

WESTPORT INNOVATIONS INC  
Form SUPPL  
November 12, 2010  
**PROSPECTUS SUPPLEMENT**  
*(To Prospectus dated July 28, 2009)*  
*Issued November 9, 2010*

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

*6,050,000 Shares*

*COMMON SHARES*

*Westport Innovations Inc. is offering 6,050,000 common shares.*

*Our Common Shares are listed on the Toronto Stock Exchange, or the TSX, under the trading symbol WPT and on The Nasdaq Global Market, or NASDAQ, under the symbol WPRT. On November 9, 2010, the closing price of the Common Shares on the TSX and NASDAQ was \$18.03 and U.S.\$17.92, respectively.*

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

*PRICE U.S. \$17.50 PER SHARE*

	<i>Price to Public</i>	<i>Underwriting Discounts and Commissions</i>	<i>Proceeds to Company</i>
Per Share	U.S.\$17.50	U.S.\$0.788	U.S.\$16.713

Total	U.S.\$105,875,000	U.S.\$4,764,375	U.S.\$101,110,625
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We have granted the underwriters the right to purchase up to 907,500 additional common shares to cover over-allotments.

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

The underwriters expect to deliver the shares to purchasers on November 15, 2010.

*MORGAN STANLEY*

*J.P. MORGAN*

*LAZARD CAPITAL MARKETS*

*CRAIG-HALLUM CAPITAL GROUP*

*NORTHLAND CAPITAL MARKETS*

*November 9, 2010*

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**TABLE OF CONTENTS**

**PROSPECTUS SUPPLEMENT**

Important Notice About Information in this Prospectus Supplement and the Accompanying Prospectus	i
Special Notice Regarding Forward Looking Statements	i
Documents Incorporated by Reference	iii
Exchange Rate Information	iv
Prospectus Summary	S-1
Risk Factors	S-11
Use of Proceeds	S-13
Prior Sales	S-14
Market for Securities	S-15
Consolidated Capitalization	S-16
Business	S-17
Certain Income Tax Considerations	S-36
Underwriting	S-43
Legal Matters	S-48
Auditors, Transfer Agent and Registrar	S-48
Documents filed as Part of the Registration Statement	S-48

**PROSPECTUS**

Definitions and Other Matters	1
Special Notice Regarding Forward Looking Statements	1
Documents Incorporated by Reference	3
Where You Can Find Additional Information	4
Enforceability of Civil Liabilities	5
Westport Innovations Inc	5
Our Business	6
Risk Factors	7
Use of Proceeds	16
Description of Common Shares	16
Description of Preferred Shares	17
Description of Subscription Receipts	18
Description of Warrants	19
Description of Debt Securities	20
Description of Units	23
Prior Sales	23
Market for Securities	25
Plan of Distribution	26
Certain Income Tax Considerations	27
Legal Matters	27
Auditors	27
Documents Filed as Part of the Registration Statement	27

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

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

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

In this Prospectus Supplement and the Prospectus, unless otherwise indicated, references to we, us, our, Westport or the Corporation are to Westport Innovations Inc. and all of its wholly-owned and majority-owned subsidiaries and consolidated joint ventures including Cummins Westport Inc., or, CWI. All references to dollars, Cdn.\$ or \$ are to Canadian dollars and all references to U.S.\$ are to United States dollars. Unless otherwise indicated, all financial information included in this Prospectus Supplement and the Prospectus and incorporated by reference in the Prospectus is determined using Canadian GAAP.

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

**SPECIAL NOTICE REGARDING FORWARD LOOKING STATEMENTS**

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

- the future demand for CWI, Westport and Juniper Engines Inc., or, Juniper, products;
- the penetration of our existing markets and expansion of those markets;
- our ability to successfully launch new technology in light-, medium-, and heavy-duty markets initiatives;
- our ability to expand, exploit and protect our intellectual property;
- our capital expenditure and engineering investment programs;
- the future desirability and use of natural gas as an alternative fuel;
- commodity prices and the fuel price differential between natural gas, diesel and other petroleum-based products;
- ongoing relationships between us and our business and joint venture partners;
- our ability to continue to compete with our competitors and their technologies;
- the capital and operating costs of vehicles using our technologies relative to alternative technologies;

continuing growth in the transportation sector and in the natural gas engine market;  
profit margins and production costs of engines incorporating our technologies;  
the further development of infrastructure supporting the application of natural gas as an alternative fuel;  
increasing penetration of our technologies in key markets within the transportation sector and in key  
geographic markets;  
increasingly stringent environmental and emissions regulations in the future;

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

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

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

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

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

#### **DOCUMENTS INCORPORATED BY REFERENCE**

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

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

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

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

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

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

#### EXCHANGE RATE INFORMATION

The following table sets out, for each period indicated, the exchange rate at the end of the period and the average of the exchange rates on each day during the period for one U.S. dollar expressed in Canadian dollars, based on the U.S.-Canada dollar noon exchange rates quoted by the Bank of Canada. On November 9, 2010, the rate was Cdn.\$1.0013 equals U.S.\$1.00.

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

iv

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## PROSPECTUS SUMMARY

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

### WESTPORT INNOVATIONS INC.

#### Overview

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

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

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

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

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

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

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

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

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

## **Industry**

### ***Natural Gas Vehicle Market is Approaching a Tipping Point***

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

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



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

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

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

***Significant Market Opportunities for Westport***

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

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

### **Our Competitive Strengths**

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

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

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

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



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

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

#### **Our Business Strategies**

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

##### ***Continue to Grow CWI Profitably***

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

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

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

##### ***Applications***

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





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

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

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

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

***Achieve Automotive-Scale Production by Adding New Partners***

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

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

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

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

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

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

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

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

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

**Recent Developments**

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

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

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

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

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

**The Offering**

Common Shares offered by us	6,050,000 Common Shares.
Over-allotment option	907,500 Common Shares.
Common Shares outstanding before this Offering	39,879,966 Common Shares.
Common Shares to be outstanding immediately after this Offering	45,929,966 Common Shares.
Use of proceeds	We expect to use the net proceeds from this Offering to develop technology and relationships in new and adjacent market opportunities in light-duty industrial and automotive applications, heavy-duty industrial and automotive applications, high horsepower applications and for general corporate purposes, including working capital requirements. You should read the discussion under the heading Use of Proceeds in this Prospectus Supplement for more information.
Risk Factors	You should carefully read and consider the information set forth in Risk Factors beginning on page S-11 of this Prospectus Supplement and page 7 of the accompanying Prospectus before investing in our Common Shares.
TSX symbol	WPT
NASDAQ symbol	WPRT

The number of Common Shares to be offered by us and the number of Common Shares to be outstanding are based on the approximate number of Common Shares outstanding as of November 9, 2010. Unless we specifically state otherwise, the information in this Prospectus Supplement:

- is based on the assumption that the Underwriters will not exercise the option to purchase additional Common Shares granted to them by us;
- excludes 626,737 Common Shares reserved for issuance upon the exercise of options outstanding as of November 9, 2010 at a weighted average exercise price of \$8.41 per Common Share;
- excludes 166,420 Common Shares reserved for issuance upon the exercise of performance share units outstanding as of November 9, 2010; and
- excludes 1,298,330 Common Shares reserved for issuance upon the exercise of restricted share units outstanding as of November 9, 2010.

### Summary Consolidated Financial Data

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

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

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

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

**Notes:**

- (1) Fully diluted loss per share is not materially different as the effect of exercise of stock options, warrants and performance share units would be anti-dilutive.
- (2) Excluding current portions of warranty liability and long-term debt obligations, and joint venture partners' share of net assets of joint ventures.
- (3) See Non-GAAP Measures in the Annual MD&A and the Q2 MD&A for a reconciliation to cash flows from operations.
- (4) See Note 24 to our audited consolidated financial statements as at March 31, 2010 and 2009 and for each of the years in the three-year period ended March 31, 2010 and Note 16 to our unaudited consolidated financial statements as at September 30, 2010 for information regarding the impact upon our financial statements of significant differences between Canadian GAAP and U.S. GAAP.
- (5) Historical results for the years ended March 31, 2010, March 31, 2009 and March 31, 2008 were reported in Canadian dollars. Consolidated balance sheet information has been translated at the daily noon exchange rates, as provided by the Bank of Canada as at March 31, 2010, 2009 and 2008. Statement of operations and cash flow related information has been translated at the average daily noon exchange rates over the applicable period, as provided by the Bank of Canada.

## **RISK FACTORS**

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

***You will experience immediate and substantial dilution.***

If you purchase our common shares in this offering, you will incur an immediate and substantial dilution in net tangible book value of U.S.\$13.45 per share, after giving effect to the sale by us of 6,050,000 Common Shares offered in this Offering, and after deducting underwriting discounts and commissions and estimated Offering expenses payable by us. In addition, if the Underwriters exercise their over-allotment option, you will incur additional dilution. ***We have broad discretion in how we use the net proceeds of this Offering, and we may not use these proceeds in a manner desired by our shareholders.***

Our management will have broad dis