

**<DARREN SEED speaking>**  
**<Westport's Director, Investor Relations>**

Thank you and good afternoon. Welcome to our fourth quarter and year end conference call for fiscal 2009 that is being held to coincide with the disclosure of our financial results earlier this afternoon. For those who haven't seen the release and financial statements yet, they can be found on Westport's website at [www.westport.com](http://www.westport.com).

Speaking on behalf of the Company will be Westport's Chief Executive Officer, David Demers; the Chief Financial Officer, Elaine Wong; and the President and Chief Operating Officer, Mike Gallagher. Attendance on this call is open to the public and to the media but for the sake of brevity we are restricting questions to analysts and institutional investors.

You are reminded that certain statements made in this conference call and our responses to various questions may constitute forward-looking statements within the meaning of U.S. and applicable Canadian securities law and such forward-looking statements are made based on our current expectations and involve certain risks and uncertainties. Actual results may differ materially from those projected in the forward-looking statements.

Information contained in this conference call is subject to and qualified in its entirety by information contained in the Company's public filings and, except as required by applicable securities laws, we do not have any intention or obligation to update forward-looking information after this conference call. You are cautioned not to place undue reliance on any forward-looking statements.

Now I will turn the call over to David Demers.

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

Thanks, Darren, and good afternoon everyone.

I think we can say without any fear of contradiction that fiscal 2009 was a very interesting year for Westport as well as for our entire sector.

In the first six months we saw the successful launch of natural gas heavy-duty trucks from Sterling and Kenworth, the rapid rise in oil prices brought many new fleets to try natural gas, and things were pretty

interesting. Westport listed on NASDAQ in August. With Clean Energy, we launched LNG trucks for port drayage applications at the Ports of Los Angeles and Long Beach under their Clean Truck Program and I think we've got about 225 LNG trucks now in daily operation at the Ports by the way. Then in the second half of the year came the financial collapse, which has taken a terrible toll on both the transport industry and suppliers to the transport industry. Trucking businesses shrank more quickly than any time in history. Many fleets didn't survive. Truck production, as you've seen, has shrunk to levels not seen since the early 1970s. Major brands like Sterling were closed completely. On top of this crisis, the credit crunch made it difficult if not impossible for many fleets to buy new trucks at all, even if they wanted to. Around the world, major manufacturers have seen drops of 50 to 70 percent in year over year volumes. Oil prices collapsed in the fall, creating further confusion and sending confusing price signals and, on top of that, global currencies swung violently, creating some problems in supply chain and product pricing.

Nevertheless, as you can see, Westport has set another record year for sales despite all the confusion and we are well positioned for further strong growth. Q4 revenues were up 72 percent over Q4 last year and overall during the year we saw 70 percent revenue growth in fiscal 2009 over fiscal 2008. Despite the financial downturn, our Q4 revenue was the third best quarter in our history with three of our best quarters being in fiscal 2009. Revenue for our new GX heavy-duty engines rose from \$3 million in fiscal 2008 to \$11 million in 2009. Frankly, we had planned for an even stronger growth in heavy-duty but the combined obstacles of litigation at the Ports, the credit crunch, the collapse of the North American economy and associated trucking business meant that we simply lost all momentum in this product over the last few months. We believe this has turned up again though and Mike will tell you about progress at the Ports with their 2009 program.

During the year we signed engine development agreements with leading European manufacturer and launched new products for small industrial applications in partnership with OMVL of Italy and Hyundai under the Juniper Engines brand. With production of engines in India, we won our largest order in history for bus engines in Delhi in partnership with Cummins India Ltd, which we are shipping now. We continued to add new truck and bus brands who are using our alternative fuel engines in their products. So it's been an interesting

year and overall, despite the tremendous turmoil in the markets, a very successful one for us.

Looking ahead, though, we are positioning for what we believe is an historic shift in global energy use. Recall what we've said about our long-term strategy: First, we believe that the long-term driver for adoption of alternative fuels will be conventional fuel scarcity and corresponding high gasoline and diesel fuel prices. We believe that the dominant alternative fuel for transportation will be natural gas and increasingly that includes biomethane. Second, we believe that the early and the most important markets for alternative fuel vehicles will be large fuel use applications operating from central depots where we can build infrastructure easily. Buses, refuse trucks, port drayage, regional trucking; these are all prime targets. We want to deliver factory-produced vehicles with state of the art performance, quality, emissions and reliability, and we want to do that in all the major markets around the world. Third, Westport's path to market will be through partnerships with companies with existing production and distribution assets and we will work with them to develop new alternative fuel products based on their current conventional fuel offerings and with their current suppliers and partners. And obviously, for example, our historic relationship with Cummins and Cummins Westport is a good example of that.

Now what do we see ahead for fiscal 2010? Well the shift to alternative fuels is happening as we speak. As we move into what appears to be early stages of economic recovery, we have seen oil prices rebound sharply. Gasoline and diesel prices are ticking up strongly around the world despite continued economic weakness. Fleet customers tell us that fuel price volatility continues to be their biggest management problem despite the introduction of fuel price surcharges throughout the industry, which of course doesn't make shippers happy. As natural gas prices continue to be dampened by the large new supplies that are coming on stream at low cost, the expectation is that the price gap between diesel and natural gas will continue to widen. This should encourage faster adoption of natural gas vehicles in fleets and it will encourage our OEM partners to expand their commitment to alternative fuel products with us.

Clearly we haven't yet run out of market. There are still millions of diesel vehicles in the current markets that we address. CWI and the Westport heavy-duty unit shipped only a few thousand engines together in 2008. We see

considerable increase in capacity demand in transit fleets around the world and several government infrastructure announcements are suggesting support for deployment of new transit buses this year. On the trucking side, CWI has established a strong market presence in refuse and delivery vehicles and this shows strong and good long-term promise. We also want to examine new potential market niches and if they have what we feel are the right partners and the right opportunity, we will pursue new ideas to enter new markets, an example this year being the Juniper initiative.

In the near term we expect continued weakness and uncertainty in the trucking industry, at least in North America, and the challenging credit markets are likely going to mean that truck shipments will be slow to rebound. We expect most of our trucking business with the GX product will come from special situations like the Ports, where we are working with our partners to get the 2009 Clean Truck Program moving, which was just announced a few weeks ago. As the economic recovery develops, of course, both the credit problems and the weakness in the trucking industry should rebound and that's when we would expect to see wider adoption in other fleets. On the other hand, we expect strength in the bus markets as various global stimulus packages begin to flow. We've seen specific proposals for new natural gas buses across the US and in India. Refuse trucks we expect will also show strength this year.

So overall I'd say we are cautiously optimistic about continued strong revenue growth in fiscal 2010, although we are budgeting more conservatively of course than the 70 percent growth we posted for fiscal 2009. We are going to continue to focus on our expenses and as revenue and gross margins grow we will eventually tip over into a sustainable profit position.

Now there are a couple of wild cards for our business prospects this year. First, there appears to be widespread support for a new U.S. government stimulus incentive targeting energy security, including shifting heavy-duty vehicles to natural gas. The NATGAS Act, which is HR1835, has been introduced in the House of Representatives and would offer substantial tax credits for the purchase of natural gas trucks through the year 2027. The Senate version of this bill is expected to be tabled sometime this month. Of course, such a substantial incentive program should encourage more rapid adoption of our products and at this point we have no competition in the heavy-duty engine market in the

U.S. Second, with the progress on low carbon fuel standards in California and with the proposed cap and trade system for carbon emissions working its way through Washington, we expect that further new interest in natural gas as a fuel for transportation fleets is going to be driven by these carbon initiatives. Carbon caps are clearly going to establish significant new global opportunities for natural gas vehicles and Westport in particular.

So to wrap up, despite the turmoil we believe we're on the right track. We're well positioned to scale up deliveries in a number of key global markets. We have the right partners. We intend to use this period of turmoil to continue to strengthen our competitive position while continuing to be prudent managers of our resources. As the economy recovers, we expect strong growth in alternative fuel product sales both as a result of government incentives and because of the economic advantages of natural gas over oil.

I'll turn the floor over to Elaine now to take you through the financials in detail.

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

Thanks, David and good afternoon everyone.

The press release, financial statements and management's discussion and analysis provide a considerable amount of detail regarding our fiscal year ended March 31, 2009 and they are posted on our website. This afternoon, I will focus on revenue, margins and net loss.

Turning to the fourth quarter first: For the fourth quarter ended March 31, 2009, revenues were \$26.3 million compared to \$15.3 million in the previous fiscal year, a 72 percent increase. CWI product revenues were up \$10.7 million with increased shipments of the ISL G sales in the quarter and a \$3.3 million increase in kit revenue related to the Delhi Transport order. During the quarter, we also shipped five Westport HD GX engines.

Gross margin increased by \$2.4 million on higher revenues while gross margin percentages decreased from 30 percent in the fourth quarter of last year to 26 percent in fiscal 2009. CWI gross margin percentage in Q4 09 was 29 percent.

Net loss for the three months ended March 31, 2009 was \$12.7 million compared to a net loss of \$8.1 million in the three months ended March 31, 2008. Non-CWI net loss increased by \$5.8 million, while our share of CWI income improved by \$1.2 million.

CWI went from a loss of \$400,000 in Q408 to a contribution of \$800,000, primarily because of increased revenues and lower sales and marketing expenses in the period offset by increased taxes. In the fourth quarter of fiscal 2008, CWI had made a special \$1.4 million accrual to support customer operational issues associated with a discontinued product. Also, CWI fully utilized its remaining tax loss carry-forwards during fiscal 2009, resulting in recognition of a tax expense of \$1.6 million versus a tax recovery of \$400,000 in the fourth quarter of last year.

Our non-CWI net loss in the fourth quarter of fiscal 2009 increased to \$13.5 million compared to a net loss of \$7.7 million in fiscal 2008. We incurred additional costs relating to R&D of \$1.8 million with reduced government funding and increases in production, OEM integration costs, and 2010 product initiatives. We also saw an increase in sales and marketing of \$1.5 million for customer, OEM and product support and increased sales expenses. We also accrued bonuses and severance in the period. In addition, our interest expense increased by approximately \$700,000 as a result of our \$15 million in subordinated debenture units.

Turning to the full year results, consolidated revenues increased to \$121.8 million from \$71.5 million in fiscal 2008, a year-over-year increase of 70 percent on 4,038 units shipped compared to 2,720 units shipped in the prior fiscal year. The increase is based primarily on increased sales of CWI's ISL G and Westport HD systems.

CWI revenues increased from \$67.3 million in fiscal 2008 to \$109.9 million in fiscal 2009, an increase of 63 percent, on higher engine and kit shipments and with parts revenue up \$2.7 million. Non-CWI revenues increased from \$4.2 million to \$11.9 million on 131 Westport HD units shipped in fiscal 2009 compared to 36 in the prior year. Westport shipments were primarily to customers associated with the Ports of Los Angeles and Long Beach and in U.S. dollar terms consolidated revenues increased by approximately 57 percent.

Gross margin was \$30.8 million and \$22.5 million, or 25 and 31 percent, for the years ended March 31, 2009 and

2008, respectively. CWI gross margin and gross margin percentage were \$28.6 million and 26 percent in fiscal 2009 compared to \$21.8 million and 32 percent in fiscal 2008. Gross margin percentage declined primarily because of higher warranty reserves taken, a higher warranty accrual taken on the new ISL G and a higher warranty accrual taken on new ISL G units shipped in the year. Non-CWI gross margin and gross margin percentages were \$2.2 million and 19 percent in fiscal 2009 compared to \$700,000 and 17 percent in fiscal 2008. Gross margins fluctuate with foreign exchange, warranty, inventory adjustments, and product mix. CWI gross margins in Q4 09, as mentioned earlier, were 29 percent, and based on the claims experienced in the quarter we would expect to see margin percentages continue in this range and stabilize over time as historically warranty tends to be highest and most volatile at launch. During fiscal 2009 warranty contributed approximately \$12 million in cash to our operating cash flow.

Moving on to our net results, our net consolidated loss for the year ended March 31, 2009 was \$24.4 million, or \$0.81 loss per share, compared to \$10.3 million, or \$0.41 loss per share, for the year ended March 31, 2008. Our non-CWI loss increased by \$12.2 million, while our share of CWI net income decreased by \$1.9 million. Non-CWI net loss increased from \$16.1 million to \$28.3 million with non-CWI operating expenses up \$12.6 million compared with fiscal 2008.

Breaking down these expenses further, the increase is related to: Launching Westport HD into the heavy-duty market; Kenworth integration costs and production related operating costs; Increased customer related costs including sales and marketing and current product support; NASDAQ listing expenses; accruing approximately \$1.4 million in royalties payable to Industry Canada's Industrial Technologies Office whereas funding associated with this program was recognized in prior years; a \$900,000 increase in interest expense and amortization of long-term debt; stock based compensation was \$1.6 million higher year over year; and offsetting some of the expenses was a year-over-year increase of \$2.5 million in gains net of taxes from sale of long-term investments.

Our share of CWI's income decreased \$1.9 million from \$5.8 million in fiscal 2008 to \$3.9 million in fiscal 2009, primarily because of income taxes. As mentioned earlier, CWI utilized its remaining loss carryforwards for the year and the effect for fiscal 2009 was an income

tax expense of \$4.2 million compared to a tax recovery of \$5.6 million in the prior year. On a pre-tax basis, however, CWI doubled income to \$12 million from \$6 million in fiscal 2008.

Westport continues to maintain a solid cash balance. As at March 31, 2009, our cash and short-term investments balance was \$82.6 million compared to \$22.8 million at March 31, 2008. The increase relates to funding generated from approximately \$53 million in net proceeds from our NASDAQ IPO; \$14 million, net of expenses, from the issuance of debenture units; and \$19.4 million from the sale of shares in Clean Energy. Cash used in operations and for capital expenditures was \$15.2 million, with \$9.3 million used in operations and \$5.9 million in capital expenditures associated primarily with the establishment of our assembly centre and expansion of office facilities.

Finally, on an accounting note, as Canada will be moving from Canadian GAAP to IFRS in 2011 we have been evaluating our options and have determined that in the interest of our investors and shareholders the most cost effective and expedient move for us would be to move to U.S. GAAP instead of IFRS, as we already provide a reconciliation to U.S. GAAP in our financial statements. In addition, we expect to start reporting in U.S. dollars concurrent with our move to U.S. GAAP and plan to have this transition ready for our fiscal year starting April 1, 2010. As mentioned earlier, please see our MD&A and financial statements as filed and posted on the Company's website for more details.

Now over to Mike for a discussion of our operating results and plans. Thank you.

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

Thank you, Elaine, and good afternoon everyone.

As you can see and hear from our financial results, the demand for natural gas engines continues to build, with a 70 percent increase over last year in total revenue. We have just completed also Westport's first \$100 Million Year, obviously a huge milestone in our Company's history.

During 2009 we achieved a number of business and operational milestones that have prepared us further for growth in demand as well as helping to reduce product

costs and expanding our sales opportunities. They include: completing the Westport Assembly Center or "WAC" here in Vancouver; delivering 131 new heavy-duty LNG systems for \$11 million in revenues, that's a 255 percent increase over the prior year's \$3.1 million on 36 units; the San Pedro Bay Ports selecting us as the only natural gas engine providers for their Clean Truck programs; Peterbilt Motors Company, a division of PACCAR, announcing that the company will offer three new LNG configurations on its Models 387, 386 and 367 in 2009; and PACCAR Australia announcing that they will also develop and commercialize LNG Kenworth trucks for the Australian market.

On the Cummins Westport side, the last 12 months have provided significant growth as well as the single biggest order in our history. As Elaine pointed out, CWI revenues jumped 63 percent year over year and in October 2008, CWI and Cummins India announced that the Delhi Transport Corporation had ordered 3,125 natural gas buses equipped with CWI's B Gas Plus engines. Orders for buses in Peru, LA Metro, and San Diego MTS highlight just a few of the distinguished fleets that are helping make CWI the market leader.

On the heavy-duty side we are now approaching 200 LNG heavy-duty trucks operating in the marketplace on our Westport systems. This will include 13 systems now being prepared at Inland Kenworth for the Pac9 fleet for use at the Ports of LA and Long Beach. Our customers now number more than two dozen fleets and they and their drivers are reporting very high satisfaction with the performance of our technology.

Looking ahead, there continue to be significant opportunities, both at the Ports and elsewhere. The LA and Long Beach Ports have both announced their 2009 natural gas truck programs in recent weeks and have generated significant funding toward incentives to purchase LNG and CNG trucks. At the Port of LA, on May the 5<sup>th</sup> their board approved the plan to subsidize the purchase of up to 900 new natural gas trucks to the tune of over \$88 million in incentive money. The first tranche would be 450 LNG trucks based on the \$44 million that they have set aside and then the second 450 would be funded by an additional \$44 million that they plan to generate through federal and state funding sources over the summer. The Port of Long Beach has also publicly approved on May 18<sup>th</sup>, just three weeks ago in their case, their funding incentive monies of over \$42 million for this year, and Long Beach has just received proposals from various fleets for this incentive money

just last Friday, on June the 5<sup>th</sup>. Together, the LA and Long Beach ports have clearly established their requirements for both CWI and Westport heavy-duty engines.

Looking outside the ports, the DOE and Clean Cities organization have also established quite a large new \$300 million Stimulus Fund aimed at deployment of AltFuel Vehicles. This is part of their Petroleum Reduction Program. And we are now part of many proposals that were submitted across the United States just ten days ago when the procurement closed on May the 29<sup>th</sup> for deployment of significant numbers of additional Westport and CWI LNG systems in truck fleets as part of that procurement.

As we look at the trucking markets generally, despite the overall worst market for new truck purchases in a very long time, and Dave commented on that, we are making great inroads both in Westport heavy-duty systems and in CWI refuse and commercial trucks. UPS recently announced plans to deploy another large fleet of CWI systems in delivery trucks, continuing their build-out at close to 200 annually the past three years. UPS, by the way, has also submitted a proposal for our heavy-duty systems as part of the above-noted DOE procurement. And we are very pleased to see the large increase in penetration in CWI's natural gas engines for the refuse truck market, a trend that accelerated this past year. Natural gas is now capturing 15 percent of the refuse fleet annually, starting really from zero just a few years ago.

Finally, I'd like to note the planned rotation that occurred in leadership at Cummins Westport a week ago. After four very successful years as President, Guan Saw has turned the reins over to Roe East. We are excited to see Roe diving in to his new responsibilities and we fully expect to see continuing great results, capitalizing on his years of managing Cummins' global bus business as well as hybrid markets and strategic marketing assignments there.

As you can see, this is an exciting time to be involved with Westport, with many growth opportunities in front of us. I will now pass the call back to the operator who will open the conference to your questions.

<Q&A SESSION>

**Operator**

Thank you. We will now take questions from the telephone lines. If you have a question and you are using a speakerphone, please lift your handset before making your selection. If you have a question, please press star one on your telephone keypad. If at any time you wish to cancel your question, please press the pound sign. Please press star one at this time if you have a question. There will be a brief pause while the participants register for questions. Thank you for your patience.

The first question is from Graham Mattison from Lazard Capital Markets. Please go ahead.

---

**Graham Mattison, Lazard Capital Markets**

Hi, good afternoon everyone.

---

**David Demers, Chief Executive Officer**

Hi, Graham.

---

**Elaine Wong, Chief Financial Officer**

Hey, Graham.

---

**Graham Mattison, Lazard Capital Markets**

A question on the CWI margins, which have definitely recovered from prior quarters, but are you still accruing warranty reserves for the ISL Gs there?

---

**Elaine Wong, Chief Financial Officer**

We still take a look at our warranty accruals every quarter, as you know, Graham, and in the Q4 the claims experience was much better than Q3. So we still have had a small adjustment that was really more of a carry-forward from Q3 but for the most part what you see in Q4 is probably, ah, your normal accruals, let's put it that way.

---

**Graham Mattison, Lazard Capital Markets**

All right. And then could you give a little bit more colour on the \$1.4 million charge that you took for the customer product (inaudible)—

---

**Elaine Wong, Chief Financial Officer**

That was Q4 2008. If you remember, ah, you may not remember from last year, that was a last year issue, kind of March 2008. They had, ah, they took a policy, pretty much the sales guys decided they were going to help fix the customer problems. It was a very large customer, one of their largest customers, and they decided to make the investment. As far as I know most of those problems have now been resolved.

---

**Graham Mattison, Lazard Capital Markets**

Gotcha. Okay, great. And then can you just give us an update on some of your joint ventures, particularly where you stand with Weichai and that investment and your European partner?

---

**David Demers, Chief Executive Officer**

We're all pointing at each other, Graham, so I guess I get it. It's David. The Weichai business license has still not been issued so we have not yet invested in the new Weichai joint venture. The technical program is underway. We've moved Patric Ouellette, our CTO, to Beijing to assist with that. So the engineering team is kind of moving around that. The business license, as I said, is not in place, so technically the joint venture isn't in place and we've still got the money sitting on our balance sheet.

Same thing with all of our other kind of emerging programs. I'd say we made good progress with a number of different engine platforms and OEMs. We're seeing a lot of interest in the industry worldwide in what we're doing with alternative fuels and I think that's reflected in what you're seeing with our engineering costs. And stay tuned as we discuss that.

---

**Graham Mattison, Lazard Capital Markets**

Okay, great. I'll jump back in queue. Thank you very much.

---

**Operator**

Thank you. The next question is from David Woodburn from ThinkEquity. Please go ahead.

---

**David Woodburn, ThinkEquity Partners**

Hi everybody. Elaine, I guess this one I'll send to you, and it's on the R&D expense in Q4. It looks like it's a bit higher than the preceding quarters and I'm wondering if this is just sort of a use it or lose it type thing at the end of the year or if it's part of a trend.

---

**Elaine Wong, Chief Financial Officer**

Yeah, Q4 is always a tricky quarter, because you have all your year-end adjustments, so some of the things that we put into Q4 that you wouldn't have seen in prior quarters are things like year-end bonus accruals, any other year-end adjustments. We've also had some restructuring costs that occurred in the fourth quarter as well and so some of that flowed into R&D. The other thing actually about R&D, I mean it's always volatile depending on when people buy materials and where we're at with some of our projects. You know, Q4 is probably not a great quarter for modelling purposes. I think Q3 is probably a little bit more indicative. The other thing I would say about kind of the R&D numbers going forward is given that most of our OEM integration costs are now behind us and based on some of the restructuring we did in Q4 I would expect R&D to look more like Q3 or even potentially a little bit lower.

---

**David Woodburn, ThinkEquity Partners**

Okay. And then I guess for Mike, with the Ports program, and to the Port of Long Beach in particular, I know they've got their lottery scheduled for early July; how long do you think until Westport actually sees and bills some of those orders?

---

**Michael Gallagher, Chief Operating Officer**

Yeah, Port of Long Beach, as you say, is in the middle of a pretty intense procurement. They had the submittals coming in from the fleets just last Friday and, as you highlight, they're talking, they're expecting—I guess one bit of good news is they're expecting it to be over-subscribed in terms of proposals for natural gas, that's why they've set up this lottery process for early July to allocate those available monies to different fleets.

They haven't laid out the exact timing from lottery time to each step in the process but basically how I would see that working is the lottery will let the different fleets know which ones have been successful in securing incentive money and for how many trucks and whether they are CWI 8.9-litre engines or Westport 15-litre engines. Those fleets will then be contacting the truck OEMs, Kenworth, Peterbilt, etcetera, around production of those numbers of trucks, and then the purchase orders will start coming our way from the OEMs.

The timing is not clear yet but I would expect that sort of over a 90-day period or so we would see all of that rolling out, because once they make the lottery awards it'll take the uncertainty out of the process, things should move reasonably quickly I think.

---

**David Woodburn, ThinkEquity Partners**

Okay, great. I'll get back in queue. Thank you.

---

**Elaine Wong, Chief Financial Officer**

Thanks, David.

---

**Operator**

Thank you. The next question is from Rob Brown from Craig-Hallum. Please go ahead.

---

**Rob Brown, Craig-Hallum**

Good afternoon. Could you provide an update on what's going on with your Kenworth OEM production? Are they ready to roll when these orders come through from the Ports?

---

**Michael Gallagher, Chief Operating Officer**

Yeah, Kenworth's OEM agreement is in place. They've got the Mexicali facility gearing up to produce trucks and really, just as we are, waiting for blocks of orders to come to make that production move forward. So they're watching, as we are, the Port of Long Beach procurement this month; Port of LA activity, which is developing this month and next as well; and also possible outcomes from this DOE stimulus set of proposals that I mentioned earlier.

---

**Rob Brown, Craig-Hallum**

Great, thank you. And then on those DOE proposals, how many sort of HD engines could that be? Is there a range of size?

---

**Michael Gallagher, Chief Operating Officer**

It's a little tough to put a precise number on it, because there are so many proposals going into DOE from all over the country. These proposals are being sponsored by regulatory authorities, AQMDs in association with different clean cities organizations, but from what I've seen and from fleets we've directly talked to, we can tell that there are a few hundred heavy-duty engines involved in those proposals and probably a similar number of CWI engines involved in those proposals. What remains to be seen again is which of those proposals are successful as the DOE goes through their evaluation criteria and they have suggested that they will be announcing awards in the August/early September timeframe.

---

**Rob Brown, Craig-Hallum**

Okay, thank you. I'll turn it over.

---

**Operator**

Thank you. The next question is from Eric Stine from Northland Securities. Please go ahead.

---

**Eric Stine, Northland Securities**

Good afternoon.

---

**Elaine Wong, Chief Financial Officer**

Hey, Eric.

---

**Eric Stine, Northland Securities**

I was just wondering if you could give us an update on the heavy-duty side, the process of meeting EPA 2010 standards.

---

**Michael Gallagher, Chief Operating Officer**

Yeah, this is Mike again, Eric. I can give you a quick update. The process has been underway for some time, several quarters really, so we have a development team here engaged in taking the existing 2007 heavy-duty product and its certification and adapting that architecture and system to be prepared to meet the January 2010 standards. The process that's underway is an engineering effort, which will progress into a certification testing program later this year and likely an expected outcome of which is certification by both EPA and CARB that our engine is certified for 2010 program, and then orders to follow.

---

**Eric Stine, Northland Securities**

Okay, that's helpful. And I was just wondering if you could talk about at Los Angeles and the impact that the \$80,000 grant has had on maybe some of your discussions given that that's kind of the number that people thought needed to be offered to make a difference for you guys.

---

**Michael Gallagher, Chief Operating Officer**

Yeah, Port of LA, it's been a long time coming. That program has been in a bit of limbo since October 1 or so last year when the last round of diesel truck bans went into place. So LA has been in the process of putting their funding mechanisms in place, getting their cargo fees implemented, and that happened on February the

18<sup>th</sup> you may recall, and then deciding exactly how they wanted to incentivise trucks. So they finally, not finally but four weeks ago announced their 2009 program. Finally in the sense that it's four months into the year I guess. The 900-truck goal.

As you say, they've talked about providing \$80,000 per LNG truck to incentivise fleets to go AltFuel. And in terms of our discussions with fleets that's opened up the discussions enormously over the last four weeks, because over the first quarter of the calendar year fleets had been suggesting they really couldn't say much until they saw the particular incentive that was going to be put forward. Now that that \$80,000 figure is out there and this 900-truck figure is out there we're seeing a big increase in interest and discussions with candidate fleets who service the Port of LA and who are talking to both ourselves, the OEMs, and the Ports about how to get in position for securing this incentive money.

---

**Eric Stine, Northland Securities**

Okay. Is that pretty much mixed between trucking companies that already have LNG and new, people who would be new to it? Or is it a mix of both?

---

**Michael Gallagher, Chief Operating Officer**

Yeah, it would be a mix of both. I mentioned we've got close to two dozen customers that now have our heavy-duty systems out there. Those early adopters, those that service the Ports of LA and Long Beach, are generally stepping up to get additional numbers of trucks, both heavy-duty and the CWI systems. But there are new customers that are appearing and showing interest in significant numbers of trucks as well that have not previously deployed LNG trucks.

---

**Eric Stine, Northland Securities**

Okay, thanks on that, and just last thing and then I'll jump into line, can you just give us an update on the Jupiter joint venture?

---

**David Demers, Chief Executive Officer**

Juniper?

---

**Eric Stine, Northland Securities**

I'm sorry; did I say—I apologize. Juniper.

---

**David Demers, Chief Executive Officer**

No, no problem. I like the name but somebody took it already I think.

Yeah, we had rolled out Juniper in January at the big goods movement trade show and, ah, just to remind everybody, Juniper's target was 2- and 2.4-litre engines for industrial applications, which includes forklifts. We're marketing this to OEMs, so people who make new forklifts and sell them, but also other industrial applications and, you know, off-road equipment let's just say. Response has been great.

Now the goods movement industry is being hammered. I mean if you think the truck market looks bad you should take a look at the warehousing and forklift business. But, like everyone else, there's an emissions transition coming and, you know, in the middle of this terrible downturn these companies have all got to come up with a new strategy where they can offer emissions certified equipment, and that's, you know, it was really the opportunity that we saw for Juniper. So Juniper has been marketing around the world to OEMs and has been quite successful frankly. We're very happy. We expect Juniper to be shipping engines later this year. And when the economy picks up of course, that's when we would expect to see volumes. Ready to produce, likely production is going to be with facilities in Korea with Hyundai support, so you can kind of take it from there in terms of where we are.

What else can I say? I'd say the engines have been very well received. We have them operating already in equipment. People are testing them in their production line. Very happy with performance, emissions, light weight, and obviously the quality and technology in that base engine. So we're quite optimistic about Juniper's prospects and we think there's lots of opportunities for it to expand into other adjacent markets too.

---

**Eric Stine, Northland Securities**

And those will meet tier-four emission standards?

---

**David Demers, Chief Executive Officer**

Yep, that's the whole idea, is to come up with a very high performance, very, you know, price advantaged, you know, we obviously want to offer a great engine package, but that takes away the emission certification worry for a lot of these OEMs that are new to it.

---

**Eric Stine, Northland Securities**

Okay, thanks a lot.

---

**Operator**

Thank you. The next question is from Rupert Merer from National Bank Financial. Please go ahead.

---

**Rupert Merer, National Bank Financial**

Good afternoon everyone.

---

**Michael Gallagher, Chief Operating Officer**

Hi, Rupert.

---

**Rupert Merer, National Bank Financial**

Mike, if I can go back to the DOE Clean City procurement, do you have a sense for the timing of awards and ultimately for deliveries under the procurement.

---

**Michael Gallagher, Chief Operating Officer**

What they're saying on—first of all, this is so-called round one of a possible two-round solicitation, that might be the first thing I'd say, although I think it's possible that it would be so heavily subscribed that they might find it in their interest to allocate all \$300 million in round one, so we'll see how that goes. What they're

saying about timing on round one is award announcements in August with conversion to contracts with the proposers in September. So that's kind of the general timing. That then, ah, these proposers are a big complicated I might say.

As I said earlier, the proposers are sort of quasi-governmental agencies, regulatory authorities, joint ventures with Clean City's organizations, so that might suggest that it might take a month or two after those awards for them to get all their programs figured out and money to start flowing to people like ourselves. But that timetable might suggest sort of a September contract—August information. At the end of August, if they stay on track, we ought to know who's been awarded money and how much and we ought to be able to figure out how many Westport and CWI engines are in those winners. And then 30 to 90 days I would say converting to contracts and purchase orders from there.

---

**Rupert Merer, National Bank Financial**

What's your sense of the make-up of the proposals? We're going to see some natural gas vehicles here; are there going to be a large number of biofuel proposals and maybe some other fuels? Hydrogen fuels?

---

**Michael Gallagher, Chief Operating Officer**

Yeah, it looks to be pretty wide open in terms of types of AltFuel that can apply, although it's aimed at petroleum reduction so I don't think you'll see much biodiesel. Maybe a little bit. But I think you'll see natural gas hybrids, anything that can kind of remotely qualify under the criteria, so I think it will give DOE a fair amount of stuff to sort out once they start going through them.

---

**David Demers, Chief Executive Officer**

I think the—Rupert, it's David; I'll just jump in. What we've seen too is that this is through Clean Cities. Clean Cities of course have been strong friends of natural gas vehicles, including busses and garbage trucks. So what these proposals were meant to be were, ah, I don't want to use the word "shovel ready" but it's probably the best one. What they want are things that really work that they can deploy in volume and clearly get benefits

immediately. So I think you're going to see a bias towards existing fleets that are expanding. So this isn't about R&D, it's not about new initiatives, it's about taking things that have worked and immediately putting new things on the road. So I—

---

**Michael Gallagher, Chief Operating Officer**

Yeah, your point on large fleets is important I think too. We've seen a lot of pretty big numbers in some of these proposals. Fleets going in for 75, 100, 150 trucks versus the 3 and the 7 and the 10 that we used to see.

---

**David Demers, Chief Executive Officer**

So I think, you know, that certainly positions CWI well for the bus initiatives. Lots of bus fleets expecting to see, you know, some very nice Christmas bonuses let's say in the form of new busses from this initiative. And I think the refuse fleets are feeling pretty good about it. You know, and then a bunch of other people who have been looking at heavy-duty or trying heavy-duty, now that the technology is quite well proven, you know, as Mike said, you know, we had a pretty quiet last couple of quarters on heavy-duty but we haven't been wasting it. The trucks are on the road. We've had a lot of people go to the Ports to see trucks and drive trucks and see the stations. Certainly at the Port I'd say that the mood is much more accepting that this is business as usual and the technology works and it works as well as anybody could hope. So I think all of those things give people comfort when they're looking at these new proposals and gives people some confidence that they can go and, you know, put dozens or hundreds of trucks into operation at their fleet. So I think the timing of these stimulus packages has been really lucky.

---

**Michael Gallagher, Chief Operating Officer**

Yeah, the Port of Long Beach is separate from the stimulus but similar point. Kind of an interesting case in point, Dave and I had dinner with some senior Port people a week or so ago and they made the point that a year ago they weren't seeing this kind of interest from their customers in the heavy-duty systems, they were seeing a lot of interest in the mid-range stuff because it had a longer track record, but over the course of the last six to nine months, as our fleets have been out there in

the LA basin, they're starting to get very good reports from the drivers and the fleet owners, which is working its way through the marketplace, so that the Port of Long Beach people are much more enthused and confident that they can go larger heavy-duty systems this year and do it comfortably and have plenty of people interest in it. So the delay in the new orders actually had a couple of effects. One of them was to allow time for the existing trucks that were out there to generate data and experience, get some champions talking to each other, and we're seeing a bit of a ripple effect in interest down there right now.

---

**Rupert Merer, National Bank Financial**

Great, thanks. One more then: David, you mentioned there 225 LNG trucks at the Ports roughly, how many of those would be CWI engines do you think?

---

**David Demers, Chief Executive Officer**

Oh, I'd have to—I'm looking at...

---

**Elaine Wong, Chief Financial Officer**

There about half.

---

**David Demers, Chief Executive Officer**

Pretty close to half.

---

**Michael Gallagher, Chief Operating Officer**

There's more than 100 of each, so pretty close to half.

---

**Rupert Merer, National Bank Financial**

But you expect a similar ratio going forward?

---

**Michael Gallagher, Chief Operating Officer**

Yeah, that's the \$64,000 question, because we're—it's tough to guess how this fleet mix will work out, the lottery systems, etcetera, etcetera, but it's probably not a bad bogey for the short term. It could move toward heavy-duty as you get fleets in looking for longer range. In fact, on the stimulus proposals we were informed by the South Coast AQMD last week that in the AQMD submissions they submitted only for heavy-duty systems, because they were working with fleets that needed the longer range capability.

---

**David Demers, Chief Executive Officer**

It's, ah, I mean the mix is, um, it's kind of pointless to try and predict. You know, we are seeing a lot more interest in heavy-duty. As Mike said, I think it was a lot of show-me attitude a year ago and people have now had a chance to get a lot more comfortable with the heavy-duty technology. The ISL G has been out for a few years. It was new in some of these truck chassis but Sterling had done a great job of promoting that with some large fleets, so that's why the Sterling numbers were so high. I think the, you know, I guess I'd be surprised if it's 50-50 this year. I suspect we'll see a lot more take up on heavy-duty just from my own discussions with people. I think there's relatively small numbers of short-range lighter duty-cycle trucks operating at the port and I think we'll get more of the heavy-duty guys jumping on the bandwagon this year. But we'll wait and see. Either way, we'll get all the business, so we're not all that unhappy.

---

**Rupert Merer, National Bank Financial**

Great. Thanks very much.

---

**Operator**

Thank you. The next question is from Laurence Alexander from Jefferies & Co. Please go ahead.

---

**Laurence Alexander, Jefferies & Co.**

Good afternoon. First of all, could you give an update on the Australia opportunity and how you see the order pattern there evolving over the next couple of years?

---

**Michael Gallagher, Chief Operating Officer**

Hey, Laurence, this is Mike again. I'm starting to feel guilty because I'm taking up too much air space here.

---

**Laurence Alexander, Jefferies & Co.**

It's all good.

---

**Michael Gallagher, Chief Operating Officer**

But, yeah, Australia, we haven't, you know, we haven't said a lot about recently, and that's partly because things are a little bit quiet there I would say, heavily influenced by some of the factors Dave talked about, the drop in oil price and the drop in differential price, but also foreign exchange effects have been really significant there. But we do have, you know, ten trucks on the road with a few customers. We're supporting them. We've kind of gotten through the shakedown period. They're putting a ton of kilometres on these trucks, even though in some cases they're sort of so-called demonstration trucks. And the mood is pretty positive about the performance of the technology and the vehicles.

When the economic—unlike most of what we talked about here in North America, we're not looking at massive government subsidy opportunities around the natural gas truck procurement, so the opportunity at the moment is being driven largely by economics with some growing government interest in carbon climate change and things like that. So we're watching that. There are discussions going on with some interested fleets right now and the Kenworth Australia movement into the program is helping, but it's difficult to predict I think when we might see significant orders coming out of that program. But we're taking the posture of let's make sure we take care of the customers we have and that the trucks deliver performance as they're expected and then let's see where the market takes us.

---

**Laurence Alexander, Jefferies & Co.**

And then when you look at the raft of subsidy proposals in the U.S., is the government balancing the infrastructure need with the fleet subsidy in the right way so that everybody who gets, ah, purchases vehicles will have adequate access to fuel in the right geographies?

---

**Michael Gallagher, Chief Operating Officer**

Do you want that one, Dave?

---

**David Demers, Chief Executive Officer**

Yeah, Mike is giving me the airtime. So I think the answer is yeah, because if, you know, we focus in our remarks of course on what's going to directly affect us. There's equally compelling incentives for both fuel and fuel infrastructure development. It's a pretty well thought-through program. I think there's a lot of innovative features. Certainly in the House of Representatives bill, we haven't seen the Senate draft yet but it's, you know, it's clearly designed to build heavy-duty LNG vehicles in the United States and clearly the goal is to eliminate oil imports or reduce oil imports as much as possible, so infrastructure is critical and there's a number of incentives there.

I think, you know, obviously we're working with our friends at Clean Energy, we need to plan that, but I think there's every expectation that as people want trucks in operation the infrastructure will be there. There's capacity in the system. Seeing a lot of interest in the natural gas producers because, as you know, prices for natural gas have been disappointing let's say if you own natural gas.

So they're looking for new markets. They're keen to see infrastructure development. I think all of this time period over the last six months has really focused people's attention on what's going to happen when the economy starts to rebound and how people can position to take advantage of these movements. And I think the expectation is pretty high we're going to see relatively fast penetration of the heavy-duty truck business, which is thousands of trucks. All of that is speculative but

that's what we're trying to get positioned for and be ready for.

---

**Michael Gallagher, Chief Operating Officer**

On the DOE side I would mention specifically also that those proposals do in fact have an infrastructure component in many cases so people are proposing funding of infrastructure projects, station development, corridor networking of fuelling stations etcetera, so I would expect some of that \$300 million to go to infrastructure.

---

**Laurence Alexander, Jefferies & Co.**

And lastly, could you give a little bit more detail on your R&D spending or at least what you're focusing on? How much of it is allocated towards near-term projects as opposed to longer-term opportunities that might be in adjacent markets?

---

**David Demers, Chief Executive Officer**

That's, ah, I'm just looking around, that's probably getting into sensitive territory, Laurence, but we can—

---

**Michael Gallagher, Chief Operating Officer**

I think we can take a whack at it.

---

**David Demers, Chief Executive Officer**

Yeah, we can whack at it.

---

**Michael Gallagher, Chief Operating Officer**

(Inaudible)

---

**Elaine Wong, Chief Financial Officer**

I mean R&D—it's well balanced, let's put it that way. I mean we do look at it—

---

**David Demers, Chief Executive Officer**

Oh, well balanced.

---

**Elaine Wong, Chief Financial Officer**

There's a number of things in the R&D line. I mean some of it is, ah, it's current product support, right? So as you find problems in the field you've got to fix them as they come back in, so sales and marketing guys or the field service guys will throw things back over to the engineers and they'll fix those problems. So anything that's customer-facing has high priority.

Secondly, 2010 product development, that's another large project that's underway. And finally we do have, you know, longer-term development agreements in place with our European partner and as well as just looking at cost reduction activities and some other things as well. So, you know, it is a process that we look at as part of our annual planning process and we'll balance it as needed.

---

**David Demers, Chief Executive Officer**

That was a great long answer, Elaine. Good job.

---

**Operator**

Thank you. The next question is from Michael Willemse from CIBC World Markets. Please go ahead.

---

**Michael Willemse, CIBC World Markets**

Great, thank you. Just if we could just review the Long Beach Port program, what kind of numbers of trucks are we looking at with that program?

---

**Michael Gallagher, Chief Operating Officer**

Michael, this is Mike. Port of Long Beach, they've set aside a little over \$42 million of their own money and they've indicated that grants in the amount of \$105,000 are available to the natural gas truck guys. So they say that they think they've got money for about 400 trucks, 400 natural gas trucks there this year. That could

increase as they get access to other monies, in particular California state so-called Prop 1B money, which has been tied up for some time around budget problems at the state level, is in the process of being unblocked as we speak. A bit surprising because California still has plenty of enormous fiscal problems, but it looks like \$49 million or so of Prop 1B money are getting ready to be allocated to the two Southern California Ports in the not-too-distant future for them to throw into their Clean Truck programs. So it's a bit of a moving target but start with 400 based on the funds they have themselves, and that might increase a bit with the incremental funds.

---

**Michael Willemse, CIBC World Markets**

But the fleets have access to the \$42 million regardless of if the rest of the funding is matched?

---

**Michael Gallagher, Chief Operating Officer**

That's the way it looks like it'll play out, yeah.

---

**David Demers, Chief Executive Officer**

Yeah, the \$42 million is Ports money that doesn't depend on anybody else.

---

**Michael Willemse, CIBC World Markets**

Okay. Okay, that's good. And I was just wondering if you could comment on order activity, just kind of on a month-to-month basis. If you were to look at, say, May versus April and April versus March, is the momentum starting to pick up?

---

**David Demers, Chief Executive Officer**

I think it's—I mean I'll take that one because everyone's looking terrified again, so I'll stick my neck out. I think what you're asking is are we seeing the economic bottom, and if that's what you're asking I'd say there's really no evidence either way. We've always been volatile quarter to quarter and month to month really depends on, you know, such single large orders that it really becomes hard to draw a real pattern statistically.

Say we have seen, we have seen infrastructure investments around the world kicking in and so we are seeing international orders get unblocked. We're seeing activity from fleets, as Mike mentioned, UPS, people like that, so there's certainly economic activity. And, as you can see, we had pretty good quarter even in the depths of what most people thought was the bottom. So we're still seeing strong orders, we're still seeing flow of product, and we're still seeing lots of opportunities, and probably more opportunity now that were on hold for sure. They were on hold three, six months ago, they're coming unblocked and people are back to normal. So I'd say we're seeing hopeful signs but we can't really draw any conclusions from an order book or an order rate.

Elaine, do you want to comment?

---

**Elaine Wong, Chief Financial Officer**

I think that's a fair comment.

---

**Michael Willemse, CIBC World Markets**

Okay. And just another question on CNG prices, you know, we track it from Clean Energy Systems and it looks like, you know, the last update we got was at around \$2.14, which is still above where we were a few months ago, even though natural gas is still, you know, has weakened quite a bit. Any thoughts on why we haven't seen a decent sized decline in the CNG price?

---

**David Demers, Chief Executive Officer**

I think you should probably call Clean Energy and ask them.

---

**Michael Willemse, CIBC World Markets**

Okay.

---

**David Demers, Chief Executive Officer**

I mean I will say that if you're just looking at their public access stations that they peg CNG to the price of gasoline. They don't, ah, you know, it's not a cost-plus

sort of thing. They peg it at a discount to gasoline and they think that's, you know, that's what the market wants to see in California. So that doesn't reflect what they're signing for fleet customers.

---

**Michael Willemse, CIBC World Markets**

Okay. Okay, that's helpful. Thanks very much.

---

**Elaine Wong, Chief Financial Officer**

Thanks, Michael.

---

**Operator**

Thank you. The final question for today is from Bob Wallace from Raymond James. Please go ahead.

---

**Bob Wallace, Raymond James**

Aloha.

---

**David Demers, Chief Executive Officer**

Hey, Bob. Are you in Hawaii?

---

**Bob Wallace, Raymond James**

It's nice to have some separation of speeches, David.

Anyways, on the HR1835, the number of co-sponsors that I last had was moved up from 38 to 55; have you heard of any revision on that?

---

**Michael Gallagher, Chief Operating Officer**

I've seen a little bit higher number. I saw a number of 59 in the last few days, Bob.

---

**Bob Wallace, Raymond James**

Okay. My question really has to do with Juniper. David, at the very beginning in your speech you were talking

concerning about the combination of Juniper and Hyundai, correct?

---

**David Demers, Chief Executive Officer**

Yep.

---

**Bob Wallace, Raymond James**

And Europe, correct?

---

**David Demers, Chief Executive Officer**

Europe...well that's—yeah, our partner is in Italy for the fuel systems.

---

**Bob Wallace, Raymond James**

But the Hyundai, what—therefore the connection with Hyundai is indirect?

---

**David Demers, Chief Executive Officer**

Well Hyundai is the engine supplier for Juniper and will likely be actually manufacturing the systems in Korea.

---

**Bob Wallace, Raymond James**

Oh, I see.

---

**David Demers, Chief Executive Officer**

They'll be marketed around the world but the engines themselves will be built in Korea.

---

**Bob Wallace, Raymond James**

These are for the forklifts.

---

**David Demers, Chief Executive Officer**

Forklifts and other industrial applications, yes.

---

**Bob Wallace, Raymond James**

Because I noticed in the report from Singapore they were mentioning other equipment for their airport. Is that—?

---

**David Demers, Chief Executive Officer**

Yeah, it's actually—a lot of surprising things have popped up, Bob, you're right. So even, you know, things like water pumps and hydraulic systems and things in the oil and gas market. There's been a lot of interest in this new engine. It looks like we've hit an interesting spot in the market at a time when they're all looking for lower emissions and better integration. So, you know, it's early days but I think Juniper's got lots of opportunities.

---

**Bob Wallace, Raymond James**

So these are stationary applications rather than—

---

**David Demers, Chief Executive Officer**

Yep.

---

**Bob Wallace, Raymond James**

— (inaudible), is that correct?

---

**David Demers, Chief Executive Officer**

Yeah.

---

**Bob Wallace, Raymond James**

And that would be worldwide through Hyundai or Juniper or both?

---

**David Demers, Chief Executive Officer**

Sold through Juniper. So much like CWI, you know, everything is outsourced, but the manufacturer of record will be Juniper. If you go to the EPA website you'll see Juniper, you won't see Hyundai or OMVL or Westport.

---

**Bob Wallace, Raymond James**

Okay, so that is the—have you got an idea, because we have sort of a general idea of the market capability for the Cummins Westport and Cummins engine, or Westport engine; any idea of the scope of the market availability of these types of—

---

**David Demers, Chief Executive Officer**

Yeah, well it's actually a very big market and, again, the economic meltdown has really changed everybody in that business. But if you kind of go back to a going rate, you know, in 2008, 2007 we were looking at—I'm looking at Elaine—I think it's in the low six figures, 110,000, 120,000 alternative fuel engines were shipped in that segment. So it's already all alternative fuel, oil, PG, or natural gas, and it's almost all aftermarket. So, you know, they take gasoline engines and convert them. So what we're seeing is a transition to OEM and OEM quality, that's really what we're looking at. So it's a market of potentially tens of thousands or hundreds of thousands of units. So it's a very big deal to go after.

---

**Bob Wallace, Raymond James**

Is that going to be handled in the same way and holding back, ah, having a reserve for a warranty type of thing?

---

**David Demers, Chief Executive Officer**

Oh yeah. No, it'll be just the same as CWI. So you should see, you know, you'll see revenue, you'll see cost of goods, you'll see—

---

**Bob Wallace, Raymond James**

So it's a model after CWI.

---

**David Demers, Chief Executive Officer**

Yep, just like—it should look like CWI.

---

**Elaine Wong, Chief Financial Officer**

Yeah, the business model will look like CWI but the accounting is a little bit different because Juniper is an equity investment. So you'll only see the one line of loss or income from Juniper. But the business model is basically the same.

---

**Bob Wallace, Raymond James**

Okay. And while I've got you, Elaine, this switch to the, ah, in U.S. funds, you went over that fairly quickly; you basically have that in place and all of the bits and pieces that are needed, which I applaud by the by—

---

**Elaine Wong, Chief Financial Officer**

Thank you, Bob. Yeah, we think it'll be a relatively straightforward exercise for us to go to U.S. GAAP and start reporting in U.S. dollars. We won't do it this year. This last year we'll do Canadian dollars and Canadian GAAP but starting next fiscal year, next April 1<sup>st</sup>, we'll go U.S.

---

**Bob Wallace, Raymond James**

Okay.

---

**Elaine Wong, Chief Financial Officer**

And that'll save some time around what growth was in U.S. dollars versus Canadian dollars.

---

**Bob Wallace, Raymond James**

And I'm just being lazy here because I am, you know, looking out over the ocean, ah, the total, there were some extraordinary costs last year, Elaine, and how much (inaudible) the listing and underwriting, etcetera? Just in a ballpark figure.

---

**Elaine Wong, Chief Financial Officer**

Sorry, for the...?

---

**David Demers, Chief Executive Officer**

Just for NASDAQ.

---

**Elaine Wong, Chief Financial Officer**

For NASDAQ? Yeah, I think—

---

**Bob Wallace, Raymond James**

Well the combination of all the, you know, the various—

---

**Elaine Wong, Chief Financial Officer**

If you look at increased cost and DNO insurance, you know, we had to jig our board, there's some other listing fees, etcetera, I mean we're probably looking at I think about just over half a million dollars, three quarters of a million dollars, that kind of range.

---

**Bob Wallace, Raymond James**

Okay, one other question, David. There's been a move to basically equate the amount of dollars spent in marketing as research just by the raw number I see, so that means there has to be an increase in the number of marketing people; do you expect to continue to increase that from the Westport Innovations point of view?

---

**David Demers, Chief Executive Officer**

Yeah, it's—it could be a bit misleading, Bob.

There's a lot of things that go into the marketing line. And, as you know, you know, our plan, our business model is to work with a pretty highly leveraged distribution channel. We work through the dealers and through Cummins and through, you know, our friends like Clean Energy, so it's not our intent—

---

---

**Bob Wallace, Raymond James**

And Juniper, right?

---

**David Demers, Chief Executive Officer**

Yeah. It's not our intent to ramp up to have a massive global sales force. But we are spending more on marketing and marketing programs, and that would include a number of initiatives on both CWI and heavy-duty.

So yeah, you will see a ramp-up of that sales and marketing line, but it's not going to be directly related to number of people.

---

**Elaine Wong, Chief Financial Officer**

Yeah, we have to establish a sales and marketing team to help, you know, train pack our sales people to do products but, as David said, as we grow revenues we don't expect that sales and marketing line to grow in line with the revenue.

---

**Bob Wallace, Raymond James**

But the number, as this thing goes up—

---

**David Demers, Chief Executive Officer**

Oh, I think we cut you off.

---

**Darren Seed, Director, Investor Relations**

Sorry, we'll follow-up after, Bob. Sorry about that.

---

**Operator**

Thank you. This concludes today's question and answer period. I would now like to turn the meeting over to Mr. Seed.

---

**Darren Seed, Director, Investor Relations**

Thank you everyone for joining us today. Feel free to contact us after the call to follow up on any questions. And lastly, we look forward to seeing you on the next quarterly call.

---

**Operator**

Thank you. The conference has now ended. Please disconnect your lines at this time. Thank you for your participation.

---