

## 1.0 Notice

Violations of insider trading and tipping laws carry severe consequences both for Westport Innovations Inc. and the individuals involved. Compliance with this Policy is a condition of office or employment with WII, Cummins Westport Inc. and their respective subsidiaries (collectively referred to as "Westport"). A violation of this Policy may be grounds for discipline, up to and including immediate dismissal. The violation of this Policy may also violate certain securities laws. If it appears that an employee may have violated such securities laws, Westport may refer the matter to the appropriate regulatory authorities, which could lead to penalties, fines or imprisonment.

## 2.0 Purpose

This Policy outlines the trading obligations of Board members, officers and employees of Westport, and providers of service to Westport. Generally, a Board member, officer or employee of Westport, or provider of service to Westport, who knows of material non-public information about Westport may not trade in securities of Westport Innovations Inc. and may not use or disclose the information until the information is publicly known. In addition to this general policy, to reduce potential exposure for liability under securities laws, Board members, officers and certain employees of Westport must not trade in the Corporation's securities during the "Blackout Periods" described in this Policy.

## 3.0 Scope

Violations of insider trading laws carry severe consequences for both Westport and the individuals involved. Therefore, all Board members, officers and employees of Westport and providers of service to Westport must comply with this Policy.

## 4.0 Disclosure of Corporation Information

All Board members, officers and employees of Westport and providers of service to Westport should assume that all information about Westport is confidential unless told otherwise. Under securities laws, all material information concerning Westport, favourable or otherwise, is required to be released to the public as soon as it is known to Westport. Disclosure cannot be made to select outside parties before broad public disclosure is made. All readers of this Policy should refer to Westport's Investor Relations Disclosure Policy for the full text of Westport's policy on the disclosure of information. Any Board member, officer or employee of Westport privy to confidential information is prohibited from communicating such information to anyone else, unless it is necessary to do so in the course of business. Outside parties to whom this information is made known should be told that they must not divulge such information other than in the necessary course of business, and may not trade in Westport securities until the information is publicly disclosed.

### 4.1 Definition of Material Nonpublic Information

Material non-public information is information that has not been publicly released by Westport that is likely to be considered important by an investor when making an investment decision about WII.

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While it may be difficult under this standard to determine whether particular non-public information is material, there are various categories of information that are particularly sensitive and as a general rule, should always be considered potentially material. When in doubt, please consult with either WII's Chief Financial Officer or Corporate Counsel.

## 5.0 Trading in Securities of the Corporation

### 5.1 Insider Trading

#### 5.1.1 Rules Against Insider Trading and Tipping

Under applicable securities laws, a person in a "special relationship" with Westport (see the following section of this Policy) may not trade in securities of Westport Innovations Inc. if that person knows material information about Westport which has not been fully disclosed to the public or a reasonable period of time for dissemination of the information has not passed. Otherwise, he or she may be liable to compensate the seller or purchaser of the securities, as the case may be, for damages resulting from the trade. A "trade" includes a purchase or sale of securities, an offer or solicitation to purchase or sell securities or an exercise of an option, warrant or other convertible security.

In addition, a person in a special relationship with Westport may not disclose ("tip") to any other person any material non-public information about Westport unless such disclosure is necessary in the course of Westport's business. In Westport's business, such disclosures would be normally made under the protection of a non-disclosure agreement.

#### 5.1.2 Definition of "Special Relationship"

All Board members, officers and employees of Westport and providers of service to Westport, in each instance, are in a special relationship with Westport, as are former Board members, officers and employees who acquired material non-public information while in office. In addition, anyone who acquires material non-public information from a person in a special relationship with Westport, such as a partner, spouse, relative, or anyone living under the same roof of such person, is deemed to be in a special relationship with Westport if they knew or reasonably ought to have known that the party providing them with material non-public information was in a special relationship with Westport.

#### 5.1.3 Rule As It Applies To Other Corporations

Where Westport is involved in an undisclosed material transaction with another corporation, each Board member, officer or employee of Westport and provider of service to Westport is in a special relationship with that other corporation and, therefore, cannot trade in securities of the other corporation while aware of any material non-public information about that other corporation which was learned of in the course of service as a Board member, officer or employee of Westport or as a provider of service to Westport.

#### 5.1.4 When Information Becomes Public

Information is considered to become public when it has been released to the public through appropriate channels, such as by news release or public statements by senior officers and a

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reasonable period of time for dissemination of the information has passed. Generally, a period of one full trading day should elapse prior to a trade being undertaken. However, when more complex matters, such as a prospective major acquisition or significant disposition is announced, it may be necessary to allow additional time for the information to be digested by investors.

#### 5.1.5 Blackout Periods

To clarify for Westport and its Board members, officers and employees and providers of service to Westport who have access to material information, such as financial results, and to ensure that material information is broadly disseminated to the investment community, Westport has established "Blackout Periods" where such individuals may not trade in securities of Westport Innovations Inc. The "Blackout Periods" are:

- a) for financial results, the period beginning on the first business day of the month following the end of a quarter and ending 24 hours immediately following the public disclosure of the financial results for the previous quarter by news release. This Blackout Period applies to all Board members, finance and accounting staff, investor relations staff, corporate communications staff and all Westport employees or providers of service who were aware of the financial results prior to the date of their release;
- b) for news releases, other than financial results, the 24 hour period immediately following public disclosure of the announcement. These Blackout Periods apply to all Board members and all Westport employees who were aware of the information described in the news release prior to the date of such release; or
- c) for Board meetings called for reasons other than regularly scheduled meetings, the period beginning from the date of calling of a Board meeting and ending 24 hours immediately following public disclosure of matters resolved at the meeting, if any; or
- d) any other time and for any length of time as deemed necessary by WII's Chief Financial Officer, after consultation with WII's Chief Executive Officer or Chief Operating Officer, and WII's Corporate Counsel.

In order to avoid trading during a Blackout Period, Westport officers and Board members are required to contact WII's Corporate Counsel or Chief Financial Officer for clearance before they trade any of WII's securities.

## 6.0 Insider Trading Reporting

It is the personal duty of each Board member, officer and other insider (as defined below) to file insider reports following any trade or other change in holdings of securities of WII (including the exercise of any options or transfer of securities into or out of an individual's RRSP account) in accordance with the securities laws. Westport assists certain Board members and officers with the filing procedures by providing administrative support. **This administrative support does not remove individual responsibility to file insider reports in a timely and accurate fashion.** Currently, insider reports must

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be filed within 10 days after a change in direct or indirect beneficial ownership of, or control or direction over, the securities of WII.

Failure of insiders to comply with the prescribed time limits for declaring their control or a change in their control over the securities of WII, or their failure to provide complete information constitutes a violation under securities law and may result in a fine.

For purposes of this section, an "insider" of Westport Innovations Inc. means:

- a) every person who is a Board member or senior officer of WII;
- b) every person who is a Board member or senior officer of a company that is itself an insider or subsidiary of WII;
- c) any person or company who beneficially owns, directly or indirectly, voting securities of WII, or who exercises control or direction over the voting securities of WII, or a combination of both, carrying more than 10 per cent of the voting rights attached to all voting securities of WII.

## **7.0 Liability and Penalties**

Severe penalties under securities laws apply to Board members, officers and employees of Westport and providers of service to Westport who trade in securities of WII using material information about Westport that has not been publicly disclosed or who "tip" others who are not authorized to receive it and who may use it for the purpose of trading. A Board member, officer or employee of Westport, or provider of service to Westport, who is convicted of contravening the securities laws in this regard is liable for a fine of not less than the profit made or loss avoided by such person by reason of contravention and not more than the greater of:

- a) a fine of up to \$1 million; and
- b) an amount equal to triple any profit made.

In addition, such person may be liable to imprisonment for a term of not more than two years.

Parties who breach securities law may furthermore be liable in any civil action taken against Westport as a result of or consequence of the breach. In addition to any such penalties, any Board member, officer or employee of Westport, or providers of service to Westport, may also be required to compensate any and all persons for their losses resulting from their sale or purchase of securities of WII on the basis of the illegal trading or tipping activities of the Board member, officer or employee.

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