

Monthly Financial Update

Oral Report

Finance & Budget Committee

March 2009



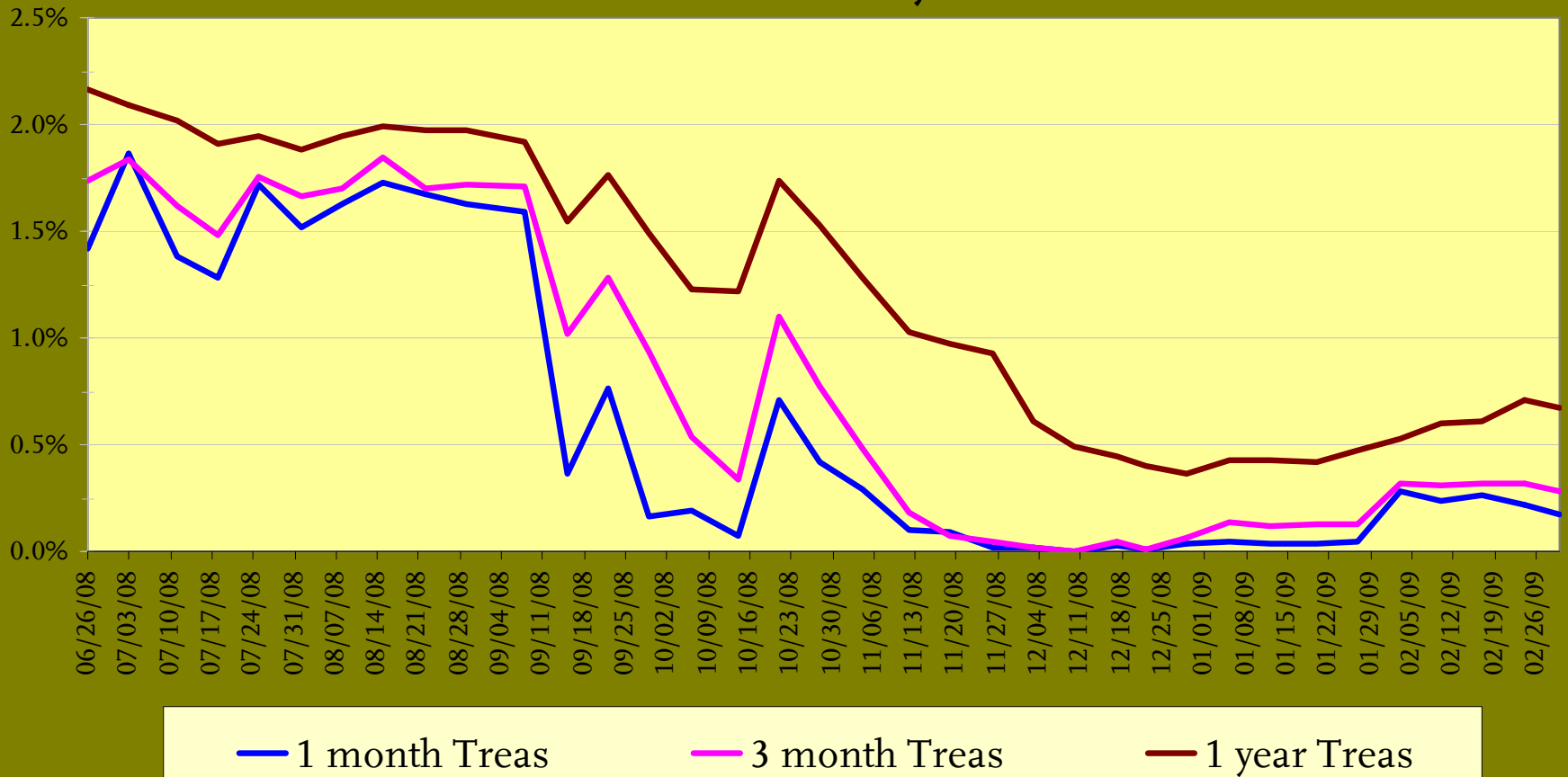
Metro

Headlines

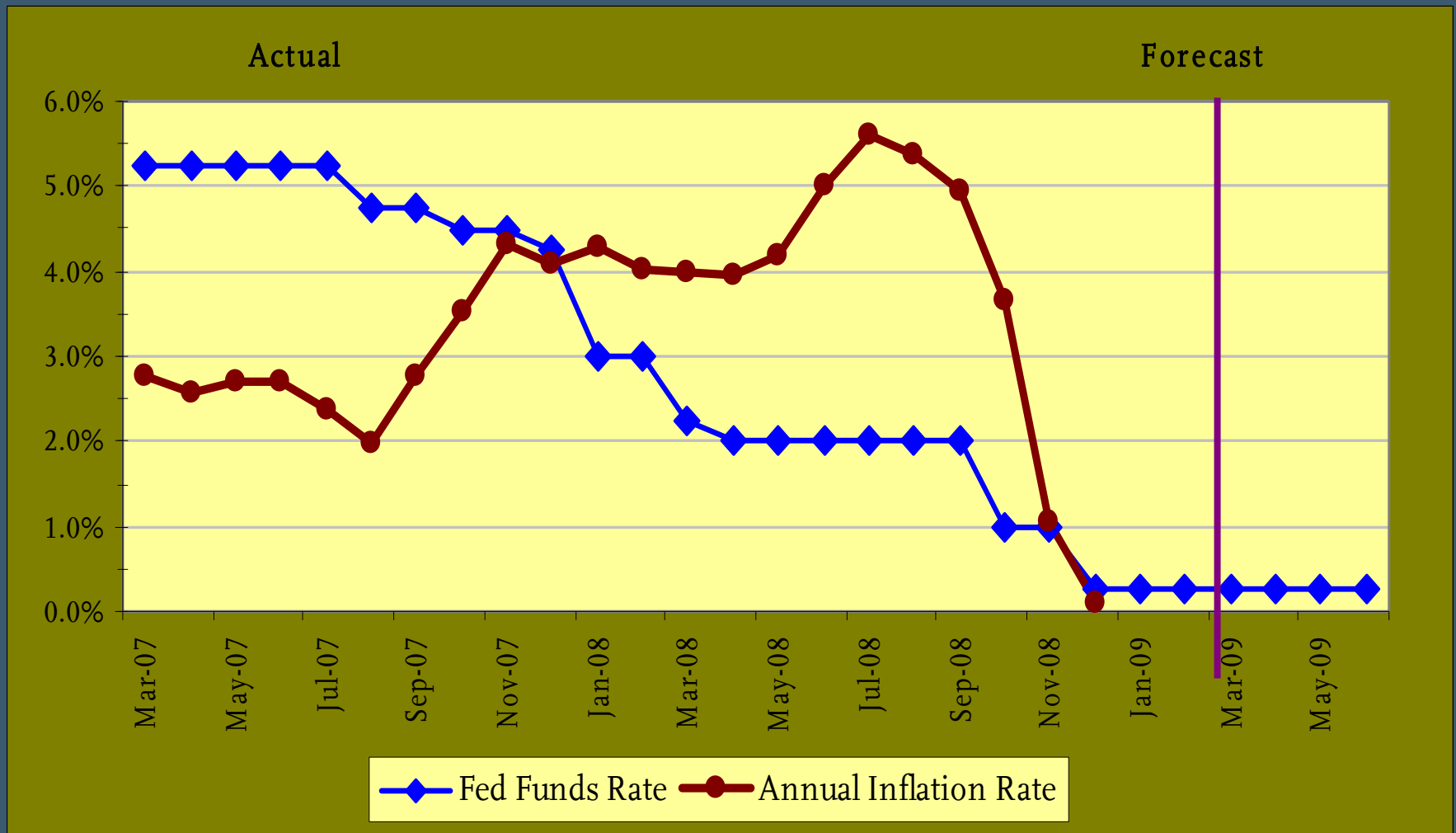
- Major banks near nationalization
- Dow Jones Index down 50% from high
- State budget approved, future STA eliminated
- \$787 billion economic stimulus package approved
- One lease unwound at no cost
- Another lessor increases pressure to settle

Short Term Rates

US Treasuries Weekly Yields

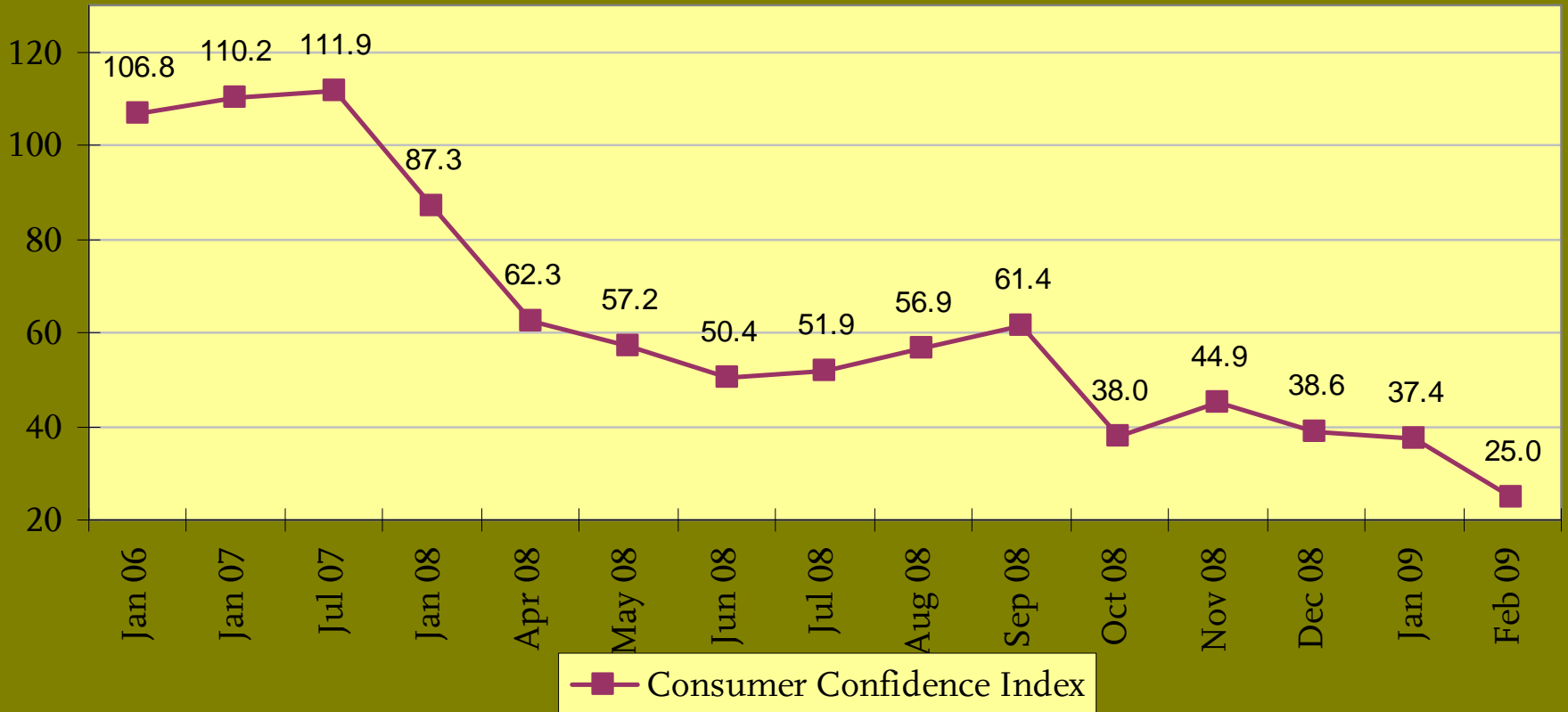


Financial Markets

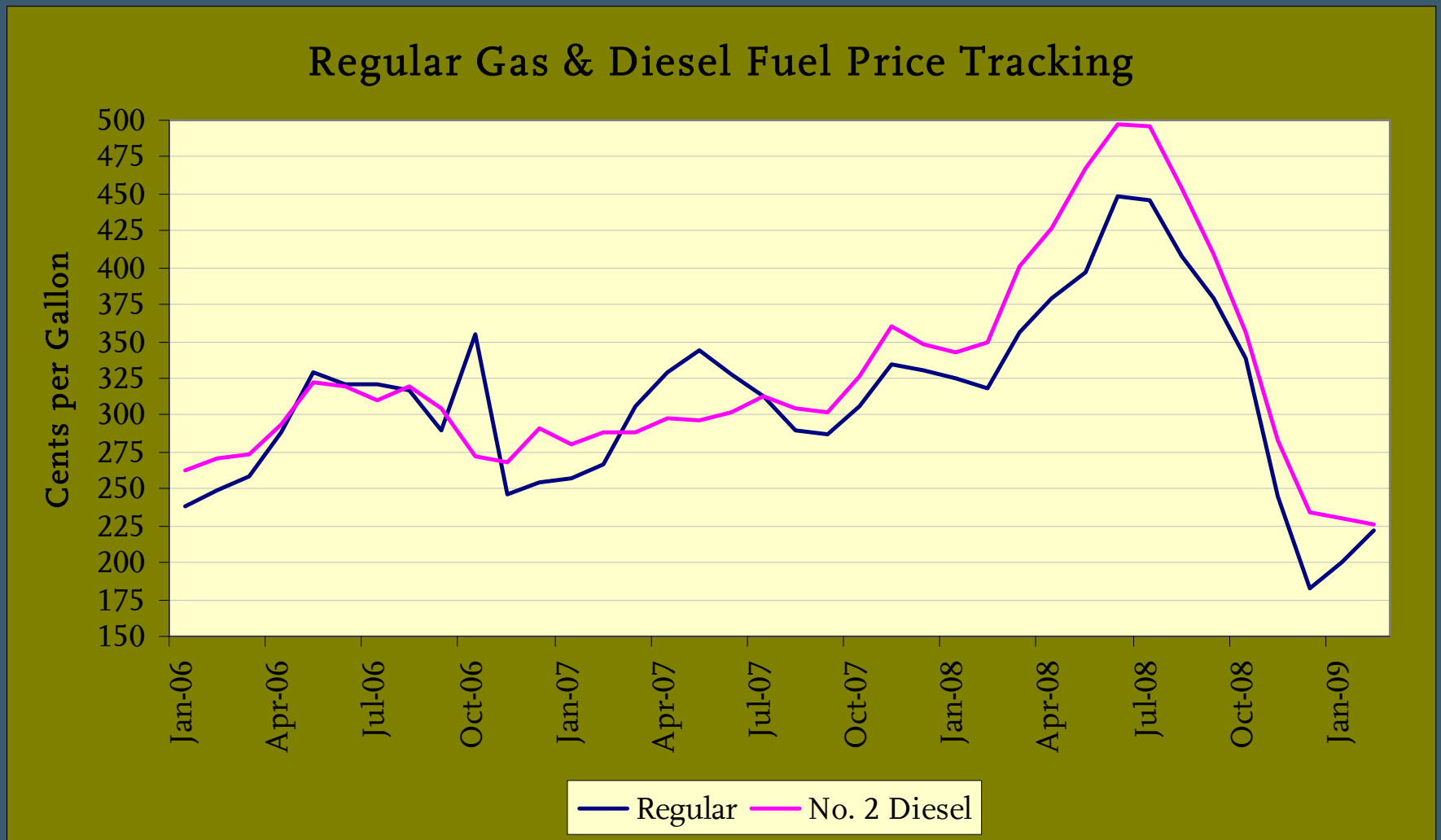


Financial Markets (cont'd)

Selected Consumer Confidence Index Points

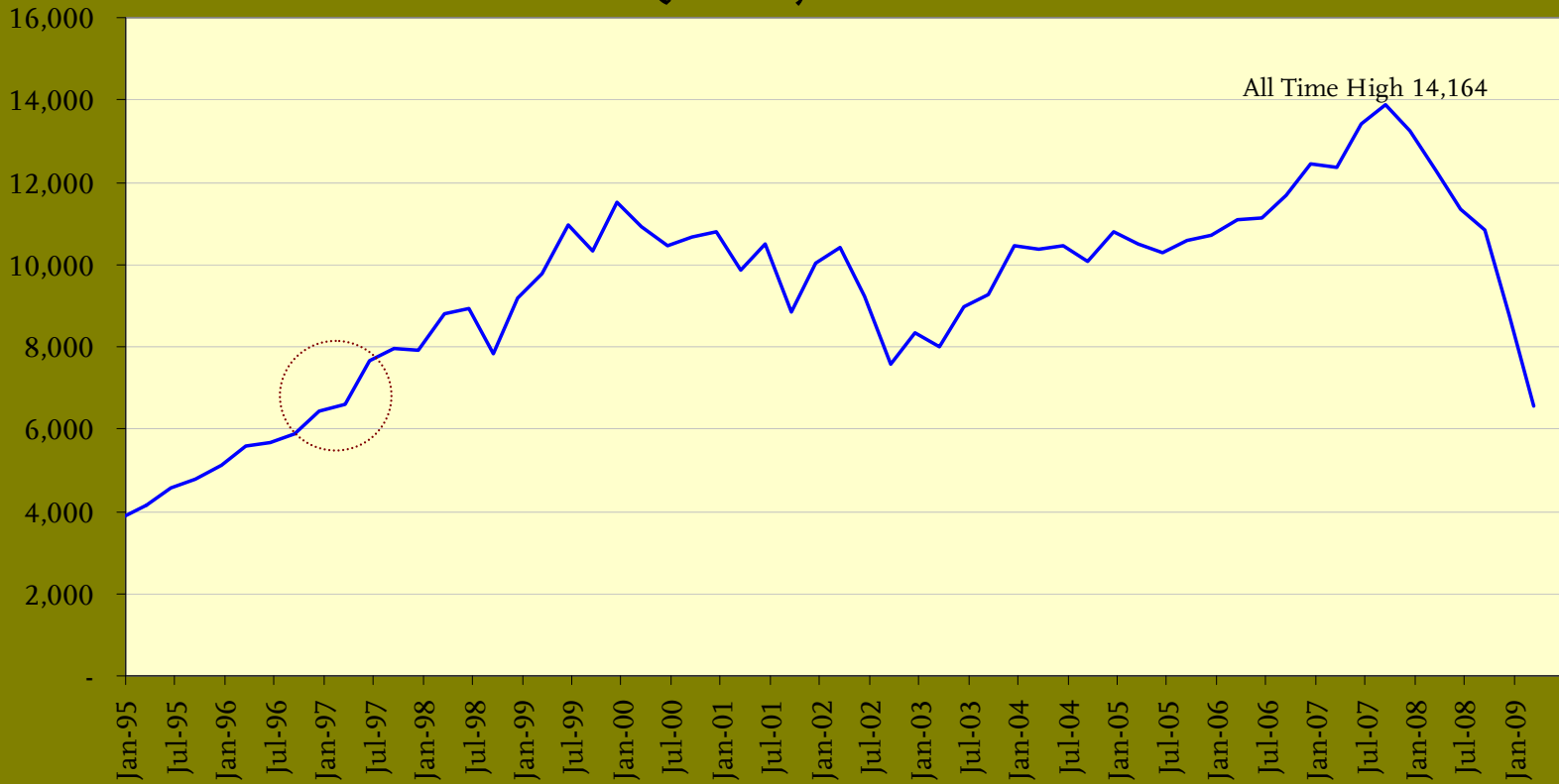


Financial Markets (cont'd)



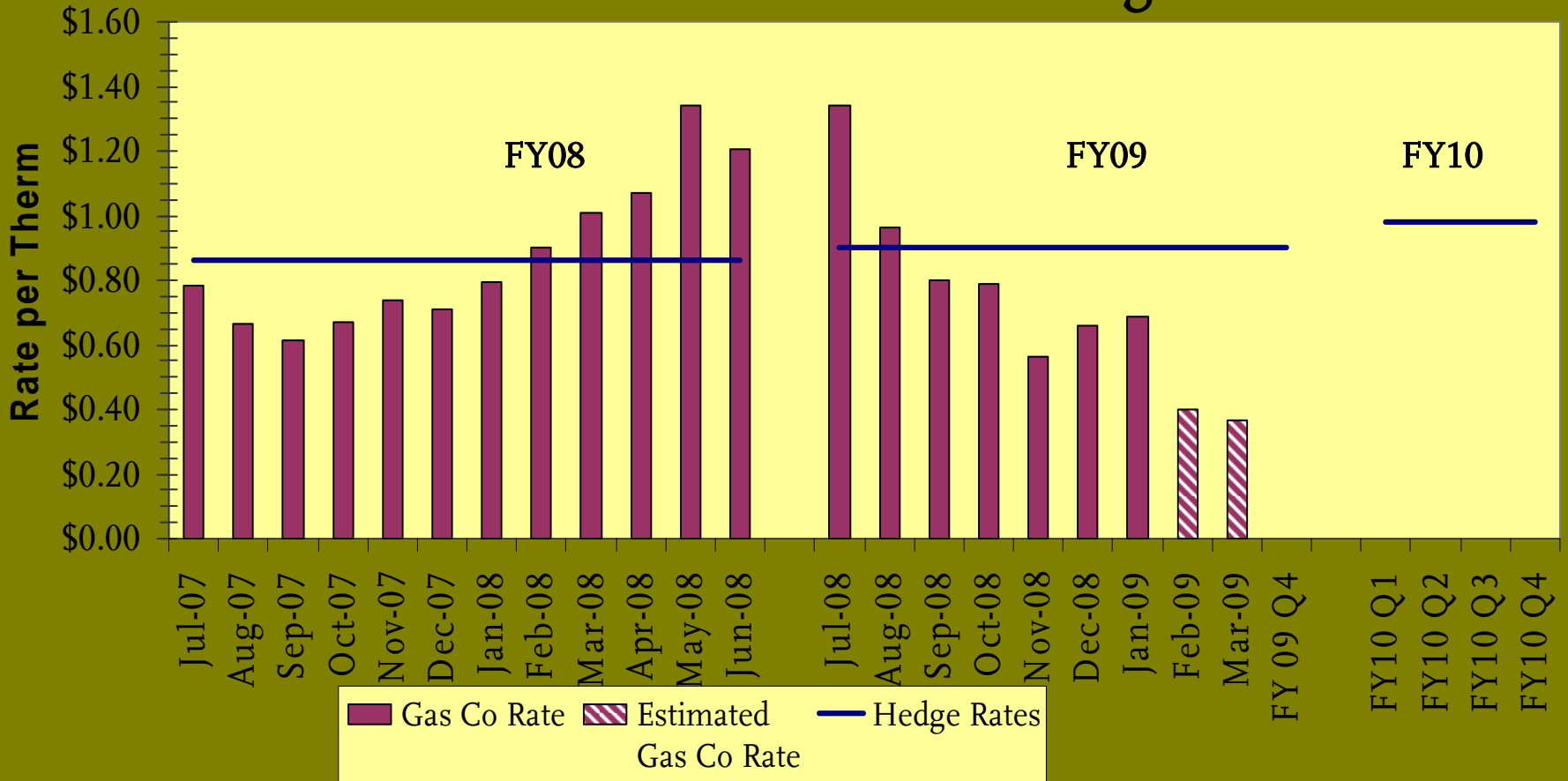
Financial Markets (cont'd)

Dow Jones Industrial Average Quarterly Close



Financial Markets (cont'd)

CNG Rates Invoiced and Hedged

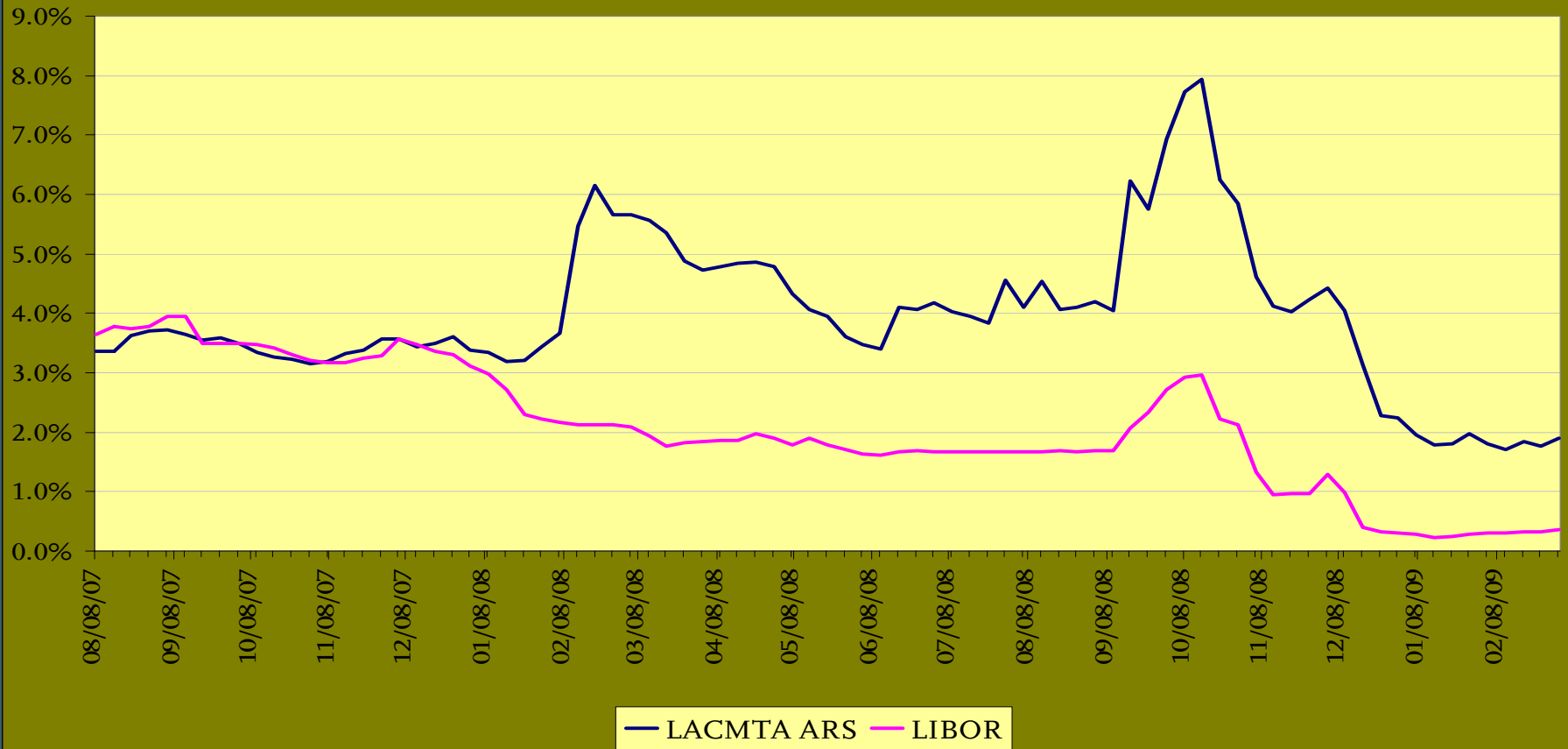


Impacts

- Sales tax forecast significantly reduced: each 1% decline approx. \$14 million
- Low short-term rates will reduce interest earnings
- Variable rate interest cost - \$1.5 million / month unfavorable
- Employer pension contributions expected to increase significantly
- Lessors maintain pressure. One of seven currently providing an extension

LACMTA's Variable Rates

LACMTA Variable Rates vs LIBOR



Since Last Update

- Developing documents for private placement of Prop 1B bonds with State
- Terminated SILO at no cost, not an AIG affected lease
- Refreshed bid to replace credit support facility for one lease. Pricing very high.
- 1 SILO extension renewed, 2 in process
- Moody's released an industry update on SILO's

Since Last Update (cont'd)

- Continuing to lobby the new Congress and administration to seek a no-cost solution where the Treasury, Federal Reserve or DOT would:
 1. Implement a TIFIA loan or guaranty program
 2. Step into AIG's position in the transactions, or
 3. Backstop (guaranty) AIG facilities in the lease agreements

Next Steps

- Complete private placement with State of CA
- Obtain extensions of deadlines to replace lease facilities and negotiate for alternative solutions
- Locate providers of surety policies and payment undertaking agreements for the defeased lease transactions affected by AIG
- Refund three bond issues Prop A 1992, Prop C 1993 & 2003 bonds
- Continue outreach to locate letters of credit to support refunding of General Revenue 2004 bonds

End Presentation

Discussion