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Press Release

January 26, 2009

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IMMEDIATE

MTA Railroads Collaborate on Largest Ever Joint Procurement

Cooperation Initiative Creates Efficiency and Reduces Costs

The Metropolitan Transportation Authority (MTA) today announced that MTA Metro-North Railroad and MTA Long Island Rail Road are presenting for Board approval five-year joint purchase agreements with manufacturers of train parts the railroads have in common totaling \$256.7 million – the largest joint procurement of this type ever executed by both railroads. This joint procurement is the latest step in the railroads' efforts to work together to improve efficiency and customer service and reduce costs. Metro-North and LIRR anticipate administrative and economic benefits including better pricing and volume discounts that may result in overall savings of 2 to 3%.

Seven manufacturers are participating in this long-term joint agreement, providing both railroads with parts for heating/air conditioning systems, electrical systems, toilets, couplers, trucks (wheel assemblies), brakes and doors. All seven are sole source, original equipment manufacturers. The parts they manufacture were specified as part of the original railcar design, and were rigorously tested for reliability and durability during that process.

To ensure that the railroads have enough parts available for both their scheduled and unscheduled maintenance needs, the agreement also allows the railroads to reallocate funds to support any change in the needs of the operation. The dollar amounts allocated to individual agreements can be varied by 15% as long as the \$256.7 million total is not exceeded.

The agreement provides for off-site storage with a "just in time" delivery requirement.

There are a number of benefits to these long-term, joint agreements. The manufacturers are able to maintain their tooling and manufacturing capabilities necessary to produce the parts, which are not available from other sources. While it allows the manufacturers this long-term security, it does not preclude the railroads from identifying and evaluating any alternative suppliers that may be available and deemed qualified.

"This joint procurement is a great example of the ways that we are streamlining across all of our agencies to increase our efficiency," said Elliot G. Sander, Executive Director and CEO of the MTA. "Achieving increasing uniformity between our commuter railroads reflects our efforts to transform the MTA, from our Regional Bus initiative to the Business Service Center to our restructuring of the subway system management."

"The Board has been focused on joint procurement initiatives between the two railroads for some time and the original equipment manufacturer agreement clearly demonstrates that the railroads are headed in the right direction," said James L. Sedore, Jr., Chairman of the Metro-North Committee of the MTA Board.

"This joint procurement project is another step in our effort to be as efficient as possible and find cost savings wherever possible," said LIRR President Helena Williams. "This will enable us to maximize the buying power of the MTA's two commuter rail systems when dealing with parts manufacturers."

"This procurement is an excellent example of the two railroads coming together to pursue the common goals of reliable service and efficient use of time and money in areas of our operation that are the same or largely similar," said MNR President Howard Permut. "We're buying smart, and by exploring off-site storage and common parts lists, we're managing our resources intelligently, too."