135	655	33,724,819	3,372	675,346	(151,953)	2,664,316	(4,757,524)	(2,241,134)
Exercise of stock options	240,000	24	—	—	—	—	5,976	—	6,000
Accretion of stock issuance costs	—	—	—	—	—	—	(7,199)	—	(7,199)
Issuance of warrants in connection with long-term debt	—	—	—	—	—	—	256,200	—	256,200
Net income	—	—	—	—	—	—	—	1,047,250	1,047,250
Balance, December 31, 2005	6,792,135	679	33,724,819	3,372	675,346	(151,953)	2,919,293	(3,710,274)	(938,883)
Exercise of stock options	2,190,671	219	—	—	—	—	56,698	—	56,917
Common stock warrants exercised	—	—	1,070,958	107	—	—	253,098	—	253,205
Issuance of common stock in connection with initial public offering, net of $3.6 million of offering costs	—	—	23,000,000	2,300	—	—	17,264,968	—	17,267,268
Issuance of warrants in connection with initial public offering	—	—	—	—	—	—	274,129	—	274,129
Conversion of Non-Voting Common Stock to Voting Common Stock in connection with initial public offering	(8,982,806)	(898)	8,982,806	898	—	—	—	—	—
Conversion of Series A Redeemable Convertible Preferred Stock in connection with initial public offering	—	—	10,433,504	1,044	—	—	1,506,953	—	1,507,997
Accretion of stock issuance costs	—	—	—	—	—	—	(6,299)	—	(6,299)
Share-based compensation	—	—	—	—	—	—	44,261	—	44,261
Purchase of treasury stock	—	—	—	—	25,000	(12,500)	—	—	(12,500)
Retirement of treasury stock	—	—	(700,346)	(70)	(700,346)	164,453	(164,383)	—	—
Net loss	—	—	—	—	—	—	—	(501,093)	(501,093)
Balance, December 31, 2006	—	—	76,511,741	7,651	—	—	22,148,718	(4,211,367)	17,945,002
Share-based compensation	—	—	—	—	—	—	982,190	—	982,190
Issuance of common stock in connection with acquisition of EnergyGateway	—	—	5,375,000	538	—	—	6,522,694	—	6,523,232
Issuance of common stock in connection with restricted stock grant	—	—	400,000	40	—	—	(40)	—	—
Reversal of issuance costs related to initial public offering of common stock	—	—	—	—	—	—	48,468	—	48,468
Exercise of stock options	—	—	112,500	11	—	—	2,801	—	2,812
Net loss	—	—	—	—	—	—	—	(8,641,905)	(8,641,905)
Balance, December 31, 2007	—	$ —	82,399,241	$ 8,240	—	$ —	$29,704,831	$(12,853,272)	$16,859,799

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	Years Ended December 31, 2007	2006	2005
Cash flows from operating activities:			
Net income (loss)	$ (8,641,905)	$ (501,093)	$ 1,047,250
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	1,028,497	135,446	105,831
Deferred taxes	1,061,720	(307,720)	(754,000)
Share-based compensation	982,190	44,261	—
Accretion of warrants	—	252,000	4,200
Changes in operating assets and liabilities , net of the effects of acquisition:			
Trade accounts receivable	17,590	(673,991)	(479,903)
Prepaid expenses and other assets	(133,377)	(106,798)	(47,451)
Accounts payable	80,491	690,908	(42,041)
Accrued commissions	(308,514)	156,540	496,035
Accrued compensation	1,212,088	193,330	68,507
Accrued expenses	33,762	210,578	38,009
Deferred revenue and customer advances	68,525	165,668	(265,216)
Net cash provided by (used in) operating activities	(4,598,933)	259,129	171,221
Cash flows from investing activities:			
Costs incurred in software development	(469,171)	(65,652)	(54,375)
Net cash paid in acquisition of EnergyGateway, net of cash acquired	(4,904,358)	—	—
Purchases of property and equipment	(456,095)	(72,061)	(25,374)
Net cash used in investing activities	(5,829,624)	(137,713)	(79,749)
Cash flows from financing activities:			
Proceeds from exercise of stock options	2,812	56,917	6,000
Proceeds from exercise of stock warrants	—	253,205	—
Proceeds from initial public offering of common stock, net of offering costs of $3.6 million	—	17,541,397	—
Retirement of long-term debt	—	(2,000,000)	—
Principal payments on line of credit	—	—	(500,000)
Proceeds from the issuance of long-term debt	—	—	2,000,000
Principal payments on capital lease obligations	(56,257)	(50,092)	(48,733)
Principal payments on guaranteed return	—	(10,523)	(14,062)
Purchase of treasury stock	—	(12,500)	—
Net cash provided by (used in) financing activities	(53,445)	15,778,404	1,443,205
Net (decrease) increase in cash and cash equivalents	(10,482,002)	15,899,820	1,534,677
Cash and cash equivalents, beginning of year	17,483,886	1,584,066	49,389
Cash and cash equivalents, end of year	$ 7,001,884	$ 17,483,886	$ 1,584,066
Supplemental Disclosure of Cash Flow Information:			
Net cash received (paid) for interest	$ 612,303	$ (129,401)	$ (94,842)
Non-cash investing and financing activities:			
Property and equipment acquired through capital lease obligations	$ —	$ 12,943	$ 56,205
Non-cash investing and financing activities:			
Fair value of common stock issued in acquisition of EnergyGateway	$ 6,536,000	$ —	$ —
Reversal of accrued expenses related to initial public offering of common stock	$ 48,468	$ —	$ —
Conversion of series A preferred stock to common stock	$ —	$ 1,507,997	$ —
Conversion of non-voting common stock to common stock	$ —	$ 898	$ —
Issuance of warrants in connection with initial public offering of common stock	$ —	$ 274,129	$ —
Issuance of warrants in connection with debt offering	$ —	$ —	$ 256,200

The accompanying notes are an integral part of these consolidated financial statements.

Exhibit C-4 "Financial Arrangements"

World Energy Solutions, Inc. is an online auction provider and energy broker. World Energy Solutions does not take title to the electricity or natural gas. We conduct an auction that matches the end user to the energy supplier. As a result, World Energy Solutions does not have bank commitments, lines-of-credit, guarantees, or any other financial arrangement to perform its service obligations in Ohio.

Exhibit C-5 'Forecasted Financial Statements"

As a public company World Energy Solutions, Inc. can not disclose two years of forecasted financial statements.

Exhibit C-6 "Credit Rating"

World Energy Solutions, Inc. is not rated by any of the large rating agencies other than Dun & Bradstreet. The Dun and Bradstreet report on World Energy Solutions, Inc. is attached in Exhibit C-7.

World Energy Solutions' D&B DUNS Number is: 01-114-1343

Exhibit C-7 "Credit Report"

See the enclosed Dun & Bradstreet report for World Energy Solutions, Inc.

D&B Risk Management

ATTN:ANDREW THOMAS
Report Printed: December 08, 2008

Live Report : WORLD ENERGY SOLUTIONS, INC

D-U-N-S® Number: 01-114-1343
Trade Names: WORLD ENERGY SOLUTIONS - ECHOICENET
Endorsement/Billing Reference: athomas@worldenergy.com

D&B Address

Address	446 Main St Ste 14 Worcester,MA - 01608	**Location Type**	Headquarters
Phone	508 459-8100	**Web**	www.worldenergy.com
Fax			

Added to Portfolio:03/20/2007

Company Summary

Score Bar

PAYDEX®	72
Commercial Credit Score Class	3
Financial Stress Class	1
Credit Limit - D&B Conservative	$25,000.00
D&B Rating	1R2

D&B 3-month PAYDEX®

3-month D&B PAYDEX®: 80
(Lowest Risk:100; Highest Risk:1)
When weighted by dollar amount, Payments to suppliers average Within terms

D&B Company Overview

This is a headquarters location

Branch(es) or Division(s) exist	Y
Chief Executive	RICHARD DOMALESKI, CEO
Year Started	1995
Employees	24 (UNDETERMINED Here)
SIC	7389
Line of business	Business services
NAICS	561499
History Status	CLEAR

D&B 12-month PAYDEX®

12-month D&B PAYDEX®: 72
(Lowest Risk:100; Highest Risk:1)
When weighted by dollar amount, Payments to suppliers average 12 days beyond terms

Public Filings

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	Number of Records	Most Recent Filing Date
Bankruptcies	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCC's	4	09/08/08

The public record items contained herein may have been paid, terminated, vacated or released prior to todays date.

Financial Stress Score Class

Financial Stress Score Class: 1
(Lowest Risk:1; Highest Risk:5)
Low risk of severe financial stress over the next 12 months.

Commercial Credit Score Class

Commercial Credit Score Class: 3

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Commercial Credit Score Class:
(Lowest Risk:1; Highest Risk:5)
Medium risk of severe payment delinquency over next 12 months.

Corporate Linkage

Branches (Domestic)

Company	City, State	D-U-N-S® NUMBER
WORLD ENERGY SOLUTIONS, INC	DUBLIN, Ohio	80-285-8675

Predictive Scores

Credit Capacity Summary

This credit rating was assigned because of D&B's assessment of the company's financial ratios and its cash flow. For more information, see the " D&B Rating Key".

D&B Rating : 1R2

Number of employees: 1R indicates 10 or more employees
Composite credit appraisal: 2 is good

The 1R and 2R ratings categories reflect company size based on the total number of employees for the business. They are assigned to business files that do not contain a current financial statement. In 1R and 2R Ratings, the 2, 3, or 4 creditworthiness indicator is based on analysis by D&B of public filings, trade payments, business age and other important factors. 2 is the highest Composite Credit Appraisal a company not supplying D&B with current financial information can receive.

Below is an overview of the company's rating history since 08-10-1999

Number of Employees Total: 24 (UNDETERMINED here)

D&B Rating	Date Applied
1R2	11-13-2007
1R3	12-05-2006
1R2	11-15-2006
1R3	04-19-2005
1R2	08-09-2000
–	08-10-1999

Payment Activity:	**(based on 25 experiences)**
Average High Credit:	$2,952
Highest Credit:	$25,000
Total Highest Credit:	$59,350

D&B Credit Limit Recommendation

Conservative credit Limit	$25,000
Aggressive credit Limit:	$45,000
Risk category for this business :	**LOW**

This recommended Credit Limit is based on the company profile and on profiles of other companies with similarities in size, industry, and credit usage. Risk is assessed using D&Bs scoring methodology and is one factor used to create the recommended limits. See Help for details.

Financial Stress Class Summary

The Financial Stress Class Summary Model predicts the likelihood of a firm ceasing business without paying all creditors in full, or reorganization or obtaining relief from creditors under state/federal law over the next 12 months. Scores were calculated using a statistically valid model derived from D&Bs extensive data files.
The Financial Stress Class of 1 for this company shows that firms with this classification had a failure rate of 1.2% (120 per 10,000), which is lower than the average of businesses in D & B's database

Financial Stress Class : 1

(Lowest Risk:1; Highest Risk:5)
Low risk of severe financial stress, such as bankruptcy, over the next 12 months.

Incidence of Financial Stress:

- Among Businesses with this Classification: **1.20 %** (120 per 10000)

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- Average of Businesses in D&Bs database: **2.60 %** (260 per 10000)
- Financial Stress National Percentile : **57** (Highest Risk: 1; Lowest Risk: 100)
- Financial Stress Score : **1388** (Highest Risk: 1001; Lowest Risk: 1875)

The Financial Stress Class of this business is based on the following factors:

- No record of open suit(s), lien(s), or judgment(s) in the D & B files.
- 28% of trade dollars indicate slow payment(s) are present.
- Payment experiences exist for this firm which are greater than 60 days past due.
- Control age or date entered in D & B files indicates higher risk.

Notes:

- The Financial Stress Class indicates that this firm shares some of the same business and financial characteristics of other companies with this classification. It does not mean the firm will necessarily experience financial stress.
- The Incidence of Financial Stress shows the percentage of firms in a given Class that discontinued operations over the past year with loss to creditors. The Incidence of Financial Stress - National Average represents the national failure rate and is provided for comparative purposes.
- The Financial Stress National Percentile reflects the relative ranking of a company among all scorable companies in D&Bs file.
- The Financial Stress Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Financial Stress Class, Percentile, Score and Incidence statistics are based on sample data from 2004

Norms	National %
This Business	57
Region: NORTHEAST	50
Industry: BUSINESS, LEGAL AND ENGINEERING SERVICES	52
Employee range: 20-99	80
Years in Business: 11-25	52

This Business has a Financial Stress Percentile that shows:

Lower risk than other companies in the same region.
Lower risk than other companies in the same industry.
Higher risk than other companies in the same employee size range.
Lower risk than other companies with a comparable number of years in business.

Credit Score Class Summary

The Credit Score class predicts the likelihood of a firm paying in a severely delinquent manner (90+ Days Past Terms) over the next twelve months. It was calculated using statistically valid models and the most recent payment information in D&Bs files.
The Credit Score class of 3 for this company shows that 14.3% of firms with this classification paid one or more bills severely delinquent, which is lower than the average of businesses in D & B's database.

Credit Score Class : 3

(Lowest Risk:1; Highest Risk:5)
Moderate risk of severe payment delinquency over next 12 months.

Incidence of Delinquent Payment

- Among Companies with this Classification: **14.30 %**
- Average compared to businesses in D&B's database: **20.10 %**
- Credit Score Percentile : **58** (Highest Risk: 1; Lowest Risk: 100)
- Credit Score : **474** (Highest Risk: 101; Lowest Risk:670)

The Credit Score Class of this business is based on the following factors:

- 28% of trade dollars indicate slow payment(s) are present.
- No record of open suit(s), lien(s), or judgment(s) in the D & B files.
- Payment experiences exist for this firm which are greater than 60 days past due.

Notes:

- The Credit Score Class indicates that this firm shares some of the same business and payment characteristics of other companies with this classification. It does not mean the firm will necessarily experience delinquency.
- The Incidence of Delinquent Payment is the percentage of companies with this classification that were reported 90 days past due or more by creditors. The calculation of this value is based on an inquiry weighted sample.
- The Percentile ranks this firm relative to other businesses. For example, a firm in the 80th percentile has a lower risk of paying in a severely delinquent manner than 79% of all scorable companies in D&Bs files.
- The Credit Score offers a more precise measure of the level of risk than the Class and Percentile. It is especially helpful to customers using a scorecard approach to determining overall business performance.
- All Credit Class, Percentile, Score and Incidence statistics are based on sample data from 2004

Norms	National %
This Business	58
Region: NORTHEAST	50
Industry: BUSINESS, LEGAL AND ENGINEERING SERVICES	49

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Employee range: 20-99 69
Years in Business: 11-25 64

This business has a Credit Score Percentile that shows:

Lower risk than other companies in the same region.
Lower risk than other companies in the same industry.
Higher risk than other companies in the same employee size range.
Higher risk than other companies with a comparable number of years in business.

Trade Payments

D&B PAYDEX®

The D&B PAYDEX is a unique, dollar weighted indicator of payment performance based on payment experiences as reported to D&B by trader references. Learn more about the D&B PAYDEX Score

Timeliness of historical payments for this company.

Current PAYDEX is	**72**	Equal to 12 days beyond terms (**Pays more slowly than the average for its industry of 3 days beyond terms**)
Industry Median is	**78**	Equal to 3 days beyond terms
Payment Trend currently is ⬌		Unchanged, compared to payments three months ago

Indications of slowness can be the result of dispute over merchandise, skipped invoices etc. Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Total payment Experiences in D&Bs File	25
Payments Within Terms (not dollar weighted)	85 %
Trade Experiences with Slow or Negative Payments(%)	12.00%
Total Placed For Collection	0
Average High Credit	$2,952
Largest High Credit	$25,000
Highest Now Owing	$10,000
Highest Past Due	$500

12-Month D& PAYDEX® : 72

(Lowest Risk:100; Highest Risk:1)
Based on payments collected over last 12 months.

When weighted by dollar amount, payments to suppliers average 12 days beyond terms

3-Month D& PAYDEX® : 80

(Lowest Risk:100; Highest Risk:1)
Based on payments collected over last 3 months.

When weighted by dollar amount, payments to suppliers average within terms

D&B PAYDEX® Comparison

Current Year

PAYDEX® of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Business services , based on SIC code 7389 .

Shows the trend in D&B PAYDEX scoring over the past 12 months.

	1/08	2/08	3/08	4/08	5/08	6/08	7/08	8/08	9/08	10/08	11/08	12/08
This Business	69	70	70	70	71	70	71	71	71	71	72	72
Industry Quartiles												
Upper	.	.	80	.	.	80	.	.	80	.	.	.
Median	.	.	77	.	.	77	.	.	78	.	.	.
Lower	.	.	69	.	.	68	.	.	68	.	.	.

- Current PAYDEX for this Business is 72 , or equal to 12 days beyond terms
- The 12-month high is 72 , or equal to 12 DAYS BEYOND terms
- The 12-month low is 69 , or equal to 16 DAYS BEYOND terms

Previous Year

Shows PAYDEX of this Business compared to the Primary Industry from each of the last four quarters. The Primary Industry is Business services , based on SIC code 7389 .

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Previous Year	12/06 Q4'06	03/07 Q1'07	06/07 Q2'07	09/07 Q3'07
This Business	UN	60	60	66
Industry Quartiles				
Upper	80	80	80	80
Median	77	77	77	77
Lower	69	69	69	68

Based on payments collected over the last 4 quarters.

- Current PAYDEX for this Business is 72 , or equal to 12 days beyond terms
- The present industry median Score is 78 , or equal to 3 days beyond terms
- Industry upper quartile represents the performance of the payers in the 75th percentile
- Industry lower quartile represents the performance of the payers in the 25th percentile

Payment Habits

For all payment experiences within a given amount of credit extended, shows the percent that this Business paid within terms. Provides number of experiences to calculate the percentage, and the total credit value of the credit extended.

$ Credit Extended	# Payment Experiences	$ Total Dollar Amount	% of Payments Within Terms
Over 100,000	0	$0	0%
50,000-100,000	0	$0	0%
15,000-49,999	2	$40,000	62%
5,000-14,999	1	$10,000	100%
1,000-4,999	4	$5,500	82%
Under 1,000	13	$3,550	92%

Based on payments collected over last 12 months.
For all Payment experiences reflect how bills are met in relation to the terms granted. In some instances, payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Payment Summary

There are 25 payment experience(s) in D&Bs file for the most recent 12 months, with 14 experience(s) reported during the last three month period.
The highest **Now Owes** on file is $10,000 . The highest **Past Due** on file is $500
Below is an overview of the company's dollar-weighted payments, segmented by its suppliers' primary industries:

	Total Rcvd (#)	Total Dollar Amts ($)	Largest High Credit ($)	Within Terms (%)	Days Slow <31 (%)	31-60	61-90	90>
Top Industries								
Nonclassified	8	14,250	10,000	98	0	0	2	0
Telephone communictns	2	200	100	75	25	0	0	0
Ret-direct selling	1	25,000	25,000	100	0	0	0	0
Misc equipment rental	1	15,000	15,000	0	100	0	0	0
Executive office	1	1,000	1,000	100	0	0	0	0
Radiotelephone commun	1	1,000	1,000	0	0	0	0	100
Misc general gov't	1	750	750	100	0	0	0	0
Short-trm busn credit	1	750	750	100	0	0	0	0
Data processing svcs	1	500	500	100	0	0	0	0
Photocopying service	1	250	250	100	0	0	0	0
Ret mail-order house	1	100	100	100	0	0	0	0
Misc business credit	1	250	0	100	0	0	0	0
Misc business service	1	0	0	0	0	0	0	0
Other payment categories								
Cash experiences	4	300	100					
Payment record unknown	0	0	0					
Unfavorable comments	0	0	0					
Placed for collections:								
With D&B	0	0	0					
Other	0	N/A	0					
Total in D&Bs file	25	59,350	25,000					

Accounts are sometimes placed for collection even though the existence or amount of the debt is disputed.

Indications of slowness can be result of dispute over merchandise, skipper invoices etc.

Payment Details

Date Reported (mm/yy)	Paying Record	High Credit ($)	Now Owes ($)	Past Due ($)	Selling Terms	Last Sale Within (month)

350

11/08	Ppt		250	0	1 mo
	Ppt	25,000	250	0N30	1 mo
	Ppt	2,500	0	0	2-3 mos
	Ppt	750	750	0	1 mo
	Ppt-Slow 30	100	100	50	1 mo
	Ppt-Slow 90	500	0	0	6-12 mos
10/08	Ppt	10,000	10,000	0	1 mo
	Ppt	1,000	100	0	1 mo
	Ppt	100	100	N30	1 mo
	Ppt	100	50	0	1 mo
	(011) Cash own option .	100		Cash account	1 mo
	(012) Cash own option .	100		Cash account	1 mo
09/08	Ppt	250	250		1 mo
	(014) Cash own option .	50		Cash account	2-3 mos
08/08	Ppt	500	100	0	1 mo
	(016)	50		Cash account	1 mo
07/08	Ppt	100	0	0	
	Ppt	50	0	0	
	Ppt	50	0	0	4-5 mos
03/08	(020) Satisfactory .	750			1 mo
01/08	Slow 30	15,000	500	500	
11/07	Ppt	1,000			1 mo
	Slow 90+	1,000	0	0	6-12 mos
07/07	Ppt	50	0	0	6-12 mos
	Ppt	0	0		1 mo

Payments Detail Key: ■ 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc. Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.

Public Filings

Summary

The following data includes both open and closed filings found in D&B's database on this company.

Record Type	# of Records	Most Recent Filing Date
Bankruptcy Proceedings	0	-
Judgments	0	-
Liens	0	-
Suits	0	-
UCCs	4	09/08/08

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

UCC Filings

Collateral	All Assets
Type	Original
Sec. Party	SILICON VALLEY BANK, SANTA CLARA, CA
Debtor	WORLD ENERGY SECURITIES CORP.
Filing No.	200868174350
Filed With	SECRETARY OF STATE/UCC DIVISION, BOSTON, MA
Date Filed	2008-09-08
Latest Info Received	10/17/08

Collateral	All Assets
Type	Original
Sec. Party	SILICON VALLEY BANK, SANTA CLARA, CA
Debtor	WORLD ENERGY SOLUTIONS, INC.
Filing No.	2008 3018593
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2008-09-08
Latest Info Received	10/09/08

Collateral	Leased Fixtures and proceeds
Type	Original
Sec. Party	GENERAL ELECTRIC CAPITAL CORPORATION, DANBURY, CT
Debtor	WORLD ENERGY SOLUTIONS INC.

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Filing No.	4324054 8
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2004-11-12
Latest Info Received	12/22/04

Collateral	Leased Equipment
Type	Original
Sec. Party	GENERAL ELECTRIC CAPITAL CORPORATION, BANNOCKBURN, IL
Debtor	WORLD ENERGY SOLUTIONS, INC.
Filing No.	5060796 1
Filed With	SECRETARY OF STATE/UCC DIVISION, DOVER, DE
Date Filed	2005-02-24
Latest Info Received	03/17/05

The public record items contained herein may have been paid, terminated, vacated or released prior to today's date.

Government Activity

Activity summary

Borrower (Dir/Guar)	NO
Administrative Debt	NO
Contractor	YES
Grantee	NO
Party excluded from federal program(s)	NO

Possible candidate for socio-economic program consideration

Labour Surplus Area	N/A
Small Business	YES (2008)
8(A) firm	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Special Events

Special Events

11/08/2008 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 9 months ended September 30, 2008: Revenue of $9,164,727, Net Income of ($5,756,079); compared to Revenue of $6,103,672, Net Income of ($3,427,390) for the comparable period in the prior year.

09/09/2008 -LINE OF CREDIT :

According to published reports, World Energy Solutions, Inc. announced that it has entered into a Loan and Security Agreement with Silicon Valley Bank. Under the Agreement, SVB has committed to make advances to the Company in an aggregate amount of up to $3,000,000 subject to availability against certain eligible account receivables and eligible retail backlog.

08/09/2008 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 6 months ended June 30, 2008: Revenue of $5,875,212, Net Income of ($4,540,259); compared to Revenue of $3,426,329, Net Income of ($1,617,006) for the comparable period in the prior year.

05/10/2008 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 3 months ended March 31, 2008: Revenue of $3,114,517, Net Income of ($2,159,942); compared to Revenue of $1,501,137, Net Income of ($439,436) for the comparable period in the prior year.

03/13/2008 -EARNINGS UPDATE :

According to published reports, comparative operating results for the year ended December 31, 2007: Revenue of $9,188,265, Net Income of ($8,641,905); compared to Revenue of $5,763,098, Net Income of ($501,093) for the comparable period in the prior year.

11/13/2007 -EARNINGS UPDATE :

According to published reports, comparative operating results for the 9 months ended September 30, 2007: Revenue of $6,103,672, Net Income of ($3,427,390); compared to Revenue of $4,166,763, Net Income of ($207,451) for the comparable period in the prior year.

10/11/2007 -OFFICER CHANGE :

According to published reports, World Energy Solutions, Inc. announced that Philip V. Adams has also been named President of the organization.

08/16/2007 -EARNINGS UPDATE :

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According to published reports, comparative operating results for the 6 months ended June 30, 2007: Revenue of $3,428,329, Net Income of ($1,617,006); compared to Revenue of $2,479,770, Net Income of ($219,812) for the comparable period in the prior year.

07/18/2007 -MERGER/ACQUISITION :

According to published reports on May 25, 2007, World Energy Solutions, Inc. (Dublin, OH) announced that it has completed the previously announced acquisition of privately held EnergyGateway, LLC (Worcester, MA). Under the terms of the final agreement, World Energy purchased substantially all of the assets of EnergyGateway for US$4.95 million in cash and 5.375 million common shares of World Energy plus the assumption of certain liabilities.

-OFFICER CHANGE :

According to published reports, World Energy Solutions, Inc. announced that Tyler Wooddell is now a Senior Vice President at World Energy Solutions.

-ANNOUNCED MERGER/ACQUISITION :

According to published reports on May 22, 2007, World Energy Solutions, Inc. (Worcester, MA), announced that it has entered into a definitive agreement to acquire privately held EnergyGateway, LLC (Dublin, OH). The acquisition is expected to provide customers of World Energy Exchange a bigger marketplace, an expanded online toolset, and a deeper pool of market expertise.

Under the terms of the agreement, World Energy will acquire substantially all of the assets of EnergyGateway for US$5 million in cash and 5.375 million common shares of World Energy plus the assumption of certain liabilities. The transaction is expected to close on or about May 31, 2007, subject to customary closing conditions.

-ANNOUNCED MERGER/ACQUISITION :

According to published reports on April 17, 2007, World Energy Solutions, Inc. (Worcester, MA) announced that it has entered into a non-binding letter of intent with respect to a potential acquisition candidate. The transaction is subject to a number of conditions including the parties negotiating and entering into a definitive agreement. There can be no assurance that a definitive agreement will be entered into or that the transaction will be consummated.

-ANNOUNCED PURCHASE OF ASSET :

According to published reports on March 26, 2007, World Energy Solutions, Inc. (Worcester, MA) announced that it has entered a letter of intent to purchase up to 20% of the issued and outstanding memberships interests of Sol-Gel Solutions, LLC (Gainesville, FL). The company will be given an option to purchase 50% of the issued and outstanding memberships interests of Sol-Gel.

History and Operations

Company Overview

Company Name:	WORLD ENERGY SOLUTIONS, INC
Doing Business As :	WORLD ENERGY SOLUTIONS , ECHOICENET
Street Address:	446 Main St Ste 14 Worcester , 01608
Phone:	508 459-8100
URL:	http://www.worldenergy.com
History	Is clear
Present management control	13 years

History

The following information was reported: **10/11/2007**

Officer(s):
RICHARD DOMALESKI, CEO
EDWARD LIBBEY, PHD, CHM
PHILIP ADAMS, PRES-COO
JAMES F. PARSLOW, CFO-TREASURER
TYLER WOODDELL, SVP

DIRECTOR(S) : THE OFFICER(S)

On July 18, 2007 source(s) contacted confirmed the existence of this corporation. Dun & Bradstreet makes a regular search for corporate details and will provide the information as it becomes available.
Business started 1995 by as a partnership. 87% of capital stock is owned by officers. 13% of capital stock is owned by outside investors.
STOCK OWNERSHIP :
On November 16, 2006, the Company completed its initial public offering of common stock, including the exercise by the underwriters of an over-allotment option, for the sale of 23,000,000 shares of common stock resulting in net proceeds to the Company of approximately $17.5 million (net of offering costs of approximately $3.6 million. Symbol :
(TSX: XWE).
As of March 31, 2007, the Company only had one issued and outstanding class of stock common stock. As a result, the basic loss per share for the three months ended March 31, 2007 is computed by dividing net loss for the period by the weighted average number of common shares outstanding during the period.
The executive officers and directors and entities affiliated with them, in the aggregate, beneficially own approximately 35.8% of the company's outstanding common stock. In particular, Richard Domaleski, president and Chief Executive Officer, beneficially owns approximately 25.0% of outstanding common stock.
RECENT EVENT :
On June 4, 2007, World Energy Solutions, Inc, Worcestor, MA announced that it has completed the previously announced acquisition of EnergyGateway, LLC, Dublin, OH. The operations of EnergyGateway will be merged into World Energy. World Energy will continue to operate an office at the Dublin, OH facility. The management and employees were retained through this acquisition.
OFFICERS BACKGROUND :
RICHARD DOMALESKI born 1969. 1995-present active here.

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E T LIBBEY PHD born 1950. 1995-present active here.
PHILIP ADAMS born 1958. 2001-present active here. 1999-2001 worked as Chief marketing officer in Exchange Application at Boston MA. 1997-1999 worked in Pega Systems as Sr. VP Marketing and Product Management. 1994-1997 Worked as Chief Marketing Office in Corporate Software.
JAMES F. PARSLOW. Parslow was CFO with Spire Corp., Bedford, MA. He also spent eight years in public accounting at Arthur Andersen LLP prior to joining Thermo Electron. Parslow holds an MBA from Bentley College and has significant management experience in financial planning and control, financing, acquisitions, divestitures and Securities and Exchange Commission reporting.
TYLER WOODDELL. Formerly President and CEO of EnergyGateway.

Business Registration

CORPORATE AND BUSINESS REGISTRATIONS PROVIDED BY MANAGEMENT OR OTHER SOURCE
The Corporate Details provided below may have been submitted by the management of the subject business and may not have been verified with the government agency which records such data.

Registered Name:	Oceanside Energy, Inc.
Business type:	CORPORATION
Corporation type:	PROFIT
Date incorporated:	Sep 03 1996
State of incorporation:	DELAWARE
Filing date:	Sep 03 1996
Where filed:	SECRETARY OF STATE/CORPORATIONS DIVISION , DOVER , DE

Operations

10/11/2007	
	Operates business services, specializing in auction, appraisal and exchange services (100%).
Description:	Terms vary depending on services. Sells to commercial concerns. Territory : United States & Canada.
	Nonseasonal.
Employees:	24 which includes officer(s). UNDETERMINED employed here.
Facilities:	Leases 2,500 sq. ft. in building.
Branches:	This business has multiple branches; detailed branch/division information is available in D & B's linkage or family tree.

SIC & NAICS

SIC:
Based on information in our file, D& has assigned this company an extended 8-digit SIC. D&'s use of 8-digit SICs enables us to be more specific about a company's operations than if we use the standard 4-digit code.
The 4-digit SIC numbers link to the description on the Occupational Safety & Health Administration (OSHA) Web site. Links open in a new browser window.
7389 1400 Auction, appraisal, and exchange services
NAICS:

561499 All Other Business Support Services

Financial Statements

Company Financial: D&B

D&B currently has no financial information on file for this company.
You can ask D&B to make a personalized request to this company on your behalf to obtain its latest financial information by clicking the Request Financial Statements button below.

Additional Financial Data

This report was updated utilizing information the company has filed with the Securities Exchange Commission.

Request Financial Statements

Requested financials are provided by WORLD ENERGY SOLUTIONS, INC and are not DUNSRight certified.

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Key Business Ratios

D & B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance.
To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

Based on this Number of Establishments 19

	Industry Norms Based On 19 Establishments		
	This Business	**Industry Median**	**Industry Quartile**
Profitability			
Return on Sales	UN	6.2	UN
Return on Net Worth	UN	13.4	UN
Short-Term Solvency			
Current Ratio	UN	1.9	UN
Quick Ratio	UN	1.1	UN
Efficiency			
Assets/Sales	UN	121.3	UN
Sales / Net Working Capital	UN	2.2	UN
Utilization			
Total Liabilities / Net Worth	UN	101.6	UN

UN = Unavailable

View Snapshots

View Snapshots

Exhibit C-8 "Bankruptcy Information"

World Energy Solutions, Inc. has not filed for protections from creditors, reorganization or any other form of bankruptcy filings in the two most recent years preceding the applications.

Exhibit C-9 "Merger Information"

World Energy Solutions, Inc. (Worcester, MA) acquired privately held EnergyGateway, LLC (Dublin, OH) on June 4, 2007. The acquisition provided customers of World Energy Exchange a bigger marketplace, an expanded online toolset, and a deeper pool of market expertise.

Exhibit D-1 "Operations"

World Energy Solutions plans:

World Energy is an energy brokerage company that has developed an online reverse auction platform, the World Energy Exchange. We bring energy suppliers and commercial, industrial and government energy customers together in our virtual marketplace, often with the assistance of channel partners. Although our core competency is brokering electricity, we have adapted our World Energy Exchange platform to accommodate the brokering of natural gas, green power and energy-related financial instruments, in response to customer demand. The World Energy Exchange is part of a complete end-to-end online energy procurement process that includes managing deals and tasks, providing market intelligence, developing RFPs, conducting auctions, analyzing results, assisting customers through the contracting process, and tracking customers' energy contracts and usage history.

Our end-to-end online energy procurement process is attractive to channel partners as it provides them with a business automation platform to enhance their growth, profitability and customer satisfaction. Channel partners such as energy service companies, demand side consultants and manufacturers, ABCs and strategic sourcing companies are an integral component of our business as these firms increasingly utilize our World Energy Exchange to enhance their service offerings to their customers. By accessing our market intelligence, auction and automated platform, channel partners significantly contribute to the Company's trading activity and procurement volume.

World Energy Solutions experience:

- World Energy Solutions does not trade or ever take title or ownership of natural gas, electricity or other energy commodity. World Energy Solutions is an energy broker.
- World Energy Solutions is the **market share leader in North America**, having brokered **over 40 billion kWh** of electricity and 700 million kWh of green power and Renewable Energy Certificates (RECs) and one trillion cubic feet of natural gas.
- World Energy Solutions runs a procurement exchange that is **supplier-neutral.** Our mission is to get the consumer the lowest price for their energy needs.
- World Energy Solutions provides a toll free number (1-800-578-0718) for all customers inquires.
- World Energy Solutions will not be billing retail customers so has not included a sample bill. World Energy Solutions' fee is paid for directly by the supplier.

Exhibit D-2 "Operations Expertise"

See the enclosed Excel spreadsheet. This spreadsheet summarizes World Energy Solutions, Inc. experience in natural gas procurement.

Contract ID	Business	Cust. Type	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Price Index	Total Accounts	Utility	Service State	Quantity	Unit
1003	Retail	X	11/1/2002	10/31/2003	12	11/22/2002	Expired	Indexed	HENRY HUB	6	Washington Gas Light Company	DC	24,527	Dth
1004	Retail	X	12/1/2003	11/30/2005	24	10/20/2003	Expired	Fixed		1	Northern Utilities Natural Gas	ME	14,570	Dth
1005	Retail	X	1/2/2003	12/30/2004	24	12/1/2002	Expired	Indexed	HENRY HUB	5	San Diego Gas and Electric Co. / Sempra	CA	133,198	Dth
1009	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		37	Atlanta Gas Light Company	GA	237,628	Dth
1010	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		3	Atlanta Gas Light Company	GA	340,092	Dth
1011	Retail	X	9/1/2004	10/31/2005	14	8/2/2004	Expired	Fixed		3	Columbia Gas of Kentucky Inc	KY	257,480	Dth
1012	Retail	X	9/1/2004	10/31/2005	14	8/2/2004	Expired	Fixed		1	Delta Natural Gas Company, Inc.	KY	73,551	Dth
1013	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		1	TECO Peoples Gas	FL	37,004	Dth
1014	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		2	Ameren CIPS	IL	100,136	Dth
1015	Retail	X	9/1/2004	10/31/2005	14	8/2/2004	Expired	Fixed		3	Duke Energy-Ohio	OH	81,499	Dth
1016	Retail	X	9/1/2004	8/31/2005	12	8/2/2004	Expired	Fixed		2	Duke Energy-Ohio	OH	199,042	Dth
1017	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		2	Citizens Gas and Coke Utility	IN	133,326	Dth
1018	Retail	X	10/1/2004	12/31/2004	3	8/2/2004	Expired	Fixed		2	Dominion East Ohio	OH	96,028	Dth
1019	Retail	X	9/1/2004	8/31/2006	24	8/2/2004	Expired	Fixed		2	Columbia Gas of Ohio Inc.	OH	450,560	Dth
1020	Retail	X	10/1/2004	12/31/2004	3	8/2/2004	Expired	Fixed		4	Columbia Gas of Ohio Inc.	OH	4,153	Dth
1021	Retail	X	10/1/2004	12/31/2004	3	8/2/2004	Expired	Fixed		1	Dominion East Ohio	OH	2,406	Dth
1022	Retail	X	10/1/2004	10/31/2005	13	8/2/2004	Expired	Fixed		1	Detroit Edison	MI	53,909	Dth
1023	Retail	X	9/1/2004	10/31/2005	14	8/2/2004	Expired	Fixed		2	Detroit Edison	MI	9,594	Dth
1024	Retail	X	9/1/2004	12/31/2004	4	8/2/2004	Expired	Fixed		1	Ameren IP	IL	43,352	Dth
1025	Retail	X	9/1/2004	12/31/2004	4	8/2/2004	Expired	Fixed		1	Nicor Incorporated	IL	133,603	Dth
1026	Retail	X	9/1/2004	12/31/2004	4	8/2/2004	Expired	Fixed		3	Peoples Gas Light and Coke Company	IL	20,310	Dth
1027	Retail	X	9/1/2004	12/31/2004	4	8/2/2004	Expired	Fixed		1	Peoples Gas Light and Coke Company	IL	49,241	Dth
1028	Retail	X	9/1/2004	8/31/2005	12	8/2/2004	Expired	Fixed		2	Peoples Gas Light and Coke Company	IL	100,978	Dth
1029	Retail	X	10/1/2004	10/31/2005	11	8/3/2004	Expired	Fixed		1	SEMCO ENERGY	MI	34,600	Dth
1030	Retail	X	10/1/2004	9/30/2005	12	8/3/2004	Expired	Fixed		2	SEMCO ENERGY	MI	189,968	Dth
1031	Retail	X	10/1/2004	9/30/2005	12	8/3/2004	Expired	Fixed		1	Vectren Corporation	IN	355,096	Dth
1032	Retail	X	10/1/2004	10/31/2005	13	8/3/2004	Expired	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	278,711	Dth
1033	Retail	X	10/1/2004	9/30/2005	12	8/3/2004	Expired	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	6,188	Dth
1034	Retail	X	10/1/2004	9/30/2006	24	8/3/2004	Expired	Fixed		1	Wisconsin Gas Company	WI	227,100	Dth
1035	Retail	X	12/1/2004	11/30/2006	24	8/3/2004	Expired	Fixed		2	Consolidated Edison Company of New York	NY	61,680	Dth
1036	Retail	X	12/1/2004	11/30/2006	24	8/3/2004	Expired	Fixed		2	Consolidated Edison Company of New York	NY	32,766	Dth

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Contract ID	Business	Category	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Qty UOM
1037	Retail	X	12/1/2004	11/30/2006	24	8/3/2004	Expired	Fixed		3	National Fuel Gas Distribution Corp.	NY	23,602	Dth
1038	Retail	X	12/1/2004	11/30/2005	12	8/3/2004	Expired	Fixed		1	National Fuel Gas Distribution Corp.	NY	19,019	Dth
1039	Retail	X	12/1/2004	11/30/2006	24	8/3/2004	Expired	Fixed		3	National Fuel Gas Distribution Corp.	NY	419,144	Dth
1040	Retail	X	2/1/2005	1/31/2007	24	8/3/2004	Expired	Fixed		1	National Grid - Niagara Mohawk	NY	303,882	Dth
1041	Retail	X	2/1/2004	1/31/2006	24	8/3/2004	Expired	Fixed		1	New York State Electric & Gas Corp.	NY	307,306	Dth
1042	Retail	X	2/1/2005	1/31/2007	24	8/3/2004	Expired	Fixed		3	Mountaineer Gas	WV	511,128	Dth
1043	Retail	X	2/1/2005	1/31/2007	24	8/3/2004	Expired	Fixed		11	Baltimore Gas & Electric Company (BGE)	MD	40,982	Dth
1044	Retail	X	2/1/2005	1/31/2007	24	8/3/2004	Expired	Fixed		1	Baltimore Gas & Electric Company (BGE)	MD	453,098	Dth
1045	Retail	X	11/1/2004	10/31/2006	24	8/3/2004	Expired	Fixed		2	Baltimore Gas & Electric Company (BGE)	MD	130,854	Dth
1046	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		5	Washington Gas & Light Company	MD	616,462	Dth
1047	Retail	X	11/1/2004	10/31/2005	12	8/4/2004	Expired	Fixed		1	Washington Gas & Light Company	MD	169,560	Dth
1048	Retail	X	11/1/2004	10/31/2005	12	8/4/2004	Expired	Fixed		25	Washington Gas Light Company	VA	22,179	Dth
1049	Retail	X	11/1/2004	10/31/2005	12	8/4/2004	Expired	Fixed		53	Washington Gas & Light Company	MD	163,385	Dth
1050	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	Columbia Gas of Maryland Inc.	MD	174,006	Dth
1051	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	Delmarva Power Company□	DE	113,776	Dth
1052	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	Hope Gas Incorporated	WV	130,484	Dth
1053	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		3	Equitable Gas Company PA	PA	555,606	Dth
1054	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		1	National Fuel Gas Distribution Corporati	PA	18,488	Dth
1055	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	National Fuel Gas Distribution Corporati	PA	106,862	Dth
1056	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		4	UGI Penn Natural Gas - PG Energy	PA	869,314	Dth
1057	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		1	Exelon (PECO Energy Company)	PA	266,378	Dth
1058	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	PPL Utilities	PA	154,754	Dth
1059	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	UGI Utilities, Inc.	PA	10,366	Dth
1060	Retail	X	11/1/2004	10/31/2006	24	8/4/2004	Expired	Fixed		1	Virginia Natural Gas	VA	249,626	Dth
1061	Retail	X	2/1/2005	1/31/2007	24	8/4/2004	Expired	Fixed		1	UGI Utilities, Inc.	PA	280,034	Dth
1062	Retail	X	11/1/2004	10/31/2006	24	8/5/2004	Expired	Fixed		1	Columbia Gas of Virginia Inc.	VA	258,240	Dth
1063	Retail	X	9/1/2004	10/31/2005	14	8/4/2004	Expired	Fixed		1	Detroit Edison	MI	97,839	Dth

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Contract #	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Str_UOM
1064	Retail	X	11/1/2004	10/31/2006	24	8/25/2004	Expired	Fixed		1	Public Service Company of New Mexico	NM	212,810	Dth
1065	Retail	X	11/1/2004	10/31/2005	12	8/25/2004	Expired	Fixed		5	Atmos Energy	TX	358,842	Dth
1066	Retail	X	11/1/2004	10/31/2006	24	8/25/2004	Expired	Fixed		1	Atmos Energy	TX	253,842	Dth
1067	Retail	X	10/1/2004	9/30/2006	24	8/25/2004	Expired	Fixed		9	Atmos Energy	TX	104,454	Dth
1068	Wholesale	X	11/1/2004	10/30/2006	24	8/25/2004	Expired	Fixed		4	Oklahoma Natural Gas Company	OK	500,326	Dth
1069	Retail	X	11/1/2004	10/31/2005	12	8/26/2004	Expired	Fixed		2	Atmos Energy Corporation (Greeley Gas)	CO	123,916	Dth
1070	Retail	X	11/1/2004	10/31/2005	12	8/26/2004	Expired	Fixed		3	Xcel Energy/Public Service Co. Colorado	CO	206,937	Dth
1071	Retail	X	11/1/2004	10/31/2005	12	8/26/2004	Expired	Fixed		5	Xcel Energy/Public Service Co. Colorado	CO	88,883	Dth
1072	Retail	X	11/1/2004	10/31/2005	12	8/26/2004	Expired	Fixed		2	Xcel Energy/Public Service Co. Colorado	CO	115,452	Dth
1073	Retail	X	4/1/2005	3/31/2007	24	8/31/2004	Expired	Fixed		1	Avista Utilities	WA	90,232	Dth
1074	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		1	Cascade Natural Gas Company	WA	70,044	Dth
1075	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		1	Puget Sound	WA	249,418	Dth
1076	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		1	Long Beach Gas	CA	308,122	Dth
1077	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		1	Southern California Gas Co- The Gas Comp	CA	195,278	Dth
1078	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		2	San Diego Gas and Electric Co. / Sempra	CA	570,236	Dth
1079	Retail	X	12/1/2004	10/31/2005	11	8/31/2004	Expired	Fixed		3	Pacific Gas and Electric Company (PGE)	CA	3,635	Dth
1080	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		4	Pacific Gas and Electric Company (PGE)	CA	609,434	Dth
1081	Retail	X	12/1/2004	10/31/2005	11	8/31/2004	Expired	Fixed		1	Pacific Gas and Electric Company (PGE)	CA	12,565	Dth
1082	Retail	X	12/1/2004	11/30/2006	24	8/31/2004	Expired	Fixed		1	Unisource (formly.Citizens Arizona Gas)	AZ	128,704	Dth
1083	Retail	X	12/1/2004	11/30/2005	12	9/27/2004	Expired	Fixed		2	Laclede Gas Company	MO	129,474	Dth
1084	Retail	X	11/1/2004	10/31/2006	24	9/27/2004	Expired	Fixed		3	Southern Union Company (SUG)	TX	96,546	Dth
1085	Retail	X	11/1/2004	10/31/2006	24	9/27/2004	Expired	Fixed		1	Central Hudson Gas & Electric Corp.	NY	136,070	Dth
1086	Retail	X	12/1/2004	11/30/2006	24	9/27/2004	Expired	Fixed		2	Consolidated Edison Company of New York	NY	1,048,044	Dth
1087	Retail	X	12/1/2004	11/30/2006	24	9/27/2004	Expired	Fixed		2	Public Service Electric and Gas Company	NJ	286,326	Dth
1088	Retail	X	11/1/2004	10/31/2006	24	9/27/2004	Expired	Fixed		2	Washington Gas Light Company	DC	35,766	Dth

[illegible]	Business	[illegible]	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Qty UOM
1179	Retail	X	8/1/2004	8/1/2005	12	6/2/2004	Expired	Indexed	HENRY HUB	2	NUI City Gas Company of FL	FL	32,279	Dth
1180	Retail	X	6/1/2004	5/1/2006	23	4/27/2004	Expired	Indexed	HENRY HUB	1	Exelon (PECO Energy Company)	PA	134,445	Dth
1181	Retail	X	6/1/2004	5/1/2006	23	4/27/2004	Expired	Indexed	HENRY HUB	1	Exelon (PECO Energy Company)	PA	11,955	Dth
1217	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	Transco Station 30, 45 & 65	1	Transco	SC	1,527,465	Dth
1218	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	IFERC SNG	1	Enbridge Marketing	GA	213,191	Dth
1219	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	IFERC SNG	1	Texican Industrial Energy Marketing	GA	610,200	Dth
1220	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	IFERC SNG	1	Texican Industrial Energy Marketing	GA	57,500	Dth
1221	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	NYMEX	1	TECO Peoples Gas	FL	206,177	Dth
1222	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	NYMEX	1	Infinite Energy, Inc.-Florida/917914	FL	138,700	Dth
1223	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	WAHA	1	Atmos Energy	TX	106,000	Dth
1224	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	WAHA	1	Atmos Energy	TX	222,000	Dth
1225	Retail	X	4/1/2005	4/1/2006	12	3/2/2005	Expired	Indexed	WAHA	1	Coral Energy Resources, LP	TX	1,005,125	Dth
1307	Retail	X	11/1/2003	10/31/2005	24	7/31/2003	Expired	Fixed		1	Washington Gas Light Company	DC	1,461,820	Dth
1320	Wholesale	X	8/1/2005	7/31/2006	12	6/30/2005	Expired	Indexed	CENTERPOINT EAST	1	Arkansas Oklahoma Gas Corporation (AOG)	AR	290,849	Dth
1394	Retail	X	12/1/2005	11/30/2007	24	11/2/2005	Expired	Indexed	NYMEX	16	South Jersey Gas Company (SJG)	NJ	440,628	Dth
1396	Retail	X	10/1/2005	9/30/2008	36	9/30/2005	Active	Indexed	NYMEX	1	Keyspan Energy - Energy North	NH	29,652	Dth
1397	Retail	X	10/1/2005	9/30/2008	36	9/30/2005	Active	Indexed	NYMEX	1	Boston Gas Company	MA	53,271	Dth
1399	Retail	X	12/1/2005	9/30/2008	34	9/30/2005	Active	Indexed	NYMEX	1	Northern Utilities Natural Gas	ME	18,802	Dth
1400	Retail	X	10/1/2005	9/30/2008	36	9/30/2005	Active	Indexed	NYMEX	2	NSTAR Electric and Gas Corporation	MA	53,634	Dth
1401	Retail	X	10/1/2005	9/30/2008	36	9/27/2005	Active	Indexed	NYMEX	2	New Jersey Natural Gas (NJNG)	NJ	63,963	Dth
1402	Retail	X	10/1/2005	9/30/2008	36	9/27/2005	Active	Indexed	NYMEX	7	Consolidated Edison Company of New York	NY	83,799	Dth
1403	Retail	X	10/1/2005	9/30/2008	36	9/27/2005	Active	Indexed	NYMEX	1	PECO Energy	PA	32,829	Dth
1404	Retail	X	10/1/2005	9/30/2008	36	9/30/2005	Cancelled	Indexed	NYMEX	0				
1405	Retail	X	10/1/2005	9/30/2008	36	9/30/2005	Active	Indexed	NYMEX	1	NSTAR Electric and Gas Corporation	RI	16,868	Dth
1416	Retail	X	4/1/2006	3/31/2007	12	2/24/2006	Expired	Fixed		3	Orange and Rockland Utilities, Inc.	NY	67,671	Dth
1429	Retail	X	3/1/2002	3/1/2003	12	2/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	28,344	Dth
1430	Retail	X	3/1/2002	3/1/2003	12	2/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	2,868	Dth

Contract ID	Business	[illegible]	Delivery Start Date	Delivery End Date	Contract Months	[illegible]	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Qty UOM
1434	Retail	X	11/1/2002	11/1/2004	24	10/1/2002	Expired	Fixed		1	Central Hudson Gas & Electric Corp.	NY	638,256	Dth
1453	Retail	X	3/1/2002	4/1/2003	11	2/1/2002	Expired	Fixed		1	New York State Electric & Gas Corp.	NY	8,723	Dth
1456	Retail	X	10/1/2002	3/1/2005	29	9/1/2002	Expired	Fixed		1	Keyspan Energy Delivery, NY	NY	131,718	Dth
1462	Retail	X	11/2/2002	11/1/2004	24	10/2/2002	Expired	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	4,626,384	Dth
1463	Retail	X	5/1/2001	5/1/2002	12	4/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	136,200	Dth
1465	Retail	X	12/2/2002	12/1/2004	24	11/1/2002	Expired	Fixed		1	National Fuel Gas Distribution Corp.	NY	488,232	Dth
1466	Retail	X	12/1/2002	12/1/2004	24	11/1/2002	Expired	Fixed		1	Bath Electric, Gas & Water Systems	NY	268,272	Dth
1467	Retail	X	12/1/2002	12/1/2004	24	11/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	2,811,744	Dth
1468	Retail	X	11/1/2003	11/1/2004	12	10/1/2003	Expired	Fixed		1	Washington Gas & Light Company	MD	3,435,372	Dth
1469	Retail	X	12/1/2003	12/4/2004	12	11/1/2003	Expired	Fixed		1	Pacific Gas and Electric Company (PGE)	CA	1,125,912	Dth
1472	Retail	X	3/1/2002	8/1/2003	18	2/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	9,160	Dth
1497	Retail	X	1/1/2002	1/1/2003	12	12/1/2001	Expired	Fixed		1	Consolidated Edison Company of New York	NY	9,999	Dth
1505	Retail	X	2/1/2002	2/1/2003	12	1/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	105,996	Dth
1513	Retail	X	12/24/2003	12/24/2004	12	11/24/2003	Expired	Fixed		1	NSTAR Electric and Gas Corporation	MA	8,616	Dth
1517	Retail	X	11/1/2003	5/1/2005	18	10/1/2003	Expired	Fixed		1	Valley Cities (Valley Energy)	NJ	237,939	Dth
1518	Retail	X	11/1/2003	4/1/2005	17	10/1/2003	Expired	Fixed		1	UGI Penn Natural Gas - PG Energy	NJ	142,749	Dth
1571	Retail	X	5/1/2006	5/1/2007	12	3/1/2006	Expired	Fixed		4	Rockwood Water and Gas	TN	61,612	Dth
1579	Retail	X	6/1/2006	6/1/2007	12	4/13/2006	Cancelled	Indexed	NYMEX	0				
1600	Retail	X	3/1/2002	3/1/2003	12	2/1/2002	Expired	Fixed		1	Consolidated Edison Company of New York	NY	5,100	Dth
1607	Retail	X	7/1/2006	7/1/2008	24	5/17/2006	Expired	Fixed		2	Consolidated Edison Company of New York	NY	22,452	Dth
1623	Retail	X	6/1/2006	6/1/2007	12	5/9/2006	Expired	Fixed		1	Washington Gas Light Company	DC	804,000	Dth
1624	Retail	X	6/1/2006	6/1/2007	12	5/9/2006	Expired	Fixed		1	Washington Gas & Light Company	MD	175,715	Dth
1625	Retail	X	6/1/2006	6/1/2007	12	5/9/2006	Expired	Fixed		24	Washington Gas Light Company	VA	22,667	Dth
1626	Retail	X	6/1/2006	6/1/2007	12	5/9/2006	Expired	Fixed		42	Washington Gas & Light Company	MD	107,713	Dth
1627	Retail	X	6/1/2006	6/1/2008	24	5/10/2006	Expired	Fixed		1	Vectren Corporation	IN	508,868	Dth
1628	Retail	X	6/1/2006	6/1/2007	12	5/10/2006	Expired	Fixed		4	Detroit Edison	MI	167,360	Dth
1629	Retail	X	6/1/2006	6/1/2007	12	5/10/2006	Expired	Fixed		2	SEMCO ENERGY	MI	173,925	Dth

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Contract #	Contract Type	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Price Index	# of Accounts	Utility	Service State	Quantity	Qty UOM
1630	Retail	X	6/1/2006	6/1/2007	12	5/10/2006	Expired	Fixed		2	Dominion East Ohio	OH	302,016	Dth
1631	Retail	X	6/1/2006	6/1/2007	12	5/10/2006	Expired	Fixed		1	Peoples Gas Light and Coke Company	IL	74,229	Dth
1632	Retail	X	6/1/2006	6/1/2008	24	5/10/2006	Expired	Fixed		1	Alliant Energy	IA	269,622	Dth
1633	Retail	X	6/1/2006	6/1/2007	12	5/10/2006	Expired	Fixed		2	Laclede Gas Company	MO	108,335	Dth
1634	Retail	X	6/1/2006	6/1/2008	24	5/11/2006	Expired	Fixed		3	Xcel Energy/Public Service Co. Colorado	CO	410,330	Dth
1635	Retail	X	6/1/2006	6/1/2007	12	5/11/2006	Expired	Fixed		1	SEMCO ENERGY	MI	35,482	Dth
1636	Retail	X	6/1/2006	6/1/2007	12	5/11/2006	Expired	Fixed		1	Columbia Gas of Ohio Inc.	OH	3,203	Dth
1637	Retail	X	6/1/2006	6/1/2007	12	5/11/2006	Expired	Fixed		8	Washington Gas & Light Company	MD	62,794	Dth
1638	Retail	X	6/1/2006	6/1/2007	12	5/11/2006	Expired	Fixed		7	Atmos Energy	TX	624,635	Dth
1639	Retail	X	6/1/2006	6/1/2007	12	5/16/2006	Expired	Fixed		1	Dominion East Ohio	OH	6,167	Dth
1640	Retail	X	6/1/2006	6/1/2007	12	4/13/2006	Expired	Indexed	NYMEX	1	Columbia Gas of Kentucky Inc	KY	144,064	Dth
1648	Retail	X	8/1/2006	8/1/2007	12	7/10/2006	Expired	Indexed	NYMEX	1	Atmos Energy	KY	34,477	Dth
1649	Retail	X	8/1/2006	8/1/2007	12	7/10/2006	Expired	Indexed	NYMEX	1	Atmos Energy	KY	14,850	Dth
1650	Retail	X	8/1/2006	8/1/2007	12	7/10/2006	Expired	Indexed	NYMEX	1	Atmos Energy	KY	39,114	Dth
1651	Retail	X	8/1/2006	8/1/2007	12	7/10/2006	Expired	Indexed	NYMEX	1	Atmos Energy	KY	12,206	Dth
1652	Retail	X	12/1/2006	12/1/2008	24	6/27/2006	Active	Indexed	NYMEX	16	New Jersey Natural Gas (NJNG)	NJ	478,988	Dth
1678	Retail	X	1/1/2007	10/31/2007	10	9/6/2006	Expired	Fixed		1	Equitable Gas Company PA	PA	120,429	Dth
1679	Retail	X	11/1/2006	11/1/2007	12	9/6/2006	Expired	Fixed		3	Dominion Peoples	PA	198,609	Dth
1680	Retail	X	11/1/2006	11/1/2007	12	9/6/2006	Expired	Fixed		2	Columbia Gas of Pennsylvania Inc.	PA	141,060	Dth
1681	Retail	X	11/1/2006	11/1/2007	12	9/6/2006	Expired	Fixed		3	National Fuel Gas Distribution Corporati	PA	109,446	Dth
1682	Retail	X	11/1/2006	11/1/2008	24	9/6/2006	Active	Fixed		3	PPL Utilities	PA	394,564	Dth
1683	Retail	X	11/1/2006	11/1/2007	12	9/8/2006	Expired	Indexed	NYMEX	2	UGI Utilities, Inc.	PA	88,572	Dth
1684	Retail	X	12/1/2006	12/1/2008	24	9/6/2006	Cancelled	Indexed	NYMEX	0				
1685	Retail	X	12/1/2006	12/1/2008	24	9/6/2006	Active	Indexed	NYMEX	2	Atmos Energy	KY	123,956	Dth
1686	Retail	X	7/1/2006	7/1/2007	12	5/10/2006	Expired	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	238,418	Dth
1687	Retail	X	7/1/2006	7/1/2008	24	5/16/2006	Expired	Fixed		4	Atmos Energy	TX	57,976	Dth
1688	Retail	X	7/1/2006	7/1/2008	24	5/16/2006	Expired	Fixed		1	Atmos Energy	TX	123,040	Dth
1689	Retail	X	7/1/2006	7/1/2008	24	5/31/2006	Expired	Fixed		4	Pacific Gas and Electric Company (PGE)	CA	57,588	Dth
1690	Retail	X	8/1/2006	8/1/2008	24	6/7/2006	Expired	Fixed		2	Duke Energy-Ohio	OH	128,350	Dth
1691	Retail	X	8/1/2006	8/1/2007	12	6/13/2006	Expired	Fixed		4	Public Service Electric and Gas Company	NJ	47,943	Dth
1692	Retail	X	8/1/2006	8/1/2008	24	6/13/2006	Expired	Fixed		5	Public Service Electric and Gas Company	NJ	87,078	Dth
1693	Retail	X	8/1/2006	8/1/2007	12	7/18/2006	Expired	Fixed		1	Duke Energy-Ohio	OH	90,706	Dth
1694	Retail	X	9/1/2006	9/1/2008	24	5/24/2006	Expired	Fixed		35	Atlanta Gas Light Company	GA	252,872	Dth
1695	Retail	X	9/1/2006	9/1/2007	12	5/24/2006	Expired	Fixed		1	TECO Peoples Gas	FL	32,637	Dth

[illegible]	[illegible]	[illegible]	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	[illegible] Accounts	Utility	Service State	Quantity	Qty UOM
1696	Retail	X	9/1/2006	9/1/2008	24	5/24/2006	Expired	Fixed		3	Atlanta Gas Light Company	GA	367,322	Dth
1697	Retail	X	9/1/2006	9/1/2008	24	5/24/2006	Expired	Fixed		3	Columbia Gas of Kentucky Inc	KY	442,918	Dth
1698	Retail	X	9/1/2006	9/1/2008	24	5/24/2006	Expired	Fixed		1	Delta Natural Gas Company, Inc.	KY	107,942	Dth
1699	Retail	X	9/1/2006	9/1/2008	24	5/24/2006	Expired	Fixed		2	Citizens Gas and Coke Utility	IN	125,944	Dth
1700	Retail	X	9/1/2006	9/1/2007	12	5/25/2006	Expired	Fixed		2	Ameren CIPS	IL	50,246	Dth
1701	Retail	X	9/1/2006	9/1/2007	12	5/25/2006	Expired	Fixed		2	Columbia Gas of Ohio Inc.	OH	223,285	Dth
1702	Retail	X	9/1/2006	9/1/2007	12	6/7/2006	Expired	Fixed		1	Atmos Energy Corporation (Greeley Gas)	CO	142,791	Dth
1703	Retail	X	10/1/2006	10/1/2007	12	5/23/2006	Expired	Fixed		23	Bay State Gas Company	MA	208,039	Dth
1704	Retail	X	10/1/2006	10/1/2007	12	5/23/2006	Expired	Fixed		1	Bay State Gas Company	MA	17,246	Dth
1705	Retail	X	10/1/2006	10/1/2007	12	5/23/2006	Expired	Fixed		16	Yankee Gas	CT	66,237	Dth
1706	Retail	X	10/1/2006	10/1/2007	12	5/23/2006	Expired	Fixed		2	Southern Connecticut Gas Co	CT	13,794	Dth
1707	Retail	X	10/1/2006	10/1/2008	24	5/25/2006	Active	Fixed		1	Wisconsin Gas Company	WI	212,110	Dth
1708	Retail	X	10/1/2006	10/1/2008	24	5/25/2006	Active	Fixed		9	Atmos Energy	TX	83,916	Dth
1709	Retail	X	10/1/2006	10/1/2007	12	7/18/2006	Expired	Fixed		1	Cheyenne Light Fuel & Power Co	WY	44,651	Dth
1710	Retail	X	4/1/2007	4/1/2009	24	7/18/2006	Active	Fixed		1	Avista Utilities	WA	95,558	Dth
1711	Retail	X	11/1/2006	11/1/2008	24	5/16/2006	Active	Fixed		2	Washington Gas Light Company	DC	23,740	Dth
1712	Retail	X	11/1/2006	11/1/2007	12	5/25/2006	Expired	Fixed		3	Peoples Gas Light and Coke Company	IL	191,759	Dth
1713	Retail	X	11/1/2006	11/1/2007	12	5/25/2006	Expired	Fixed		1	Peoples Gas Light and Coke Company	IL	4,720	Dth
1714	Retail	X	11/1/2006	11/1/2008	24	5/25/2006	Active	Fixed		1	Nicor Incorporated	IL	725,676	Dth
1715	Retail	X	11/1/2006	11/1/2008	24	5/25/2006	Active	Fixed		1	MidAmerican Energy Company	IA	192,288	Dth
1716	Retail	X	11/1/2006	11/1/2008	24	5/31/2006	Active	Fixed		1	Atmos Energy	TX	269,838	Dth
1717	Retail	X	11/1/2006	11/1/2008	24	5/31/2006	Active	Fixed		4	Oklahoma Natural Gas Company	OK	518,466	Dth
1718	Retail	X	11/1/2006	11/1/2008	24	5/31/2006	Active	Fixed		1	Public Service Company of New Mexico	NM	222,204	Dth
1719	Retail	X	11/1/2006	11/1/2007	12	5/31/2006	Expired	Fixed		3	Xcel Energy/Public Service Co. Colorado	CO	45,132	Dth
1720	Retail	X	11/1/2006	11/1/2008	24	6/1/2006	Active	Fixed		1	Exelon (PECO Energy Company)	PA	263,096	Dth
1721	Retail	X	11/1/2006	11/1/2008	24	6/1/2006	Active	Fixed		3	UGI Penn Natural Gas - PG Energy	PA	608,154	Dth
1722	Retail	X	11/1/2006	11/1/2008	24	6/1/2006	Active	Fixed		1	Virginia Natural Gas	VA	256,242	Dth

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1723	Retail	X	11/1/2006	11/1/2008	24	6/6/2006	Active	Fixed		1	MidAmerican Energy Company	IA	22,690	Dth
1724	Retail	X	11/1/2006	11/1/2008	24	6/7/2006	Active	Fixed		1	National Fuel Gas Distribution Corporati	PA	23,262	Dth
1725	Retail	X	11/1/2006	11/1/2008	24	6/7/2006	Active	Fixed		3	Equitable Gas Company PA	PA	521,104	Dth
1726	Retail	X	11/1/2006	11/1/2008	24	6/7/2006	Active	Fixed		2	Baltimore Gas & Electric Company (BGE)	MD	109,934	Dth
1727	Retail	X	11/1/2006	11/1/2008	24	6/7/2006	Active	Fixed		1	Columbia Gas of Virginia Inc.	VA	268,644	Dth
1728	Retail	X	11/1/2006	11/1/2008	24	6/13/2006	Active	Fixed		1	Central Hudson Gas & Electric Corp.	NY	119,970	Dth
1729	Retail	X	11/1/2006	11/1/2008	24	6/13/2006	Active	Fixed		4	Washington Gas & Light Company	MD	600,148	Dth
1730	Retail	X	11/1/2006	11/1/2007	12	6/13/2006	Expired	Fixed		1	Intermountain Gas Company	ID	311,725	Dth
1731	Retail	X	11/1/2006	11/1/2008	24	6/20/2006	Active	Fixed		2	Xcel Energy/Public Service Co. Colorado	CO	290,398	Dth
1732	Retail	X	11/1/2006	11/1/2007	12	6/20/2006	Expired	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	9,804	Dth
1733	Retail	X	12/1/2006	12/1/2008	24	5/16/2006	Active	Fixed		2	Consolidated Edison Company of New York	NY	47,972	Dth
1734	Retail	X	12/1/2006	12/1/2007	12	5/17/2006	Expired	Fixed		2	Public Service Electric and Gas Company	NJ	143,776	Dth
1735	Retail	X	12/1/2006	12/1/2008	24	5/17/2006	Active	Fixed		4	Pacific Gas and Electric Company (PGE)	CA	594,662	Dth
1736	Retail	X	12/1/2006	12/1/2008	24	5/31/2006	Active	Fixed		1	Long Beach Gas	CA	283,564	Dth
1737	Retail	X	12/1/2006	12/1/2008	24	5/31/2006	Active	Fixed		1	Unisource (formly.Citizens Arizona Gas)	AZ	109,040	Dth
1738	Retail	X	12/1/2006	12/1/2008	24	6/6/2006	Active	Fixed		1	Cascade Natural Gas Company	WA	65,254	Dth
1739	Retail	X	12/1/2006	12/1/2008	24	6/6/2006	Active	Fixed		2	San Diego Gas and Electric Co. / Sempra	CA	803,860	Dth
1740	Retail	X	12/1/2006	12/1/2008	24	6/6/2006	Active	Fixed		1	Southern California Gas Co- The Gas Comp	CA	196,096	Dth
1741	Retail	X	12/1/2006	12/1/2008	24	6/6/2006	Active	Fixed		1	Puget Sound	WA	246,198	Dth
1742	Retail	X	12/1/2006	12/1/2008	24	6/13/2006	Active	Fixed		3	National Fuel Gas Distribution Corp.	NY	23,740	Dth
1743	Retail	X	12/1/2006	12/1/2008	24	6/13/2006	Active	Fixed		3	National Fuel Gas Distribution Corp.	NY	402,964	Dth
1744	Retail	X	12/1/2006	12/1/2008	24	6/14/2006	Active	Fixed		4	Consolidated Edison Company of New York	NY	1,113,830	Dth
1745	Retail	X	2/1/2007	2/1/2009	24	5/24/2006	Active	Fixed		1	National Fuel Gas Distribution Corporati	PA	95,682	Dth
1746	Retail	X	2/1/2007	2/1/2009	24	5/24/2006	Active	Fixed		1	PPL Utilities	PA	149,162	Dth
1747	Retail	X	2/1/2007	2/1/2009	24	5/24/2006	Active	Fixed		1	UGI Utilities, Inc.	PA	282,812	Dth
1748	Retail	X	2/1/2007	2/1/2009	24	6/1/2006	Active	Fixed		3	Mountaineer Gas	WV	467,460	Dth

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Contract #	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Price Index	Total Accounts	Utility	Service State	Quantity	[illegible]
1749	Retail	X	2/1/2007	2/1/2009	24	6/1/2006	Active	Fixed		1	Baltimore Gas & Electric Company (BGE)	MD	420,934	Dth
1750	Retail	X	2/1/2007	2/1/2009	24	6/1/2006	Active	Fixed		1	Columbia Gas of Maryland Inc.	MD	164,458	Dth
1751	Retail	X	2/1/2007	2/1/2009	24	6/1/2006	Active	Fixed		1	Delmarva Power Company□	DE	114,802	Dth
1752	Retail	X	2/1/2007	2/1/2009	24	6/1/2006	Active	Fixed		1	Hope Gas Incorporated	WV	111,480	Dth
1753	Retail	X	2/1/2007	2/1/2009	24	6/6/2006	Active	Fixed		1	New York State Electric & Gas Corp.	NY	271,424	Dth
1754	Retail	X	2/1/2007	2/1/2009	24	6/14/2006	Active	Fixed		1	National Grid - Niagara Mohawk	NY	330,856	Dth
1755	Retail	X	10/1/2006	10/1/2008	24	9/13/2006	Active	Fixed		1	Roanoke Gas Company	VA	402,830	Dth
1759	Retail	X	12/1/2007	12/1/2009	24	9/27/2006	Active	Fixed		2	Public Service Electric and Gas Company	NJ	287,552	Dth
1760	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		1	SEMCO ENERGY	MI	35,482	Dth
1761	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		1	Dominion East Ohio	OH	8,167	Dth
1762	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		2	SEMCO ENERGY	MI	173,925	Dth
1763	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		2	Dominion East Ohio	OH	302,016	Dth
1764	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		1	Columbia Gas of Ohio Inc.	OH	3,203	Dth
1765	Retail	X	8/1/2007	8/1/2008	12	9/27/2006	Expired	Fixed		4	Public Service Electric and Gas Company	NJ	47,943	Dth
1766	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		4	Detroit Edison	MI	167,360	Dth
1767	Retail	X	7/1/2007	7/1/2008	12	9/27/2006	Expired	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	238,418	Dth
1768	Retail	X	9/1/2007	9/1/2008	12	9/27/2006	Expired	Fixed		2	Columbia Gas of Ohio Inc.	OH	223,285	Dth
1769	Retail	X	6/1/2007	6/1/2008	12	9/27/2006	Expired	Fixed		7	Atmos Energy	TX	624,635	Dth
1770	Retail	X	9/1/2007	4/1/2008	7	9/28/2006	Expired	Fixed		1	Atmos Energy Corporation (Greeley Gas)	CO	102,638	Dth
1771	Retail	X	9/1/2007	9/1/2008	12	9/28/2006	Expired	Fixed		2	Ameren CIPS	IL	50,246	Dth
1772	Retail	X	6/1/2007	6/1/2008	12	9/28/2006	Expired	Fixed		42	Washington Gas & Light Company	MD	107,713	Dth
1773	Retail	X	6/1/2007	6/1/2008	12	9/28/2006	Expired	Fixed		1	Washington Gas & Light Company	MD	281,326	Dth
1774	Retail	X	6/1/2007	6/1/2008	12	9/28/2006	Expired	Fixed		2	Laclede Gas Company	MO	108,335	Dth
1775	Retail	X	6/1/2007	6/1/2009	24	9/28/2006	Active	Fixed		1	Washington Gas Light Company	DC	1,608,000	Dth
1776	Retail	X	11/1/2007	11/1/2008	12	9/28/2006	Active	Fixed		1	Peoples Gas Light and Coke Company	IL	4,720	Dth
1777	Retail	X	11/1/2007	11/1/2008	12	9/28/2006	Active	Fixed		3	Peoples Gas Light and Coke Company	IL	191,759	Dth
1778	Retail	X	11/1/2007	11/1/2008	12	9/28/2006	Active	Fixed		1	Intermountain Gas Company	ID	311,725	Dth
1779	Retail	X	11/1/2007	11/1/2008	12	9/29/2006	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	9,804	Dth

Contract	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Submitted Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Qty UOM
1783	Retail	X	1/1/2006	11/30/2007	23	11/2/2005	Expired	Indexed	NYMEX	26	South Jersey Gas Company (SJG)	NJ	6,195	Dth
1845	Retail	X	11/1/2007	10/1/2008	11	12/7/2006	Active	Indexed	NYMEX	1	Columbia Gas of Pennsylvania Inc.	PA	104,645	Dth
1846	Retail	X	1/1/2007	7/31/2007	7	12/11/2006	Expired	Fixed		5	Keyspan Energy Delivery (National Grid)	MA	14,425	Dth
1847	Retail	X	4/1/2008	10/1/2008	6	12/6/2006	Active	Indexed	NYMEX	9	Consumers Energy Company	MI	9,548	Dth
1848	Retail	X	4/1/2008	10/1/2008	6	12/6/2006	Active	Indexed	NYMEX	7	SEMCO ENERGY	MI	88,200	Dth
1849	Retail	X	10/1/2007	10/1/2008	12	12/6/2006	Active	Indexed	NYMEX	3	Nicor Incorporated	IL	100,503	Dth
1850	Retail	X	6/1/2007	10/1/2008	16	12/6/2006	Active	Indexed	NYMEX	1	WE Energies	WI	19,120	Dth
1851	Retail	X	10/1/2007	10/1/2008	12	12/6/2006	Active	Indexed	NYMEX	1	Ameren Corporation	MO	25,970	Dth
1852	Retail	X	10/1/2007	10/1/2008	12	12/7/2006	Active	Indexed	NYMEX	1	Kansas Gas Service	KS	53,934	Dth
1853	Retail	X	10/1/2007	10/1/2008	12	12/7/2006	Active	Indexed	NYMEX	1	Oklahoma Gas and Elecctric	OK	66,522	Dth
1854	Retail	X	10/1/2007	10/1/2008	12	12/7/2006	Active	Indexed	NYMEX	1	Xcel Energy/Public Service Co. Colorado	CO	90,013	Dth
1855	Retail	X	8/1/2007	10/1/2008	14	12/7/2006	Active	Indexed	NYMEX	1	Columbia Gas of Ohio Inc.	OH	3,050	Dth
1856	Retail	X	10/1/2007	10/1/2008	12	12/7/2006	Active	Indexed	NYMEX	1	Ohio Gas Company	OH	65,043	Dth
1857	Retail	X	10/1/2007	10/1/2008	12	12/7/2006	Active	Indexed	NYMEX	1	VECTREN (Formerly Dayton Power & Light)	OH	60,675	Dth
1858	Retail	X	11/1/2007	10/1/2008	11	12/7/2006	Active	Indexed	NYMEX	1	PPL Utilities	PA	24,707	Dth
1859	Retail	X	10/1/2007	10/1/2008	12	12/8/2006	Active	Indexed	NYMEX	1	Piedmont Natural Gas	NC	66,307	Dth
1860	Retail	X	11/1/2007	11/1/2008	12	12/8/2006	Active	Indexed	AECO C DAILY	2	Enbridge Inc.	ON	20,979	Dth
1861	Retail	X	11/1/2007	11/1/2008	12	12/8/2006	Active	Indexed	AECO C DAILY	2	Union Gas	ON	113,710	Dth
1862	Retail	X	10/1/2007	10/1/2008	12	12/8/2006	Active	Indexed	NYMEX	1	Atmos Energy	KY	33,725	Dth
1863	Retail	X	11/1/2007	10/1/2008	11	12/8/2006	Active	Indexed	NYMEX	1	Columbia Gas of Kentucky Inc	KY	64,530	Dth
1864	Retail	X	11/1/2007	10/1/2008	11	12/8/2006	Active	Indexed	NYMEX	1	Louisville Gas and Electric	KY	35,500	Dth
1880	Retail	X	10/1/2007	10/1/2008	12	1/10/2007	Active	Indexed	HENRY HUB	1	MidAmerican Energy Company	IA	93,672	Dth
1899	Retail	X	4/1/2007	9/30/2008	18	3/1/2007	Active	Fixed		3	Orange and Rockland Utilities, Inc.	NY	97,022	Dth
1946	Retail	X	6/1/2007	5/31/2009	24	5/11/2007	Active	Indexed	NYMEX	1	Columbia Gas of Kentucky Inc	KY	327,972	Dth
1949	Retail	X	6/1/2007	5/31/2008	12	5/15/2007	Cancelled	Indexed	NYMEX	1	Columbia Gas of Kentucky Inc	KY	4,981	Dth
1960	Retail	X	7/1/2007	12/31/2007	6	5/22/2007	Expired	Fixed		2	National Fuel Gas Distribution Corporati	PA	23,428	Dth
1961	Retail	X	10/1/2007	9/30/2008	12	5/22/2007	Active	Indexed	NYMEX	1	Atmos Energy	TX	389,900	Dth
1970	Wholesale	X	6/1/2007	9/30/2007	4	5/23/2007	Expired	Indexed	HOUSTON SHIP CHANNEL	1	Austin Energy	TX	1,220,000	Dth
1971	Wholesale	X	6/1/2007	9/30/2007	4	5/23/2007	Expired	Indexed	WAHA	1	Austin Energy	TX	1,220,000	Dth
1972	Wholesale	X	10/1/2007	4/30/2008	7	6/6/2007	Expired	Fixed	NYMEX	1	Wholesale		106,500	Dth

Contract ID	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Execution Date	Contract Status	Pricing Type	Pricing Index	# of Accounts	Utility	Service State	Quantity	Qty UOM
1973	Retail	X	7/1/2007	9/30/2009	27	6/6/2007	Cancelled	Indexed	NYMEX	4	Consolidated Edison Company of New York	NY	266,156	Dth
1974	Retail	X	7/1/2007	12/31/2008	18	5/25/2007	Active	Indexed	NYMEX	2	UGI Penn Natural Gas - PG Energy	PA	91,704	Dth
1975	Retail	X	7/1/2007	12/31/2008	18	5/25/2007	Active	Indexed	NYMEX	2	Exelon (PECO Energy Company)	PA	354,264	Dth
1976	Retail	X	7/1/2007	12/31/2008	18	5/25/2007	Active	Indexed	NYMEX	1	PPL Utilities	PA	6,562	Dth
1977	Retail	X	7/1/2007	6/30/2009	24	6/12/2007	Active	Indexed	NYMEX	1	National Fuel Gas Distribution Corp.	NY	192,224	Dth
1978	Retail	X	7/1/2007	6/30/2008	12	6/12/2007	Expired	Indexed	NYMEX	9	Nicor Incorporated	IL	236,333	Dth
1979	Retail	X	10/1/2007	9/30/2009	24	6/12/2007	Active	Fixed		23	Bay State Gas Company	MA	404,386	Dth
1981	Retail	X	6/1/2007	5/31/2008	12	6/12/2007	Expired	Fixed		2	Washington Gas & Light Company	MD	16,432	Dth
1982	Retail	X	6/1/2007	5/31/2008	12	6/12/2007	Expired	Fixed		23	Washington Gas Light Company	VA	17,638	Dth
1983	Retail	X	9/1/2007	8/31/2008	12	6/12/2007	Expired	Fixed		1	TECO Peoples Gas	FL	26,458	Dth
1984	Retail	X	6/1/2007	5/31/2008	12	6/12/2007	Expired	Fixed		2	Washington Gas & Light Company	MD	122,060	Dth
1985	Retail	X	8/1/2007	1/31/2009	18	6/12/2007	Active	Fixed		1	Mountaineer Gas	WV	83,378	Dth
1986	Retail	X	6/1/2007	12/31/2007	7	6/12/2007	Expired	Fixed		1	Peoples Gas Light and Coke Company	IL	25,471	Dth
1987	Retail	X	10/1/2007	9/30/2009	24	6/12/2007	Active	Fixed		1	Bay State Gas Company	MA	27,598	Dth
1994	Retail	X	11/1/2007	10/31/2008	12	6/26/2007	Active	Indexed	NYMEX	1	Equitable Gas Company PA	PA	167,261	Dth
1995	Retail	X	11/1/2007	10/31/2008	12	6/26/2007	Active	Indexed	NYMEX	3	Dominion Peoples	PA	201,177	Dth
1996	Retail	X	11/1/2007	10/31/2008	12	6/26/2007	Active	Indexed	NYMEX	2	UGI Utilities, Inc.	PA	83,957	Dth
1997	Retail	X	11/1/2007	10/31/2008	12	6/26/2007	Active	Indexed	NYMEX	2	Columbia Gas of Pennsylvania Inc.	PA	159,834	Dth
1998	Retail	X	11/1/2007	10/31/2008	12	6/26/2007	Active	Indexed	NYMEX	3	National Fuel Gas Distribution Corporati	PA	113,575	Dth
2005	Retail	X	9/1/2007	8/31/2008	12	7/17/2007	Expired	Indexed	NYMEX	1	TECO Peoples Gas	FL	40,063	Dth
2007	Retail	X	9/1/2007	8/31/2009	24	7/17/2007	Active	Fixed		3	Washington Gas Light Company	DC	8,934	Dth
2008	Retail	X	9/1/2007	8/31/2009	24	7/17/2007	Active	Fixed		12	Washington Gas Light Company	VA	3,444	Dth
2012	Retail	X	10/1/2007	9/30/2008	12	7/17/2007	Active	Fixed		18	Bay State Gas Company	MA	583,948	Dth
2013	Retail	X	10/1/2007	9/30/2008	12	7/17/2007	Active	Fixed		2	Bay State Gas Company	MA	136,800	Dth
2019	Retail	X	8/1/2007	10/31/2007	3	7/30/2007	Expired	Fixed		3	Keyspan Energy Delivery (National Grid)	MA	2,240	Dth
2031	Retail	X	10/1/2007	9/30/2008	12	8/15/2007	Active	Fixed		1	Consolidated Edison Company of New York	NY	51,262	Dth
2032	Retail	X	11/1/2007	5/31/2009	19	8/16/2007	Active	Indexed	NYMEX	3	MidAmerican Energy Company	IA	527,131	Dth
2033	Retail	X	7/1/2008	5/31/2009	11	8/16/2007	Active	Indexed	NYMEX	1	MidAmerican Energy Company	IA	74,372	Dth
2034	Retail	X	11/1/2007	5/31/2009	19	8/16/2007	Active	Indexed	NYMEX	2	MidAmerican Energy	IL	210,089	Dth

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Contract ID	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	LDCs	Service State	Quantity	Qty UOM
2035	Retail	X	10/1/2007	12/31/2008	15	8/17/2007	Active	Indexed	NYMEX	1	PPL Utilities	PA	12,357	Dth
2036	Retail	X	1/1/2008	12/31/2008	12	7/10/2007	Active	Fixed		1	Duke Energy-Ohio	OH	87,078	Dth
2040	Retail	X	1/1/2008	12/31/2008	12	8/28/2007	Active	Fixed		10	Washington Gas & Light Company	MD	23,937	Dth
2041	Retail	X	1/1/2008	12/31/2008	12	8/28/2007	Active	Fixed		6	Washington Gas & Light Company	MD	91,175	Dth
2068	Retail	X	12/1/2007	11/30/2008	12	10/19/2007	Active	Indexed	NYMEX	1	Piedmont Natural Gas	SC	97,822	Dth
2083	Wholesale	X	11/1/2007	7/31/2008	1	11/8/2007	Expired	Fixed		1	Wholesale	CA	155,000	Dth
2086	Retail	X	1/1/2008	12/31/2009	24	11/9/2007	Active	Fixed		42	South Jersey Gas Company (SJG)	NJ	382,898	Dth
2087	Retail	X	11/1/2007	7/31/2008	9	10/26/2007	Expired	Fixed		2	Keyspan Energy Delivery (National Grid)	MA	12,394	Dth
2095	Wholesale	X	11/1/2007	2/29/2008	1	11/19/2007	Expired	Fixed		1	Wholesale	CA	145,000	Dth
2098	Wholesale	X	11/1/2007	6/30/2008	1	11/19/2007	Expired	Fixed		1	Wholesale	CA	150,000	Dth
2110	Wholesale	X	12/1/2007	8/31/2008	3	12/5/2007	Expired	Fixed		1	Wholesale	TX	460,000	Dth
2111	Wholesale	X	12/1/2007	7/31/2008	1	12/5/2007	Expired	Fixed		1	Wholesale	CA	155,000	Dth
2112	Wholesale	X	12/1/2007	8/31/2008	1	12/5/2007	Expired	Fixed		1	Wholesale	CA	155,000	Dth
2113	Wholesale	X	12/1/2007	12/31/2008	1	12/5/2007	Active	Fixed		1	Wholesale	CA	155,000	Dth
2114	Wholesale	X	12/1/2007	1/31/2009	1	12/5/2007	Active	Fixed		1	Wholesale	CA	155,000	Dth
2115	Wholesale	X	12/1/2007	2/28/2009	1	12/5/2007	Active	Fixed		1	Wholesale	CA	140,000	Dth
2116	Wholesale	X	12/1/2007	8/31/2009	1	12/5/2007	Active	Fixed		1	Wholesale	CA	155,000	Dth
2126	Wholesale	X	12/1/2007	12/31/2010	12	12/14/2007	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2127	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	9	Consumers Energy Company	MI	66,885	Dth
2128	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	6	SEMCO ENERGY	MI	123,960	Dth
2129	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	1	Kansas Gas Service	KS	41,190	Dth
2130	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	1	Oklahoma Gas and Electric	OK	61,400	Dth
2131	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	1	Ameren Corporation	MO	24,475	Dth
2132	Retail	X	10/1/2008	9/30/2009	12	12/14/2007	Active	Indexed	NYMEX	2	Missouri Gas Energy	MO	171,394	Dth
2134	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Northern Indiana Public Service Company	IN	29,383	Dth
2135	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	3	Nicor Incorporated	IL	91,205	Dth
2136	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Ohio Gas Company	OH	75,467	Dth
2137	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	VECTREN (Formerly Dayton Power & Light)	OH	44,690	Dth
2138	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Xcel Energy/Public Service Co. Colorado	CO	81,946	Dth
2139	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	2	PPL Utilities	PA	26,346	Dth
2140	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Piedmont Natural Gas	NC	55,219	Dth
2141	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Atmos Energy	KY	31,340	Dth
2142	Retail	X	10/1/2008	9/30/2009	12	12/12/2007	Active	Indexed	NYMEX	1	Columbia Gas of Kentucky Inc	KY	70,340	Dth
2143	Wholesale	X	12/1/2007	12/31/2010	12	12/20/2007	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2144	Wholesale	X	12/1/2007	2/29/2008	1	12/20/2007	Expired	Fixed		1	Wholesale	CA	580,000	Dth
2145	Wholesale	X	12/1/2007	3/31/2008	1	12/20/2007	Expired	Fixed		1	Wholesale	CA	155,000	Dth
2146	Wholesale	X	12/1/2007	6/30/2008	1	12/20/2007	Expired	Fixed		1	Wholesale	CA	150,000	Dth
2147	Wholesale	X	12/1/2007	7/31/2008	1	12/20/2007	Expired	Fixed		1	Wholesale	CA	155,000	Dth

Contract ID	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Price Index	No. Accounts	Utility	Service State	Quantity	Qty UOM
2150	Wholesale	X	1/1/2008	12/31/2010	12	1/3/2008	Active	Fixed	NYMEX	1	Wholesale	CA	1,825,000	Dth
2152	Retail	X	2/1/2008	12/31/2008	11	12/14/2007	Active	Indexed	NYMEX	2	National Fuel Gas Distribution Corporati	PA	81,825	Dth
2153	Wholesale	X	1/1/2008	5/31/2008	1	1/8/2008	Expired	Fixed		1	Wholesale	CA	310,000	Dth
2154	Wholesale	X	1/1/2008	6/30/2008	1	1/8/2008	Expired	Fixed		1	Wholesale	CA	300,000	Dth
2155	Wholesale	X	1/1/2008	12/31/2010	12	1/8/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2160	Wholesale	X	1/1/2008	12/31/2010	12	1/10/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2161	Wholesale	X	1/1/2008	12/31/2011	12	1/10/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2163	Wholesale	X	1/1/2008	12/31/2010	12	1/17/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2164	Wholesale	X	1/1/2008	12/31/2011	12	1/17/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2165	Wholesale	X	1/1/2008	1/31/2009	1	1/17/2008	Active	Fixed		1	Wholesale	CA	155,000	Dth
2166	Wholesale	X	1/1/2008	9/30/2009	3	1/17/2008	Active	Fixed		1	Wholesale	CA	460,000	Dth
2167	Wholesale	X	1/1/2008	10/31/2009	1	1/17/2008	Active	Fixed		1	Wholesale	CA	310,000	Dth
2168	Wholesale	X	1/1/2008	12/31/2010	12	1/24/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2169	Wholesale	X	1/1/2008	12/31/2011	12	1/24/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2170	Wholesale	X	1/1/2008	2/28/2009	1	1/24/2008	Active	Fixed		1	Wholesale	CA	280,000	Dth
2189	Wholesale	X	2/1/2008	12/31/2010	12	2/22/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2190	Wholesale	X	2/1/2008	12/31/2011	12	2/22/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2191	Wholesale	X	2/1/2008	12/31/2008	9	2/22/2008	Active	Fixed		1	Wholesale	CA	2,750,000	Dth
2195	Wholesale	X	2/1/2008	12/31/2010	12	2/22/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2196	Wholesale	X	2/1/2008	12/31/2011	12	2/22/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2202	Retail	X	1/1/2008	1/31/2008	1	12/1/2007	Expired	Fixed		2	National Fuel Gas Distribution Corporati	PA	19,637	Dth
2203	Retail	X	4/1/2008	4/30/2009	12	2/20/2008	Active	Indexed	NYMEX	5	DTE - MichCon	MI	133,547	Dth
2204	Retail	X	4/1/2008	10/30/2009	19	2/20/2008	Active	Indexed	NYMEX	2	Northern Indiana Public Service Company	IN	232,006	Dth
2212	Wholesale	X	3/1/2008	3/31/2009	1	3/10/2008	Active	Fixed		1	Columbia Gas of Ohio Inc.	OH	10,366,000	Dth
2217	Retail	X	4/1/2008	3/31/2010	24	2/28/2008	Active	Indexed	NYMEX	93	New Jersey Natural Gas (NJNG)	NJ	249,476	Dth
2218	Retail	X	5/1/2008	4/30/2009	12	3/12/2008	Active	Indexed	NYMEX	92	Keyspan Energy Delivery, NY	NY	35,000	Dth
2221	Retail	X	5/1/2008	4/30/2009	12	3/26/2008	Active	Indexed	NYMEX	1	CenterPoint Energy ARKLA	AR	63,095	Dth
2236	Wholesale	X	4/1/2008	3/31/2009	10	4/11/2008	Active	Indexed	NNG Ventura	1	Xcel Energy	CO	9,120,000	Dth
2237	Retail	X	7/1/2008	6/30/2009	12	4/16/2008	Active	Indexed	NYMEX	6	Nicor Incorporated	IL	239,118	Dth
2244	Wholesale	X	5/1/2008	12/31/2011	12	5/2/2008	Active	Fixed	NYMEX	1	Wholesale	CA	1,825,000	Dth
2270	Retail	X	6/1/2008	10/31/2010	29	5/19/2008	Active	Fixed		3	Connecticut Natural Gas	CT	167,735	Dth
2271	Retail	X	7/1/2008	6/30/2011	36	5/21/2008	Active	Indexed	NYMEX	463	Southern Connecticut Gas Co	CT	1,826,602	Dth
2272	Retail	X	7/1/2008	6/30/2010	24	5/21/2008	Active	Indexed	NYMEX	377	Yankee Gas	CT	2,365,274	Dth
2275	Wholesale	X	5/1/2008	12/31/2011	12	5/29/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2276	Wholesale	X	5/1/2008	10/31/2010	7	5/29/2008	Active	Fixed		1	Wholesale	CA	1,070,000	Dth
2277	Wholesale	X	5/1/2008	3/31/2011	3	5/29/2008	Active	Fixed		1	Wholesale	CA	900,000	Dth
2278	Wholesale	X	5/1/2008	3/31/2009	5	5/29/2008	Active	Indexed	NYMEX	1	Xcel Energy	CO	755,000	Dth
2279	Wholesale	X	5/1/2008	3/31/2009	5	5/29/2008	Active	Indexed	NYMEX	1	Xcel Energy	CO	3,246,500	Dth

[illegible]	Business	Customer	Delivery Start Date	Delivery End Date	[illegible]	[illegible]	[illegible]	Price Type	Price Index	[illegible]	[illegible]	[illegible]	Quantity	[illegible]
2280	Wholesale	X	5/1/2008	2/28/2009	3	5/29/2008	Active	Indexed	NYMEX	1	Xcel Energy	CO	1,800,000	Dth
2281	Wholesale	X	5/1/2008	2/28/2009	3	5/29/2008	Active	Indexed	NYMEX	1	Xcel Energy	CO	1,125,000	Dth
2282	Retail	X	10/1/2008	9/30/2011	36	6/28/2008	Active	Fixed		5	Keyspan Energy Delivery (National Grid)	MA	156,183	Dth
2295	Wholesale	X	5/1/2008	12/31/2011	12	5/28/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2296	Wholesale	X	5/1/2008	10/31/2010	7	5/28/2008	Active	Fixed		1	Wholesale	CA	1,070,000	Dth
2306	Wholesale	X	6/1/2008	7/31/2008	1	6/11/2008	Expired	Indexed	IFERC Trunkline LA	1	Consumers Energy Company	MI	310,000	Dth
2307	Wholesale	X	6/1/2008	3/31/2009	5	6/16/2008	Active	Indexed	NYMEX	1	Xcel Energy	CO	2,265,000	Dth
2313	Wholesale	X	6/1/2008	12/31/2011	12	6/18/2008	Active	Fixed	NYMEX	1	Wholesale	CA	1,825,000	Dth
2314	Wholesale	X	6/1/2008	10/31/2010	7	6/18/2008	Active	Fixed	NYMEX	1	Wholesale	CA	1,070,000	Dth
2315	Wholesale	X	6/1/2008	8/30/2011	6	6/18/2008	Active	Fixed	NYMEX	1	Wholesale	CA	905,000	Dth
2337	Wholesale	X	6/1/2008	12/31/2011	12	6/26/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2338	Wholesale	X	6/1/2008	10/31/2010	7	6/26/2008	Active	Fixed		1	Wholesale	CA	1,070,000	Dth
2339	Wholesale	X	6/1/2008	2/28/2010	3	6/26/2008	Active	Fixed		1	Wholesale	CA	450,000	Dth
2340	Wholesale	X	6/1/2008	8/31/2008	1	6/26/2008	Expired	Fixed		1	Wholesale	CA	310,000	Dth
2341	Wholesale	X	6/1/2008	10/31/2008	1	6/26/2008	Active	Fixed		1	Wholesale	CA	310,000	Dth
2342	Wholesale	X	6/1/2008	12/31/2008	1	6/26/2008	Active	Fixed		1	Wholesale	CA	310,000	Dth
2344	Retail	X	7/1/2008	12/31/2008	6	5/16/2008	Active	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	93,105	Dth
2345	Retail	X	8/1/2008	1/31/2009	6	7/1/2008	Active	Fixed		2	Duke Energy-Ohio	OH	30,838	Dth
2346	Retail	X	7/1/2008	6/30/2010	24	5/5/2008	Active	Fixed		1	Atmos Energy	TX	55,944	Dth
2347	Retail	X	7/1/2008	6/30/2010	24	6/5/2008	Active	Fixed		1	Atmos Energy	TX	121,196	Dth
2348	Retail	X	7/1/2008	12/31/2008	6	6/5/2008	Active	Fixed		4	Pacific Gas and Electric Company (PGE)	CA	14,588	Dth
2350	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	1,800,000	Dth
2351	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	900,000	Dth
2352	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	450,000	Dth
2353	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	450,000	Dth
2354	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	450,000	Dth
2355	Wholesale	X	7/1/2008	2/28/2009	3	7/3/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	900,000	Dth
2356	Wholesale	X	6/1/2008	10/31/2008	4	6/24/2008	Active	Indexed	IFERC CIG - Rocky Mountains	1	Xcel Energy/Public Service Co. Colorado	CO	1,230,000	Dth
2357	Wholesale	X	6/1/2008	10/31/2008	4	6/24/2008	Active	Indexed	IFERC CIG - Rocky Mountains	1	Xcel Energy/Public Service Co. Colorado	CO	1,230,000	Dth
2358	Wholesale	X	6/1/2008	10/31/2008	4	6/24/2008	Active	Indexed	IFERC CIG - Rocky Mountains	1	Xcel Energy	CO	1,230,000	Dth
2360	Retail	X	8/1/2008	7/31/2009	12	7/11/2008	Active	Fixed		4	Public Service Electric and Gas Company	NJ	36,231	Dth

Contract ID	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Price Index	No. Accounts	Utility	Service State	Quantity	Quantity UOM
2361	Retail	X	8/1/2008	7/31/2010	24	7/11/2008	Active	Fixed		5	Public Service Electric and Gas Company	NJ	71,752	Dth
2363	Retail	X	10/1/2008	9/30/2009	12	7/17/2008	Active	Fixed		15	Bay State Gas Company	MA	583,946	Dth
2364	Retail	X	10/1/2008	9/30/2009	12	7/17/2008	Active	Fixed		2	Bay State Gas Company	MA	136,800	Dth
2366	Wholesale	X	7/1/2008	10/31/2010	7	7/9/2008	Active	Fixed		1	Wholesale	CA	1,070,000	Dth
2367	Wholesale	X	7/1/2008	12/31/2011	12	7/9/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2368	Wholesale	X	7/1/2008	12/31/2010	12	7/23/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2369	Wholesale	X	7/1/2008	12/31/2011	12	7/23/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2370	Wholesale	X	7/1/2008	10/31/2009	7	7/23/2008	Active	Fixed		1	Wholesale	CA	1,070,000	Dth
2371	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		1	Columbia Gas of Ohio Inc.	OH	171,472	Dth
2372	Retail	X	10/1/2008	9/30/2009	12	7/23/2008	Active	Fixed		2	Dominion East Ohio	OH	300,511	Dth
2373	Retail	X	10/1/2008	9/30/2010	24	7/23/2008	Active	Fixed		1	Dominion East Ohio	OH	20,750	Dth
2374	Retail	X	10/1/2008	9/30/2009	12	7/23/2008	Active	Fixed		2	Columbia Gas of Ohio Inc.	OH	19,037	Dth
2375	Retail	X	10/1/2008	9/30/2009	12	7/23/2008	Active	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	11,629	Dth
2376	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		2	Citizens Gas and Coke Utility	IN	62,084	Dth
2377	Retail	X	10/1/2008	9/30/2009	12	7/23/2008	Active	Fixed		1	Vectren Corporation	IN	259,973	Dth
2378	Retail	X	9/1/2008	8/31/2009	12	7/23/2008	Active	Fixed		1	TECO Peoples Gas	FL	26,297	Dth
2379	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		35	Atlanta Gas Light Company	GA	198,572	Dth
2380	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		3	Atlanta Gas Light Company	GA	354,022	Dth
2381	Retail	X	9/1/2008	8/31/2009	12	7/23/2008	Active	Fixed		3	Columbia Gas of Kentucky Inc	KY	209,935	Dth
2382	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		1	Delta Natural Gas Company, Inc.	KY	123,088	Dth
2383	Retail	X	9/1/2008	8/31/2009	12	7/23/2008	Active	Fixed		1	Ameren CIPS	IL	53,170	Dth
2384	Retail	X	9/1/2008	8/31/2010	24	7/23/2008	Active	Fixed		1	Peoples Gas Light and Coke Company	IL	87,192	Dth
2388	Retail	X	9/1/2008	9/1/2009	12	7/31/2008	Active	Fixed		1	Columbia Gas of Ohio Inc.	OH	145,399	Dth
2389	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	SEMCO ENERGY	MI	69,958	Dth
2390	Retail	X	10/1/2008	10/1/2009	12	7/31/2008	Active	Fixed		2	SEMCO ENERGY	MI	173,443	Dth
2391	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	Roanoke Gas Company	VA	391,138	Dth
2392	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		22	Washington Gas Light Company	VA	37,038	Dth
2393	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		41	Washington Gas & Light Company	MD	168,636	Dth
2394	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	Atmos Energy Corporation (Greeley Gas)	CO	283,310	Dth
2397	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	Wisconsin Gas Company	WI	200,972	Dth
2398	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		2	Laclede Gas Company	MO	172,484	Dth

Contract #	Business	Customer	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	Total Accounts	Utility	Service State	Quantity	Unit of Measure
2399	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		3	Detroit Edison	MI	258,874	Dth
2400	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	Detroit Edison	MI	85,202	Dth
2401	Retail	X	10/1/2008	10/1/2009	12	7/31/2008	Active	Fixed		6	Atmos Energy	TX	611,230	Dth
2402	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		3	Atmos Energy	TX	117,016	Dth
2403	Retail	X	10/1/2008	10/1/2010	24	7/31/2008	Active	Fixed		1	Alliant Energy	IA	290,372	Dth
2404	Retail	X	9/1/2008	5/1/2010	20	7/30/2008	Active	Indexed	NGI Chicago Citygate	5	Peoples Gas Light and Coke Company	IL	77,397	Dth
2405	Retail	X	9/1/2008	5/1/2010	20	7/30/2008	Active	Indexed	NGI Chicago Citygate	35	Nicor Incorporated	IL	530,919	Dth
2408	Retail	X	10/1/2008	9/30/2010	24	8/6/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	79,200	Dth
2418	Wholesale	X	7/1/2008	12/31/2012	12	7/31/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2419	Wholesale	X	7/1/2008	12/31/2010	12	7/31/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2420	Wholesale	X	7/1/2008	12/31/2011	12	7/31/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2436	Retail	X	10/1/2008	9/30/2009	12	8/13/2008	Active	Indexed	NYMEX	2	Equitable Gas Company PA	PA	15,049	Dth
2437	Retail	X	10/1/2008	9/30/2009	12	8/13/2008	Active	Indexed	NYMEX	6	Dominion Peoples	PA	20,374	Dth
2438	Retail	X	10/1/2008	9/30/2009	12	8/13/2008	Active	Indexed	NYMEX	3	Exelon (PECO Energy Company)	PA	60,524	Dth
2453	Retail	X	10/1/2008	9/30/2009	12	8/21/2008	Active	Fixed		2	CenterPoint Energy Minnegasco	MN	22,771	Dth
2461	Wholesale	X	8/1/2008	3/31/2010	1	8/20/2008	Active	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	70,000	Dth
2462	Wholesale	X	7/1/2008	3/31/2009	7	7/22/2008	Active	Fixed		1	Dominion East Ohio	OH	25,000,000	Dth
2467	Wholesale	X	8/1/2008	12/31/2012	12	8/21/2008	Active	Fixed		1	Wholesale	CA	1,830,000	Dth
2468	Wholesale	X	8/1/2008	12/31/2009	12	8/21/2008	Active	Fixed		1	Wholesale	CA	1,825,000	Dth
2469	Wholesale	X	8/1/2008	3/31/2009	5	8/21/2008	Active	Indexed	IFERC CIG - Rocky Mountains	1	Xcel Energy/Public Service Co. Colorado	CO	1,510,000	Dth
2470	Wholesale	X	8/1/2008	2/28/2009	3	8/21/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	1,800,000	Dth
2471	Wholesale	X	8/1/2008	2/28/2009	3	8/21/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	900,000	Dth
2472	Wholesale	X	8/1/2008	2/28/2009	3	8/21/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	1,800,000	Dth
2475	Retail	X	10/1/2008	9/30/2010	24	8/27/2008	Draft	Fixed		0				
2479	Retail	X	12/1/2008	11/30/2010	24	9/9/2008	Active	Fixed		6	Washington Gas & Light Company	MD	50,640	Dth
2480	Retail	X	2/1/2009	1/31/2011	24	9/9/2008	Active	Fixed		1	PPL Utilities	PA	138,782	Dth
2481	Retail	X	2/1/2009	1/31/2011	24	9/9/2008	Active	Fixed		1	UGI Utilities, Inc.	PA	243,340	Dth
2482	Retail	X	12/1/2008	11/30/2009	12	9/9/2008	Active	Fixed		1	Cascade Natural Gas Company	WA	34,778	Dth
2483	Retail	X	1/1/2009	12/31/2009	12	9/9/2008	Active	Fixed		1	Duke Energy-Ohio	OH	89,912	Dth
2484	Retail	X	12/1/2008	11/30/2009	12	9/9/2008	Active	Fixed		1	Puget Sound	WA	129,901	Dth
2485	Retail	X	11/1/2008	10/31/2010	24	9/9/2008	Active	Fixed		4	Washington Gas & Light Company	MD	467,720	Dth
2486	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		1	National Fuel Gas Distribution Corporati	PA	104,370	Dth

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[illegible]	[illegible]	[illegible]	Delivery Start Date	Delivery End Date	Contract Months	Settlement Date	Contract Status	Pricing Type	Pricing Index	No. Accounts	Utility	Service State	Quantity	Qty UOM
2487	Retail	X	1/1/2009	12/31/2009	12	9/4/2008	Active	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	213,752	Dth
2488	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		1	Delmarva Power Company□	DE	117,840	Dth
2489	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		1	Mountaineer Gas	WV	104,682	Dth
2490	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		3	Mountaineer Gas	WV	496,698	Dth
2491	Retail	X	2/1/2009	1/31/2010	12	9/4/2008	Active	Fixed		1	Hope Gas Incorporated	WV	65,337	Dth
2492	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		3	Baltimore Gas & Electric Company (BGE)	MD	536,134	Dth
2493	Retail	X	2/1/2009	1/31/2011	24	9/4/2008	Active	Fixed		1	Columbia Gas of Maryland Inc.	MD	156,746	Dth
2501	Retail	X	11/1/2008	10/31/2011	36	9/5/2008	Active	Indexed	NYMEX	3	Keyspan Energy Delivery, NY	NY	701,763	Dth
2510	Retail	X	11/1/2008	3/31/2010	17	9/18/2008	Active	Indexed	NYMEX	5	Nicor Incorporated	IL	172,747	Dth
2514	Wholesale	X	9/1/2008	12/31/2012	12	9/23/2008	Active	Fixed		1	Wholesale	CA	1,830,000	Dth
2521	Retail	X	1/1/2009	10/31/2009	10	9/23/2008	Active	Indexed	NYMEX	2	PPL Utilities	PA	9,347	Dth
2522	Retail	X	11/1/2008	10/31/2009	12	9/23/2008	Active	Indexed	NYMEX	1	Dominion Peoples	PA	8,266	Dth
2523	Retail	X	11/1/2008	10/31/2009	12	9/23/2008	Active	Indexed	NYMEX	1	National Fuel Gas Distribution Corporati	PA	4,819	Dth
2528	Retail	X	1/1/2010	12/31/2010	12	8/28/2008	Active	Indexed	NYMEX	5	National Grid	RI	1,098,725	Dth
2529	Retail	X	12/1/2008	11/30/2010	24	9/11/2008	Active	Fixed		1	Public Service Electric and Gas Company	NJ	162,520	Dth
2535	Retail	X	12/1/2008	11/30/2010	24	10/8/2008	Active	Fixed		1	Keyspan Energy Delivery, NY	NY	2,098	Dth
2536	Retail	X	8/1/2009	7/31/2011	24	10/8/2008	Active	Fixed		1	Washington Gas & Light Company	MD	55,470	Dth
2537	Retail	X	6/1/2009	5/31/2014	60	10/8/2008	Active	Fixed		1	Washington Gas Light Company	DC	5,195,000	Dth
2539	Retail	X	4/1/2009	4/1/2010	12	10/9/2008	Active	Fixed		1	Avista Utilities	WA	51,376	Dth
2540	Retail	X	12/1/2008	11/30/2009	12	9/26/2008	Active	Indexed	NYMEX	4	New Jersey Natural Gas (NJNG)	NJ	25,821	Dth
2541	Retail	X	12/1/2008	11/30/2010	24	9/26/2008	Active	Indexed	NYMEX	6	NUI Elizabethtown Gas-NJ	NJ	61,036	Dth
2542	Retail	X	12/1/2008	11/30/2009	12	9/26/2008	Active	Indexed	NYMEX	22	Public Service Electric and Gas Company	NJ	113,658	Dth
2563	Wholesale	X	10/1/2008	12/31/2012	12	10/13/2008	Active	Fixed		1	Wholesale	CA	1,830,000	Dth
2567	Retail	X	11/1/2008	10/31/2009	12	10/7/2008	Active	Fixed		2	NSTAR Electric and Gas Corporation	MA	62,995	Dth
2573	Wholesale	X	10/1/2008	12/31/2010	1	10/31/2008	Active	Fixed		1	Wholesale	CA	155,000	Dth
2574	Wholesale	X	10/1/2008	9/30/2011	3	10/31/2008	Active	Fixed		1	Wholesale	CA	460,000	Dth
2575	Wholesale	X	10/1/2008	10/31/2011	1	10/31/2008	Active	Fixed		1	Wholesale	CA	155,000	Dth
2576	Wholesale	X	10/1/2008	12/31/2011	1	10/31/2008	Active	Fixed		1	Wholesale	CA	155,000	Dth
2577	Wholesale	X	10/1/2008	12/31/2012	12	10/31/2008	Active	Fixed		1	Wholesale	CA	1,830,000	Dth
2580	Retail	X	9/1/2009	9/1/2010	12	11/5/2008	Active	Fixed		1	Columbia Gas of Ohio Inc.	OH	157,022	Dth
2581	Retail	X	1/1/2010	12/31/2011	24	11/5/2008	Active	Fixed		1	VECTREN (Formerly Dayton Power & Light)	OH	422,280	Dth
2582	Retail	X	10/1/2009	9/30/2011	24	11/6/2008	Active	Fixed		2	SEMCO ENERGY	MI	357,500	Dth

2583	Retail	X	9/1/2009	8/31/2011	24	11/6/2008	Active	Fixed		1	Ameren CIPS	IL	115,002	Dth
2584	Retail	X	10/1/2009	9/30/2010	12	11/6/2008	Active	Fixed		2	Dominion East Ohio	OH	300,222	Dth
2585	Retail	X	12/1/2009	11/30/2010	12	11/6/2008	Active	Fixed		1	Puget Sound	WA	129,901	Dth
2586	Retail	X	12/1/2009	11/30/2010	12	11/6/2008	Active	Fixed		1	Cascade Natural Gas Company	WA	34,778	Dth
2587	Retail	X	12/1/2008	11/30/2010	24	10/23/2008	Active	Fixed		1	Unisource (formly.Citizens Arizona Gas)	AZ	114,742	Dth
2588	Retail	X	1/1/2009	12/31/2010	24	10/23/2008	Active	Fixed		4	Pacific Gas and Electric Company (PGE)	CA	64,170	Dth
2589	Retail	X	6/1/2009	5/31/2010	12	10/23/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	171,790	Dth
2590	Retail	X	6/1/2009	5/31/2011	24	10/23/2008	Active	Fixed		1	Xcel Energy/Public Service Co. Colorado	CO	100,468	Dth
2591	Retail	X	1/1/2010	12/31/2010	12	10/23/2008	Active	Fixed		1	Duke Energy-Ohio	OH	97,867	Dth
2592	Retail	X	1/1/2009	12/31/2011	36	10/23/2008	Active	Fixed		1	Bath Electric, Gas & Water Systems	NY	298,470	Dth
2593	Retail	X	1/1/2009	12/31/2009	12	10/23/2008	Active	Fixed		1	Northwestern Energy	MT	49,666	Dth
2610	Retail	X	12/1/2008	4/30/2010	17	11/17/2008	Draft	Fixed		1	CenterPoint Energy ARKLA	AR	94,921	Dth
2611	Retail	X	9/1/2009	8/31/2010	12	11/19/2008	Active	Fixed		1	TECO Peoples Gas	FL	25,797	Dth
2612	Retail	X	11/1/2009	10/31/2010	12	11/19/2008	Active	Fixed		1	MidAmerican Energy Company	IA	91,628	Dth
2613	Retail	X	11/1/2009	10/31/2010	12	11/19/2008	Active	Fixed		1	MidAmerican Energy Company	IA	10,387	Dth
2614	Retail	X	9/1/2009	8/31/2011	24	11/19/2008	Active	Fixed		3	Columbia Gas of Kentucky Inc	KY	419,870	Dth
2615	Retail	X	2/1/2009	1/31/2011	24	11/19/2008	Active	Fixed		2	Atlanta Gas Light Company	GA	225,724	Dth
2619	Wholesale	X	11/1/2008	12/31/2012	12	11/26/2008	Active	Fixed		1	Wholesale	CA	1,830,000	Dth

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Exhibit D-3 "Key Technical Personnel"

Daniel P. Pugh, CEP – Dan Pugh is Vice President of Supply Management for World Energy's commercial and industrial business. He is responsible for all new and existing supplier relationships, customer-specific energy purchasing and daily operational processes to manage all supply contracts. Dan has 15 years of experience in the energy industry, providing natural gas marketing and management services for large end users. Dan's experience includes major account procurement, contracting, transportation, risk management and storage arbitrage. Dan was an Energy Trader for AEP Energy Services for two years and prior to that was Market Coordinator with Enron Energy Services. Dan graduated Magna Cum Laude with a Bachelor's degree in Business Administration from The Ohio State University.
(614) 790-0400 dpugh@worldenergy.com

Dave Laipple – Dave Laipple is Vice President of Sales and Operations for World Energy's commercial and industrial business. He is responsible for leading World Energy's national sales efforts, as well as targeting and developing strategic partnerships. Dave has more than 24 years of sales and sales management experience and has spent the past 15 years in the energy industry. Prior to joining World Energy, Dave served in several regional and national sales leadership roles with Enron and more recently served as VP of Sales for Accent Energy. Dave holds a BA in Business Administration from Capital University and an MBA from the University of Dayton.
(614) 790-0400 dlaipple@worldenergy.com

Sean Zurbrick, CEP – Sean Zurbrick is Supply Director within World Energy's Supply Management group. He is responsible for supplier offer coordination along with daily procurement and operational processes for consumers. In addition, Sean has a working knowledge of database structure and programming. Prior to World Energy, Sean spent two years at FSG Energy Services and 5 years at Clinton Energy Services as a Senior Natural Gas Analyst. In these positions he was responsible for procurement, scheduling, tariff analysis, purchasing and trading pipeline capacity, least cost routing analysis and storage and capacity management. Sean holds a Bachelor's degree from The Ohio State University.
(614) 790-0400 szubrick@worldenergy.com

Jack J Shumaker, CEP – Jack Shumaker is a Supply Director within World Energy's Supply Management group and has nearly a decade of experience in supply-side energy management services. He began his career with Clinton Energy, a division of Enron Energy Services. At Clinton he was responsible for various purchasing and operational processes. Later he moved to Ashland Energy (Delta) where he was responsible for managing the purchasing and operational processes for numerous large industrial energy users across the U.S. In early 2004 Jack left Delta Energy to join EnergyGateway, which was acquired by World Energy in 2007. Jack earned a Bachelor's degree from The Ohio State University and his MBA from Franklin University.
(614) 790-0400 jshumaker@worldenergy.com

Bill Yeager, CEP – Bill Yeager is a Supply Director within World Energy's Supply Management group and has more than 22 years experience in the energy industry, with focused knowledge on risk management, procurement, pipeline and utility logistics, tariffs and customer service. At World Energy, Bill's responsibilities include daily procurement, supplier offer coordination and operational processes for consumers. Bill works with customers to explain the effects of energy prices and the ways to get out in front of the risks associated with purchasing energy. Prior to World Energy, Yeager worked for FirstEnergy Solutions American Electric Power Energy Services Enron Energy Services, and Ohio Gas Marketing. Bill holds a Bachelor of Science in Agricultural Economics from The Ohio State University.
(614) 790-0400 byeager@worldenergy.com

Roberto Martinez, CFA – Rob Martinez is a Supply Director within World Energy's Supply Management group. He has over ten years experience in the energy industry. He began his career with Enron Corporation in 1998. Rob was in the Analyst and Associate programs and held positions in various groups including Enron Capital and Trade and Enron Energy Services Power Structuring. In early 2002, Rob joined the Mergers and Acquisitions group at Marathon Oil Corporation. Rob worked on buying and selling upstream oil and gas assets and companies. In late 2005, Rob joined Accent Energy as Power and Gas Structuring Manager. Rob priced and structured Mid-Market Power and Gas deals. Rob joined World Energy in December of 2008. Rob holds a Bachelor of Business Administration degree from the University of Notre Dame Mendoza College of Business.
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