



**News release
For immediate distribution**

**RAILPOWER TO BUILD MANUFACTURING FACILITY
IN ST-JEAN-SUR-RICHELIEU,
WITH A \$20 MILLION INVESTMENT BY
ONTARIO TEACHERS' PENSION PLAN
AND A \$2.5 MILLION CONTRIBUTION FROM THE QUEBEC GOVERNMENT**

Brossard, May 26, 2008 – Railpower Technologies Corp. (TSX: P) announced today that it will build an assembly plant in Saint-Jean-sur-Richelieu, Quebec, creating some 125 new jobs, mainly in manufacturing and development.

"For the first time in its history, Railpower will own a dedicated, world class manufacturing facility capable of building the world's leading high efficiency locomotives. This facility is expected to significantly improve our manufacturing efficiencies and provide Railpower with the ability to rapidly expand its current production. We are highly confident that both existing and new customers will recognize the significant enhancements that this facility will create" said Mr. Mathieu, President and CEO of Railpower.

The plant will be located in St-Jean-sur-Richelieu, 25 kilometers east of Montreal downtown, along Highway 35. It will be built on a 710,000 square foot industrial land boarded by 2 major railroads. The plant design is modular and includes planned future expansions. The first phase will have 55,000 square foot of production space and 4,000 square foot of office space. It will be equipped with state-of-the-art manufacturing and testing equipment for Railpower's complete line of locomotives. In addition, it will have dedicated areas for research and development and also the assembly and testing of crane hybrid power plants.

Ontario Teachers' Pension Plan ("Teachers"), which invested \$35 million in the Company earlier this year, has agreed to invest, on a private placement basis, an additional \$20 million in Railpower to finance the construction of the manufacturing facility and to allow the Company to build additional demonstration locomotives. The private placement is expected to close in June, 2008.

Investment Quebec has granted Railpower a subsidy of up to \$2.5 million to help finance the project and create employment in the Saint-Jean-sur-Richelieu area, subject to certain approvals and conditions. This investment reflects the commitment of the Government of Quebec towards the protection of the environment and promotion of new transportation technologies. Railpower's new line of locomotives significantly reduce fuel usage and green gas emissions by up to 90%.

"Railpower's management team and employees are thrilled with this substantial addition to the Company. We appreciate the confidence that our investment partner and the Government of Quebec demonstrate in our company's future" added Mr. Mathieu.

Teachers' private placement consists of the issuance of a secured convertible debenture on terms similar to its last investment. The debenture will mature five years from its date of issuance and will have an interest rate of 5% per annum, payable semi-annually in either cash or common shares, at the discretion of Railpower. The initial principal amount of the debenture will be convertible, at the election of the holder, in whole or in part, into either common shares or restricted voting shares, or any combination thereof, at a conversion ratio of \$0.40 per share, representing up to 50,000,000 shares. This debenture will be transferable after two years of its issuance.

The completion of the private placement is conditional upon the approval of regulatory authorities and the shareholders of the Company, its closing occurring on or before July 31, 2008, and other customary conditions.

Railpower will seek shareholder approval for the private placement at the annual and special meeting of shareholders. Railpower will shortly file with Canadian securities regulators and deliver to shareholders an information circular in connection with the meeting of shareholders scheduled to occur on or about June 26, 2008.

The Company's board of directors is very pleased to announce the planned manufacturing facility and the financing program and has determined that the private placement is in the best interests of the Company and is recommending that shareholders approve the contemplated transaction.

About Railpower

Railpower Technologies (TSX: P) develops, markets, produces and sells specialized, patented, environment-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 Brossard, Quebec. Its U.S. office is located in Erie, Pennsylvania. (www.railpower.com)

About Ontario Teachers' Pension Plan

With \$108.5 billion in net assets as of December 31, 2007, the Ontario Teachers' Pension Plan is the largest single-profession pension plan in Canada. An independent corporation, it invests the pension fund's assets and administers the pensions of 278,000 active teachers and pensioners in Ontario. As a long-term global investor, Teachers' public equities program features a Relationship Investing portfolio that includes large-scale strategic investments in public companies including Nexen Inc., Maple Leaf Foods, MacDonald Dettwiler and Associates Ltd., Sherritt International Corp., as well as several Brazilian ventures. For more information, please visit www.otpp.com.

Caution regarding forward-looking statements

Certain statements contained in this release contain forward-looking statements. 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, and predictions of future actions, 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 secure new orders, the ability to retain our employees, product development or manufacturing delays, the ability of our current manufacturing supplier to meet our production demands in terms of quantity, quality and costs, our ability to reach a satisfactory agreement with another supplier if necessary 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 or new competitors, 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, potential legal liability related to the recall of our Green Goat® locomotives, 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. Unless otherwise required by law, we do not intend or do not assume any obligation to update these forward-looking statements whether as a result of new information, plans, events or otherwise.

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