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Nippon Sharyo, Ltd.  
Sojitz Corporation

**Sojitz and Nippon Sharyo Sign Engineering Support Contract  
concerning Railway Freight Car Production in Russia**

**- Introducing Advanced Japanese Railway Freight Car Manufacturing Technology -**

The Sojitz Group and Nippon Sharyo, Ltd. (hereafter called 'Nippon Sharyo') have entered into an agreement to provide engineering support to Russian rolling stock manufacturer Promtractor-Vagon (Head office: Kanash, Chuvash) for their construction of a railway freight car manufacturing plant in Kanash. The contract, worth approximately 200 million yen, will provide technologies and engineering works for required equipment and production facilities, including factory and equipment layout.

Promtractor-Vagon, which was established in 2005, is a joint venture between Russian Railways and Russia's largest construction machinery manufacturer Promtractor. Following rapid economic growth in Russia, there is a sharp rise in the demand for railway freight cars. The country relies on railway transport for over 40 percent of the freight transported, and approximately 800,000 freight cars are in operation, which number is the second largest after the US with its 1.3 million freight cars. Although new demands arise for about 30,000 freight cars a year, the situation is that Russia currently has an annual domestic production of about 20,000 freight cars and that the country's production capacity is falling behind demand. It is planned that the new plant will have the capacity to manufacture about 6,000 freight cars a year. The plant is scheduled to be constructed by 2008 and to commence operations in 2009.

Nippon Sharyo has to date been providing their manufacturing technologies to railway car manufacturers in Taiwan and Indonesia for freight wagons, passenger cars and electric trains. On the other hand, Sojitz has a record of exporting Nippon Sharyo freight cars to various countries in Africa and Southeast Asia. Sojitz and Nippon Sharyo will provide engineering support to Promtractor-Vagon, utilizing the abundant experience they have gained in the production and export of freight cars, and will also be involved in the procurement of freight car production equipment for Promtractor-Vagon.

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