WESTPORT INNOVATIONS INC
Form SUPPL
November 04, 2010

The information in this prospectus supplement is not complete and may be changed. This prospectus supplement is not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.

Filed pursuant to General Instruction II. L. of Form F-10
File No. 333-160709

PROSPECTUS SUPPLEMENT (Subject to Completion)
(to Prospectus dated July 28, 2009)
Issued November 4, 2010

5,500,000 Shares

COMMON SHARES

Westport Innovations Inc. is offering 5,500,000 common shares.

Our Common Shares are listed on the Toronto Stock Exchange, or the TSX, under the trading symbol WPT and on The Nasdaq Global Market, or NASDAQ, under the symbol WPRT. On November 3, 2010, the closing price of the Common Shares on the TSX and NASDAQ was $19.50 and U.S.$19.46, respectively.

Investing in our common shares involves risks. See Risk Factors beginning on page S-11 in this prospectus supplement and in the accompanying prospectus, beginning on page 7.

PRICE U.S. $ PER SHARE

	Price to Public	***Underwriting Discounts and Commissions***	***Proceeds to Company***
Per Share	U.S.$	U.S.$	U.S.$
Total	U.S.$	U.S.$	U.S.$

We have granted the underwriters the right to purchase up to 825,000 additional common shares to cover over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares to purchasers on , 2010.

MORGAN STANLEY *J.P. MORGAN*

LAZARD CAPITAL MARKETS *CRAIG-HALLUM CAPITAL GROUP* *NORTHLAND CAPITAL MARKETS*

November , 2010

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

PROSPECTUS

IMPORTANT NOTICE ABOUT INFORMATION IN THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document is in two parts. The first part is this Prospectus Supplement, which describes the specific terms of Common Shares we are offering and also adds to and updates certain information contained in the Prospectus and the documents incorporated by reference therein. The second part, the Prospectus, gives more general information, some of which may not apply to the Common Shares offered hereunder. This Prospectus Supplement is deemed to be incorporated into the accompanying Prospectus solely for the purpose of the Offering.

You should rely only on the information contained in this Prospectus Supplement and the Prospectus or incorporated by reference into the Prospectus. We have not authorized any other person to provide you with additional or different information. If anyone provides you with different or inconsistent information, you should not rely on it. We and the Underwriters are offering to sell, and seeking offers to buy, these securities only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this Prospectus Supplement and the Prospectus, as well as information we have previously filed with the SEC and with the securities regulatory authority in each of the provinces and territories of Canada that is incorporated in the Prospectus by reference, is accurate as of their respective dates only. Our business, financial condition, results of operations and prospects may have changed since those dates.

In this Prospectus Supplement and the Prospectus, unless otherwise indicated, references to we , us , our , Westport or the Corporation are to Westport Innovations Inc. and all of its wholly-owned and majority-owned

subsidiaries and consolidated joint ventures including Cummins Westport Inc., or, CWI. All references to dollars , Cdn.$ or $ are to Canadian dollars and all references to U.S.$ are to United States dollars. Unless otherwise indicated, all financial information included in this Prospectus Supplement and the Prospectus and incorporated by reference in the Prospectus is determined using Canadian GAAP.

We prepare our financial statements in accordance with Canadian GAAP, which differs from United States generally accepted accounting principles, or, U.S. GAAP. Therefore, our financial statements included in this Prospectus Supplement and the Prospectus and incorporated by reference in the Prospectus and in the documents incorporated by reference in the Prospectus may not be comparable to financial statements prepared in accordance with U.S. GAAP. You should refer to Note 24 of our audited consolidated financial statements for the years ended March 31, 2010 and 2009 and Note 16 of our unaudited consolidated financial statements as at September 30, 2010 for a discussion of the principal measurement differences between our financial results determined under Canadian GAAP and under U.S. GAAP and for disclosure differences. See Documents Incorporated by Reference in this Prospectus Supplement.

SPECIAL NOTICE REGARDING FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus Supplement and the Prospectus, and in certain documents incorporated by reference in the Prospectus, may constitute forward-looking statements . When used in such documents, the words may , would , could , will , intend , plan , anticipate , believe , estimate , expect , expressions, as they relate to us or our management, are intended to identify forward-looking statements. In particular, this Prospectus Supplement, the Prospectus and the documents incorporated by reference in the Prospectus contain forward-looking statements pertaining to the following:

- the future demand for CWI, Westport and Juniper Engines Inc., or, Juniper, products;
- the penetration of our existing markets and expansion of those markets;
- our ability to successfully launch new technology in light-, medium-, and heavy-duty markets initiatives;
- our ability to expand, exploit and protect our intellectual property;
- our capital expenditure and engineering investment programs;
- the future desirability and use of natural gas as an alternative fuel;
- commodity prices and the fuel price differential between natural gas, diesel and other petroleum-based products;
- ongoing relationships between us and our business and joint venture partners;
- our ability to continue to compete with our competitors and their technologies;
- the capital and operating costs of vehicles using our technologies relative to alternative technologies;
- continuing growth in the transportation sector and in the natural gas engine market;
- profit margins and production costs of engines incorporating our technologies;
- the further development of infrastructure supporting the application of natural gas as an alternative fuel;
- increasing penetration of our technologies in key markets within the transportation sector and in key geographic markets;
- increasingly stringent environmental and emissions regulations in the future;

ongoing availability of government incentives and mandates for our technology;
our ability to attract and retain personnel;
production methods for our liquefied natural gas, or, LNG, compressed natural gas, or, CNG, and liquefied petroleum gas, or, LPG, systems;
increasing commercialization of our technologies;
expansion of our product offerings;
our adoption, timing and ability to meet certain accounting and regulatory standards;
the ability of our products to adapt to the use of biogas and manufactured fuels, including hydrogen, as fuels;
our estimates and assumptions used in our accounting policies, and accruals, including warranty accruals, and financial condition;
our use of the net proceeds of the Offering;
our compliance with environmental regulations; and
our foreign subsidiary s past and potential future involvement with countries subject to Canadian and U.S. sanctions and embargoes.

Such statements reflect our current views with respect to future events and are subject to certain risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements due to a number of uncertainties and risks, including the risks described in this Prospectus Supplement, the Prospectus and in the documents incorporated by reference into the Prospectus and other unforeseen risks, including, without limitation:

market acceptance of our products;
product development delays;
delays in contractual commitments;
changing environmental regulations;
the ability to attract and retain business partners;
the success of our business partners and original equipment manufacturers, or, OEMs, with whom we partner;
future levels of government funding and incentives;
competition from incumbent or new technologies;
price differential between CNG, LNG and LPG relative to petroleum-based fuels;
limitations on our ability to protect our intellectual property;
potential claims or disputes in respect of our intellectual property;

limitations in our ability to successfully integrate acquired businesses;
limitations in the development of natural gas refueling infrastructure;
the ability to provide the capital required for research, product development, operations and marketing; and
those risks discussed in this Prospectus Supplement and the accompanying Prospectus under the heading Risk Factors .

You should not rely on any forward-looking statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, after we distribute this Prospectus Supplement, except as otherwise required by law.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus Supplement is deemed to be incorporated by reference into the Prospectus solely for the purpose of the Offering. Other documents are also incorporated or deemed to be incorporated by reference into the Prospectus and reference should be made to the Prospectus for full particulars thereof. See Documents Filed as Part of the Registration Statement in this Prospectus Supplement.

Information has been incorporated by reference into the Prospectus from documents filed with securities commissions or similar authorities in Canada and with the SEC in the United States. Copies of the documents incorporated by reference may be obtained on request without charge from our Vice President, Investor Relations & Communications at 101-1750 West 75th Avenue, Vancouver, British Columbia, V6P 6G2, telephone (604) 718-8321. Copies of documents incorporated by reference may also be obtained by accessing the web site located at *www.sedar.com*.

We have filed the following documents with the securities commissions or similar regulatory authorities in each of the provinces of Canada and with the SEC, and such documents are specifically incorporated by reference into, and form an integral part of, the Prospectus as supplemented by this Prospectus Supplement:

our annual information form dated May 25, 2010, for the year ended March 31, 2010, or, the AIF;
our management proxy circular dated June 1, 2010 relating to the annual and special meeting of shareholders held on July 15, 2010, or, the Management Proxy Circular;
our audited consolidated financial statements as at March 31, 2010 and 2009 and for the years ended March 31, 2010, 2009 and 2008, together with the notes thereto, and the auditors report thereon addressed to our shareholders;
our unaudited consolidated financial statements as at September 30, 2010, together with the notes thereto;
our management s discussion and analysis of financial condition and results of operations dated May 27, 2010, for the year ended March 31, 2010, or, the Annual MD&A;
our management s discussion and analysis of financial condition and results of operations dated November 1, 2010, for the three and six months ended September 30, 2010 and 2009, or, the Q2 MD&A; and
our business acquisition report dated September 14, 2010 relating to our acquisition of OMVL S.p.A., or, OMVL.

Any statement contained in this Prospectus Supplement, the Prospectus or in a document (or part thereof) incorporated or deemed to be incorporated by reference into the Prospectus shall be deemed to be modified or superseded to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference into the Prospectus modifies or

supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement is not to be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to be incorporated by reference into the Prospectus or to constitute a part of this Prospectus Supplement. Any documents of the type required by National Instrument 44-101 Short Form Prospectus Distributions of the Canadian Securities Administrators that we file after the date of this Prospectus Supplement and before termination of the Offering are deemed to be incorporated by reference into the Prospectus.

EXCHANGE RATE INFORMATION

The following table sets out, for each period indicated, the exchange rate at the end of the period and the average of the exchange rates on each day during the period for one U.S. dollar expressed in Canadian dollars, based on the U.S.-Canada dollar noon exchange rates quoted by the Bank of Canada. On November 3, 2010, the rate was Cdn.$1.0092 equals U.S.$1.00.

	Fiscal Year Ended March 31,			Six Months Ended September 30,
	2010	**2009**	**2008**	**2010**
Average for period	1.0904	1.1264	1.0327	1.0333
End of period	1.0156	1.2602	1.0279	1.0298

PROSPECTUS SUMMARY

The following summary highlights basic information about us and this Offering. This summary does not contain all of the information you should consider before making a decision to invest in our Common Shares. You should review this entire Prospectus Supplement and the accompanying Prospectus carefully, including the risks of investing in our Common Shares discussed in the Risk Factors section of this Prospectus Supplement and the accompanying Prospectus and our consolidated financial statements and notes thereto and the other documents incorporated into this Prospectus Supplement and the accompanying Prospectus by reference.

WESTPORT INNOVATIONS INC.

Overview

We are a leading provider of high-performance, low-emission engine and fuel system technologies utilizing gaseous fuels. Our technology and products enable light- (2.0 to 2.4 litre), medium- (5.9 to 8.9 litre), heavy-duty (11 to 16 litre) and high horsepower (greater than 16 litre) petroleum-based fuel engines to use primarily natural gas, giving users a cleaner, and generally less expensive alternative fuel based on a more abundant natural resource. To date, we have sold over 26,000 natural gas and propane engines to customers in 19 countries. We currently have strategic relationships with three of the world s top four engine producers and supply or have strategic relationships with five of the world s top six truck producers.

Since our founding in 1995, we have focused on developing technology that allows us to produce more environmentally sustainable engines without compromising the performance, fuel economy, durability and reliability of diesel engines. We have invested over U.S.$250 million towards the research, development and commercialization of our proprietary technologies, which allow engines to operate on natural gas while preserving the key benefits of diesel engines. The substitution of natural gas for petroleum-based fuel drives a significant reduction in harmful combustion emissions, such as nitrogen oxides, particulate matter and greenhouse gas, in addition to providing a relatively inexpensive alternative fuel from a more plentiful natural resource. Our systems enable combustion engines to use gaseous fuels, such as natural gas, propane or hydrogen. Our research and development effort and investment have resulted in a substantial patent portfolio that serves as the foundation for our differentiated technology offerings and competitive advantage.

We leverage our proprietary technology by partnering with leading diesel engine and truck OEMs to develop, manufacture and distribute our engines to a diverse group of global truck and bus OEMs. Our strategic relationships with OEMs provide us with access to their manufacturing capacity, supply chain and global distribution networks without incurring the considerable investment associated with these assets. We commercialize our technology in markets where demand for clean, low-emission engines is prevalent, including light-duty, medium- to heavy-duty, and heavy-duty, as follows:

CWI. CWI, our 50:50 joint venture with Cummins, Inc., or, Cummins, serves the medium- to heavy-duty engine markets, ranging from 5.9 to 8.9 litres. CWI s engines are offered globally by more than 60 OEMs of transit and shuttle buses, conventional trucks and tractors, and refuse collection trucks, as well as specialty vehicles such as short-haul port drayage trucks, material handling trucks, street sweepers and vehicles for selected industrial applications. The fuel for CWI engines is typically carried on the vehicles as compressed natural gas, or, CNG, or, liquefied natural gas, or, LNG. CWI engines are produced at Cummins plants in the United States, China and India, allowing CWI to leverage Cummins global manufacturing footprint without incurring additional capital costs. CWI also utilizes Cummins supply chain, back office systems and distribution and sales networks.

Westport Heavy Duty. Westport Heavy Duty, or, Westport HD, serves the heavy-duty engines markets and currently offers a 15 litre LNG engine for the heavy-duty trucking market. Westport HD is our proprietary development platform, engaged in the engineering, design and marketing of natural gas-enabling technology for the heavy-duty diesel engine and truck market. The fuel for the Westport HD system is typically carried on the vehicle as LNG to provide greater energy density compared to CNG and to allow the vehicle to travel further before refueling. At the heart of the Westport HD system is our proprietary high pressure direct injection, or,

HPDI, technology, which provides the environmental and cost benefits of natural gas while delivering comparable benefits of diesel engines: high efficiency over the speed and torque operating range, high torque capability and robust reliability.

Juniper Engines. Juniper, a wholly-owned subsidiary of Westport, designs, produces and sells high-performance alternative fuel engines in the sub-5 litre class initially targeting the global CNG and liquefied petroleum gas, or, LPG, industrial and light-duty automotive market, with sales and engineering support in North America, Europe and Asia. Juniper s engines fully integrate multipoint injection, or, MPI, technology, with Hyundai Motor Company s 2.4 litre industrial engine platforms. The result is a high-performance, low-emissions solution that offers competitive advantages over incumbent products, including a compact engine package, higher torque and power, enhanced acceleration and transient response. In the first quarter of fiscal 2011, Juniper commenced production shipments to its OEM launch partner, Clark Material Handling Co., and delivered field trial engines in an oilfield application in Canada. In the non-mobile industrial market, Juniper is conducting field tests in stationary oilfield applications and formalizing customer relationships in power generation and agriculture. With our recent acquisition of OMVL, Juniper is entering the light-duty automotive market. OMVL contributes multipoint injection fuel systems and high-volume manufacturing and engineering capabilities. Using these strengths, Juniper intends to grow through new OEM relationships and continued aftermarket sales.

We have formed additional joint ventures to capitalize on the growth of alternative fuel engines in geographic markets outside of North America. In July 2010, we established Weichai Westport Inc., or, WWI, a joint venture with Westport, Weichai Power Co. Ltd., or, Weichai and Hong Kong Peterson (CNG) Equipment Ltd., or, Hong Kong Peterson, to focus on the Chinese market. We have also established BTIC Westport, or, BWI, a joint venture between Westport and Beijing Tianhai Industry, or, BTIC, to focus on tanks to support the Westport HD business. WWI intends to research, develop, design, manufacture, market, sell and distribute advanced, alternative fuel engines (and relevant parts and kits) for use in automotive, heavy-duty trucking, power generation and shipping applications. WWI intends to utilize Westport s natural gas technology expertise and the distribution network of engine manufacturing leaders seeking to deliver best-in-class solutions in a rapidly developing market. BWI combines our core competencies in LNG fuel systems with BTIC s global cryogenic tank manufacturing capabilities. The 50:50 joint venture fills a need within the natural gas vehicle industry for more cost-effective, custom-engineered tanks for LNG.

For the fiscal year ended March 31, 2010 and the six-month period ended September 30, 2010, we generated revenue of U.S.$121.7 million and U.S.$70.4 million, respectively. Our net loss for the same periods was U.S.$34.7 million and U.S.$14.3 million, respectively. The revenue generated by CWI, as a percentage of our consolidated revenue, for the fiscal year ended March 31, 2010 and the six month period ended September 30, 2010 was 92% and 79%, respectively.

Industry

Natural Gas Vehicle Market is Approaching a Tipping Point

The natural gas vehicle industry is a large and rapidly growing market. According to NGV America, there are more than 12 million natural gas vehicles in use worldwide, including approximately 110,000 operating on U.S. roads as of October 2010. The International Association of Natural Gas Vehicles projects that there will be more than 50 million natural gas vehicles worldwide within the next ten years, representing approximately 9% of the world transportation fleet.

The natural gas vehicle market appears to be approaching a tipping point through a confluence of factors. Global transportation industry OEMs are demonstrating an increasing interest in natural gas engines as many countries endeavor to reduce their reliance on petroleum-based transportation fuels due to high and volatile oil prices, heightened environmental and national security concerns, and a desire for energy independence. Natural gas is typically cleaner and cheaper than petroleum-based fuels and is derived from a more abundant natural resource. In addition, stricter emissions regulations, coupled with various local incentive programs, have accelerated the adoption of alternative fuel vehicles, particularly for fleet customers. The U.S. Energy Information Administration

reported that in 2009, oil-derived fuels dominated the world s transportation markets, supplying over 95% of the transportation fuel used in the United States, illustrating the large opportunity for natural gas substitution in this market. While alternatives such as nuclear, solar and wind power may be appropriate substitutes for power generation applications, we believe that there is a narrower range of alternatives in transportation, where the fuel and its storage system need to be both light and compact for effective use in a vehicle. Natural gas has become one of the primary alternatives to diesel fuel and gasoline.

Natural Gas Abundance Leads to a Sustainable, Long-Term Fuel Price Stability Advantage over Petroleum

One of the primary drivers accelerating natural gas vehicle, or, NGV, adoption is the increasing price stability advantage that natural gas has over petroleum. U.S. Department of Energy, or, DOE, data shows that diesel fuel prices in the United States have risen by more than 117% over the past 10 years. The average price of diesel fuel in the first ten months of 2010 across the United States is U.S.$2.96 per gallon. Price volatility has also been extreme, with the price of diesel fluctuating from a low of U.S.$1.09 per gallon to a high of U.S.$4.10 per gallon over the last 36 months. Conversely, natural gas prices are down about 14% since October 2009 and are currently at twelve month lows. The current price spread between diesel and natural gas on a diesel gallon equivalent basis is U.S.$1.79. As the global economy recovers, we believe that rising demand for oil will result in price increases and/or fuel shortages, which will continue to create favorable market conditions that encourage the adoption of cheaper alternative fuels such as natural gas. The wider spread between natural gas and diesel prices has a direct impact on the payback period for switching to natural gas engines. As the relative price of diesel compared to natural gas increases, the payback period shortens, and the incentive to switch becomes more attractive.

Significant Market Opportunities for Westport

Medium- and Heavy-Duty Segment. Datamonitor estimates the global medium- and heavy-duty vehicle market (consisting of vehicles over 3.6 tonnes) in 2009 was U.S.$234.1 billion and is projected to grow at a 7.9% compound annual growth rate, or, CAGR, to U.S.$343.0 billion by 2014. In 2009, the Americas represented 60.0% of the total market, or U.S.$140.5 billion, and are expected to grow at a 6.6% CAGR to U.S.$193.6 billion by 2014. In 2009, the North American Class 8 heavy-duty truck market, which includes refuse, cement and heavy conventional trucks, was led by Daimler, Navistar, PACCAR and Volvo, representing 98% of the overall market. Asia-Pacific is the fastest growing market with sales expected to reach U.S.$94.8 billion by 2014, a 9.5% CAGR from 2009. China continues to be the largest market for and producer of buses, accounting for approximately 22% of total demand in 2014. The European market is also projected to have strong growth in the near- to medium-term, with sales increasing at a 10.2% CAGR to U.S.$54.6 billion by 2014. At the highest end of the heavy-duty segment are applications that would utilize engines with a displacement even greater than 16 litres, such as heavy construction vehicles, marine engines, mining trucks, locomotives and large stationary power engines. These applications consume high amounts of fuel and often operate in regions where LNG enjoys a significant cost advantage over diesel, thereby providing favorable economics for natural gas use and a significant market opportunity for our products. Today only a fraction of these vehicles is powered by natural gas, representing a considerable opportunity given the significant and long-term price stability advantages of natural gas.

Light-Duty Segment. The light-duty segment represents a significant opportunity to replace petroleum-based fuel with natural gas in Juniper s three target markets, consisting of forklift engines, oilfield engines and fleet vehicles. The market for alternatively-fueled industrial forklift engines was estimated in 2008 at 62,000 engines per year (primarily LPG) in North America, according to the Industrial Truck Association. The market for oilfield engines consists of artificial lift and gas compression engines. Cummins Western Canada estimates that there are over 10,000 alternatively fueled engines (primarily natural gas) sold into the oilfield space each year. The market for light-duty fleet vehicles consists of such vehicles as business-owned fleet cars, taxis and delivery vans. According to the DOE Transportation Energy Data Book (July 2010), light-duty trucks consumed roughly 168 million gallons of petroleum-based fuels per day in 2008. This is equivalent to the gasoline produced from 4.0 million barrels at 42 gallons per barrel. Natural gas substitution could yield significant cost savings and emissions reduction as business-owned fleet vehicles travel more miles on average than privately owned cars (28,020 annually compared to 12,000 for private cars in 2008) and tend to be replaced more frequently.

Our Competitive Strengths

We are a leading provider of high-performance, low-emission engine and fuel system technologies utilizing gaseous fuels. We believe we are well-positioned to capitalize on our rapidly expanding market opportunity given our significant competitive strengths:

Strong First Mover Advantage in Rapidly Growing Natural Gas Engine Market. Datamonitor estimates the global medium- and heavy-duty vehicle market (consisting of vehicles over 3.6 tonnes) in 2009 was U.S.$234.1 billion. Based on our proprietary technology, diverse product offering and global reach, we believe we are well positioned to capitalize on alternative fuel engines increasing share of that market. To date, we have sold over 26,000 natural gas and propane engines to customers in 19 countries, and have developed strategic relationships with OEMs in North America, Asia and Europe, positioning us well in the three largest markets for medium- and heavy-duty products. We currently have strategic relationships with three of the world s top four engine producers and supply or have strategic relationships with five of the world s top six truck producers.

Alternative Fuel Technology Innovator. Alternative fuel system technology is the foundation of our business and our ability to commercialize our products globally. We believe the combination of our considerable investment in research and development and team of world-class engineers is responsible for driving innovation in combustion engine technology since our founding in 1995. Leading global engine producers and OEMs utilize our differentiated intellectual property, thereby allowing us to commercialize our products worldwide. We believe that our global patent portfolio has been pivotal to our market-leading position and that it continues to serve as a significant barrier to new entrants. In addition to protecting our competitive position in the market, our intellectual property also allows us to generate an additional revenue stream through licensing agreements. In order to support our business objectives, we expect our intellectual property portfolio to expand as we file new patent and trademark applications to capture value generated by new technological advances. As of September 30, 2010, we held approximately 66 issued U.S. patents and one allowed U.S. patent, in addition to corresponding issued patents and pending patent applications in numerous other countries around the world.

Highly Capital-Efficient Business Model. Our strategic relationships underpin our capital-efficient business model in which working capital costs and capital expenditures are shared with or borne by our strategic partners. We leverage our expertise in the development of our proprietary technologies by partnering with industry-leading manufacturers who are willing to invest in co-development, manufacturing and distribution of our products for our mutual benefit. Most notably, we are able to avoid the significant capital expenditures associated with manufacturing facilities and overhead costs that would be incurred to maintain manufacturing operations. We are also able to leverage the investment made by our partners in developing global distribution operations and their brands. We believe this model allows us to scale our business rapidly and achieve profitability faster with lower risk, without dependency on government incentives. Our business model is designed to achieve profitability based on the value proposition our technology delivers in terms of lower relative fuel cost and emissions reduction. Legislation and government incentives serve as potential upsides to our business.

Valuable Strategic and Business Alliances. We have established several strategic relationships with key industry OEMs, including Volvo, Cummins, Cryostar SAS, or, Cryostar, our partner for the supply of cryogenic fuel pumps, and Delphi Automotive Systems, LLC, or, Delphi, to supply Westport s proprietary HD fuel injectors. We have also established several strategic joint ventures, including CWI, WWI and BWI. In addition to our strong supply chain relationships, we have also developed strategic relationships with several leading truck OEMs, including: Kenworth Truck Company, or, Kenworth, Peterbilt Motors Company, or, Peterbilt, Mack Trucks, Inc., Freightliner Trucks and PACCAR Australia Pty. Ltd. We also have a strategic relationship with North America s largest natural gas refueling company, Clean Energy Fuels Corp., as well as other fuel suppliers around the world. These relationships provide significant value in leveraging our partners global market access and distribution channels while creating barriers for competitors seeking to enter our markets.

Cost-advantaged, High Performance, Low-emission Technology. Our fuel systems are engineered to deliver optimal performance attributes for the medium- and heavy-duty vehicle markets as compared to other available options. In addition to providing significant emissions improvements over diesel, our engines are more economical for customers through the use of lower cost natural gas. For example, our Westport HD engines offer class-leading emissions performance while maintaining diesel-equivalent horsepower, torque and fuel efficiency. Juniper s sub-5 litre engines offer a compact engine package, higher torque and power, and enhanced acceleration compared to competing LPG products.

Our Business Strategies

Our objective is to enhance and protect our position as a leading global provider of alternative fuel systems technology for diesel applications using gaseous fuels such as natural gas, LPG, biomethane or hydrogen. In order to achieve this goal, we focus our efforts on the following business strategies:

Continue to Grow CWI Profitably

CWI revenues grew 30% compounded annually from calendar year 2004 through calendar year 2009. We believe our growth resulted from providing a quality product to the natural gas market, providing a high level of customer service and an increasing number of customers around the world recognizing the advantages of natural gas as a transportation fuel. In addition to its existing engine offerings, CWI is exploring alternative engine platforms, ways to expand its OEM relationships and new applications for its existing products. With its ability to leverage the combination of Cummins manufacturing, distribution and back office processing and Westport s differentiated technology, CWI has a highly flexible and scalable business model.

While North America remains CWI s primary market, we believe there are significant growth opportunities in Europe, Southeast Asia and South America. Additionally, China and India, both large markets for CWI currently, are expected to continue migrating to natural gas as a transportation fuel and thus offer a significant market opportunity. We also anticipate increasing CWI penetration levels in both the bus fleet and refuse truck markets as they continue to take advantage of the economic benefits of natural gas. We anticipate continued demand for CWI engines given their performance and emissions characteristics, and their life-cycle cost advantages. We expect CWI s operating leverage, mature technology and fixed cost fulfillment process will help improve CWI s operating profitability.

Continue to Partner with Leading Global OEMs to Scale Westport HD Including High Horsepower Applications

Westport HD has been in development since 1999, has undergone extensive testing and field trials in Canada, Australia and California, and in March 2007 began commercial delivery of its systems for heavy-duty trucks. Since launching the product in North America and Australia, we have sold over 300 HD systems as of September 30, 2010. Through our relationships with Cummins, Weichai and Volvo, we have access to every major target market for heavy-duty trucks in the world. We have also partnered with Kenworth, Kenworth Trucks (a division of PACCAR Australia), and Peterbilt for line production of the Kenworth T800, the Kenworth Trucks T408SAR, K108, and T908, and the Peterbilt 386, 387, and 367 trucks equipped with our LNG fuel system and 15 litre GX engine. In addition, we are continuing discussions with additional leading truck OEMs and engine suppliers to

integrate our products into existing truck and engine configurations. By offering a complete systems solution, including development services, to our OEM partners, our goal is to create market demand by nurturing early customers and removing possible barriers to adoption by working directly with strategic partners.

We believe there are a number of larger engine applications (16 litre or greater) that would benefit from utilizing our Westport HD technologies, such as heavy construction vehicles, marine engines, mining trucks, locomotives and large stationary power engines. These applications consume large amounts of fuel and often operate in regions where LNG enjoys a significant cost advantage over diesel, thereby providing favorable economics for natural gas use. Moreover, there is a concentrated target group of OEMs and customers. We have previously demonstrated our technology on high horsepower power generation applications and are currently in discussion with a number of leading engine providers and OEMs in these spaces and expect to broaden our product offering to these markets over time.

Accelerate Market Penetration of Our Juniper Engines and Pursue Additional Light-Duty Engine Markets

Juniper targets the high volume light-duty vehicle and engine segment globally. Until July 2010, Juniper was a 49:51 joint venture with OMVL focusing on entry into the industrial forklift market with products based on Hyundai Motor Company s 2.4 litre industrial engine platforms and OMVL s LPG multipoint injection technology. In July 2010, we acquired OMVL, making Juniper a wholly-owned subsidiary. The acquisition of OMVL strategically enhances the Westport portfolio by providing light-duty products and capabilities for the light commercial and passenger vehicle market. Juniper intends to grow its business through new OEM relationships and continued strong aftermarket sales, leveraging OMVL s capabilities and assembly facilities in Italy and Argentina that today supply Europe, Asia and the Americas. We will continue to pursue select strategic investments in new markets and develop OEM-class products and capabilities in order to allow Juniper to compete for leadership in the light-duty alternative fuels market, with North American fleet vehicles being a significant target market.

Achieve Automotive-Scale Production by Adding New Partners

We plan to partner where possible with the largest tier-one automotive component suppliers, allowing us to benefit from economies of scale, pre-existing manufacturing capacity, proven production capability, and developed supply chains, thus driving down our cost structure and further enhancing product quality. To date, we have focused on developing a strong supply chain by partnering with leading suppliers to the medium- and heavy-duty truck industry. We cooperate on fuel delivery system development programs with a number of companies and are in discussions with a number of the world s leading suppliers to develop complete solutions for our customers. For example, in July 2006, we formed BWI to market and sell more cost-effective, custom-engineered LNG tanks for the transportation market, which allows us to create reliable, robust and affordable products to help us better serve the heavy-duty vehicle market. Additionally, in 2006, we completed a License and Supply Agreement with Cryostar for the development, manufacture and supply of cryogenic LNG fuel pumps, based on our cryogenic technology. In 2010, we entered into a supply agreement with one of the world s largest diesel injector manufacturers, Delphi, to supply Westport s proprietary HD fuel injectors. Production is expected to begin in the second half of 2010. The secure, scalable supply of our specialized injectors will allow us to reach economies-of-scale in production and costs required by our heavy-duty engine OEM customers.

Focus on Geographic Expansion by Penetrating Key Markets in Asia, Europe and Australia

We intend to focus our market development efforts in rapidly expanding regions. China is one of the world s largest markets for all types of vehicles, and its heavy-duty truck (greater than 16 tonnes) market is already approximately as large as those in Europe and North America. China s vehicle production has more than doubled in the past five years, whereas production in Germany, Japan and the United States is nearly flat or declining over the same period.

China is focused on moderating the environmental impact of rapid urbanization and tremendous vehicle growth. The demand for cleaner fuel, such as natural gas, with economic advantages over traditional fuels is increasing, with an estimated 400,000 natural gas vehicles already in China and over 1,400 filling stations to support them. CWI supplies customers in China with high-performance CNG bus engines. An additional focus for growth in Asia will be exports of our CWI engines through Chinese OEMs to other countries in Southeast Asia and South America. We also focus on promising markets in other parts of Asia, such as India. On October 15, 2008, CWI and Cummins India Limited, or, CIL, announced that the Delhi Transport Corporation had ordered 3,125 natural gas buses equipped with CWI s B Gas Plus engines, the bulk of which have been shipped to date. In March 2010, we announced that CIL received purchase orders for 460 natural gas engines to customers outside of Delhi.

European regulators have implemented some of the most aggressive responses to air quality issues and climate change concerns, and are concurrently promoting increased use of natural gas in vehicles. We believe the opportunities are strong in Europe s transit, refuse and urban truck markets. CWI engines are already offered in vehicles produced by Renault Trucks SAS of France, and have also been sold for transit applications in Eastern Europe.

Another region where we believe market conditions are favorable for LNG trucks is Australia. In December 2008, we signed a collaborative agreement with PACCAR Australia to commercialize LNG Kenworth trucks for this market. A significant market driver in Australia is the availability of low-cost feed gas for LNG production that could provide strong financial incentives for heavy-duty trucking fleets, mines and other high fuel use applications to operate with our LNG system-equipped engines. The high fuel requirements needed for long-haul fleet transportation in Australia position natural gas trucks to take meaningful market share from their higher operating cost diesel counterparts. The high fuel use of these fleets often creates advantageous payback scenarios to purchasers when they convert their fleets to run on natural gas.

Expand Our Product Offering by Adapting Our Technology for Multiple Alternative Fuel Uses

Our products are built on an alternative fuel platform that leverages the abundant global supply of natural gas. Over the longer term, if alternative renewable energy sources such as biogas, biomethane or manufactured fuels, including hydrogen, hydrogen-natural gas blends, and dimethyl ether, emerge as cost-competitive options, we expect our gaseous-fueled engine technologies, systems and experience will position us to exploit such new low-carbon fuels as they emerge.

In order to maintain technology leadership in the gaseous fuel combustion area, we continue to explore the adaptations of our technology with hydrogen and other alternative fuels. We have previously worked with Ford Motor Company and Bayerische Motoren Werke AG on hydrogen injection technologies and continue to explore such technologies with U.S. national laboratories.

Recent Developments

In July 2010, Westport completed the acquisition of OMVL, including its 51% interest in Juniper, for U.S.$25.7 million. Westport paid cash of U.S.$17.1 million upon closing and will pay approximately U.S.$10.3 million on the third anniversary of the closing date. As a result of the transaction, Juniper, previously a joint venture between wholly-owned subsidiaries of Westport Innovations Inc. and SIT Group of Italy, became a wholly-owned subsidiary of Westport. This acquisition is expected to expand Westport s global product portfolio by adding high-volume automotive components and systems. The integration of OMVL is expected to complete Juniper s light-duty strategy to enter the mobile industrial, non-mobile industrial, and automotive segments. Juniper intends to grow the business through new OEM relationships and continued strong aftermarket sales, leveraging OMVL s capabilities and assembly facilities in Italy and Argentina that currently supply Europe, Asia and the Americas. Strategic investments in new markets and OEM-class products and capabilities should allow Juniper to compete for leadership in the light-duty alternative fuels market.

In July 2010, Westport and Volvo Powertrain, a subsidiary of Volvo AB, signed a new agreement defining Westport s responsibility to develop a range of biogas and natural gas-fuelled engine products for Volvo. Westport will also work directly with the Volvo AB brands to identify market development opportunities for natural gas vehicles and assist in the infrastructure build-out of biogas and natural gas where needed. Westport originally entered into an agreement with Volvo in November 2009 describing Westport as a Tier 1 Development Supplier for its heavy-duty natural gas engines and associated supply chain.

In July 2010, Westport completed its previously announced investment in a joint venture with Weichai and Hong Kong Peterson to form WWI. The joint venture agreement is scheduled to expire in 2039. Under the joint venture agreement, Westport invested approximately $4.3 million, for a 35% equity interest in WWI. Westport has advanced its injector technology to be more readily adaptable to Weichai s engine platforms and reduced the cost of key components. WWI continues to experience strong growth in its spark-ignited natural gas engine business.

In October 2010, Westport announced that Robert Transport, of Boucherville, Québec had issued a purchase order for 180 Peterbilt LNG trucks featuring Westport HD systems. Robert Transport is one of Canada s largest for-hire trucking companies with an estimated 1,100 tractors and 2,300 employees. The new trucks, powered by Westport HD, are expected to be used on line haul routes between Montréal and Québec City, and Montréal to Toronto.

Fuel for the Robert Transport fleet is expected to be provided by Gaz Métro Transport Solutions, a wholly-owned subsidiary of Gaz Métro, the main distributor of natural gas in Québec, which plans to install three LNG refueling sites along the Ontario Québec 401/Highway 20 corridor between the greater Québec City area and the greater Toronto area.

The Offering

Common Shares offered by us	5,500,000 Common Shares.
Over-allotment option	825,000 Common Shares.
Common Shares outstanding before this Offering	39,879,966 Common Shares.
Common Shares to be outstanding immediately after this Offering	45,379,966 Common Shares.
Use of proceeds	We expect to use the net proceeds from this Offering to develop technology and relationships in new and adjacent market opportunities in light-duty industrial and automotive applications, heavy-duty industrial and automotive applications, high horsepower applications and for general corporate purposes, including working capital requirements. You should read the discussion under the heading Use of Proceeds in this Prospectus Supplement for more information.
Risk Factors	You should carefully read and consider the information set forth in Risk Factors beginning on page S-11 of this Prospectus Supplement and page 7 of the accompanying Prospectus before investing in our Common Shares.
TSX symbol	WPT
NASDAQ symbol	WPRT

The number of Common Shares to be offered by us and the number of Common Shares to be outstanding are based on the approximate number of Common Shares outstanding as of November 3, 2010. Unless we specifically state otherwise, the information in this Prospectus Supplement:

- is based on the assumption that the Underwriters will not exercise the option to purchase additional Common Shares granted to them by us;
- excludes 626,737 Common Shares reserved for issuance upon the exercise of options outstanding as of November 3, 2010 at a weighted average exercise price of $8.41 per Common Share;
- excludes 166,420 Common Shares reserved for issuance upon the exercise of performance share units outstanding as of November 3, 2010; and
- excludes 1,298,330 Common Shares reserved for issuance upon the exercise of restricted share units outstanding as of November 3, 2010.

Summary Consolidated Financial Data

Except for Units shipped , the following selected consolidated financial data are derived from our audited consolidated annual balance sheets as of March 31, 2010 and 2009, our audited consolidated annual statements of operations and cash flows for the years ended March 31, 2010, 2009 and 2008, our unaudited consolidated interim balance sheet as of September 30, 2010 and our unaudited interim consolidated statements of operations and cash flows for the six months ended September 30, 2010 and 2009, respectively, incorporated by reference in the Prospectus. Balance sheet items as of March 31, 2009 and March 31, 2008 are derived from our audited consolidated balance sheets as of March 31, 2010 and balance sheet items as of March 31, 2008 are derived from our audited consolidated balance sheets as of March 31, 2009. Balance sheet items as of September 30, 2010 and 2009 are derived from our unaudited interim balance sheets as of September 30, 2010 and September 30, 2009, respectively. We have prepared our unaudited consolidated financial statements on the same basis as our audited consolidated financial statements. In the opinion of management, our unaudited consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our results of operations for such periods. Operating results for the six months ended September 30, 2010 are not necessarily indicative of the results that may be expected for the year ending March 31, 2011 or any other future period. This information is only a summary and should be read together with our consolidated financial statements and the related notes and other financial information, as well as the Annual MD&A and the Q2 MD&A incorporated by reference in the Prospectus.

Our audited consolidated annual financial statements have been prepared in Canadian dollars in accordance with Canadian GAAP. Our unaudited consolidated interim financial statements have been prepared in U.S. dollars in accordance with Canadian GAAP. We changed our reporting currency from the Canadian dollar to the U.S. dollar effective April 1, 2010 and the amounts below for the years ended March 31, 2010, 2009 and 2008 have been translated into U.S. dollars. Our historical results from any prior period are not necessarily indicative of results to be expected for any future period.

	Fiscal Year Ended March 31,			Six Months Ended September 30,	
	2010	**2009**	**2008**	**2010**	**2009**
(expressed in thousands of U.S. dollars, except for units shipped, gross margin %, per share amounts and shares outstanding)					
		(audited)		*(unaudited)*	
Units shipped	3,921	4,038	2,720	1,845	1,675
Total revenue	121,652	$ 109,211	$ 69,725	70,395	$ 50,822
Gross margin	38,673	27,874	21,937	26,575	12,906
Gross margin %	32%	26%	31%	38%	25%
Net loss attributable to the Corporation	(34,689)	(20,410)	(9,752)	(14,337)	(16,064)
Net loss per share basic and diluted[(1)]	(1.02)	(0.67)	(0.39)	(0.36)	(0.50)
Weighted average shares outstanding	34,133,247	30,268,947	25,167,966	39,486,072	32,203,424
Cash and short-term investments	104,205	65,503	22,174	80,331	53,853
Total assets	153,690	107,432	76,902	169,481	102,584
Long-term financial liabilities[(2)]	26,980	22,630	5,613	24,544	26,066
Cash used in operations before changes in non-cash working capital[(3)]	(23,002)	(22,729)	(17,045)	(6,877)	(12,324)

CWI income for the year after taxes	14,327	7,254	11,480	8,314	3,094
Joint venture partner s share of CWI income	7,164	3,627	5,740	4,157	1,547

Notes:

(1) Fully diluted loss per share is not materially different as the effect of exercise of stock options, warrants and performance share units would be anti-dilutive.

(2) Excluding current portions of warranty liability and long-term debt obligations, and joint venture partners share of net assets of joint ventures.

(3) See Non-GAAP Measures in the Annual MD&A and the Q2 MD&A for a reconciliation to cash flows from operations.

(4) See Note 24 to our audited consolidated financial statements as at March 31, 2010 and 2009 and for each of the years in the three-year period ended March 31, 2010 and Note 16 to our unaudited consolidated financial statements as at September 30, 2010 for information regarding the impact upon our financial statements of significant differences between Canadian GAAP and U.S. GAAP.

(5) Historical results for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 were reported in Canadian dollars. Consolidated balance sheet information has been translated at the daily noon exchange rates, as provided by the Bank of Canada as at March 31, 2010, 2009 and 2008. Statement of operations and cash flow related information has been translated at the average daily noon exchange rates over the applicable period, as provided by the Bank of Canada.

RISK FACTORS

An investment in the Common Shares is speculative and involves a high degree of risk. In addition to the other information contained in this Prospectus Supplement, in the Prospectus and in the documents incorporated by reference into this Prospectus Supplement and the accompanying Prospectus, you should carefully consider the risk factors set forth below, as well as the risk factors referenced under the heading Risk Factors , which begins on page 7 of the accompanying Prospectus.

You will experience immediate and substantial dilution.

If you purchase our common shares in this offering, you will incur an immediate and substantial dilution in net tangible book value of per share, after giving effect to the sale by us of 5,500,000 Common Shares offered in this Offering, and after deducting underwriting discounts and commissions and estimated Offering expenses payable by us. In addition, if the Underwriters exercise their over-allotment option, you will incur additional dilution.

We have broad discretion in how we use the net proceeds of this Offering, and we may not use these proceeds in a manner desired by our shareholders.

Our management will have broad discretion with respect to the use of the net proceeds from this Offering and investors will be relying on the judgment of our management regarding the use of these proceeds. Our management could spend the net proceeds from this Offering in ways that our shareholders may not desire or that do not yield a favorable return. You will not have the opportunity, as part of your investment in our Common Shares, to influence the manner in which the net proceeds of this Offering are used. As of the date of this Prospectus Supplement, we plan to use the net proceeds from this Offering for developing technology and relationships in new and adjacent market opportunities in light-duty industrial and automotive applications, heavy-duty industrial and automotive applications, high horsepower applications and for general corporate purposes, including working capital requirements. The amounts actually spent by us for any specific purpose may vary significantly and will depend on a number of factors, including the performance of our existing joint ventures, the pace of development of markets for our products, our ability to negotiate supply arrangements, our engineering abilities, the emergence of technical issues in relation to our products in the future and any other unforeseen developments in relation to our markets or to our products. In addition, our future financial performance may differ from our current expectations or our business needs may change as our business and the industry we address evolve. As a result, the net proceeds we receive in this Offering may be used in a manner significantly different from our current expectations.

Uncertainty regarding the expiration and potential extension of governmental natural gas incentives could negatively impact our business and the value of our Common Shares.

Our business has benefited from the availability of governmental incentives, such as tax credits, to encourage the use of natural gas in trucks, buses and other vehicles. Certain existing incentives in the United States are set to expire on December 31, 2010. Although bills have been introduced in the United States Congress to extend certain of these incentives and adopt new incentives to encourage the consumption of natural gas produced in the United States (including the *United States New Alternative Transportation to Give Americans Solutions Act*, or, the NAT GAS Act (House of Representatives Bill 1835 and Senate bill 1408), the *Promoting Natural Gas and Electric Vehicles Act of 2010* (S. 3815) and the *Clean Energy Jobs and Oil Company Accountability Act* (S.3663)), those bills have not become law. If those bills are not passed prior to the end of the current Congressional term, they would have to be re-introduced during the term of the next Congress in January 2011. We cannot predict whether or when any of these bills will become law, and therefore whether any of the existing incentives will be renewed or new incentives enacted. While we believe that, even in the absence of governmental incentives, there are sufficient financial, environmental and other reasons for customers to buy our engines, continued uncertainty over whether such governmental incentives will be available in the United States could cause United States customers to delay making a decision on whether to purchase our engines, which in turn could negatively impact our business and the value of our Common Shares for so long as such uncertainty persists.

We could be adversely affected by risks associated with acquisitions.

We may in the future seek to expand our business through acquisitions. Any such acquisitions will be in part dependent on management s ability to identify, acquire and develop suitable acquisition targets in both new and

existing markets. In certain circumstances, acceptable acquisition targets might not be available. Acquisitions involve a number of risks, including: (i) the possibility that we, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that we may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) the difficulty of integrating the operations and personnel of an acquired business; (v) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (vi) the inability to integrate, train, retain and motivate key personnel of an acquired business; and (vii) the potential disruption of our ongoing business and the distraction of management from our day-to-day operations. These risks and difficulties, if they materialize, could disrupt our ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on our business, results of operations and financial performance.

We could be adversely affected by the operations of our joint ventures and joint venture partners.

We operate in many parts of the world that have experienced social unrest, political and economic instability and resulting governmental corruption. While we have policies in place to ensure adequate monitoring of our activities and compliance with Canadian, United States and local laws and regulations in the countries in which we operate, we also operate, and intend to operate in the future, through various joint venture arrangements. Our level of control over joint venture operations may be restricted or shared, and we may be unable to control the actions of joint venture partners or their employees. Despite our policies mandating compliance with Canadian, United States and local laws, we cannot assure you that our internal control policies and procedures always will protect us from reckless or negligent acts committed by our joint ventures or their employees or agents. Such employees or agents of the joint venture or joint venture partners may undertake actions that would result in a violation of law, including but not limited to, tax laws, customs laws, environmental laws, labour laws, permitting laws and regulations, industry laws or international anti-corruption and anti-bribery laws, including Canadian anti-corruption laws and the U.S. Foreign Corrupt Practices Act. Violations of these laws, or allegations of such violations, could disrupt our business and result in a material adverse effect on our business and operations.

Some of our foreign subsidiaries do business in countries subject to Canadian and U.S. sanctions and embargoes, and the scope of those sanctions and embargoes may change at short notice to prohibit or interfere with that business.

From time to time, certain of our foreign subsidiaries or joint ventures sell our products to customers located in certain countries that are currently subject to sanctions and embargoes imposed by the Canadian and U.S. governments. Although our current business in those countries is not prohibited by these sanctions and embargoes, geo-political developments can lead to rapid changes in government policy toward sanctioned countries and may result in the termination at short notice of some or all of our business in those countries. In addition, our foreign subsidiaries activities in countries subject to sanctions and embargoes could reduce demand for our Common Shares by some investors.

USE OF PROCEEDS

The net proceeds to us from the sale of our Common Shares in this Offering will be approximately U.S.$ million, or approximately U.S.$ million if the Underwriters option to purchase additional Common Shares is exercised in full, after deducting estimated underwriting discounts and commissions and estimated expenses of the Offering.

The net proceeds of the Offering will be used by us to further our business objectives of developing technology and relationships in new and adjacent market opportunities with OEMs focused on light-duty industrial and automotive and heavy-duty and high horsepower applications. We expect to use the net proceeds from this Offering approximately as follows:

- U.S.$20 million to U.S.$40 million on developing technology and relationships in new and adjacent market opportunities in light-duty industrial and automotive applications;
- U.S.$20 million to U.S.$40 million on developing technology and relationships in new and adjacent market opportunities in heavy-duty industrial and automotive applications;
- U.S.$20 million to U.S.$40 million on developing technology and relationships in new and adjacent market opportunities in high horsepower applications; and
- any remaining net proceeds for general corporate purposes, including working capital requirements, infrastructure development, market creation activities, potential acquisitions of businesses, technologies or other assets, debt repayments, general and administrative expenses, supply chain development and capital expenditures including new facilities and equipment.

We will have significant discretion in the use of any net proceeds. We may invest the net proceeds temporarily until we use them for their stated purpose. The ultimate use of the proceeds of this Offering will depend on the performance of our existing joint ventures, the pace of development of markets for our products, our ability to negotiate supply arrangements, our engineering abilities, the emergence of technical issues in relation to our products in the future and any other unforeseen developments in relation to our markets or to our products. We have incurred substantial losses since our inception in 1995 and continue to incur losses and experience negative cash flows. We cannot predict the future amount of such negative operating cash flows, nor can we predict whether we will be able to generate positive operating cash flows in the future. We may, therefore, use all or a portion of the net proceeds of this Offering to fund negative operating cash flows to the extent we are required or believe it is in our interest to do so. See Risk Factors Risks Related to Our Business We have incurred and continue to incur losses in the accompanying Prospectus.

PRIOR SALES

The following description of securities issuances contains information with respect to all issuances of our securities during the twelve month period prior to the date of this Prospectus Supplement.

We have issued the following Common Shares during the twelve month period prior to the date of this Prospectus Supplement:

Date	Price per Common Share[1] [2] (CDN$)		Number of Common Shares[3]
November 16 November 30, 2009	5.25	5.29	3,000
December 1 December 31, 2009	5.29	11.13	5,467,500[4]
January 1, 2010 January 31, 2010	4.13	11.55	8,591
February 1, 2010 February 28, 2010	5.25	11.55	18,225
March 1, 2010 March 31, 2010	3.22	14.90	188,819[5]
April 1, 2010 April 30, 2010	3.68	16.10	901,447
May 1, 2010 May 31, 2010	3.22	18.73	13,514
June 1, 2010 June 30, 2010	4.73	18.73	88,904
July 1, 2010 July 31, 2010	11.11	18.76	8,018
August 1, 2010 August 31, 2010	3.29	18.31	251,985[6]
September 1, 2010 September 30, 2010	5.25	14.90	116,960[7]
October 1, 2010 October 31, 2010	10.40	11.55	4,663[8]
November 1, 2010 November 3, 2010			

Notes:

(1) Represents a price range indicating the lowest and highest prices at which Common Shares were issued during the relevant period.

(2) Common Shares issued upon exercise of performance share units have no exercise price. The price per Common Share set forth in the above table is the fair value per Common Share as of the grant date.

(3) Unless otherwise noted, all Common Shares were issued upon exercise of stock options granted under the Westport Stock Option Plan (as defined in the Management Proxy Circular) or upon exercise of warrants.

(4) Includes 5,462,500 Common Shares issued through a public offering at U.S. $10.50 per share (approximately $11.13 per share based on the U.S.-Canadian dollar noon exchange rate on December 8, 2009, as quoted by the Bank of Canada, being Cdn $1.064 = U.S.$1.00).

(5) Includes 400 Common Shares issued upon exercise of units granted under the Westport performance share unit plan, as amended.

(6) Includes 40,027 Common Shares issued upon exercise of units granted under the Westport Omnibus Plan (as defined in the Management Proxy Circular).

(7) Includes 76,481 Common Shares issued upon exercise of units granted under the Westport performance share unit plan, as amended.

(8) Includes 2,975 Common Shares issued upon exercise of units granted under the Westport performance share unit plan, as amended.

We have, during the last twelve months, granted the following options pursuant to our existing Stock Option Plan and performance share units and restricted share units pursuant to the Westport Omnibus Plan:

Option-based Awards			Share-based Awards		
Date	Number of securities underlying granted options (#)	Option exercise price ($)	Date	Number of units granted (#)	Per Share market value of shares underlying units at time of unit issuance ($)
December 10, 2009	249,000	11.11	August 5, 2010	240,229(1)	18.31
March 26, 2010	25,000	16.50	August 5, 2010	83,210(2)	27.35
			August 5, 2010	83,210(2)	31.94
			November 4, 2010	5,500(1)	19.50

Notes:

(1) Represents a grant of restricted share units pursuant to the Westport Omnibus Plan.

(2) Represents a grant of performance share units pursuant to the Westport Omnibus Plan.

MARKET FOR SECURITIES

Our outstanding Common Shares are listed and posted for trading on the TSX under the trading symbol WPT and on NASDAQ under the trading symbol WPRT . The following table sets forth the market price ranges and the aggregate volume of trading of the Common Shares on the TSX and NASDAQ for the periods indicated.

	Toronto Stock Exchange				NASDAQ Global Market			
Period	High ($)	Low ($)	Close ($)	Volume (Shares)	High (U.S.$)	Low (U.S.$)	Close (U.S.$)	Volume (Shares)
2009								
November	13.45	10.37	12.75	1,431,944	12.74	9.77	12.21	4,943,099
December	13.70	10.66	12.23	1,348,076	13.16	10.40	11.58	7,410,525
2010								
January	15.45	12.00	13.31	2,602,512	14.67	11.45	12.40	10,796,098
February	15.01	11.45	14.75	1,689,634	14.18	10.82	13.87	6,628,342
March	17.64	14.20	16.71	1,732,914	17.32	13.78	16.49	8,485,344
April	20.16	16.47	19.40	1,903,583	20.07	16.33	19.00	11,373,901
May	20.73	14.36	16.30	2,879,505	20.44	13.39	16.31	14,979,785

June	20.05	14.13	16.75	7,916,940	19.51	13.50	15.69	21,177,689
July	21.95	16.17	20.32	2,948,820	21.34	14.94	19.89	15,252,969
August	19.69	16.52	16.93	2,389,438	20.40	15.51	15.96	13,288,742
September	19.80	16.90	18.03	1,868,453	19.25	16.23	17.60	8,622,121
October	19.27	17.25	18.54	1,467,776	18.99	16.80	18.12	7,581,005
November (to November 3)	19.61	18.25	19.50	291,768	19.48	17.95	19.46	1,708,812

CONSOLIDATED CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents and capitalization as of September 30, 2010 on an actual basis and on an as adjusted basis to give effect to the sale of our Common Shares in this Offering (assuming no exercise by the Underwriters of their option to purchase additional Common Shares) and the receipt of the net proceeds therefrom at a public offering price of U.S.$ per Common Share. This table should be read in conjunction with Selected Consolidated Financial Data included elsewhere in this Prospectus Supplement and the Q2 MD&A and our consolidated financial statements and the related notes incorporated by reference into the Prospectus.

	As of September 30, 2010	
	Actual	**As Adjusted[(2)]**
	(dollars in thousands)	
Cash, cash equivalents and short-term investments	$ 80,331	$
Debt:		
Notes payable		
9% unsecured subordinated debentures[(1)]	$ 13,180	$ 13,180
Long-term payable	9,370	9,370
Capital lease obligation	274	274
Total debt	22,824	22,824
Shareholders equity:		
Common Shares	$ 313,509 (39,875,303 Common Shares)	$ (45,375,303 Common Shares)
Preferred Shares	Nil	Nil
Other equity instruments	2,767	2,767
Additional paid-in capital	5,391	5,391
Deficit	(256,709)	(256,709)
Joint venture partners share of net assets of joint ventures	17,161	17,161
Accumulated other comprehensive income	18,071	18,071
Total shareholders equity	$ 100,190	$
Total capitalization	$ 123,014	$

Notes:

(1) The debentures were issued pursuant to a public offering of debenture units that was completed on July 3, 2008, and mature on July 3, 2011.

(2) As Adjusted reflects the net proceeds of the Offering after deduction of the Underwriters commission and the estimated expenses of the Offering, based on the noon exchange rate provided by the Bank of Canada for the

conversion of Canadian dollars into U.S. dollars on November , 2010 of Cdn.$ equals U.S.$1.00.

BUSINESS

Overview

We are a leading provider of high-performance, low-emission engine and fuel system technologies utilizing gaseous fuels. Our technology and products enable light- (2.0 to 2.4 litre), medium- (5.9 to 8.9 litre), heavy-duty (11 to 16 litre) and high horsepower (greater than 16 litre) petroleum-based fuel engines to use primarily natural gas, giving users a cleaner, and generally less expensive alternative fuel based on a more abundant natural resource. To date, we have sold over 26,000 natural gas and propane engines to customers in 19 countries. We currently have strategic relationships with three of the world s top four engine producers and supply or have strategic relationships with five of the world s top six truck producers.

Since our founding in 1995, we have focused on developing technology that allows us to produce more environmentally sustainable engines without compromising the performance, fuel economy, durability and reliability of diesel engines. We have invested over U.S.$250 million towards the research, development and commercialization of our proprietary technologies, which allow engines to operate on natural gas while preserving the key benefits of diesel engines. The substitution of natural gas for petroleum-based fuel drives a significant reduction in harmful combustion emissions, such as nitrogen oxides, particulate matter and greenhouse gas, in addition to providing a relatively inexpensive alternative fuel from a more plentiful natural resource. Our systems enable combustion engines to use gaseous fuels, such as natural gas, propane or hydrogen. Our research and development effort and investment have resulted in a substantial patent portfolio that serves as the foundation for our differentiated technology offerings and competitive advantage.

We leverage our proprietary technology by partnering with leading diesel engine and truck OEMs to develop, manufacture and distribute our engines to a diverse group of global truck and bus OEMs. Our strategic relationships with OEMs provide us with access to their manufacturing capacity, supply chain and global distribution networks without incurring the considerable investment associated with these assets. We commercialize our technology in markets where demand for clean, low-emission engines is prevalent, including light-duty, medium- to heavy-duty and heavy-duty, as follows:

CWI. CWI, our 50:50 joint venture with Cummins, serves the medium- to heavy-duty engine markets, ranging from 5.9 to 8.9 litres. CWI s engines are offered globally by more than 60 OEMs of transit and shuttle buses, conventional trucks and tractors, and refuse collection trucks, as well as specialty vehicles such as short-haul port drayage trucks, material handling trucks, street sweepers and vehicles for selected industrial applications. The fuel for CWI engines is typically carried on the vehicles as CNG or LNG. CWI engines are produced at Cummins plants in the United States, China and India, allowing CWI to leverage Cummins global manufacturing footprint without incurring additional capital costs. CWI also utilizes Cummins supply chain, back office systems and distribution and sales networks.

Westport Heavy Duty. Westport HD serves the heavy-duty engines markets and currently offers a 15 litre LNG engine for the heavy-duty trucking market. Westport HD is our proprietary development platform, engaged in the engineering, design and marketing of natural gas-enabling technology for the heavy-duty diesel engine and truck market. The fuel for the Westport HD system is typically carried on the vehicle as LNG to provide greater energy density compared to CNG and to allow the vehicle to travel further before refueling. At the heart of the Westport HD system is our proprietary HPDI technology, which provides the environmental and cost benefits of natural gas while delivering comparable benefits of diesel engines: high efficiency over the speed and torque operating range, high torque capability and robust reliability.

Juniper Engines. Juniper, a wholly-owned subsidiary of Westport, designs, produces and sells high-performance alternative fuel engines in the sub-5 litre class initially targeting the global CNG and LPG industrial and light-duty automotive market, with sales and engineering support in North America, Europe and Asia. Juniper s engines fully integrate MPI technology, with Hyundai Motor Company s 2.4 litre industrial engine platforms. The result is a high-performance, low-emissions solution that offers competitive advantages over incumbent products, including a compact engine package, higher torque and power, enhanced acceleration and transient response. In the first quarter of fiscal 2011, Juniper commenced production shipments to its OEM launch partner, Clark Material Handling Co., and delivered field trial engines in an oilfield application in

Canada. In the non-mobile industrial market, Juniper is conducting

field tests in stationary oilfield applications and formalizing customer relationships in power generation and agriculture. With our recent acquisition of OMVL, Juniper is entering the light-duty automotive market. OMVL contributes multipoint injection fuel systems and high-volume manufacturing and engineering capabilities. Using these strengths, Juniper intends to grow through new OEM relationships and continued aftermarket sales.

We have formed additional joint ventures to capitalize on the growth of alternative fuel engines in geographic markets outside of North America. In July 2010, we established WWI, a joint venture with Westport, Weichai and Hong Kong Peterson, to focus on the Chinese market. We have also established BWI, a joint venture between Westport and BTIC, to focus on tanks to support the Westport HD business. WWI intends to research, develop, design, manufacture, market, sell and distribute advanced, alternative fuel engines (and relevant parts and kits) for use in automotive, heavy-duty trucking, power generation and shipping applications. WWI intends to utilize Westport s natural gas technology expertise and the distribution network of engine manufacturing leaders seeking to deliver best-in-class solutions in a rapidly developing market. BWI combines our core competencies in LNG fuel systems with BTIC s global cryogenic tank manufacturing capabilities. The 50:50 joint venture fills a need within the natural gas vehicle industry for more cost-effective, custom-engineered tanks for LNG.

For the fiscal year ended March 31, 2010 and the six month period ended September 30, 2010, we generated revenue of U.S.$121.7 million and U.S.$70.4 million, respectively. Our net loss for the same periods was U.S.$34.7 million and U.S.$14.3 million, respectively. The revenue generated by CWI, as a percentage of our consolidated revenue, for the fiscal year ended March 31, 2010 and the six month period ended September 30, 2010 was 92% and 79%, respectively.

Industry

Natural Gas Vehicle Market is Approaching a Tipping Point

The natural gas vehicle industry is a large and rapidly growing market. From 2001 to 2008, natural gas vehicle unit sales grew at a CAGR of 23.0%, from just over 500,000 vehicles in 2001 to over two million in 2008. 2005 to 2008 saw record growth in natural gas vehicle deployments, with a CAGR over the period of nearly 50%. The International Association of Natural Gas Vehicles projects that there will be more than 50 million natural gas vehicles worldwide within the next ten years, representing approximately 9% of the world transportation fleet.

In the United States, natural gas engines are used in a wide range of applications. According to NGV America, there are more than 12 million natural gas vehicles in use worldwide, including approximately 110,000 operating on U.S. roads as of October 2010. In 2009, approximately 18% of U.S. transit buses used natural gas, up from 12.4% in 2004, and according to the American Public Transportation Association, natural gas-powered buses accounted for 26% of all new transit bus orders in 2009. In addition to transit buses, natural gas engines power nearly 4,000 refuse trucks; 3,000 school buses; up to 17,000 medium-duty vehicles, including airport shuttles and various work equipment applications; and more than 30,000 light-duty vehicles, including federal, state, local government and private fleets. These statistics represent only a very small fraction of the market opportunity in each of these applications, and we believe demand for natural gas engines will continue to dramatically increase as a result of favorable economics and increasing government incentives for natural gas vehicle adoption. In addition to these major drivers, the cyclical nature of customer purchases to update fleet vehicles will allow continuous opportunities to substitute conventional engines for natural gas engines.

The natural gas vehicle market appears to be approaching a tipping point due to a confluence of factors. Global transportation industry OEMs are demonstrating an increasing interest in natural gas engines as many countries endeavor to reduce their reliance on petroleum-based transportation fuels due to high and volatile oil prices, heightened environmental and national security concerns, and a desire for energy independence. Natural gas is typically cleaner and cheaper than petroleum-based fuels and is derived from a more abundant natural resource. In addition, stricter emissions regulations, coupled with various local incentive programs, have accelerated the adoption of alternative fuel vehicles, particularly for fleet customers. The U.S. Energy Information Administration reported that in 2009, oil-derived fuels dominated the world s transportation markets, supplying over 95% of the transportation fuel used in the United States, illustrating the large opportunity for natural gas substitution in this market. While alternatives such as nuclear, solar and wind power may be appropriate substitutes for power generation applications, we believe that there is a narrower range of alternatives in transportation, where the fuel and its storage system need to be both light and compact for effective use in a vehicle. Natural gas has become one of the primary alternatives to diesel fuel and gasoline.

Natural Gas Abundance Leads to a Sustainable, Long-Term Fuel Price Stability Advantage over Petroleum

One of the primary drivers accelerating NGV adoption is the increasing price stability advantage that natural gas has over petroleum. DOE data shows that diesel fuel prices in the United States have risen by more than 117% over the past 10 years. The average price of diesel fuel in the first ten months of 2010 across the United States is U.S.$2.96 per gallon. Price volatility has also been extreme, with the price of diesel fluctuating from a low of U.S.$1.09 per gallon to a high of U.S.$4.10 per gallon over the last 36 months. Conversely, natural gas prices are down about 14% since October 2009 and are currently at twelve month lows. The ratio of the price of one barrel of oil to the price of one million British thermal units of natural gas needs to be at least 5.8 times to make natural gas more cost-effective as a transportation fuel than diesel. Between 1986 and 2009, the ratio averaged 9.5 times; in 2009, it was 29.6 times; currently, the ratio is about 26.7 times.

The current price spread between diesel and natural gas on a diesel gallon equivalent basis is U.S.$1.79. As the global economy recovers, we believe that rising demand for oil will result in price increases and/or fuel shortages, which will continue to create favorable market conditions that encourage the adoption of cheaper alternative fuels such as natural gas. The wider spread between natural gas and diesel prices has a direct impact on the payback period for switching to natural gas engines. As the relative price of diesel compared to natural gas increases, the payback period shortens, and the incentive to switch becomes more attractive.

Substantial natural gas reserves located within the United States, Canada, Australia, China, India, Russia, the Middle East and South America lessen the likelihood of price volatility from concentrated reserves and reduce national security and energy independence concerns posed by oil. Further discoveries of vast shale formations and advancements made in drilling technologies have dramatically expanded the supply of natural gas in the United States and abroad. According to the Energy Information Administration, the total U.S. natural gas resource base is estimated at 2,119 trillion cubic feet, or, tcf. Unconventional gas (shale gas, tight sands, and coalbed methane) now comprises 60% of onshore recoverable natural gas resources, and the DOE expects unconventional sources of gas to meet over half of United States gas demand within 20 years. The Haynesville shale in Texas and Louisiana was

discovered to have significant gas reserves, with an estimated 717 tcf of gas in place. Similar finds have been made in Canada, with British Columbia s Horn River shale find estimated as one of the larger, low-cost shale gas reserves in North America. Additionally, over the past few years, there have been significant discoveries in Bangladesh (an estimated 6.6 tcf), Venezuela (an estimated 6 tcf), Norway, Australia, the North Sea, and elsewhere. We believe that favorable pricing for natural gas as a transportation fuel compared to more volatile oil prices will lead to increased demand for our natural gas engines.

Significant Market Opportunities for Westport

Medium and Heavy-Duty Segment. Datamonitor estimates the global medium- and heavy-duty vehicle market (consisting of vehicles over 3.6 tonnes) in 2009 was U.S.$234.1 billion and is projected to grow at a 7.9% CAGR to U.S.$343.0 billion by 2014. In 2009, the Americas represented 60.0% of the total market, or U.S.$140.5 billion, and are expected to grow at a 6.6% CAGR to U.S.$193.6 billion by 2014. In 2009, the North American Class 8 heavy-duty truck market, which includes refuse, cement and heavy conventional trucks, was led by Daimler, Navistar, PACCAR and Volvo, representing 98% of the overall market. Asia-Pacific is the fastest growing market with sales expected to reach U.S.$94.8 billion by 2014, a 9.5% CAGR from 2009. China continues to be the largest market for and producer of buses, accounting for approximately 22% of total demand in 2014. The European market is also projected to have strong growth in the near- to medium-term, with sales increasing at a 10.2% CAGR to U.S.$54.6 billion by 2014. At the highest end of the heavy-duty segment are applications that would utilize engines with a displacement even greater than 16 litres, such as heavy construction vehicles, marine engines, mining trucks, locomotives and large stationary power engines. These applications consume high amounts of fuel and often operate in regions where LNG enjoys a significant cost advantage over diesel, thereby providing favorable economics for natural gas use and a significant market opportunity for our products. Today only a fraction of these vehicles is powered by natural gas, representing a considerable opportunity given the significant and long-term price stability advantages of natural gas.

Light-Duty Segment. The light-duty segment represents a significant opportunity to replace petroleum-based fuel with natural gas in Juniper s three target markets, consisting of forklift engines, oilfield engines, and fleet vehicles. The market for alternatively-fueled industrial forklift engines was estimated in 2008 at 62,000 engines per year (primarily LPG) in North America, according to the Industrial Truck Association. The market for oilfield engines consists of artificial lift and gas compression engines. Cummins Western Canada estimates that there are over 10,000 alternatively fueled engines (primarily natural gas) sold into the oilfield space each year. The market for light-duty fleet vehicles consists of such vehicles as business-owned fleet cars, taxis and delivery vans. According to the DOE Transportation Energy Data Book (July 2010), light-duty trucks consumed roughly 168 million gallons of petroleum-based fuels per day in 2008. This is equivalent to the gasoline produced from 4.0 million barrels at 42 gallons per barrel. Natural gas substitution could yield significant cost savings and emissions reduction as business-owned fleet cars travel more miles on average than privately owned cars (28,020 annually compared to 12,000 for private cars in 2008) and tend to be replaced more frequently.

Significant Government & Legislative Support for Natural Gas Vehicles

In the United States, both state and federal entities have been proponents of the growth of the natural gas transportation industry.

Federal and state legislators have been active in implementing tax credits for vehicles, fuel, and fueling infrastructure that could stimulate sales of natural gas vehicles and the development of additional natural gas fueling infrastructure. The U.S. *Energy Tech Policy Act of* 2005, PL 109-58, provides for an income tax credit for the purchase of a new, dedicated alternative fuel vehicle of 50 percent of the incremental cost of the vehicle, plus an additional 30 percent if the vehicle meets certain tighter emission standards. These credits would range from $2,500 to $32,000 depending on the size of the vehicle. CWI engines are afforded 100% of the $32,000 credit while Westport HD systems are afforded $28,800 of credit in proportion to the percentage of natural gas it consumes as fuel. Utah implemented the Clean Fuel Vehicle Tax Credit, offering up to $2,500 for the purchase of qualified vehicles fueled by CNG and registered in Utah. In Oklahoma, the Alternative Fuel Vehicle, or, AFV, Tax Credit provides a one-time income tax credit available for 50% of the incremental cost of purchasing a new OEM AFV or converting a vehicle to operate on an alternative fuel. As various levels of government get more involved in promoting the adoption of natural

gas and renewable energy, further economic incentives will lead consumers and businesses to purchase clean fuel vehicles.

The DOE Clean Cities Program is another incentive that strives to reduce petroleum consumption in the transportation sector. The DOE has awarded U.S.$300 million in funding for 25 cost-share projects across the United States that will deploy more than 9,000 alternative fuel and energy efficient vehicles and build 542 new refueling stations. DOE announced funding for approximately 500 LNG trucks and 2,300 CNG vehicles, including refuse trucks and shuttle buses. We anticipate that a significant portion of these 2,800 vehicles will be sourced from manufacturers incorporating the Westport HD system or CWI ISL G engine.

The United States is not alone in enacting legislation to promote alternative fuel adoption. The European Union adopted the Directive on the Promotion of Clean and Energy Efficient Road Transport Vehicles with the aim of introducing environmentally friendly vehicles to the broad market. The directive requires that environmental issues be considered in the lifecycle cost of a vehicle, and that governments in the European Union must purchase a certain percentage of alternative-fuel vehicles. In addition, India and China have both clearly communicated the desire to move towards less-polluting fuels for transportation in their economic Five-Year Plans, which we believe will create further demand for our products.

NAT GAS Act & Recently Proposed Legislative Support for Natural Gas Vehicles

In the past eighteen months, there have been several pieces of legislation introduced in the U.S. House of Representative to increase the use of domestically produced natural gas for transportation fuel as a cleaner-burning, low-cost alternative to conventional transportation fuel. The NAT GAS Act was introduced by Senators Dan Boren in April 2009 and Robert Menendez in July 2009. Key provisions of the NAT GAS Act include:

- an 18-year extension of tax incentives to December 31, 2027 for use of natural gas and purchases of natural gas vehicles and fueling infrastructure;
- expansion of a tax credit equal to 80% of the incremental cost when purchasing any dedicated natural gas vehicle;
- doubling the purchase tax credit cap for all non-light-duty vehicle weight classes up to U.S.$64,000;
- a 10% manufacturing tax credit for OEMs to sell natural gas vehicles in the United States;
- doubling the refueling property tax credit to U.S.$100,000 per station;
- allowing natural gas vehicle and fueling infrastructure credits to be transferred; and
- the requirement that half of federal vehicles purchased by December 31, 2014 must run on natural gas.

The Bill evolved into a few other pieces of legislation, including the *Clean Energy Jobs and Oil Company Accountability Act* (S.3663) introduced by Senator Harry Reid in July 2010. Key incentives for the adoption of natural gas as a transportation fuel include:

- $3.8 billion rebates available for 75-90% of the incremental cost of natural gas vehicles, up to a maximum of $64,000. These rebates are available for qualified vehicles put into service between 2013 and 2015; and they are not considered taxable income to a qualified owner.
- Grants of up to $50,000 per unit to qualified refuelers for installation of natural gas infrastructure put into service between 2011 and 2015.
- Additional $2 billion loans available for manufacturers to re-equip, expand or establish a facility to produce any new qualified alternative motor fuel vehicle or component.

The most recent piece of legislation, which is expected to come before the U.S. Senate for a key procedural vote on November 17, 2010, is the *Promoting Natural Gas and Electric Vehicles Act of 2010* (S.3815) introduced by Senator Reid in September. The key incentives proposed for the adoption of natural gas as a transportation fuel under this Bill are based on the S.3663 Bill. The U.S. Senate will hold three separate votes on cloture in order to

proceed on the three bills: S.3815 (*Promoting Natural Gas and Electric Vehicles Act of 2010*), S.3772 (*Paycheck Fairness Act*) and S.510 (*FDA Food Safety Modernization Act*). Cloture is a motion aimed at entering a fixed period of final debate before voting on a bill. Once a petition for cloture is properly presented, the U.S. Senate will vote and the bill will need support from at least 60 senators (three-fifths of the whole number of senators) to invoke cloture. If cloture has been invoked, debate is limited to thirty hours and no other matters may be considered until the respective bill being debated is disposed of. The three bills presented by Senator Reid will undergo separate cloture votes, and only those bills that receive 60 or more votes in favor of cloture will receive further debate and a potential final vote. Those bills that do not receive 60 votes will be set aside without further consideration.

Our Competitive Strengths

We are a leading provider of high-performance, low-emission engine and fuel system technologies utilizing gaseous fuels. We believe we are well-positioned to capitalize on our rapidly expanding market opportunity given our significant competitive strengths:

Strong First Mover Advantage in Rapidly Growing Natural Gas Engine Market. Datamonitor estimates the global medium- and heavy-duty vehicle market (consisting of vehicles over 3.6 tonnes) in 2009 was U.S.$234.1 billion. Based on our proprietary technology, diverse product offering and global reach, we believe we are well positioned to capitalize on alternative fuel engines increasing share of that market. To date, we have sold over 26,000 natural gas and propane engines to customers in 19 countries, and have developed strategic relationships with OEMs in North America, Asia and Europe, positioning us well in the three largest markets for medium- and heavy-duty products. We currently have strategic relationships with three of the world s top four engine producers and supply or have strategic relationships with five of the world s top six truck producers.

Alternative Fuel Technology Innovator. Alternative fuel system technology is the foundation of our business and our ability to commercialize our products globally. We believe the combination of our considerable investment in research and development and team of world-class engineers is responsible for driving innovation in combustion engine technology since our founding in 1995. Leading global engine producers and OEMs utilize our differentiated intellectual property, thereby allowing us to commercialize our products worldwide. We believe that our global patent portfolio has been pivotal to our market-leading position and that it continues to serve as a significant barrier to new entrants. In addition to protecting our competitive position in the market, our intellectual property also allows us to generate an additional revenue stream through licensing agreements. In order to support our business objectives, we expect our intellectual property portfolio to expand as we file new patent and trademark applications to capture value generated by new technological advances. As of September 30, 2010, we held approximately 66 issued U.S. patents and one allowed U.S. patent, in addition to corresponding issued patents and pending patent applications in numerous other countries around the world.

Highly Capital-Efficient Business Model. Our strategic relationships underpin our capital-efficient business model in which working capital costs and capital expenditures are shared with or borne by our strategic partners. We leverage our expertise in the development of our proprietary technologies by partnering with industry-leading manufacturers who are willing to invest in co-development, manufacturing and distribution of our products for our mutual benefit. Most notably, we are able to avoid the significant capital expenditures associated with manufacturing facilities and overhead costs that would be incurred to maintain manufacturing operations. We are also able to leverage the investment made by our partners in developing global distribution operations and their brands. We believe this model allows us to scale our business rapidly and achieve profitability faster with lower risk, without dependency on government incentives. Our business model is designed to achieve profitability based on the value proposition our technology delivers in terms of lower relative fuel cost and emissions reduction. Legislation and government incentives serve as potential upsides to our business.

Valuable Strategic and Business Alliances. We have established several strategic relationships with key industry OEMs, including Volvo, Cummins, Cryostar, our partner for the supply of cryogenic fuel pumps, and Delphi to supply Westport s proprietary HD fuel injectors. We have also established several strategic joint

ventures, including CWI, WWI and BWI. In addition to our strong supply chain relationships, we have also developed strategic relationships with several leading truck OEMs, including: Kenworth,

Peterbilt, Mack Trucks, Inc., Freightliner Trucks and PACCAR Australia Pty. Ltd. We also have a strategic relationship with North America s largest natural gas refueling company, Clean Energy Fuels Corp., as well as other fuel suppliers around the world. These relationships provide significant value in leveraging our partners global market access and distribution channels while creating barriers for competitors seeking to enter our markets.

Cost-advantaged, High Performance, Low-emission Technology. Our fuel systems are engineered to deliver optimal performance attributes for the medium- and heavy-duty vehicle markets as compared to other available options. In addition to providing significant emissions improvements over diesel, our engines are more economical for customers through the use of lower cost natural gas. For example, our Westport HD engines offer class-leading emissions performance while maintaining diesel-equivalent horsepower, torque and fuel efficiency. Juniper s sub-5 litre engines offer a compact engine package, higher torque and power, and enhanced acceleration compared to competing LPG products.

Our Business Strategies

Our objective is to enhance and protect our position as a leading global provider of alternative fuel systems technology for diesel applications using gaseous fuels such as natural gas, LPG, biomethane or hydrogen. In order to achieve this goal, we focus our efforts on the following business strategies:

Continue to Grow CWI Profitably

CWI revenues grew 30% compounded annually from calendar year 2004 through calendar year 2009. We believe our growth resulted from providing a quality product to the natural gas market, providing a high level of customer service and an increasing number of customers around the world recognizing the advantages of natural gas as a transportation fuel. In addition to its existing engine offerings, CWI is exploring alternative engine platforms, ways to expand its OEM relationships and new applications for its existing products. With its ability to leverage the combination of Cummins manufacturing, distribution and back office processing and Westport s differentiated technology, CWI has a highly flexible and scalable business model.

While North America remains CWI s primary market, we believe there are significant growth opportunities in Europe, Southeast Asia and South America. Additionally, China and India, both large markets for CWI currently, are expected to continue migrating to natural gas as a transportation fuel and thus offer a significant market opportunity. We also anticipate increasing CWI penetration levels in both the bus fleet and refuse truck markets as they continue to take advantage of the economic benefits of natural gas. We anticipate continued demand for CWI engines given their performance and emissions characteristics, and their life-cycle cost advantages. We expect CWI s operating leverage, mature technology and fixed cost fulfillment process will help improve CWI s operating profitability.

Continue to Partner with Leading Global OEMs to Scale Westport HD Including High Horsepower Applications

Westport HD has been in development since 1999, has undergone extensive testing and field trials in Canada, Australia and California, and in March 2007 began commercial delivery of its systems for heavy-duty trucks. Since launching the product in North America and Australia, we have sold over 300 HD systems as of September 30, 2010. Through our relationships with Cummins, Weichai and Volvo, we have access to every major target market for heavy-duty trucks in the world. We have also partnered with Kenworth, Kenworth Trucks (a division of PACCAR Australia), and Peterbilt, for line production of the Kenworth T800, the Kenworth Trucks T408SAR, K108, and T908, and the Peterbilt 386, 387, and 367 trucks equipped with our LNG fuel system and 15 litre GX engine. In addition, we are continuing discussions with additional leading truck OEMs and engine suppliers to integrate our products into existing truck and engine configurations. By offering a complete systems solution, including development services, to our OEM partners, our goal is to create market demand by nurturing early customers and removing possible barriers to adoption by working directly with strategic partners.

We believe there are a number of larger engine applications (16 litre or greater) that would benefit from utilizing our Westport HD technologies, such as heavy construction vehicles, marine engines, mining trucks, locomotives and large stationary power engines. These applications consume large amounts of fuel and often

operate in regions where LNG enjoys a significant cost advantage over diesel, thereby providing favorable economics for natural gas use. Moreover, there is a concentrated target group of OEMs and customers. We have previously demonstrated our technology on high horsepower power generation applications and are currently in discussion with a number of leading engine providers and OEMs in these spaces and expect to broaden our product offering to these markets over time.

Accelerate Market Penetration of Our Juniper Engines and Pursue Additional Light-Duty Engine Markets

Juniper targets the high volume light-duty vehicle and engine segment globally. Until July 2010, Juniper was a 49:51 joint venture with OMVL focusing on entry into the industrial forklift market with products based on Hyundai Motor Company s 2.4-litre industrial engine platforms and OMVL s LPG multipoint injection technology. In July 2010, we acquired OMVL, making Juniper a wholly-owned subsidiary. The acquisition of OMVL strategically enhances the Westport portfolio by providing light-duty products and capabilities for the light commercial and passenger vehicle market. Juniper intends to grow its business through new OEM relationships and continued strong aftermarket sales, leveraging OMVL s capabilities and assembly facilities in Italy and Argentina that today supply Europe, Asia and the Americas. We will continue to pursue select strategic investments in new markets and develop OEM-class products and capabilities in order to allow Juniper to compete for leadership in the light-duty alternative fuels market, with North American fleet vehicles being a significant target market.

Achieve Automotive-Scale Production by Adding New Partners

We plan to partner where possible with the largest tier-one automotive component suppliers, allowing us to benefit from economies of scale, pre-existing manufacturing capacity, proven production capability, and developed supply chains, thus driving down our cost structure and further enhancing product quality. To date, we have focused on developing a strong supply chain by partnering with leading suppliers to the medium- and heavy-duty truck industry. We cooperate on fuel delivery system development programs with a number of companies and are in discussions with a number of the world s leading suppliers to develop complete solutions for our customers. For example, in July 2006, we formed BWI to market and sell more cost-effective, custom-engineered LNG tanks for the transportation market, which allows us to create reliable, robust and affordable products to help us better serve

the heavy-duty vehicle market. Additionally, in 2006, we completed a License and Supply Agreement with Cryostar for the development, manufacture and supply of cryogenic LNG fuel pumps, based on our cryogenic technology. In 2010, we entered into a supply agreement with one of the world s largest diesel injector manufacturers, Delphi, to supply Westport s proprietary HD fuel injectors. Production is expected to begin in the second half of 2010. The secure, scalable supply of our specialized injectors will allow us to reach economies-of-scale in production and costs required by our heavy-duty engine OEM customers.

Focus on Geographic Expansion by Penetrating Key Markets in Asia, Europe and Australia

We intend to focus our market development efforts in rapidly expanding regions. China is one of the world s largest markets for all types of vehicles, and its heavy-duty truck (greater than 16 tonnes) market is already approximately as large as those in Europe and North America. China s vehicle production has more than doubled in the past five years, whereas production in Germany, Japan and the United States is nearly flat or declining over the same period.

China is focused on moderating the environmental impact of rapid urbanization and tremendous vehicle growth. The demand for cleaner fuel, such as natural gas, with economic advantages over traditional fuels is increasing, with an estimated 400,000 natural gas vehicles already in China and over 1,400 filling stations to support them. CWI supplies customers in China with high-performance CNG bus engines. An additional focus for growth in Asia will be exports of our CWI engines through Chinese OEMs to other countries in Southeast Asia and South America. We also focus on promising markets in other parts of Asia, such as India. On October 15, 2008, CWI and CIL announced that the Delhi Transport Corporation had ordered 3,125 natural gas buses equipped with CWI s B Gas Plus engines, the bulk of which have been shipped to date. In March 2010, we announced that CIL received purchase orders for 460 natural gas engines to customers outside of Delhi.

European regulators have implemented some of the most aggressive responses to air quality issues and climate change concerns, and are concurrently promoting increased use of natural gas in vehicles. We believe the opportunities are strong in Europe s transit, refuse and urban truck markets. CWI engines are already offered in

vehicles produced by Renault Trucks SAS of France, and have also been sold for transit applications in Eastern Europe.

Another region where we believe market conditions are favorable for LNG trucks is Australia. In December 2008, we signed a collaborative agreement with PACCAR Australia to commercialize LNG Kenworth trucks for this market. A significant market driver in Australia is the availability of low-cost feed gas for LNG production that could provide strong financial incentives for heavy-duty trucking fleets, mines and other high fuel use applications to operate with our LNG system-equipped engines. The high fuel requirements needed for long-haul fleet transportation in Australia position natural gas trucks to take meaningful market share from their higher operating cost diesel counterparts. The high fuel use of these fleets often creates advantageous payback scenarios to purchasers when they convert their fleets to run on natural gas.

Expand Our Product Offering by Adapting Our Technology for Multiple Alternative Fuel Uses

Our products are built on an alternative fuel platform that leverages the abundant global supply of natural gas. Over the longer term, if alternative renewable energy sources such as biogas, biomethane or manufactured fuels, including hydrogen, hydrogen-natural gas blends, and dimethyl ether, emerge as cost-competitive options, we expect our gaseous-fueled engine technologies, systems and experience will position us to exploit such new low-carbon fuels as they emerge.

In order to maintain technology leadership in the gaseous fuel combustion area, we continue to explore the adaptations of our technology with hydrogen and other alternative fuels. We have previously worked with Ford Motor Company and Bayerische Motoren Werke AG on hydrogen injection technologies and continue to explore such technologies with U.S. national laboratories.

Recent Developments

In July 2010, Westport completed the acquisition of OMVL, including its 51% interest in Juniper, for U.S.$25.7 million. Westport paid cash of U.S.$17.1 million upon closing and will pay approximately U.S.$10.3 million on the third anniversary of the closing date. As a result of the transaction, Juniper, previously a joint venture between wholly-owned subsidiaries of Westport Innovations Inc. and SIT Group of Italy, became a wholly-owned subsidiary of Westport. This acquisition is expected to expand Westport s global product portfolio by adding high-volume automotive components and systems. The integration of OMVL is expected to complete Juniper s light-duty strategy to enter the mobile industrial, non-mobile industrial, and automotive segments. Juniper intends to grow the business through new OEM relationships and continued strong aftermarket sales, leveraging OMVL s capabilities and assembly facilities in Italy and Argentina that currently supply Europe, Asia and the Americas. Strategic investments in new markets and OEM-class products and capabilities should allow Juniper to compete for leadership in the light-duty alternative fuels market.

In July 2010, Westport and Volvo Powertrain, a subsidiary of Volvo AB, signed a new agreement defining Westport s responsibility to develop a range of biogas and natural gas-fuelled engine products for Volvo. Westport will also work directly with the Volvo AB brands to identify market development opportunities for natural gas vehicles and assist in the infrastructure build-out of biogas and natural gas where needed. Westport originally entered into an agreement with Volvo in November 2009 describing Westport as a Tier 1 Development Supplier for its heavy-duty natural gas engines and associated supply chain.

In July 2010, Westport completed its previously announced investment in a joint venture with Weichai and Hong Kong Peterson to form WWI. The joint venture agreement is scheduled to expire in 2039. Under the joint venture agreement, Westport invested approximately $4.3 million, for a 35% equity interest in WWI. Westport has advanced its injector technology to be more readily adaptable to Weichai s engine platforms and reduced the cost of key components. WWI continues to experience strong growth in its spark-ignited natural gas engine business.

In October 2010, Westport announced that Robert Transport, of Boucherville, Québec had issued a purchase order for 180 Peterbilt LNG trucks featuring Westport HD systems. Robert Transport is one of Canada s largest for-hire trucking companies with an estimated 1,100 tractors and 2,300 employees. The new trucks, powered by Westport HD, are expected to be used on line haul routes between Montréal and Québec City, and Montréal to Toronto.

Fuel for the Robert Transport fleet is expected to be provided by Gaz Métro Transport Solutions, a wholly-owned subsidiary of Gaz Métro, the main distributor of natural gas in Québec, which plans to install three LNG refueling sites along the Ontario Québec 401/Highway 20 corridor between the greater Québec City area and the greater Toronto area.

Westport Operations

CWI designs, engineers and produces natural gas engines based on Cummins diesel engine platforms, primarily for the urban bus, refuse, and truck markets. Westport s heavy-duty business unit, Westport HD, provides engines and fuel systems that allow heavy-duty vehicles to run primarily on LNG while maintaining diesel-equivalent performance and efficiency. Westport s light-duty engine company, Juniper, sells 2.4 litre and is developing 2.0 litre LPG and CNG engine solutions for industrial applications such as forklift engines, oilfield engines and fleet vehicles.

5.9 Litre to 8.9 Litre Alternative Fuel Engines

CWI s existing engine products are based on Cummins diesel platforms, featuring spark-ignited technology designed for transit, shuttle, and school bus and truck applications. Because of inherent advantages in low-emission internal combustion natural gas engines, we believe that CWI products can offer lower life cycle costs in a number of applications compared to conventional and other alternative-fuel engine products. CWI engines compete with conventional and alternative-fuel engines on a number of different factors including reliability, performance, price, service, parts availability and other factors. CWI is already the leading supplier of natural gas engines to North American transit and city fleets, and the outlook for product markets is promising.

CWI has five engines in commercial production today: ISL G, C Gas Plus, B Gas Plus, B LPG Plus, and B Gas International, or, BGI.

The ISL G was introduced in 2007 and is the world s first engine for bus and truck applications to be certified to the 2010 U.S. Environmental Protection Agency, or, EPA, and CARB on-highway emissions levels. The ISL G incorporates new combustion and emissions control technologies to offer all the advantages of previous clean-burning natural gas engines with an increase in performance and fuel efficiency, while meeting the strict 2010 EPA and CARB emissions standards of 0.20 grams per brake horsepower-hour, or, g/bhp-hr, nitrogen oxide, or, NOx, and 0.01 g/bhp-hr particulate matter. In 2008, the ISL G was certified to the Euro EEV, or, Environmentally Enhanced Vehicle, standard, expanding the engine availability to Europe and other markets around the world.

The 8.9 litre ISL G engine uses stoichiometric cooled-exhaust gas recirculation, or, EGR, combustion, leveraging Cummins proven cooled EGR diesel technology to create a high-performance natural gas engine. The use of cooled EGR in place of large amounts of excess air not only lowers combustion temperatures, it also allows the creation of an oxygen-free exhaust, which in turn allows for the use of a three-way catalyst, or, TWC, on the exhaust. TWC s are simple passive devices that are maintenance-free and have been commonly used in passenger cars since the 1970s. CWI s stoichiometric cooled-EGR technology improves power density as well as fuel economy and emissions. In fact, low-speed torque is improved by over 30% compared to previous engines. With ratings from 250 to 320 horsepower, this new high-performance, low-emissions engine has sufficient power and torque for large transit buses, refuse collection trucks and other tractor and truck applications. The ISL G has replaced the C Gas Plus and the L Gas Plus in North America.

The C Gas Plus is an 8.3 litre natural gas engine with ratings from 250 to 280 horsepower. Introduced in June 2001, it is an advanced version of the C8.3G engine that Cummins had been producing since 1996. The C Gas Plus continues to be offered in ma