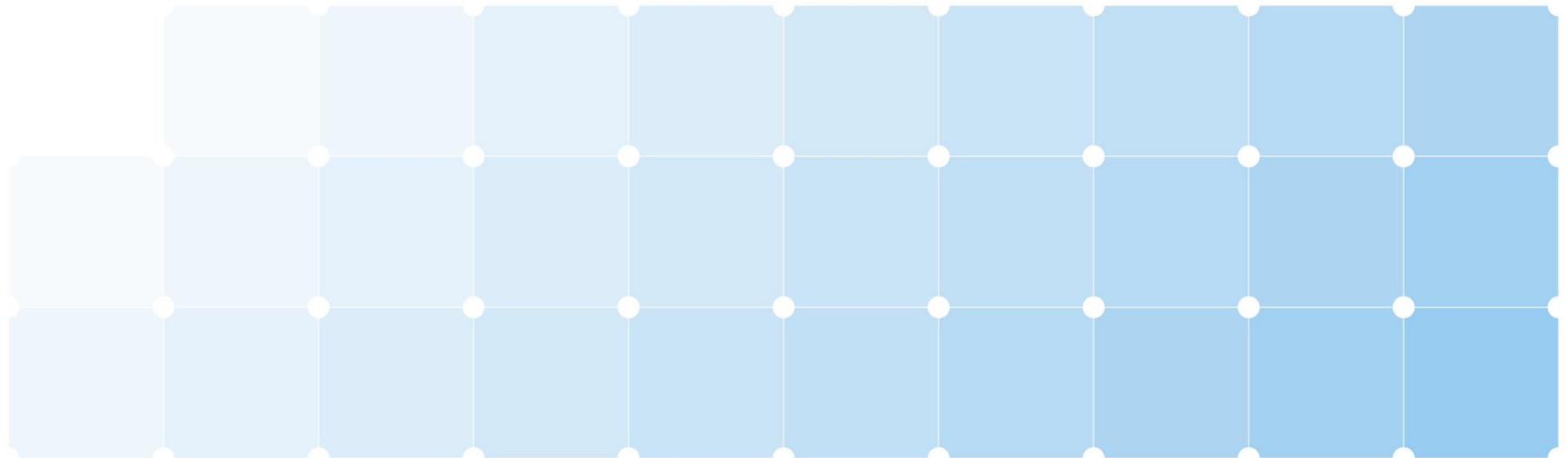


 **Sumitomo Corporation of Americas**

 **NIPPON SHARYO**

***PRIIA 305 Spec New Bi-Level Passenger Railcars Project
Progress Update***



SCOA & NS

Sumitomo Corporation of Americas

- Trading and investment business enterprises
- Parent Company: Sumitomo Corporation
 - ✓ Established: 1919
 - ✓ Total Trading Transaction: \$79.8bil
 - ✓ Number of Employee: 73,953 (*) Consolidated Basis

NIPPON SHARYO

- Rolling stock manufacturer
- Established: 1896
- #1 manufacturer of Shinkansen (Japanese Bullet Train) 3,476 cars as of Dec 2014

Commercial and Contractual Aspects

- Marketing
- Overall Program Management
- Bonding/Insurance
- Transportation
- Commercial & Legal Matters

Technical and Production Aspects

- Design/Engineering
- Purchasing
- Manufacturing
- Testing/Commissioning
- Warranty

→ 35 years of partnership in North America railcar business

Nippon Sharyo Rochelle Plant



*Location: Rochelle, IL
80 miles west of Chicago*

Shop 1: Carbody Assembly Shop

Shop 2: Final Assembly Shop

Shop 3: Carshell Components Shop

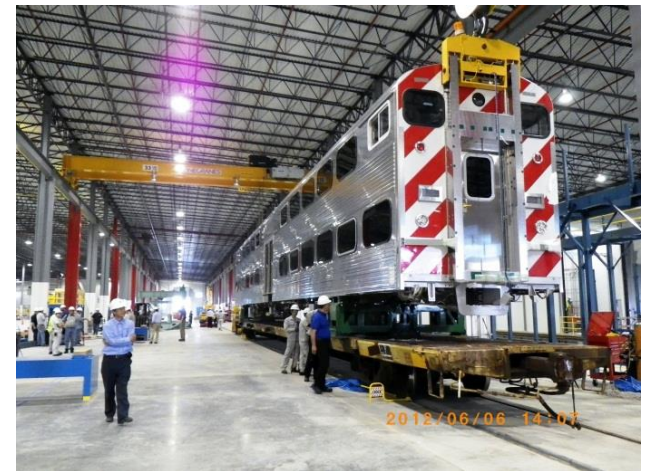
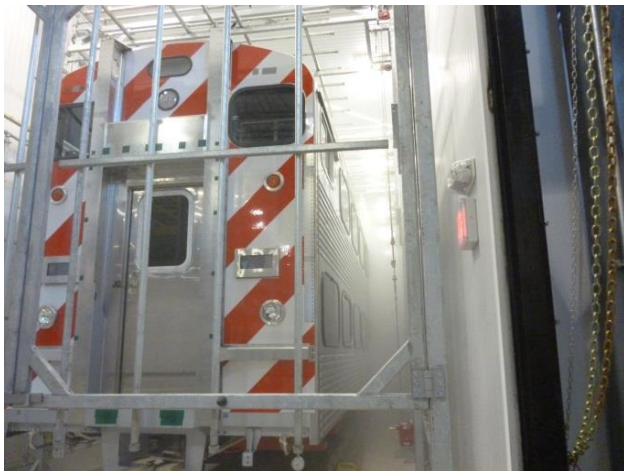
** Shop 3 Started Operation in July `14*

Investment: US\$ 100 million

Employees: Approx. 650



Nippon Sharyo Rochelle Plant



New Bi-Level Passenger Railcar Project

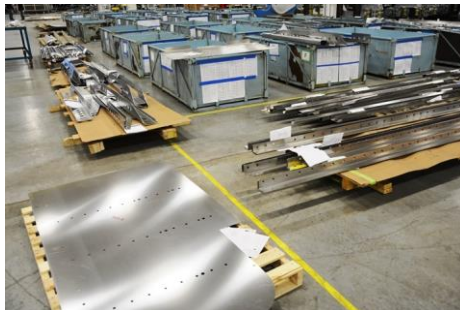
<Project Description>

- *Caltrans & IDOT Joint Procurement*
- *130 Bi-level Passenger Rail Cars with 300 option cars*
 - *42 Cars = Caltrans*
 - *88 Cars = IDOT and Midwest States*
- *First PRIIA Specification*
 - *First standardized, multi-state equipment specification*
 - *First Bi-Level Passenger Railcar with CEM Feature*
- *First 100% Buy America*
- *First ARRA Funded Railcar Procurement Project*
- *Notice to Proceed: Nov 27, 2012*



Current Progress

- ***Preliminary & Intermediate Design: Completed***
- ***Mockup Review: Completed***
- ***Final Design: 92% Complete***
- ***Carbody Steel Procurement: Completed up to car #39***
- ***First Article Inspection: 18% Complete***
- ***Started Fabrication of Metal Parts: July 2014***
- ***Started Carbody Shell Assembly: September 2014***
- ***Completion of 1st Carshell: June 2015***



Future Schedule

	Original Schedule	Current Schedule	Delay/Impact
Pilot cars (#1-3)	5/30/16	12/14/16	6 1/2 mo
Car #130	7/5/18	10/14/18	3 mo

Recovery Plan

- *Compression of the transition from Pilot Cars to Production Cars*

Specific Challenges

- *Advanced Technical Spec in Standardization and Technology*
- *Multiple Levels of Oversight/Stakeholders*
- *100% Buy America*
 - *Rochelle Start-up*
 - *Steel Procurement*
 - *Supply Chain*

Lessons Learned

- ***Standardization and Innovation can be in conflict at times.***
- ***Overly-detailed specification may limit equipment choices in a constantly changing supply market.***
- ***It is challenging to accurately allocate weight and physical space for a technologically evolving car design.***
- ***Resolving ambiguities or contradictions in the specification required much time and effort to resolve.***
- ***Areas for discretion of the carbuilder could be further evaluated...***

Thank you

- *Caltrans and Illinois DOT*
- *Midwest Coalition*
- *FRA*
- *NGEC and the PRIIA 305 Committee*
- *Industry Representatives*



Goal: Supply quality cars that satisfy all parties involved