

<RYAN THOMPSON speaking>
<Westport's Multimedia Manager>

Thank you and good morning.

Welcome to our third quarter conference call for fiscal 2008. It is being held to coincide with the disclosure of our financial results earlier this morning. For those who haven't seen the release and financial statements yet, they can be found on Westport's website at www.westport.com.

As usual, the first part of this call will involve a prepared statement read by Westport's Chief Executive Officer David Demers. After David's introduction and summary, Elaine Wong, Westport's Chief Financial officer, will discuss the company's financials. We will then conclude with Michael Gallagher, Westport's President and Chief Operating Officer, who will speak to Westport's development programs and operations.

Attendance at this call is open to the public and to media, but for the sake of brevity we're restricting questions to analysts and institutional investors. Please identify yourselves by name and company when asking questions. For anyone else who has questions or requires additional information we would please ask that you contact our Investor Relations department via email at: invest@westport.com or by telephone at (604) 718-2046.

This conference call may include forward-looking statements expressing Westport's expectations, hopes, beliefs and intentions on strategies regarding the future. It is important to note that Westport's actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including but not limited to: general economic conditions, business and financing conditions, labour relations, government actions, competitor pricing activity, expense volatility, and other risks detailed from time to time in the company's filings with regulatory authorities.

Now, I will turn the call over to David Demers, Westport's Chief Executive Officer.

David...

<DAVID DEMERS speaking>
<Westport's Chief Executive Officer>

Thanks Ryan and good morning everyone.

I will make my usual few introductory comments and then I will turn the call over to Elaine for her review of the financial statements and our Cummins Westport business unit. Mike will then give you an update on the heavy-duty truck business unit and the status of our projects in California and Australia.

As you can see from the financials, sales growth continues to be very strong and quite broadly based. In US\$ terms the quarter was up 34% for the quarter year over year, and we should note that Q3 last year was very strong, the first of several successive record revenue quarters at the time, so growth beyond that we think demonstrates some long-term trends here. Year to date revenue in US\$ is up 49%. We are seeing good results in our traditional markets such as US transit bus, with the launch of the new ISL G engine earlier this year, and also US refuse trucks. International markets have also been strong this year with major shipments to fleets in India, China and South America. At the end of the quarter the year to date mix stood at 60% North America, 40% international.

Cummins Westport, our joint venture with Cummins, posted its 13th consecutive profitable quarter with a \$2.8 million operating profit before interest and income tax, and over \$11 million profit before tax for their 2007 fiscal year. For CWI's fiscal year which ended Dec 31st, the results, they're pre-audit of course, demonstrate the profit leverage we expect from this joint venture: revenue for the year was \$66.4 million (up 46%); operating contribution before taxes in 2007 was \$11.3 million (up 169% from 2006). Net earnings after interest and taxes for the year was \$18 million. So if we look at historical trends for CWI's fiscal year, which is the calendar year, revenue growth 2004-2007 compounded at 34% annually; and profit growth has compounded at 572% annually, which is great performance and we congratulate the CWI team for their success.

We expect CWI to continue to grow quickly and profitably. CWI's business has been focused on urban fleets operating out of central depots, such as city bus fleets and refuse trucks. In the US transit market, for example, the Department of Energy in the US reports that over the ten year period from 1996 to 2005, natural

gas usage grew from just under 1% of all fuel used to just over 14% for an annual compound growth rate of about 28%. Overall conventional fuel use rose at under 1% annually, so you can see that growth in the industry has gone to natural gas. We'd like to think that trend is what we're going to see in other markets.

The driver for this growth in the transit bus market was primarily environmental regulation. This trend is going to continue, and it is spreading around the world from its original start in California. CWI, of course, is well positioned to capture significant global market share of this business. But increasingly our customers are buying for economic reasons, and the environmental benefits are simply a bonus to a sound financial decision.

In the refuse market, for example, the town of Smithtown, New York has moved from 100% diesel in 2005 to 100% natural gas fuelling their refuse fleet. Their reasoning? It's all about money. As city management explain it, they changed out an average 15-year old truck fleet for all-new CNG refuse trucks, built a new high capacity CNG refuelling station, and they still expect to save money over the next five year contract period, even with all these costs wrapped in. That's even if diesel and natural gas prices stay relatively the same. Yes, the trucks are cleaner and they're quieter but the real catalyst to change for Smithtown was the risk that diesel fuel prices could continue to rise. Over the last five-year period, the saw diesel prices rise over 300% in their area. Where will fuel price for diesel be in 2012? No-one knows, but not many people want to bet that diesel prices will decline. Smithtown chose to manager their risk with a long-term natural gas price guarantee from Clean Energy, our fuelling partner in North America. They're very happy with the result, and I think that's a trend we're going to see continue.

Smithtown's not unique in their concern over rising fuel prices—we are seeing significant growth in the refuse truck business for CWI, with all of the manufacturers offering CWI's new ISL G as an option, including MACK trucks, which is part of the Volvo group. Most of these fleets are choosing natural gas because of the economical advantages. Conventional CNG or LNG sourced from pipeline natural gas is the most common choice of fuel, but a number of biomethane facilities have also been built to supply fuel to refuse fleets. This looks like a very strong trend, offering economic, clean fuel and a substantial greenhouse gas benefit too.

So the value proposition for natural gas for these fleets continues to be strong, and recognition of these advantages continues to grow in our target markets around the world. In operation, our vehicles are cleaner and quieter, the fuel is domestically available and supply disruptions are therefore less likely. And we can provide important cost certainty going forward. All of that, with lower costs.

This past year we launched a second business unit focusing on the largest on-highway trucks. This is a very different application with different needs and the business unit has been structured accordingly. The recent announcement of Kenworth as our production partner for North American and Australian heavy-duty trucks is probably the most significant announcement for Westport since we originally announced the CWI joint venture in 2001. As you saw in the announcement, Westport will build an Assembly Centre here in Vancouver to prepare natural gas engines and fuel systems in support of truck production at the Kenworth factory in Renton, Washington.

Mike will take you through the heavy-duty business unit details in a few moments so I won't go into any more details than that. As you can imagine, its and exciting and busy time for the heavy-duty business unit and market interest is high after Kenworth's announcement.

We are confident that natural gas is emerging as the leading alternative fuel and over the next decade and we expect it to take a significant chunk of the global energy use. We believe our strategy will allow us to participate in this growing market as the technology leader.

Now I'll turn the floor over to Elaine to take you through the financials, Elaine.

<ELAINE WONG speaking>
<Westport's Chief Financial Officer>

Thanks, David, and good morning everyone.

Consolidated net income for the third quarter was 7.4 million dollars, or 8 cents per share (7 cents fully diluted), compared to a loss of 5.8 million dollars, or 8 cents per share, in the same quarter of the prior year. The profitable quarter was primarily the result of 9.4 million dollars of gains recognized on the sale of approximately 600,000 shares of Clean Energy and substantially all of our shares of Wild River, and 5.9

million dollars of future income tax benefits recognized by CWI in the period, half of which, after accounting for Cummins' share, drops to our bottom line.

Excluding gains and taxes, our net loss for the period was 5 million dollars, down 800,000 from \$5.8 million in the third quarter last year, primarily because of increased margins and higher interest and other income. Consolidated operating expenses (ie., R&D and SG&A) were relatively unchanged at about 10 million dollars Q308 compared to Q307. Decreases in CWI R&D with the launch of the ISL-G engine earlier this fiscal year were offset by higher engineering costs associated with the certification of the '07 LNG system in the quarter, supply chain and other production related costs.

Net loss for the nine months ended December 31, 2007 was 2.2 million dollars or 3 cents loss per share compared to 13 million dollars or 17 cents loss per share for the same period in the prior year.

Excluding gains and taxes our net loss for the nine months ended December 31, 2007 was 15.0 million dollars compared to \$16.9 million for the prior year. The improvement was primarily from higher revenues and related gross margins, lower R&D costs, offset by higher sales and marketing expenses and foreign exchange losses over the year.

Consolidated revenues for the third quarter ended December 31, 2007 were 19.3 million dollars, a 15% increase from the prior year. For the nine months ended December 31, 2007, revenues were \$56.2 million, up 37% from the prior year, and nearly matching last year's full year revenues of 60.5 million dollars despite the weakening US dollar over the period. US dollar revenue growth was up 49% with increased CWI shipments in the year to Asia, Europe and North America and the launch of Westport's LNG Systems for Heavy-Duty Trucks in California.

As David alluded to, CWI has just completed its fiscal year, which is on a calendar year basis. For the year ending December 31, 2007, it had unaudited revenues of approximately US\$66 million dollars and unaudited operating profit before interest, FX and taxes of US\$11.4 million dollars. That is up from US\$45 million dollar and US\$4.2 million respectively from 2006. As David noted, CWI is highly leveraged and as a result, CWI saw almost all of the approximate \$7 million dollars in incremental margin generated by the higher revenues drop to its bottom line. We recognize 100% of CWI revenues and

expenses and 50% of its net income, after taking into account Cummins share, in our consolidated financial statements.

In our fiscal year to date to December 31, 2007, in Canadian dollar terms, CWI revenues have increased 32% to 52.3 million dollars. Product revenues were 40 million dollars year to date, up from 30 million dollars this time last year. CWI has seen strong revenue growth in all of its geographic segments, including a 15% increase in North America, a 74% increase in Asia, and 61% elsewhere. CWI parts revenues have also increased by 27% due to a larger engine population, the launch of the ISL-G requiring dealers to stock up on new parts, and modifications made to the L-Gas Plus.

CWI gross margin percentages for the quarter were approximately 33%, and are comparable to gross margin percentages in the prior year. Year to date gross margins are down to 33% from 35% in the prior year due to product and geography mix, more aggressive pricing and conservative warranties being taken on the ISL-G launch.

Turning to Westport, we shipped 3 LNG systems in the quarter, bringing total LNG systems delivered in the fiscal year to 36 units. To date, we also have built another 75 units which are awaiting delivery to port customers. These 75 units are being funded by Clean Energy through a \$6 million advance, which is unsecured and repayable only from the ultimate sale of these units. We had received approximately 4 million of the advance as at December 31.

Our cash and short term investments balance as at December 31, 2007 was \$24.9 million compared to \$23.1 million as at March 31, 2007, an increase of \$1.8 million. We also had have approximately 1.4 million shares of Clean Energy remaining, valued at approximately 21.2 million dollars, bringing total cash and marketable securities to just over 46 million dollars with access to another 8 million dollars on our bank line.

During the quarter, we netted proceeds of approximately \$9.4 million dollars on the sale of Clean Energy shares and 6.7 million dollars from the sale of Wild River. The 6.7 million was used to offset the limited recourse loan of \$6.7 million set up last year and accordingly, we did not see any new funds from this transaction. We also drew 2 million against our demand loan in the quarter.

For the three quarters ended December 31, 2007, we have used 9.4 million dollars in cash for operating purposes and 6.8 million dollars for working capital purposes, with 4 million dollars of that related to inventory. Capital expenses to date have been relatively modest at just over half a million dollars. However, we do expect that to increase substantially as we ramp up activities related to our assembly centre, which we expect will require a budget of \$3 to \$3.5 million dollar range.

It is our current intent to fund our capital requirements through our existing cash resources and investments, our bank line, gross margin from sales of LNG systems and our share of CWI cashflow.

More detailed information on our financial results can be found on our website.

Now over to Mike for an update on operations.

<MIKE GALLAGHER speaking>
<Westport's President and Chief Operating Officer>

Thank you, Elaine, and good morning everyone.

In the past I have discussed the importance of our long standing relationship with Cummins. First, the Cummins Westport joint venture has enabled us to establish our global brand, alongside Cummins, as a leader in alternative fuelled engines for medium-duty applications. With over 19,000 engines in service, it has allowed us to capture significant market share in truck and bus fleets throughout the world. And, thanks to Cummins manufacturing capability it has allowed a relatively small organisation to scale up significantly with modest cost structure increase, to meet the demand in the marketplace. In addition, our relationship with Cummins has contributed tremendously to Westport's reputation in the marketplace.

I can now tell you that our newly minted relationship with PACCAR and its Kenworth Truck Company subsidiary, is intended to achieve the same kind of goals, albeit in the very large heavy-duty truck market. Our new agreement with Kenworth to deliver factory-built LNG HPDI trucks is game changing for us. It represents a huge ramp-up in our truck delivery capacity. We can now capitalise on major opportunities in private and public truck fleets knowing that large orders can be fulfilled on a scale that was previously just

not possible. We can leverage the Kenworth production capacity and brand, and its reputation as second to none in the North American trucking industry, and benefit significantly from Kenworth's marketing muscle.

This new relationship gives us instant credibility with heavy-duty trucks and puts Westport's LNG fuel system "on the map" for fleets seeking out alternatives for their truck fleets in the face of rising oil costs, increasing environmental pressures and regulations and a new focus on climate change action. We applaud Kenworth for their vision and foresight and are very much looking forward to working with them. They are a leader in technology and innovation and we look forward to adapting our high performance LNG fuel systems onto their trucks.

Ramping up our LNG truck production capacity in this way also gives us the chance to optimize our systems integration and assembly work on LNG systems. So as you have heard, we are taking this opportunity to open a new Westport Assembly Centre facility here in British Columbia. Our assembly centre will assemble LNG engines as well as LNG fuel systems including injectors, tanks, pumps and other components being procured from around the world.

The opportunity that first caught Paccar's attention was of course our involvement with the Clean Trucks Program at the Ports of LA and Long Beach. As an update, I can tell you that administrative efforts are moving forward to get the first 158 port trucks into service. And as a reminder, the Ports of LA, Long Beach and South Coast Air District approved \$27.5 million in funding in October 2007 to replace 158 trucks with Kenworth LNG trucks. While the contracting process is being completed we took the opportunity to arrange financing as Elaine mentioned and complete the building of an additional 75 trucks—to make the first 100 in total for the ports, since our last quarterly call.

The Ports are now working out the details of the longer term, and larger, truck replacement program as part of their Clean Air Action Program. Six weeks ago, the Ports in separate board meetings, approved a new \$1.6 billion Clean Truck Superfund. The fund will help replace 16,800 Class 8 trucks serving the ports with new clean trucks. And just a month earlier, they approved a new progressive truck ban that will remove all pre-2007 trucks by January 2012. We, and our partners as you expect, are working closely with Port staff to ensure that

the replacement program meets the needs of all stakeholders.

Looking outside the port, we continue to see increasing interest for our LNG heavy duty trucks. Wal-Mart Stores, who operate over 7,000 heavy duty trucks in the United States, will be deploying their first 4 LNG Paccar Perterbilt trucks at their goods distribution centre in Apple Valley, California. They will be evaluating these vehicles in real-world operations and the deployment has been supported in part by the Mojave Desert Air District. Large fleets such as Wal-Mart use these programs to evaluate products for larger deployments. We believe that fleets will fall in love with the power and performance of our new LNG trucks, and recognise that they represent a cost-effective alternative to oil while delivering best available control technology on emissions reductions, including greenhouse gas reductions. Many other private fleets have expressed publicly their intention to reduce the greenhouse gas emissions and overall environmental footprint from their goods distribution fleets.

Across the Pacific Ocean, we are also continuing to make great progress with our Australia Heavy Duty LNG truck product. The new fleet of four vehicles—which just went into service a little over 90 days ago—has now surpassed 100,000 kilometres of real world operations in early January. Power and performance feedback has been excellent from the drivers who have also remarked repeatedly how the Westport trucks are delivering exceptional power and torque performance compared to other available solutions. We also just announced Australian product certification last week.

Our hard work is beginning to pay off. With the endorsements and the full industrial capacity brought to us from major players such as Cummins and now Paccar/Kenworth, we are in position to generate significant growth and returns to our shareholders that go with that. The continuing exceptional financial results from our Cummins Westport joint venture and clear market signals from environmental and economic driving forces mean that alternative fuels are here to stay. And I can assure you that we are absolutely committed to capitalizing on these huge opportunities.

I will now pass it back to Ryan who will open the call to your questions

<RYAN THOMPSON speaking>

Thank you, Mike. We have now completed the formal remarks of the call and are ready to take any questions that you may have.

Michael, could you please queue any questions.

<Q&A SESSION>

Operator: Certainly, thank you Ryan. Ladies and gentlemen at this time we will begin our question and answer session. If you do have a question at this time please press the star followed by the one on your pushbutton phone at this time. Once you make that choice, if you decide you'd like to decline from the polling process, pressing the star followed by the two will remove your line from the queue. You'll hear a three-tone prompt acknowledging your selection in either case. Questions will be polled in the order they are received. Also, if you are using speaker equipment, please note that you do need to lift the handset before making your selection.

Our first question will be coming from the line of Philip Tulk with PI Financial. Please go ahead.

Philip Tulk: Good morning.

Elaine Wong: Good morning Phil.

Dave Demers: Morning.

Philip Tulk: I'm sorry I missed a bit of the call. I wondered on the Australian business, remind us the production arrangement for trucks there. Is there likely to be a, I guess it isn't on the drawing board right now to get an arrangement similar to the one you have with Kenworth here to produce trucks. Is there an indication of volume there yet? Just to kind of take me through where Australia is and how you see that ramping.

Mike Gallagher: Hi Philip, this is Mike. How are you today?

Philip Tulk: I'm well, thanks.

Mike Gallagher: The, yeah what we've said about Australia of course is that we've got the first four demonstration trucks on the road. I think you probably heard me cite the accumulated mileage...

Philip Tulk: Yeah.

Mike Gallagher: To date and we've now certified the product for use in Australia. We've set the stage for commercial sales.

We, at the moment are working as we are in North America with both Cummins and Kenworth to get trucks and engines available to the Australian market, so we're working with the Australian entities of both those firms.

We, the Australia program is not as far along as North America, as you know. We haven't developed commercial sales in volume yet, but we are looking to use those same partnerships in much the same way we have in North America and California, would fully expect over time that Kenworth, for example, would be looking at similar arrangement with us in Australia. But for the moment we're quite capable of meeting short-term demands with the arrangements we have in place with the Australian entities of Kenworth and Cummins.

Philip Tulk: What kind of, what kind of capacity, I mean it's an upfit type of situation I'd imagine there now, is it?

Mike Gallagher: That's correct, yeah.

Philip Tulk: And I mean, what type of capacity would you have? Sort of tandem, I mean obviously it's materially based, but could you do you know 10 a month or...?

Mike Gallagher: Yeah we, I mean we can do 10 a month or more if required by the marketplace.

Philip Tulk: Okay.

Mike Gallagher: You know in the United States we were doing multiples of that figure. So we would just plan to ramp up that up-fit capacity as demands develop.

Philip Tulk: Okay great. I'll get back in the queue. Thank you.

Operator: I thank you. And Rupert Merer with National Bank Financial. Please go ahead with your question.

Rupert Merer: Good morning.

Elaine Wong: Good morning Rupert.

Rupert Merer: Turning to the ports, do you have a feel for what the specific hold up is with the orders from the ports and what it'll take to get the orders flowing?

Mike Gallagher: Rupert, Mike again, are you referring to the 158 trucks?

Rupert Merer: Yes I am.

Mike Gallagher: Yeah. That's, yeah we do have an understanding for what the hold up is. The ports kind of gone through their process so that the hold up is not at the ports, they've signed contracts with these different trucking fleets, but the Port of Los Angeles in making procurements and funding of commitments of this kind has a process which requires them to go through the City of LA, which is their governing body essentially, and specifically the LA City Council. So there are, the various contracts are working their way towards the City Council through the LA City Administrative Offices.

We do hear that the City Council agenda item is likely to occur over the next two or three weeks, but that's the milestone that's pacing the release of monies from the City of LA to those fleets.

Rupert Merer: So if the first orders can get approved in the next few weeks or in the next quarter, let's say, what happens next? Is there also a parallel process in the works to streamline further orders in the future?

Mike Gallagher: So I'll take the two steps separately. Once the LA City Council approves the contracts monies will begin to flow from the City of LA to the 10 fleets, which will then trigger our delivery of those trucks to the fleets. And as I've mentioned, we've developed a significant ready inventory of completed trucks to accelerate that process from our end. So that's the 158 process.

The Clean Truck program, as you know calls the replacement of a lot more trucks than that, 16,800, and the ports are now looking at how to mobilize their resources and their plans for kind of the next tranche of commitments of Clean Trucks. There's a lot of activity in Southern California between the two ports right now around the likelihood of putting together another request for proposal that would trigger production and delivery schedules and potential prices for replacement trucks over the next couple years. You know I can't make any statements about when that RFP's going to

come out, but I can tell you that the two boards are talking about setting up another joint board meeting to approve the outlines of such a procurement process in the near future.

Rupert Merer: Okay. There's still confidence then that they can meet the first truck mandate of October 1st?

Mike Gallagher: Well I mean, I guess the question is who's confidence are you looking for? The port's boards have, yeah the port boards have approved those bans. They're leaning on their staff very aggressively right now to get the program moving and the procurement process will trigger the delivery of a large number of trucks as soon as people are ready to provide them.

Rupert Merer: Okay one more question around this...

Mike Gallagher: Just a last thought on that is that there's, you may have seen the note, just in the last week there's been some significant new pressure on the ports, particularly aimed at the Port of Long Beach from some of the non-governmental organizations out there. I'm thinking specifically of the NRDC letter that went to the Port of Long Beach last week.

Rupert Merer: Yeah, I did see that. Around this issue then, at the end of the last quarter did you have 50 or 75 trucks in inventory?

Elaine Wong: At December 31 we had something less than 50 trucks in inventory, finished in inventory, Rupert.

Rupert Merer: Okay so that accounts for much of the 2.5 million of finished inventory?

Elaine Wong: That's right.

Rupert Merer: Okay. I'll get back in queue. Thank you.

Operator: All right, thank you. Ladies and gentlemen if there are any additional questions at this time please press the star followed by the one now. Again if you're on speaker equipment you do need to lift your handset before making that selection. Star one if you have a question at this time.

Sara Elford with Canaccord Adams. Please go ahead.

Sara Elford: Hi guys. Just one housekeeping item, Elaine, if you could talk about the review, you talk about a review, reviewing the process with Cummins in terms of settling of quarterly payments between the two of you guys. Can you just elaborate a little bit more, not in terms of current process, you know what could change in terms of how that goes ahead?

Elaine Wong: Sure. The current process today, as you know, Cummins asks us, does all the working capital and manages all of the accounts payable, accounts receivable et cetera for CWI.

Sara Elford: Yeah.

Elaine Wong: Currently what happens is at the end of each quarter they cut us a check and they say you know here's your, here's the CWI money.

Sara Elford: Yeah.

Elaine Wong: In the past Cummins has had no requirement for cash and they've been very flush with cash and they've been happy to give all of that to CWI.

Sara Elford: Yeah.

Elaine Wong: Last quarter they just paid out, so they did a major share buyback and they were looking for access to some of that cash, particularly because CWI has been spending off so much of it recently. And so they're also looking at just growing cash flow coming from CWI. And at the same time we've also been saying, hey you know, given how much cash CWI is spinning off, quarterly's probably a little bit too long. And so we've just been working through this with Cummins, in terms of you know what's the best method from a tax perspective, accounting perspective, to do this going forward. We don't expect any changes to our existing cash balances.

Sara Elford: Yeah.

Elaine Wong: I.e. we don't expect Cummins to declare a dividend or take anything out of CWI today. This would be a go-forward type process and so...

Sara Elford: Okay.

Elaine Wong: We're working through that right now. And...

Sara Elford: Okay.

Elaine Wong: In terms of your models, to the extent you've been modeling 50% of CWI, there should be no impact to your models.

Sara Elford: Okay. That's helpful. I think, I just saw you guys so I honestly don't have too many questions other than that. It's just what I wanted the verification on, so thank you.

Elaine Wong: Thanks Sara.

Operator: All right, thank you. Shawn Boyd with Westcliff Capital Management. Please go ahead with your question. Shawn Boyd, your line is open. Did you have a question?

Shawn Boyd: I do. If I could, I want to go back to clarify the number of trucks shipped in the quarter. We had three HPDI trucks shipped in the quarter?

Elaine Wong: That's correct.

Shawn Boyd: Okay. And I came on the call late, can you just remind me again, what's the situation on the inventory?

Elaine Wong: So the inventory today, there is about 75 units as of today that are substantially completed and ready to go. As at December 31, something less than two-thirds of that were completed and the bulk of them were completed in January. I shouldn't say the bulk, most of them (inaudible) the ones were the rest.

Mike Gallagher: The rest.

Shawn Boyd: Got it. And did we start the quarter with any trucks in inventory?

Elaine Wong: We did start the quarter with trucks in the inventory, yeah.

Shawn Boyd: And how many was that?

Elaine Wong: I'd rather not say right now, let's just say it's less than 50. You can roughly...

Shawn Boyd: Okay.

Elaine Wong: Yeah.

Shawn Boyd: Okay so, and these trucks that we have in inventory, the 75 units, are backed by an advance from Clean Energy?

Elaine Wong: That's right.

Shawn Boyd: And how much is that again?

Elaine Wong: \$6 million total advance, 4 million of which was advanced to the end of December 31.

Shawn Boyd: Okay. So given what the discussion earlier, in terms of the ports and this funding that we're trying to get through City Council, is it your estimation that we'll see these trucks go out entirely in the March quarter? Or what's the timing as we think about the 75 in inventory today?

Mike Gallagher: Yeah, this is Mike, Shawn. How're you doing?

Shawn Boyd: I'm all right, how are you Mike?

Mike Gallagher: Good. Yeah hard to say you know because we've got to wait for the City Council to get the thing on their agenda. I expect that in the next two or three weeks, but I'm not going to guarantee the date. That's getting within about 30 days of the end of the quarter right there. Once they finish with the agenda item, then have to go through their finance you know machine to start cutting checks to the fleets, who will then, once they have the checks, you know what they've said is that they will then, you know flip the switch to us and Kenworth to deliver these trucks that are in inventory.

So it's hard to predict you know what week these things are going to go out, what week and weeks, but they'll start, once the checks start flowing, once the City Council meets, the checks start flowing, those trucks will move out quite expeditiously over a period of weeks, whether it falls into this quarter or next quarter, don't know yet.

Shawn Boyd: Okay. And last question on this, if we look at just the cumulative number of trucks here, it looks like, if my numbers are correct, 25, 36, we've got about 42 trucks over the last four quarters. Are those all non-port trucks?

Mike Gallagher: No, 25 of them were recognized as port, early port sales around arrangements with Clean et cetera. The rest are non-port trucks.

Shawn Boyd: Okay great. And then something like the Wal-Mart announcement, would that literally trigger another for trucks?

Mike Gallagher: Yeah, that's an interesting question actually because the most, it's kind of a complicated sale, if you will, with you know funding agencies involved et cetera, et cetera. So we're looking at that question right now, Elaine and I are looking at it. I think it may well, may well trigger a sales for trucks, but we're not sure yet. We're looking at the, kind of the specifications on the funding et cetera. And regardless, the trucks won't be delivered for three or four months. It'll be a question for kind of early summer it looks like.

Elaine Wong: Yeah. We have to look to see what the final paperwork looks like around this.

Shawn Boyd: Got it. Okay. And on Australia, that, what's the earliest that which we would start to see commercial sales on trucks into Australia?

Mike Gallagher: Well we've already announced our first very modest commercial sale, which was a sale, a conditional sale we're calling it of four trucks, which we announced three or four months ago I want to say. It's conditional on the outcome and the completion of the demonstration program, which is running another couple of months.

And then after that, we're sort of open for business so we could see, we could see the next order any time as the year goes on once that demonstration program's complete.

Shawn Boyd: Okay. So in the second half of this calendar year we might, we might start to see (inaudible).

Mike Gallagher: Well the orders could be before that, the deliveries would be no sooner than the second half of this calendar year.

Shawn Boyd: Got it. Okay. And once again, Mike, your estimation on kind of just market size for us. The available potential market in Australia?

Mike Gallagher: Australia of course smaller than the US. We're looking at a truck market there of about 10,000 units annually and we see kind of an accessible market in, in excess of 10% of that just through the current Cummins ISX position, which could grow with interest in LNG trucks.

Shawn Boyd: Got it. Okay, I'll jump back in the queue. Thank you.

Operator: All right, thank you. And we have a follow up from the line of Rupert Merer with National Bank Financial. Please go ahead.

Rupert Merer: Hi. Just a housekeeping question here on R&D and general administrative. The numbers were up a little bit over last quarter. Can you comment on whether these levels we see this quarter we should see going forward? Or is this seasonally high? Or what should we expect to our model going forward?

Elaine Wong: Yeah Rupert, as you know our quarters can be kind of lumpy around both revenues and expenses. So depending on what's going on in the engineering program. My council will be sort of use an average. So what you see, what you saw in Q3 was CWI's expenses actually drop off a little bit because they completed the ISL G , which was launched earlier in the year and you saw Westport's engineering costs go up with the certification cost associated with the '07 product and the other engineering work.

As, the other thing I'd say too, I mean we are looking for government funding as well to offset these costs. So TPC, as you may have seen on the MD&A, we have maxed out our claims against TPC, but we are looking for replacement funding to replace that.

Rupert Merer: Okay great. On the R&D, that's mostly for engine certification I imagine. Are you spending much on improving durability and reliability on HPDI at this point? Or is it pretty much good to go?

Elaine Wong: So we also, no there's work being done on that as well and there's early work on the 2010 product and there's also work in Australia as well, and CWI as well. It has continuing product support as well.

So it's a combination of things. You saw that it was spiked in Q3 I would say because of the certification work in that quarter.

Rupert Merer: Right. Okay great. Thank you.

Operator: All right, thank you. And it looks like there are no further questions at this time. Mr. Thompson please continue with any closing comments.

Ryan Thompson: Thank you very much everyone for taking the time to listen to our conference call. For those callers who had technical difficulties when dialling in, we would like to extend our apologies.

We hope to see you at our next conference call, which we expect to be in early June with the disclosure of our fourth quarter and full year results for fiscal 2008.

Goodbye.