

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Directors
TerraPass Inc.
San Francisco, California

We have performed the procedures enumerated below, which were agreed to by management, solely to assist the specified parties in evaluating TerraPass' (the "Company") compliance with its Annual Verification Process Audit for Carbon Offsets for the year ended December 31, 2007. Management is responsible for the Company's compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The purpose of the performed procedures was to verify that sufficient, qualified carbon offsets were acquired to cover all 2007 sales quantities. We performed the following procedures, detailed in Appendix A, which applied to the Company during the reporting period of January 1, 2007 through December 31, 2007.

Verification of Carbon Offset Supply

- We determined that the Company's carbon offset supply exceeded sales.
- We determined that offsets were sourced from either Green-e certified RECs or Chicago Climate Exchange (CCX) carbon offsets.
- We determined that the Company did not double-count any Green-e Certified RECs or CCX offsets.
- We determined that the Company retired an appropriate amount of CCX offsets.

Verification of Carbon Offset Sales

- We determined that the Company's carbon offset sales listing appeared to be complete.
- We vouched a statistical sample of the sales to billing amount, billing date and carbon offset.

No exceptions were noted during the performance of the agreed-upon procedures.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management and is not intended to be and should not be used by anyone other than these specified parties.

SingerLewak LLP



San Jose, California
December 19, 2008

Appendix A
Agreed Upon Procedures Performed
For the Reporting Period of January 1 through December 31, 2007

Supply Side Activity

General Procedures

We reviewed the "Supply Schedule" listing the Green-e and Chicago Climate Exchange (CCX) certified supply and performed the following:

- Verified that there was sufficient supply in Fiscal Year (FY) 07 to cover FY07 sales
- Verified the purchased supply was of the proper vintage
- Verified that the purchased supply was retired
- Reviewed the inventory supply roll-forward schedule

Testing

For 100% of the suppliers listed, we performed the following:

- Vouched the facility name to the Green-e Attestation or CCX data file listing the year of generation, and year of emission reduction
- Vouched to the project certification (Green-e or CCX)
- Vouched quantity of Renewable Energy Certificates (RECs) or CO2 offsets purchased to Green-e Attestation or CCX data file, respectively
- Recalculated the tons of CO2 for RECs purchased according to conversion methodology
- Traced CCX ID number to supporting documentation, if applicable

Sales Side Activity

General Procedures

We reviewed the "Sales by Product Type" schedule and performed the following:

- Compared the current year listing of product types to the prior year listing of product types to determine that the sales by product types appears to be complete
- Agreed the total CO2 sales to a sales listing
- Verified that the CO2 sales all occurred during FY2007
- Compared and agreed total sales revenue per TerraPass schedules to their year end internal financial statements
- Reconciled retirements per CCX data files to sales per worksheets, as applicable

Testing

We selected a sample from the customer list by using a 90% confidence, a tolerable deviation of 10% and an expected deviation rate less than or equal to 0%. On the sample, we performed the following:

- Vouched the billing amount, billing date and CO2 offset to the billing records
- Verified that customer sales from each sales type matched the sales by ton
- Reviewed all Excel sales data files provided; reviewed for date sequence, gaps in transaction number sequencing; investigated any exceptions

We did not address the following:

- Adequacy of TerraPass CO2 inventory methodologies, including the methodology used to calculate CO2 footprint
- Adequacy of CCX methodologies to derive CO2 content of CCX purchases
- Adequacy of methodology to determine methane CO2 equivalency, and if not measured directly, methodology used to derive quantity of methane

Conclusion:

Based on our performance of the above procedures, we noted no exceptions.

