



**Our products
work here**



**to keep
this clear.**

Driving the Clean Transportation Economy

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Westport™

*Creating a Better World
through Innovative Energy Solutions*

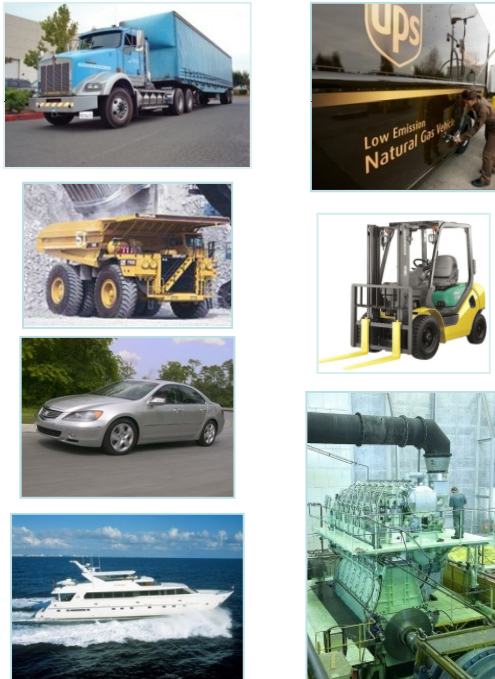
www.westport.com

Westport at a Glance

- Headquartered in Vancouver, B.C.
 - Toronto Stock Exchange: "WPT" - NASDAQ: "WPRT"
 - Market cap ~C\$670 million (~U.S.\$640 million)

Market Focus

- Transformation of markets for petroleum-fueled engines to alternative fuels



Position

- Global leader in medium and heavy-duty commercial vehicle engines operating on alternative fuels










Strategy

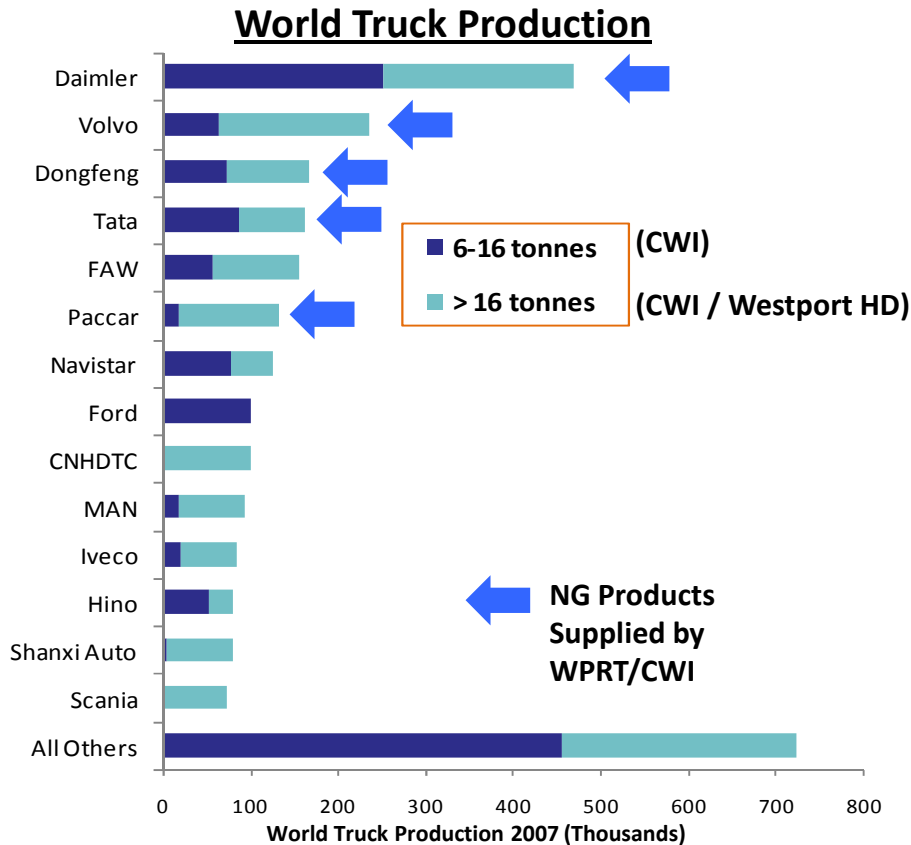
- Market penetration via OEM partnerships and JV's; All manufacturing outsourced



Target Market Segments

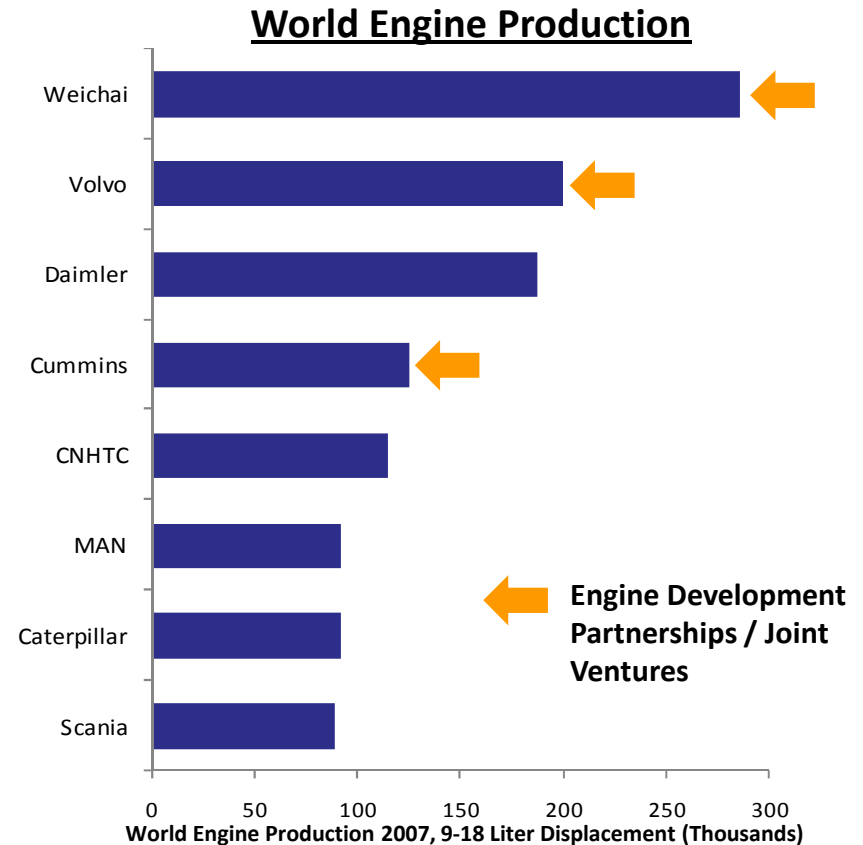
Segment (Engine Size)	Light Duty (1 – 5 litre)	Medium Duty (5.9 – 9 litre)	Heavy Duty (11 – 16 litre)	High Horsepower (> 16 litres)
Applications				
Westport Business Unit				
Business Unit Summary	<ul style="list-style-type: none"> • LTM revenue C\$0 • First products 2010 • Investment C\$1.5m • High volume market 	<ul style="list-style-type: none"> • LTM Revenue C\$105m • Launched 2001 • Profitable since 2004 • CY2004-2008 CAGR 30% 	<ul style="list-style-type: none"> • LTM revenue C\$9m • First product 2007 • Still investing ~C\$20m/yr • Largest potential market 	

World Truck and Engine Production



Source: The World's Truck Manufacturers, A strategic review of finance and operations, 11th Edition (2008), Edited by Jonathan Storey, Data by Polk-Marketing Systems, Published by Automotive World Ltd., www.automotiveworld.com.

Westport supplies natural gas products to 5 of the top 6 truck (& bus) manufacturers

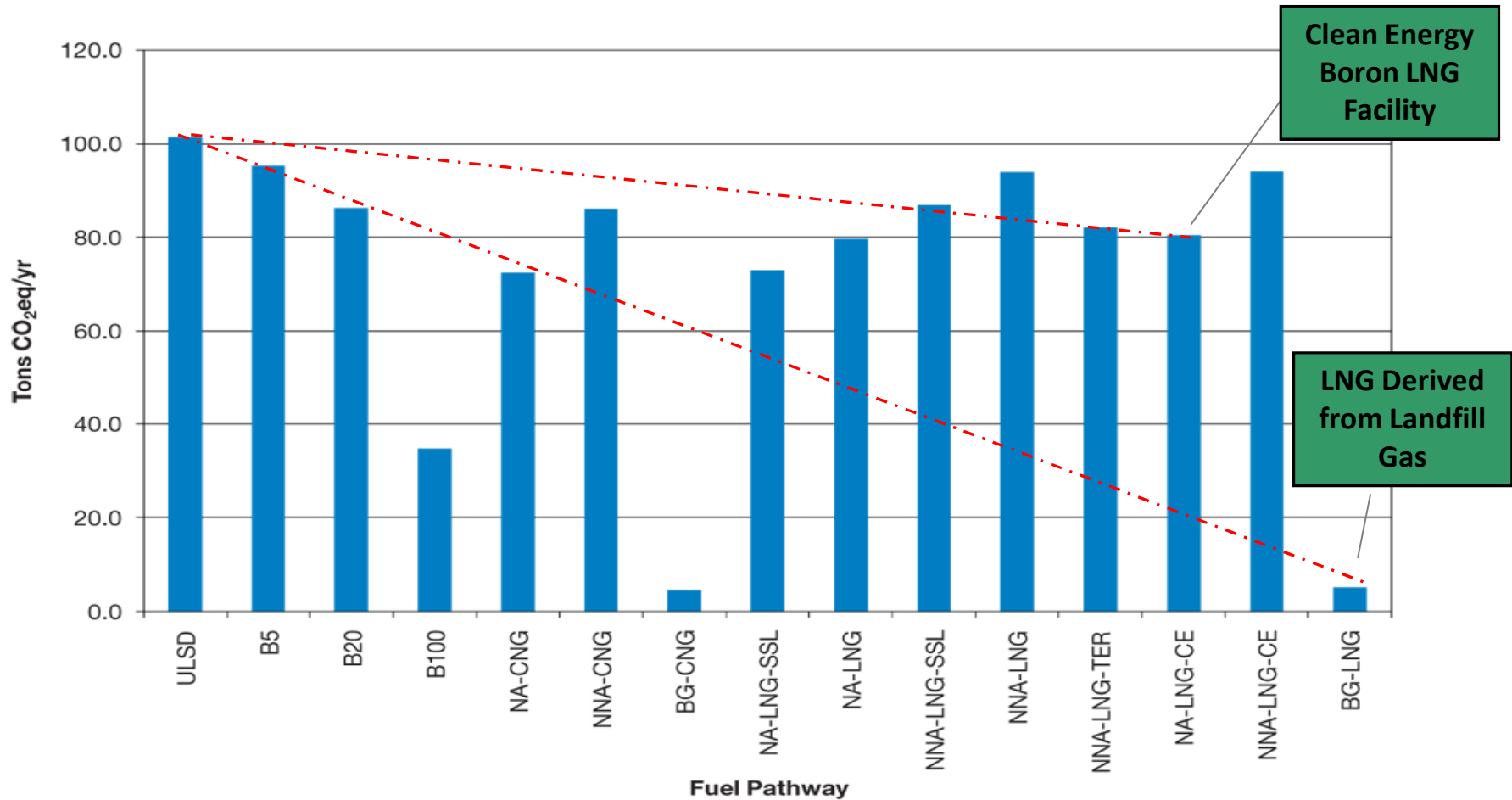


Source: Power Systems Research.

Westport has partnerships / joint ventures with 3 of the top 4 engine manufacturers

Well to Wheel GHG Emissions Benefit for California

(10 year, 400,000 mile, 5 mi/dge)



Source: TIAX LLC (March 2008) Life-Cycle Cost Model and Pollutant Emissions Estimator. Available at http://www.westport.com/pdf/GHG_and_Criteria_Pollutant_Emissions_Estimator.pdf

The Transportation Opportunity

Manitoba

GDP 49 Billion C\$
 Population..... 1,186,700
 Largest Source of Emission .. Transportation

Ontario

GDP 582 Billion C\$
 Population..... 12,803,900
 Largest Source of Emission ... Transportation

British Columbia

GDP 190 Billion C\$
 Population..... 4,380,300
 Largest Source of Emission .. Transportation

Quebec

GDP 298 Billion C\$
 Population..... 7,700,800
 Largest Source of Emission ... Transportation

Washington

GDP 311 Billion US\$
 Population..... 6,468,424
 Largest Source of Emission .. Transportation

Oregon

GDP 158 Billion US\$
 Population..... 3,747,455
 Largest Source of Emission .. Transportation

Montana

GDP 34 Billion US\$
 Population..... 957,861
 Largest Source of Emission ... Electricity

California

GDP 1,813 Billion US\$
 Population..... 36,553,215
 Largest Source of Emission .. Transportation

Utah

GDP 106 Billion US\$
 Population..... 2,645,330
 Largest Source of Emission ... Electricity

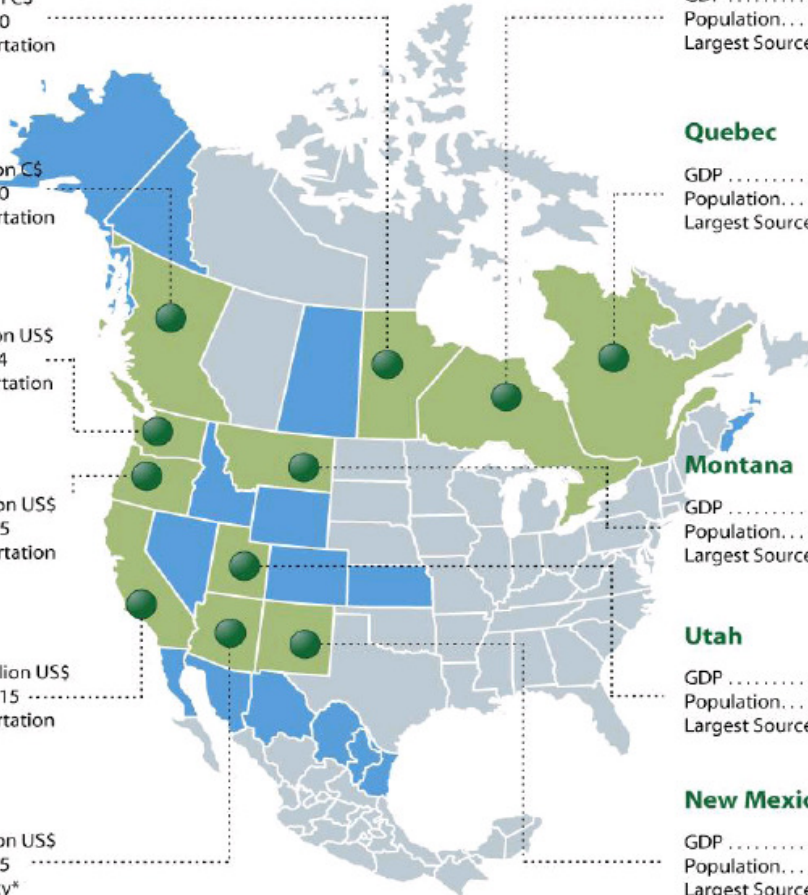
Arizona

GDP 247 Billion US\$
 Population..... 6,338,755
 Largest Source of Emission .. Electricity*

New Mexico

GDP 76 Billion US\$
 Population..... 1,969,915
 Largest Source of Emission ... Electricity

* Includes tribal lands



● Partners ■ Observers

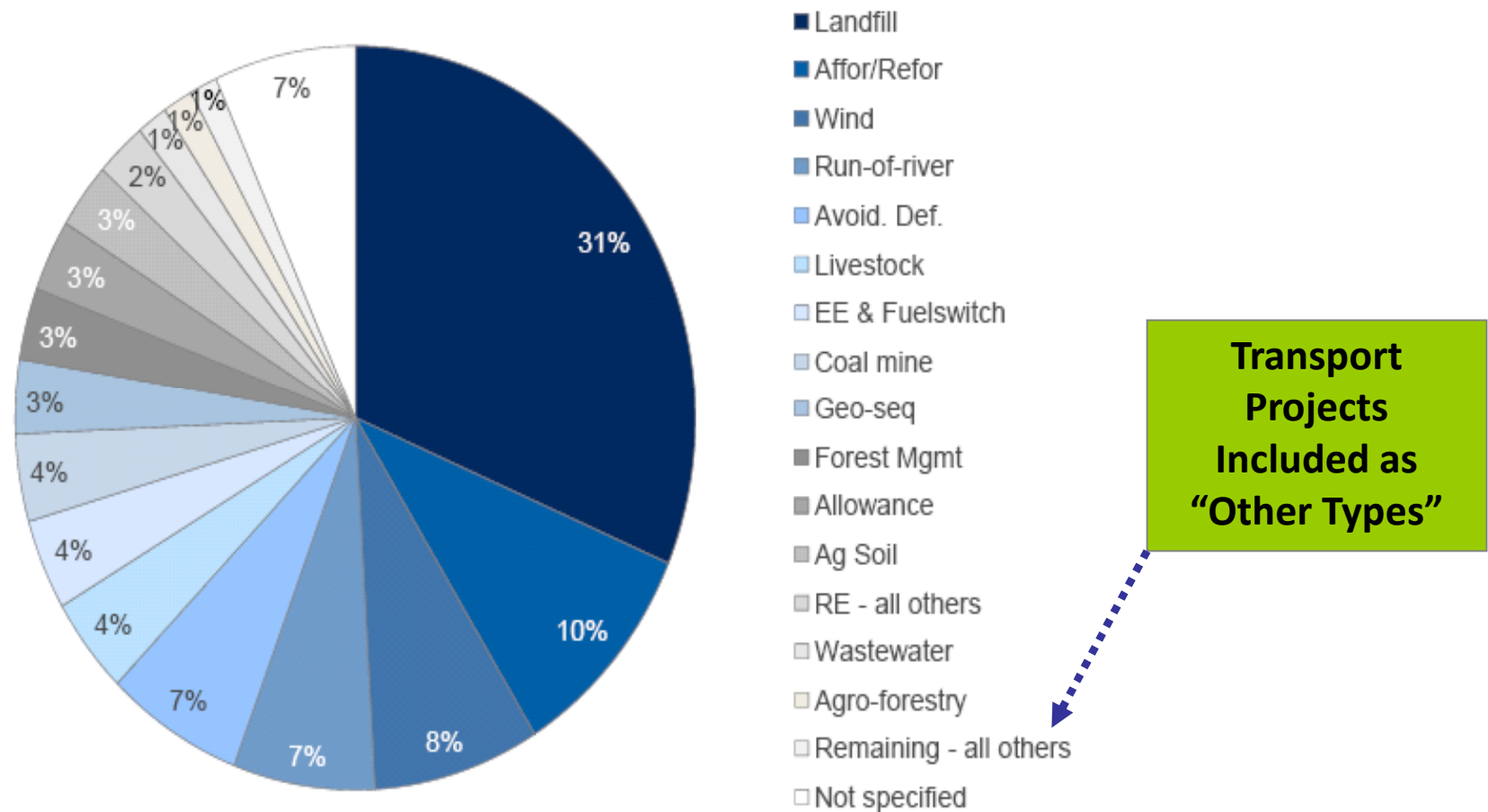
Source: WCI (2010) Design for the WCI Regional Program

Available at <http://westernclimateinitiative.org/component/remository/general/program-design/Design-for-the-WCI-Regional-Program/>

“The easy projects are finished. Landfills are gone. Chemical plant fuel-switch projects are gone. That’s an old story. Now the real problems and the more sophisticated issues like transportation are coming.”

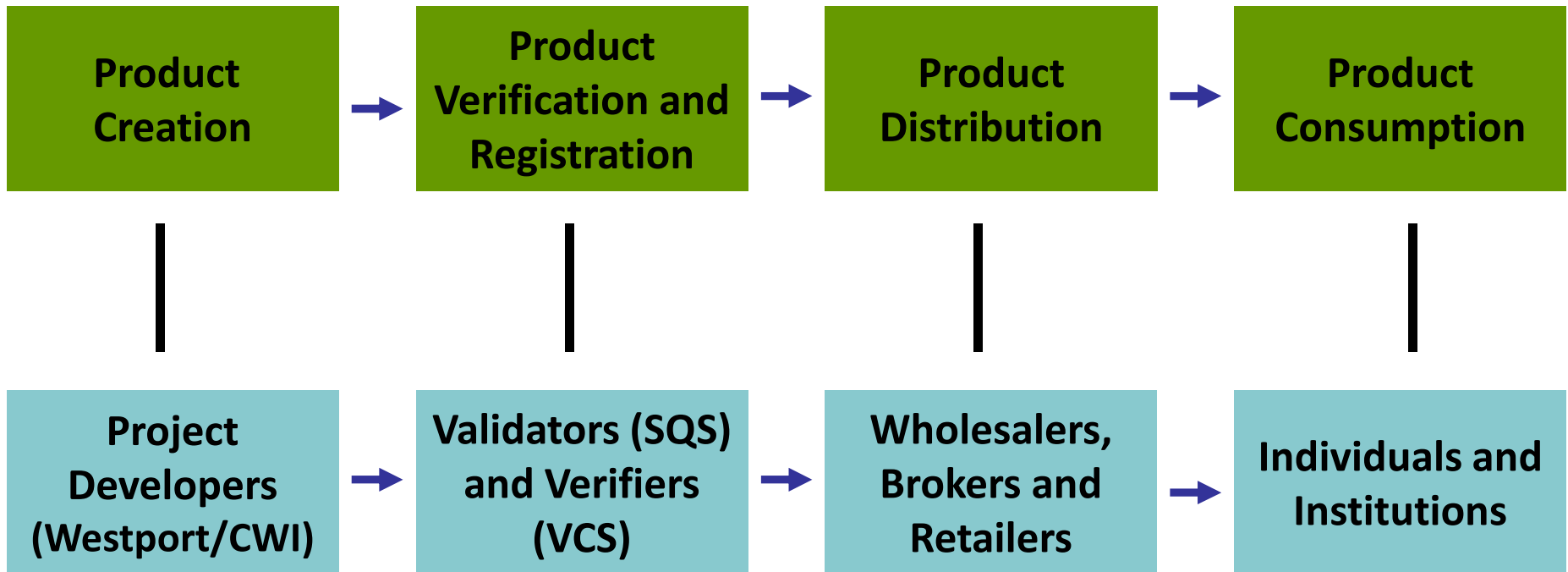
-Clean Development Mechanism panel member as cited in Ball and Ortolano (2010)
“Constructing Carbon Offsets: The Obstacles to Quantifying Emission Reductions” The Journal of Energy Policy

Transaction Volume by Project Type, OTC 2009



Ecosystem Marketplace and Bloomberg New Energy Finance, 2010: State of the Voluntary Carbon Markets
 (Available at http://www.forest-trends.org/publication_details.php?publicationID=2433)

Voluntary Carbon Markets Supply Chain



Ecosystem Marketplace and New Carbon Finance, 2008: State of the Voluntary Carbon Markets
(Available at <http://www.carbonpositive.net/viewFile.aspx?FileID=147>)

Grutter Proposal and Expertise

- Addresses issues related to regulated vs. voluntary market, legal ownership of credits, methodology, upstream emissions
- Has reviewed all CDM transport methodologies (more than 25) proposed to the UNFCCC
- Worked with companies selling emission reductions in Swiss domestic market since 2006
- www.transport-ghg.com

Table 4: Domestic GHG Transport Projects

Project Type	Number of companies
Fuel switch HDVs (diesel to biofuel, diesel to CNG and diesel to biogas)	~ 20
Fuel switch passenger cars (gasoline/diesel to biofuel and to CNG)	~ 10
Improving load factor of trucks through logistics measures	~ 10
Reduced emissions per tkm through usage of larger trucks	~ 30
Eco-drive in HDVs and construction machinery	~ 50
Reduced emissions in quarry's through infrastructure investments (e.g. tunnels, feeder belts etc)	~ 10

The Westport Carbon Project

- Demonstrates the rigorously verifiable GHG emission reductions of Westport GX and CWI ISLG engines
- Internationally recognized and externally validated carbon offset calculation per truck
- Can be expanded to include engines currently in development
- First global transport project registered to VCS
- Project periods are for 10 years or 7 years renewable up to 2x
- UNFCCC Methodology AMS III.C “*Emission Reductions by Low-GHG Emitting Vehicles*”



News Release

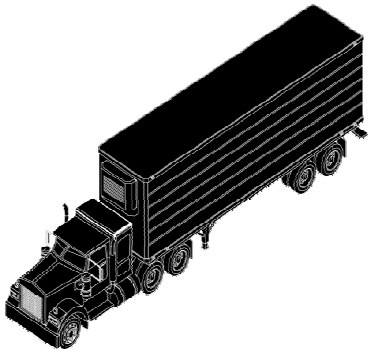
[Home](#) > [News & Resources](#) > [News Releases](#) > [March 25th, 2010](#)

Westport Announces the First Global Carbon Finance Program for Transportation Registered to the Voluntary Carbon Standard

March 25th, 2010

The Westport Carbon Project

1. Vehicles from global fleets “bundled” into the WCP
2. Customers sign emission transfer agreements transferring ownership of emissions
3. Westport collects emissions data via methodology outlined for monitoring
4. External party verifies emissions data
5. Carbon is monetized and rebate cheques are issued
6. Customer obtains documented emission reductions



40 tonnes per year x \$20 per tonne = ~\$800 per vehicle*

* Carbon rebate per vehicle dependent on carbon price per tonne and vehicle operating data collected via annual survey

Linking Carbon Finance and Transportation

Scale

- The cost of establishing a project is prohibitive, 100k tonne threshold

Validation

- Design methodology to validate/verify emissions reductions

Complexity

- Default IPCC emission factors vs. actual EPA certification data

Regulatory Uncertainty

- Will transportation emissions be included?

Carbon Pricing

- Volatility of pricing in the voluntary market

Additionality

- Must demonstrate the existence of barriers that hinder the implementation of the project

Outstanding Issues and Considerations

- Comfort level with regulatory uncertainty
- What are competitors doing? What is the impact of carbon “certification” on vehicle sales?
- Strategy for carbon revenue generated
- Wide, volatile range of carbon credit valuations
- Will transportation projects fetch prices comparable to renewable energy projects?
- Will VCS credits be recognized by Western Climate Initiative?



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