To: Chicago Transit Authority Board

From: Karen Walker, Chief Financial Officer

Re: Financial Results for April 2011

Date: June 8, 2011

CTA’s financial results show a surplus for the month of April of $1.5 million and $10.6 million for the year to date. 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 April was 43.6 million and was 1.5 million less than budget. Year to date ridership was 3.5 million less than budget but is 0.9 million more than the first four months of 2010.

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

<table>
<thead>
<tr>
<th></th>
<th>Apr 2011</th>
<th>Apr 2010</th>
<th>Increase (Decrease)</th>
<th>Dec 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Cash</td>
<td>$124.8</td>
<td>$58.0</td>
<td>$66.8</td>
<td>$138.5</td>
</tr>
<tr>
<td>Damage Reserve Cash</td>
<td>105.1</td>
<td>84.9</td>
<td>20.2</td>
<td>102.4</td>
</tr>
<tr>
<td>Inventory</td>
<td>61.7</td>
<td>85.0</td>
<td>(23.3)</td>
<td>63.5</td>
</tr>
<tr>
<td>Funds owed by RTA</td>
<td>213.4</td>
<td>204.0</td>
<td>9.4</td>
<td>196.1</td>
</tr>
<tr>
<td>Funds CTA owes (accounts payable)</td>
<td>22.2</td>
<td>17.6</td>
<td>4.6</td>
<td>20.1</td>
</tr>
</tbody>
</table>

CTA’s working cash balance continues to be below the target of three months’ operating expense. Working cash is $66.8 million more than the prior year. Funds owed by the RTA is approximately $213.4 million which is $9.4 million more than the prior year. CTA inventories have decreased by $23.3 million from the prior year due to changes made to min/max levels and an increase in the reserve for obsolescence. Funds CTA owes to creditors is $22.2 million and is $4.6 million more than prior year.

Ridership for the month of April was 43.6 million and was 1.5 million less than budget and was 0.1 million less than prior year. Bus ridership for the month of April was 25.5 million. This was 1.1 million or 4.1% less than budget and was 0.5 million or 1.9% less than April 2010. Rail ridership for April was 18.1 million and was 0.4 million less than budget and was 0.3 million or 2.0% more than April 2010.

Ridership for the year was 169.0 million and was 3.5 million less than budget but was 0.9 million more than prior year. Bus ridership was 1.9 million less than the prior year to date while rail ridership was 2.7 million higher. For the full year of 2011, average weekday ridership increased
0.94% from 2010, average Saturday ridership decreased 0.15% and average Sunday ridership increased 2.42%.

Free rides totaled 6.8 million for the month and 23.9 million for the year; this is 0.3 million more than April 2010 and 0.4 million less for the year to date. Free rides for seniors went into effect on March 17, 2008. The majority of free rides occurred on the bus system. Bus accounts for 5.7 million of the total free rides for the month while rail is 1.1 million.

Public Funding Required for Operations for the month and the year was $57.3 million and $235.0 million, respectively and was favorable to budget by $1.5 million and $10.6 million, respectively.

Recovery Ratio, which measures the percentage of operating expenses CTA funds from internally generated revenues, was 56.18% for the month and 54.53% for the year. This was favorable to budget by 0.41 percentage points for the month and 0.88 percentage points for the year to date.

Operating Expenses for the month and year equaled $106.1 million and $426.8 million, respectively. For the current month, operating expenses were $4.5 million or 4.0% less than budget. All expense categories were less than or equal to budget, except for power and security. For the year to date period, operating expenses were $19.4 million lower than budget with all categories of expense favorable to budget, except for security.

Labor Expense was $73.5 million for the month of April and was $2.7 million less than budget due to delayed hiring, unfilled vacancies, and higher charges to capital jobs. Labor expense for the year to date equaled $298.2 million and was favorable to budget by $8.5 million.

Material Expense was $6.0 million for the month and was under budget by $0.6 million or 9.6%. Material expense for the year to date equaled $23.3 million and was favorable to budget by $3.0 million.

Fuel for Revenue Equipment was $4.0 million for the month and was $0.5 million less than budget and was $1.4 million less than budget for the year to date. Fuel expense is $0.3 million less than the first four months of 2010 due to favorable results from the fuel hedge program. The gross average price paid per gallon for the month was $3.32. The fuel swap decreased the average price by $0.64 bringing the net cost per gallon to $2.68 for the month of April 2011. The budget assumed an average price of $3.08 per gallon.

Electric Power for Revenue Equipment was $2.5 million for the month and $10.6 million for the year. Power expense was $0.3 million unfavorable to budget for the month due to an invoice adjustment but was favorable by $0.3 million for the year to date. Compared to the prior year to date, power cost was $2.6 million lower due to the negotiated electric supply contract.

Provision for Injuries and Damages Expense was $1.3 million for the month and $5.0 million for the year to date period and is on par with budget.

Purchase of Security Services was $3.5 million for the month and was $0.7 million more than budget. Year to date security expense is $12.1 million and was $0.8 million more than budget.

Other Expenses equaled $15.3 million for the month and were $1.6 million less than budget. Year to date other expense was $60.9 million and was $7.0 million less than budget due to timing differences between actual and budget.
System-Generated Revenue was $48.7 million for the month and was $2.9 million less than budget for the month. Year to date System-Generated Revenue was $191.8 million and was $8.7 million less than budget. The unfavorable variance was primarily due to lower than anticipated farebox and pass revenues.

Fare and pass revenue was $42.7 million for the month and was $2.3 million less than budget due to a lower average fare than budgeted. For the month, the average fare was $0.02 less than anticipated in the budget. Year to date fare and pass revenue was $166.4 million and was $7.5 million less than budget primarily due to lower ridership and a lower average fare. The average fare for the year to date was $0.98 per ride and was $0.03 less than budget.

Reduced Fare Reimbursements were $2.3 million for the month and $9.3 million for the year to date, which is on par with budget.

Advertising, Charter and Concessions Revenue equaled $1.4 million in April and $6.2 million for the year. This was $0.2 million less than budget for the month and $0.1 million less than budget for the year to date.

Investment Income was $29,000 for the month and $135,000 for the year to date period. This was lower than budget for the current month and the year to date period due to lower than anticipated cash and cash equivalent 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 $2.3 million for the month and $9.8 million for the year to date period. This was $0.4 million less than budget for the month and was $1.0 million less than budget for the year to date period.