To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for March 2010

Date: May 14, 2010

CTA’s financial results show a surplus for the month of March of $6.6 million and $14.7 million for the first quarter of 2010. The surplus for the month and year to date period is primarily due to lower operating expenses than anticipated in the budget. Ridership for the month of March was 44.5 million and was 0.6 million more than budget.

The chart below highlights CTA’s key working capital results at March 2010 compared to March 2009 and year end 2009.

<table>
<thead>
<tr>
<th></th>
<th>Mar 2010</th>
<th>Mar 2009</th>
<th>Increase (Decrease)</th>
<th>Dec 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Cash</td>
<td>$67.8</td>
<td>$93.4</td>
<td>$(25.6)</td>
<td>$60.5</td>
</tr>
<tr>
<td>Damage Reserve Cash</td>
<td>86.3</td>
<td>1.3</td>
<td>85.0</td>
<td>85.1</td>
</tr>
<tr>
<td>Inventory</td>
<td>86.7</td>
<td>104.1</td>
<td>(17.4)</td>
<td>92.8</td>
</tr>
<tr>
<td>Funds owed by RTA</td>
<td>184.3</td>
<td>239.1</td>
<td>(54.8)</td>
<td>190.3</td>
</tr>
<tr>
<td>Funds owed by State of Illinois</td>
<td>-</td>
<td>21.6</td>
<td>(21.6)</td>
<td>-</td>
</tr>
<tr>
<td>Funds CTA owes (accounts payable)</td>
<td>27.2</td>
<td>43.0</td>
<td>(15.8)</td>
<td>24.4</td>
</tr>
</tbody>
</table>

CTA’s working cash balance remains well below the target of three months’ operating expense. Funds owed to CTA by the RTA and the state is approximately $184.3 million. CTA inventories have decreased by $17.4 million from the prior year primarily due to an increase in the reserve for obsolescence. Funds’ CTA owes to creditors is less than prior year but a slight increase over December 2009.

Ridership for the month of March was 44.5 million and was 0.6 million more than budget and was 0.1 million more than prior year. Bus ridership for the month of March was 26.9 million. This was 0.2 million or 0.7% more than budget, but was 0.8 million or 2.8% less than March 2009. Rail ridership for March was 17.6 million and
was 0.4 million or 2.6% more than budget and was 0.9 million or 5.2% more than March 2009.

Ridership for the first quarter of 2010 was below budget by 1.8 million or 1.4% due to lower bus and rail ridership. Bus ridership was 1.3 million lower and rail was 0.5 million lower. Compared to the prior year, ridership was 0.3 million lower or 0.2%. Bus ridership was down 1.7 million, while rail ridership was 1.4 million higher. The lower bus ridership reflects the service cuts implemented in February that primarily affected bus passengers.

Public Funding Required for Operations for the month and the year was $58.6 million and $169.6 million, respectively and was favorable to budget by $6.6 million and $14.7 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 52.42% for the month and 53.0% for the year. This was favorable to budget by 2.65 percentage points for the month and 0.75 percentage points for the year to date.

Operating Expenses for the month and year equaled $104.2 million and $303.2 million, respectively. For the current month, operating expenses were $7.2 million or 6.4% less than budget. All expense categories were less than or equal to budget, except power. For the year to date period, operating expenses were $23.2 million or 7.1% lower than budget. All categories of expense were favorable to budget, except power.

Labor Expense was $72.5 million for the month of March and was $3.0 million less than budget due to vacancies, lower overtime and higher charges to capital jobs. Labor expense for the first quarter of 2010 equaled $209.8 million and was favorable to budget by $8.1 million.

Material Expense was $6.9 million for the month and was under budget by $0.6 million or 7.8%. Material expense for the first quarter of 2010 equaled $19.6 million and was favorable to budget by $3.8 million. The lower material expense is due to the reduction in the bus fleet with scraping of the 19 year old buses, lower material usage for rail cars and lower fare card material.

Fuel for Revenue Equipment was $4.3 million for the month and was $0.9 million less than budget and was $3.1 million less than budget for the first quarter of 2010. Compared to the prior year to date, fuel is 10.7 million less than 2009 due to favorable results from the fuel hedge program. The average price paid in March was $2.61 per gallon and was under the budget price of $3.25 per gallon.

Electric Power for Revenue Equipment was $3.2 million for the month and $9.5 million for the year. Power expense was $0.2 million more than budget for the month and year to date.
Provision for Injuries and Damages Expense was $2.3 million for the month and $7.0 million for the year to date period and is on par with budget.

Purchase of Security Services was $2.7 million for the month and was on par with budget. Year to date security expense is $7.7 million and was $0.6 million less than budget.

Other Expenses equaled $12.3 million for the month and were $2.9 million less than budget. Year to date other expense was $37.0 million and was $7.8 million less than budget due to timing differences between actual and budget.

System-Generated Revenue was $45.6 million for the month and was $0.6 million less than budget for the month. Year to date System-Generated Revenue was $133.6 million and was $8.5 million less than budget. The year to date unfavorable variance was primarily due to lower than anticipated farebox revenues. However, all categories of revenue were below budget except for contributions from local governments.

Fare Revenue was $41.5 million for the month and was $1.2 million more than budget due to higher ridership and a higher average fare. Year to date fare revenue was $118.7 million and was $5.3 million less than budget primarily due to a lower average fare and lower ridership. The average fare for the first quarter was $0.95 per ride; this was $0.03 less than budget.

Reduced Fare Reimbursements were $2.0 million for the month and $7.4 million for the year to date. The month and year to date were below budget by 0.7 million due to the State budget cuts.

Advertising, Charter and Concessions Revenue equaled $1.6 million in March and $4.5 million for the year to date. This was below budget by $0.3 million for the month and $1.1 million for the year as the budget had anticipated higher vehicle and platform advertising revenues than realized.

Investment Income was $34,000 for the month and $86,000 for the year to date period. This was $0.1 million lower than budget for the current month and $0.4 million lower for the year to date period due to lower cash balances and investment rates.

Statutory Required Contributions were $0.0 million for the month and year to date and were on par with budget.

All Other Revenue was $0.5 million for the month and $2.9 million for the year to date period. This was $0.7 million lower than budget for the month and $1.0 million less than budget for the year to date period. The unfavorable results are primarily due to lower revenues for property sales than assumed in the budget.