



PRESS RELEASE

Westport Reports Fourth Quarter & Fiscal 2008 Financial Results

June 3, 2008

Engine Shipments up 36% - Strong Growth Anticipated in Heavy Duty Business

VANCOUVER, BC – Westport Innovations Inc. (TSX:WPT), a global leader in alternative fuel, low-emissions transportation technologies, today reported financial results for the fourth quarter and fiscal year ended March 31, 2008 (FY2008), and provided an update on operations.

“The lower cost of natural gas compared to oil based fuels coupled with the strong environmental leadership story for natural gas vehicles has helped generate an unprecedented increase in interest in our products” said David Demers, Westport’s Chief Executive Officer.

“Although we saw continued strong growth around the world in fiscal 2008, the rapid rise in oil prices late in the fiscal year has moved natural gas vehicles from being primarily an environmental story to now being both environmentally sound and a very good business decision. Early deliveries of Kenworth trucks, Sterling’s recent product announcement, and Peterbilt’s recent LNG announcement have all helped raise the credibility and momentum of this idea as a viable transportation fuel. Although we have been focused on bus and refuse fleets for our ISL G engine, and the San Pedro Bay Ports Clean Truck Program for our larger ISX program, demand is now appearing very broadly from truck fleets all over the world concerned about rising diesel fuel prices. Fuel has become the number one expense for many fleets and has risen by 300% to 500% over just the past few years.”

“We are in a unique position and our products can offer real savings to truck and bus operators at a time when fuel prices are creating unbearable business pressures. This will, we expect, lead to stronger than anticipated demand going forward,” added Demers.

Fourth Quarter Fiscal 2008 Financial and Business Highlights

- Reported consolidated quarterly revenues at \$15.3 million compared to \$19.3 million for the fourth quarter of fiscal 2007. The decrease in revenue is based primarily on a delay in planned deliveries by Cummins Westport Inc. (CWI) that slipped into fiscal 2009.
- Reported a net loss of \$8.1 million (\$0.09 loss per share) for the fourth quarter ended March 31, 2008 compared to a net income of \$1.7 million (\$0.02 earnings per share) for fourth quarter ended March 31, 2007. The fourth quarter of fiscal 2007 included a \$4.2 million dilution gain on one of the Company’s investments, \$2.2 million in funding from the Industrial Technologies Office (ITO, formerly Technology Partnerships Canada) and reversal of \$1.3 million in royalty accruals upon extension of Westport’s agreement with ITO. The fourth quarter of fiscal 2008 included a \$1.3 million future tax expense related to the gain on sale of long-term investments in the year and a net loss of \$0.4 million from CWI after taking into account Cummins’ 50% share of CWI’s profit and losses.
- Announced a collaborative agreement with Kenworth Truck Company (Kenworth) to begin production of Kenworth T800 LNG trucks at its manufacturing facility in Renton, Washington, in early 2009.
- Announced that Wal-Mart Stores, Inc. will introduce four liquefied natural gas (LNG) fuelled Peterbilt 386 trucks into service at their distribution centre in Apple Valley, California.
- Announced the first ‘port customer’ (Southern Counties Express) order for 50 of Westport’s (LNG) heavy duty trucks.
- Received certification for 2008 LNG engine from the Australian Department of Infrastructure, Transport, Regional Development and Local Government.
- Announced that Westport was awarded US\$2.25 million in funding from the South Coast Air Quality Management District (SCAQMD), the California Energy Commission (CEC) and the Ports of Los Angeles and Long Beach (collectively, the Ports).
- Full Year Fiscal 2008 Financial and Business Highlights
- Delivered 2,720 units in fiscal 2008 as compared to 2,001 units in fiscal 2007.
- Consolidated annual revenues increased 18% to \$71.5 million in fiscal 2008 compared to \$60.5 million for fiscal 2007. In US dollar terms, revenues increased by 31% but the increase was significantly offset by the decline in the US dollar against the Canadian dollar.
- Reported net loss decreased to \$10.3 million (\$0.12 per share) in fiscal 2008 compared to \$11.3 million (\$0.15 per share) for fiscal 2007. Net loss decreased primarily because of the successful monetization of previous investments including the sale of Clean Energy shares and the disposition of substantially all of Westport’s shares of Wild River Resources Inc.
- Announced the formation of a 49:51 equity joint venture with OMVL SpA, of Italy, to design, produce and sell alternative fuel engines in the sub-5 litre class for global applications with Westport showing 49% of the profit or loss.
- Announced that Delhi Transport Corporation (DTC) ordered 500 Tata low-floor buses equipped with the Cummins Westport B Gas International (BGI) engines.
- Received formal certification from the United States Environmental Protection Agency (US EPA) for 0.2g/bhp-hr oxides of

nitrogen (NOx) and 0.01 g/bhp-hr particulate matter (PM) for the Cummins Westport ISL G engine.

Fourth Quarter & Fiscal Year 2008 Financial Results in Detail

For the year ended March 31, 2008, revenues increased to \$71.5 million from \$60.5 million in fiscal 2007, a year-over-year increase of 18%. Consolidated revenues increased primarily based on the 36% increase in units shipped from 2,001 in fiscal 2007 to 2,720 in fiscal 2008. The Company's products and parts, however, are priced in US dollars and are accordingly affected by fluctuations in the US dollar exchange rate. In US dollar terms, revenues increased by 31% but the increase was significantly offset by the decline in the US dollar against the Canadian dollar. The Company's heavy duty fuel systems revenue increased from \$0.8 million (8 units) in fiscal 2007 to \$3.1 million (36 units) for fiscal 2008. As sales activities around Port and non-Port fleets continue, sales of LNG systems for heavy duty trucks are expected to increase.

Westport's net loss for the year ended March 31, 2008 was \$10.3 million, or \$0.12 per share, compared to a net loss of \$11.3 million, or \$0.15 per share, for the year ended March 31, 2007. Net loss decreased by \$1.0 million primarily because of a \$2.5 million increase in gains from the sale of long-term investments with \$8.0 million recognized in the year from the sale of Clean Energy shares and \$2.7 million from the disposition of substantially all of Westport's shares of Wild River Resources Ltd, offset by increased expenses and increased foreign exchange loss of \$1.4 million. Westport also recognized a \$1.3 million future income tax expense related to the gains on sale of its Clean Energy shares. As Westport has sufficient tax basis and loss carryforwards, the Company does not anticipate having to pay any cash taxes related to the sale of its Clean Energy shares.

As at March 31, 2008, Westport's cash and short-term investments balance was \$22.8 million compared to \$23.1 million at the end of fiscal 2007. During the year, Westport sold approximately 746,000 shares of Clean Energy for proceeds of \$11.2 million. During the year, Westport negotiated a limited recourse loan, repayable only from certain receipts of sales of LNG systems, from Clean Energy for US\$6.0 million to allow Westport to produce approximately 75 LNG trucks in anticipation of deliveries to customers in calendar 2008. Although the Port process has taken longer than expected, Westport expects these trucks in inventory to be delivered. Additionally, Westport has new systems in process.

On July 26, 2007, Perseus, through its affiliates, exercised the conversion option on the approximately \$22.1 million of secured, subordinated convertible debentures (Notes) held by them in order to acquire approximately 16.5 million common shares of Westport, which were then sold to third parties with all proceeds going to Perseus and its affiliates. As an inducement for Perseus's conversion of the Notes, Westport agreed to pay them, in cash or in shares, an amount equal to 50% of the interest that would otherwise have been payable on the Notes, on December 31, 2007 and June 30, 2008, had the Notes not been converted. 4,134,663 warrants associated with the Notes were also exercised on a cashless basis in the fourth quarter of fiscal 2008 in exchange for 2,338,669 common shares.

On the expense side, sales and marketing expenses for the years ended March 31, 2008 and 2007 were \$10.6 million and \$7.1 million, respectively, with a non-recurring marketing expense of \$1.8 million taken by CWI accounting for approximately half of the \$3.5 million increase. Other CWI sales and marketing expenses increased by \$0.5 million with the launch of the ISL G engine. Non-CWI sales and marketing costs increased by \$1.2 million as the Company ramped up its business development activities in California and China.

Cummins Westport Inc. (CWI) Business Unit Highlights

CWI, a 50:50 global joint venture between Westport and Cummins Inc., is focused on the development, marketing and sale of mid-range, spark-ignited (SI) natural gas or liquefied petroleum gas (LPG) engines for transit bus, shuttle and urban specialty vehicles such as refuse trucks. CWI revenues increased by 16% to \$67.3 million from \$58.0 million in the prior year. In US dollar terms, the increase was approximately 29% with sales in all regions seeing double digit growth with revenues up 79% in Asia, 14% in North America, 38% in the rest of the world, and parts revenue up 36%.

CWI contributed \$5.8 million after taxes and after taking into account Cummins' 50% share of net income compared to \$6.1 million in the prior year.

In the fourth quarter of fiscal 2008, CWI saw its first quarterly net loss of \$0.4 million in over three years, after taking into account Cummins' 50% share of CWI's profit and losses, as the result of certain international shipments slipping into fiscal 2009, integration of the ISL G at some OEM's taking longer to complete than anticipated and its decision to accrue \$1.4 million which will be used to resolve a customer's operational issue with an older engine. CWI expects revenue growth and profit to return in the first quarter of fiscal 2009.

Launched in 2007, the ISL G natural gas engine has contributed a significant amount of growth in the CWI revenue stream and has been met with positive feedback from customers. Its fuel efficiency and torque characteristics make it an ideal engine for medium duty trucks across a variety of applications in short-haul port operations, as well as natural gas utilities and municipal fleets. In April, 2008, CWI announced an order of 250 ISL G engines from San Diego Metropolitan Transit System. In May, 2008 Sterling Trucks of Redford, Michigan announced it had launched a new Sterling® Set-Back 113, its first natural gas vehicle, featuring the ISL G engine.

Westport Global Heavy Duty Business Unit Highlights

Soaring fuel prices, one of the largest single expense items for heavy duty truck fleets, are significantly driving up the cost of doing business for fleet owners globally. Westport markets a product line of heavy duty fuel system solutions that incorporates the Company's proprietary HPDI technology that can help reduce fuel costs in comparison to diesel fuel and provide environmental benefits. Through HPDI technology, Westport can deliver a low-emission, natural gas-fuelled version of the latest original equipment manufacturer (OEM) diesel engine and match the base engine's efficiency and performance without changing the base engine design. Part of the complete

heavy duty fuel system solutions are proprietary tank systems that carry the natural gas as LNG.

Orders for LNG heavy duty fuel systems grew substantially in fiscal 2008 with the Company's single largest Port order to date being received in March 2008 through an order for 50 LNG heavy duty trucks from Southern Counties Express. During the fourth quarter of fiscal 2008, Westport witnessed increased interest in its products and services from fleet users, OEMs and governments. The Company was awarded US\$2.25 million in funding from the SCAQMD, the CEC and the Ports for development, demonstration, certification and commercialization of its 2010 LNG product.

The Ports of have made significant strides in approvals and procedures to commence one of the largest clean truck projects to date to exchange and replace polluting trucks in the Southern California basin. The Clean Trucks Program detailed in the Clean Air Action Plan calls for drayage truck owners to scrap and replace approximately 16,800 polluting trucks working at the Ports, with the assistance of a Port-sponsored grant or loan subsidy. According to the Port of Long Beach website, no less than 50 percent of the Clean Trucks Program-financed trucks will run on alternative fuels proven to be cleaner than diesel, such as LNG. A recent Request for Proposal put out by the Ports has multiple bidders basing their proposal for LNG heavy duty trucks on Westport technology.

The Ports are currently receiving proposals for an administrator of the total grant and concession administrative programs under the Clean Trucks Program. According to Port documents, the contract for the administrator is expected to be granted at the end of June 2008. Westport is in contact with the Ports to offer any assistance that may help expedite sales under the Clean Trucks Program. To meet anticipated volumes of Port and non-Port fleet orders, it was necessary to establish a partnership with a leading truck manufacturer to help produce the quantities anticipated from future orders.

In January, 2008, Westport announced that the Kenworth, a division of PACCAR Inc., will be beginning production in 2009 at its manufacturing facility in Renton, Washington of Kenworth T800 LNG trucks with Westport's LNG fuel system technology adapted for the Cummins ISX-15-liter engine. In order to support the Kenworth factory initiative, Westport is opening a new LNG Fuel System Assembly Center in the Metro Vancouver area.

On the global front, Westport, which was previously awarded AUD\$1.4 million from the Australian Government to demonstrate and evaluate the use of LNG as a fuel for heavy duty highway trucks in Australia, where natural gas enjoys a significant price advantage over diesel, successfully completed this demonstration program with over 275,000 km of field experience at the end of March 2008. Moreover, Westport's LNG fuel system adapted to the 2008 Cummins ISX heavy duty engine has been certified to the 2008 Australian Design Rules (ADR 80/02 and ADR 30/01), enabling commercial sales in Australia.

Corporate Development and Technology Groups

Westport's Corporate Development Group focuses on developing emerging opportunities and market creation activities around the world. The group is tasked with developing new paths to market through OEM and other strategic relationships, identifying licensing opportunities for non-core technologies, and capturing value through the supply chain. Licensing and Intellectual Property are an integral part of Westport's corporate development program. As of March 31, 2008, Westport held 52 issued U.S. patents and 4 allowed U.S. patents, in addition to corresponding issued patents or pending patent applications in countries other than the United States.

In October 2007, Westport and OMVL SpA of Italy announced the formation of a 49:51 equity joint venture to design, produce and sell alternative fuel engines in the sub-5 litre class for global applications. The jointly controlled company is headquartered in Vancouver and will exploit the global engineering, production and distribution strengths of OMVL and its parent company, SIT Group, to deliver engines worldwide. Westport, with a 49% interest, will support the new venture through supply of technology, design, testing and market development services.

Results Conference Call

Westport has scheduled a conference call for today, Tuesday June 3, 2008 at 8:00am Pacific Time (11:00am Eastern Time) to discuss these results. The public is invited to listen to the conference call in real time or by replay. To access the conference call by telephone, please dial: 1-800-952-4972 (North America Toll-Free) or 416-641-2140. Alternatively, the web cast of the conference call can be accessed through the Westport website at www.westport.com by selecting "Investors" and then "Investor Overview" from the menu. To access the conference call replay after the call, please dial 800-408-3053 or 416-695-5800 using the passcode # 3260120. The replay will be available until June 10, 2008, however, the webcast will be archived on the Company's website.

To view Westport's full FY2008 financials, please point your browser to the following link:
<http://www.westport.com/investor/financial.php>.

2008 Annual Meeting of Shareholders

The Westport 2008 Annual Meeting of Shareholders will be held on Tuesday, July 8, 2008 at 2:00 PM (Pacific Time) at the Delta Vancouver Airport Hotel, 3500 Cessna Drive, Richmond, British Columbia.

About Westport

Westport, a division of Westport Fuel Systems Inc., engineers the world's most advanced natural gas engines and vehicles. We work with original equipment manufacturers worldwide from design through to production, creating products to meet the growing demand for vehicle technology that will reduce both emissions and fuel costs. To learn more about our business, visit www.westport.com, subscribe to our RSS feed, or follow us on Twitter [@WestportDotCom](https://twitter.com/WestportDotCom).

Cautionary Note Regarding Forward Looking Statements

This document contains forward-looking statements, including statements regarding the demand for our products, the future success of our business and technology strategies, investment, cash and capital requirements, intentions of partners and potential customers, the performance and competitiveness of our products and expansion of product coverage, future market opportunities, speed of adoption of natural gas for transportation, growth in demand as a result of new emission standards and terms of future agreements. These statements are neither promises nor guarantees, but involve known and unknown risks and uncertainties and are based on assumptions that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activities, performance or achievements expressed in or implied by these forward looking statements. These risks and assumptions include risks and assumptions related to our revenue growth, operating results, industry and products, the general economy, conditions of and access to the capital and debt markets, governmental policies and regulation, technology innovations, fluctuations in foreign exchange rates, global government stimulus packages, the acceptance of natural gas vehicles in fleet markets, the relaxation or waiver of fuel emission standards, the inability of fleets to access capital or government funding to purchase natural gas vehicles, the sufficiency of bio methane for use in our vehicles, the development of competing technologies as well as other risk factors and assumptions that may affect our actual results, performance or achievements or financial position discussed in our most recent Annual Information Form and other filings with securities regulators. Readers should not place undue reliance on any such forward-looking statements, which speak only as of the date they were made. We disclaim any obligation to publicly update or revise such statements to reflect any change in our expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward looking statements except as required by National Instrument 51-102.

More Information

Westport Fuel Systems (Investor Inquiries)

Christine Marks

Investor Relations

T 604-718-2046

invest@wfsinc.com

<https://www.wfsinc.com>

Source: Westport Fuel Systems Inc.