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CANADIAN PACIFIC RAILWAY TO ACQUIRE FIRST RAILPOWER HYBRID LOCOMOTIVES

Canadian Pacific Railway (TSX/NYSE: CP) announced the purchase of 35 Green Goat[®] Series hybrid locomotives over a four-year period from RailPower Technologies Corp. (TSX-P) of Vancouver.

Under the agreement, seven of CPR's yard locomotives will be converted in 2005 to low-emission, quiet hybrid locomotives using hybrid technology and used at CPR's Calgary operations as part of more rigorous long-term testing. Another 28 Green Goats would be converted over the following three years if the first hybrids meet performance guarantees, as is usual with new technology, and if the technology performs well in further testing in adverse winter conditions.

"The Green Goat[®] performed well in our first round of testing, last year," Neal Foot, Senior Vice-President of Operations for CPR, said. "We need to do more testing in strenuous conditions to prove the hybrid's robustness before taking delivery of the others."

A three-month demonstration trial of a Green Goat[®] by CPR in Vancouver, Calgary and Moose Jaw in 2004 showed the fuel, emissions and operational benefits of RailPower's hybrid locomotives.

RailPower President and CEO, Jim Maier, said. "This is a strong endorsement of our hybrid technology by a leading Class 1 railroad. CPR did extensive trial work with the Green Goat[®] in various locations. This order also provides a powerful impetus as we expand our sales efforts in North America and provides a solid foundation for our order book through 2008."

CPR's yard fleet consists of approximately 220 low-horsepower locomotives built in the 1950s. Replacement components are becoming increasingly difficult to source. The addition of the Green Goat[®] is the latest in CPR's ongoing commitment to modernizing its yard and road freight locomotive fleet with more fuel efficient, environmentally friendly and powerful locomotives. CPR has one of the youngest fleets of road freight locomotives in North America.

"The Green Goat[®] technology offers potential for a cost-effective solution to renewing CPR's yard locomotive fleet," Foot said. "Our studies indicate operating cost savings approaching \$4 million annually should we acquire all 35 Green Goat[®] hybrids. In addition, the capital cost is significantly lower than acquiring new locomotives and is competitive with acquiring used conventional locomotives."

Operating cost savings would be generated by lower maintenance requirements and fuel consumption, as well as higher productivity. CPR tests indicate the Green Goat[®] is as much as 60 per cent more fuel-efficient than conventional yard locomotives with a commensurate reduction in greenhouse gases. The hybrid uses plug-and-play modular components that can be quickly replaced in the field, minimizing in-shop repair time and increasing fleet utilization.

The Green Goats will be assembled by ALSTOM at Calgary shops leased from CPR.

Financial terms of the acquisition were not disclosed.

About the Green Goat®:

Powered by batteries that are charged by a small diesel genset, the Green Goat® is significantly quieter than diesel locomotives. It meets the U.S. Environmental Protection Agency's Tier 2 standards for particulate matter in exhaust emissions, which came into force in 2005. RailPower Technologies said its Green Goat® reduces smog-causing oxides of nitrogen (NOx) and diesel particulates by as much as 90 per cent, compared with conventional yard locomotives.

In a separate development, RailPower has been notified by California's Air Resources Board ('CARB') that it has approved the company's application for its Green Goat® locomotives to be given the designation of Ultra Low Emission Locomotive ('ULEL'). The Green Goat® hybrid switcher is the only locomotive to be given this designation and is the cleanest locomotive operating on North American railroads. CARB, established in 1967, is a department of the California Environmental Protection Agency. CARB's mission is to promote and protect public health, welfare, and ecological resources through the effective reduction of air pollutants.

About CPR:

Canadian Pacific Railway is a transcontinental carrier operating in Canada and the U.S. Its 14,000-mile rail network serves the principal centres of Canada, from Montreal to Vancouver, and the U.S. Northeast and Midwest regions. CPR feeds directly into America's heartland from the East and West coasts. Alliances with other carriers extend its market reach throughout the U.S. and into Mexico. Canadian Pacific Logistics Solutions provides logistics and supply chain expertise worldwide. For more information, visit CPR's website at: www.cpr.ca.

About RailPower:

RailPower is headquartered in North Vancouver, BC. Its main engineering and manufacturing base is in Erie, Pennsylvania, where its wholly-owned subsidiary, RailPower Hybrid Technologies Corp. is located.

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