



News release
For immediate distribution

Railpower Reports 2007 Third Quarter Financial Results

Montreal, November 13, 2007 – Railpower Technologies Corp. ("Railpower" or the "Company") (TSX: P) today reported its financial results for the three-month and nine-month periods ended September 30, 2007. (All dollar amounts are in Canadian dollars unless stated otherwise.)

Highlights

- Entered into a subscription agreement pursuant to which the Company agreed to sell to Ontario Teachers' Pension Plan, by way of a private placement, a \$35 million convertible debenture, after the end of the quarter
- Delivered the last 33 multi-genset road switcher locomotives to Union Pacific for a total of 98 units
- Received a new order from Union Pacific for four six-axle multi-genset locomotives
- Received an order from Norfolk Southern for one kit to assemble a six-axle road switching locomotive
- As of September 30, 2007 the Company had firm orders for 15 locomotives or kits and two Eco-Cranes™ from various clients, including the new orders mentioned above
- Increased revenue for the quarter to \$33.5 million from \$9.3 million for the corresponding period in 2006
- Recorded a net loss for the quarter of \$12.4 million compared to a net loss of \$11.7 million in 2006

"With the private placement with the Ontario Teachers' Pension Plan, we now have a strong financial partner to ensure Railpower's future growth and success" said José Mathieu, President and Chief Executive Officer of Railpower. "Our priorities for the remainder of the year include closing the Teachers' investment, delivering the current orders, securing additional orders and managing the recall of the Green Goat series. We will also continue to broaden our product offering of the multi-genset locomotives line."

Financial Results

For the third quarter of 2007, revenue rose to \$33.5 million, compared to \$9.3 million in the third quarter of 2006 as a result of a strong increase in the sale of locomotives. During the quarter, Railpower sold 33 locomotives and one Eco-Crane™ compared to 11 locomotives or kits delivered in the third quarter of 2006.

For the first nine months of 2007, revenue increased to \$95.9 million compared to \$14.3 million in the first nine months of 2006. The Company delivered 94 locomotives or kits and one crane in the first nine months of 2007 compared to 17 units delivered in the corresponding period of 2006.

Cost of goods sold (COGS) in the third quarter was \$36.4 million compared to \$10.8 million in the third quarter of 2006. Cost of goods sold for the first nine months of 2007 was \$108.7 million compared to \$19.8 million in 2006. The increase in negative gross margin is mainly the result of additional material costs, including scrap and obsolescence amounting to \$1.5 million for the quarter and \$7.1 million for the nine-month period.

Operating expenses, including engineering and research and development (R&D), general and administrative (G&A), selling and service-related expenses, for the third quarter of 2007 totalled \$6.1 million, compared to operating expenses of \$8.9 million for the third quarter of 2006. Operating expenses for the first nine months of 2007 were \$20.2 million compared to \$23.9 million in 2006.

Net loss for the third quarter of 2007 was \$12.4 million, or \$0.14 per basic share, compared to a net loss of \$11.7 million, or \$0.21 per basic share for the corresponding period a year ago. The increase in net loss is again mainly the result of additional material costs including scrap and obsolescence in the amount of \$1.5 million and a foreign exchange loss of \$1.9 million compared to nil in the corresponding period in 2006. These increases were offset by a reduction of \$2.8 million in operating expenses.

Net loss for the first nine months of 2007 was \$54.6 million, or \$0.65 per basic share, compared to a net loss of \$35.6 million, or \$0.65 per basic share in the same period a year ago, for the same reasons as described above and based on an increase in the provision for warranty, following the recall in June 2007 of 65 units of the company's Green Goat series of yard switcher locomotives amounting to \$16.3 million.

As at September 30, 2007, the Company had a negative working capital of \$5.0 million, including cash and cash equivalents of \$13.2 million, compared to working capital of \$19.6 million, including cash and cash equivalents of \$1.1 million on December 31, 2006. The decrease in working capital is due mainly to the \$16.3 million additional warranty provision required as a result of the

announcement in the second quarter of a recall of the Green Goat series. Also contributing to the decrease in net working capital was a write-down and obsolescence of approximately \$7.1 million recorded in the reduction of inventories since December 31, 2006.

Financial and Operational Highlights

After the end of the quarter, on November 9th 2007, the Company entered into a subscription agreement pursuant to which it agreed to sell to Ontario Teachers' Pension Plan ("OTPP") by way of a private placement a \$35 million convertible debenture. The debenture will have a maturity date of five years from its date of issuance and will have an interest coupon of 5% per annum, payable semi-annually in either cash or common shares, at the discretion of the Company. The principal amount of the debenture will be convertible, at the election of OTPP, in whole or in part, into either common shares or restricted voting shares, at a conversion ratio of \$0.30 per share, representing up to 116,666,667 shares.

This private placement is conditional upon the Company's shareholders' and regulatory approval and the establishment of a working capital facility; a special general meeting of shareholders is expected to take place on or about December 18th 2007.

During the quarter, Railpower completed the execution of its largest order and delivered the last 33 multi-genset road switcher locomotives to Union Pacific for a total of 98 units. All the locomotives are now in service and are performing well.

The Company also received a new order from Union Pacific for four six-axle multi-genset locomotives. It also received an order from Norfolk Southern for one kit to assemble a six-axle road switching locomotive.

Outlook

The Company is focusing on aggressive marketing and development projects to sell its products, as securing new orders is one of its priorities.

The Company has started a demonstration program with a multi-genset road switcher in May. This unit is committed to full-time demonstrations with potential customers.

A marketing and sales campaign has been designed to generate greater awareness of Railpower along with brand name recognition and to assist customers in obtaining funding programs.

Railpower's consolidated financial statements and Management's Discussion and Analysis ('MD&A') as at September 30, 2007, were prepared in accordance with Canadian generally accepted accounting principles (GAAP) and are presented in Canadian dollars, except where indicated otherwise. The full statements and MD&A will be filed on SEDAR (www.sedar.com) and will be available on Railpower's website (www.railpower.com) later today.

Notice of Conference Call and Webcast

José Mathieu, President and CEO of Railpower, will host a conference call tomorrow November 14, 2007, at 9:00 am (EST) to review the financial results. All interested parties are invited to participate. A live audio webcast of the call will be available at www.railpower.com or www.newswire.ca. A taped replay of the conference call will also be available until November 21, 2007 by calling 416-640-1917 or 1-877-289-8525 and indicate reference number 21253379 followed by the number sign.

About Railpower

Railpower Technologies (TSX: P) is engaged in the development, construction, marketing and sales of specialized, patented, environmentally friendly technology systems for the transportation and related industries. Railpower's technologies significantly reduce fuel usage, operating and maintenance costs and emissions. While Railpower's origins are in the transportation industry, its technologies have broad potential and applications in other markets and industries. Railpower is headquartered in Montreal, Quebec. Its U.S. office is located in Erie, Pennsylvania. (www.railpower.com)

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Management Discussion and analysis and the documents incorporated by reference may contain projections and "forward-looking statements" within the meaning of that phrase under Canadian and U.S. securities laws. When used in this document, the words "may", "would", "could", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions may be used to identify forward-looking statements. Those statements reflect our current views with respect to future events or conditions, including prospective results of operations, financial position, predictions of future actions or plans or strategies. Certain material factors and assumptions were applied in drawing our conclusions and making those forward looking statements. By their nature, those statements reflect management's current views, beliefs and assumptions and are subject to certain risks and uncertainties, known and unknown, including, without limitation, the ability to achieve the anticipated overhead cost reductions, the ability to retain our employees, product development or manufacturing delays, the ability to negotiate a new manufacturing facility agreement with a supplier or to build, rent or buy a manufacturing facility, changing environmental regulations, the ability to attract and retain business partners, the acceptance of our existing and new products, future levels of government funding, the need to obtain and maintain proprietary rights over our

technology, competition from other technologies, the ability to access the capital required for research, product development, operations and marketing, the need to generate positive cash flow in the foreseeable future, changes in energy prices and currency levels. Many factors could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by these forward-looking statements. Should one or more of these risks or uncertainties materialize, or should the assumptions underlying our projections or forward-looking statements prove incorrect, our actual results may vary materially from those described in this report as intended, planned, anticipated, believed, estimated, or expected. We do not intend and do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise, unless required to do so by applicable securities laws.

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