

Monthly Financial Update

Oral Report
Finance & Budget Committee
February 2009

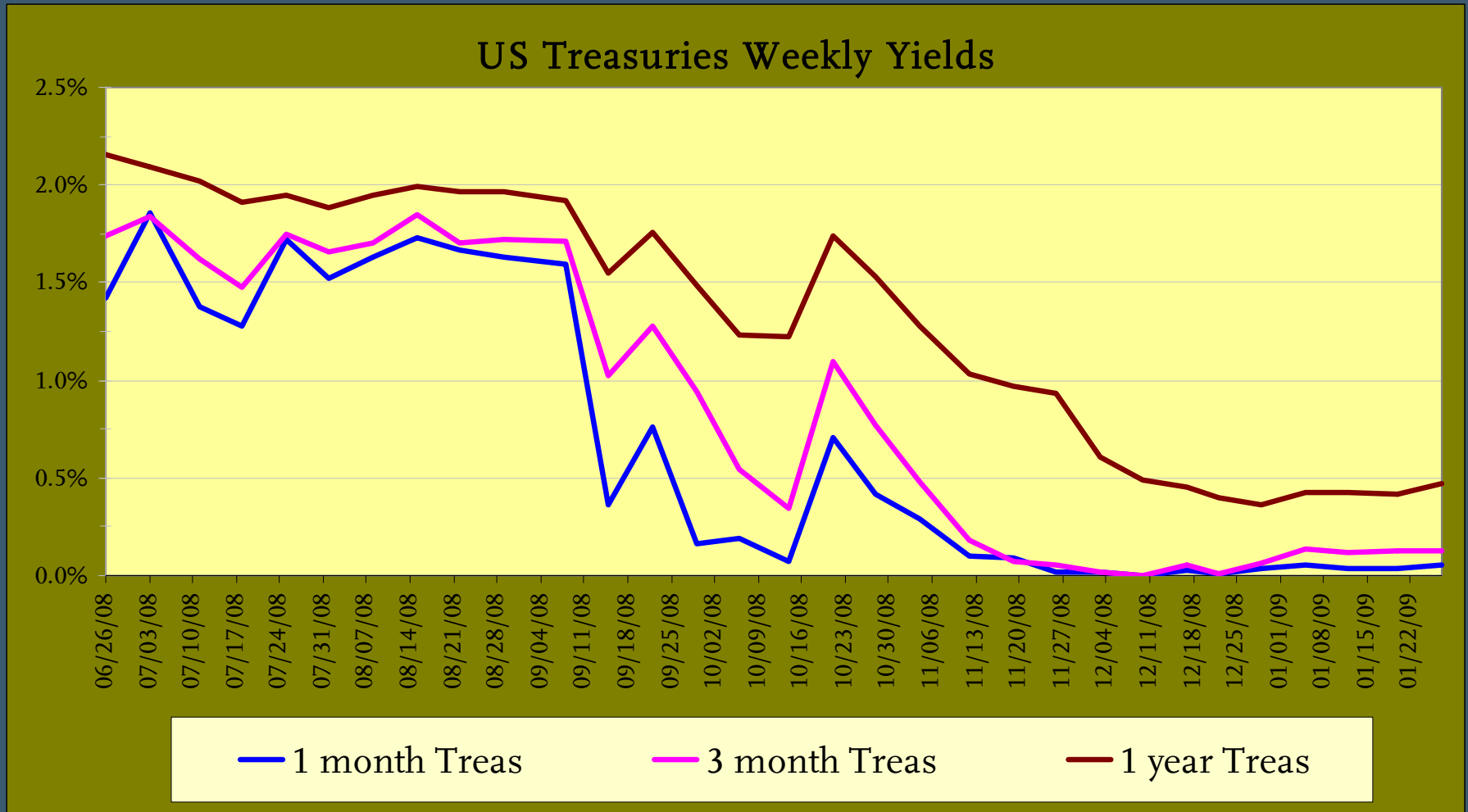


Metro

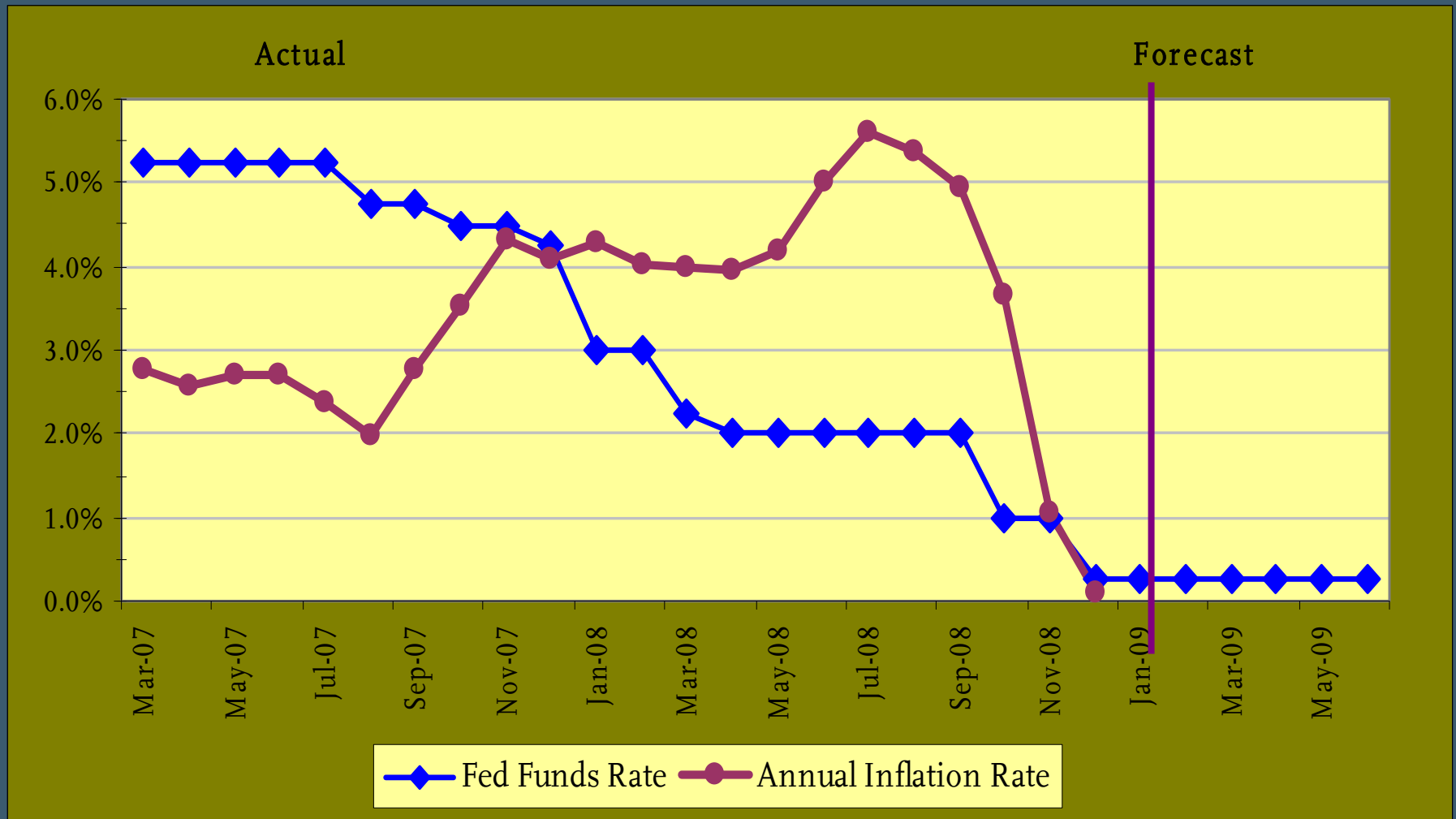
Headlines

- Short-term rates at all time lows
- Unemployment rate at 7.6% and rising
- Gasoline prices rising
- Financial condition of B of A, Citibank, continue to slide
- State of CA budget woes continue

Short Term Rates

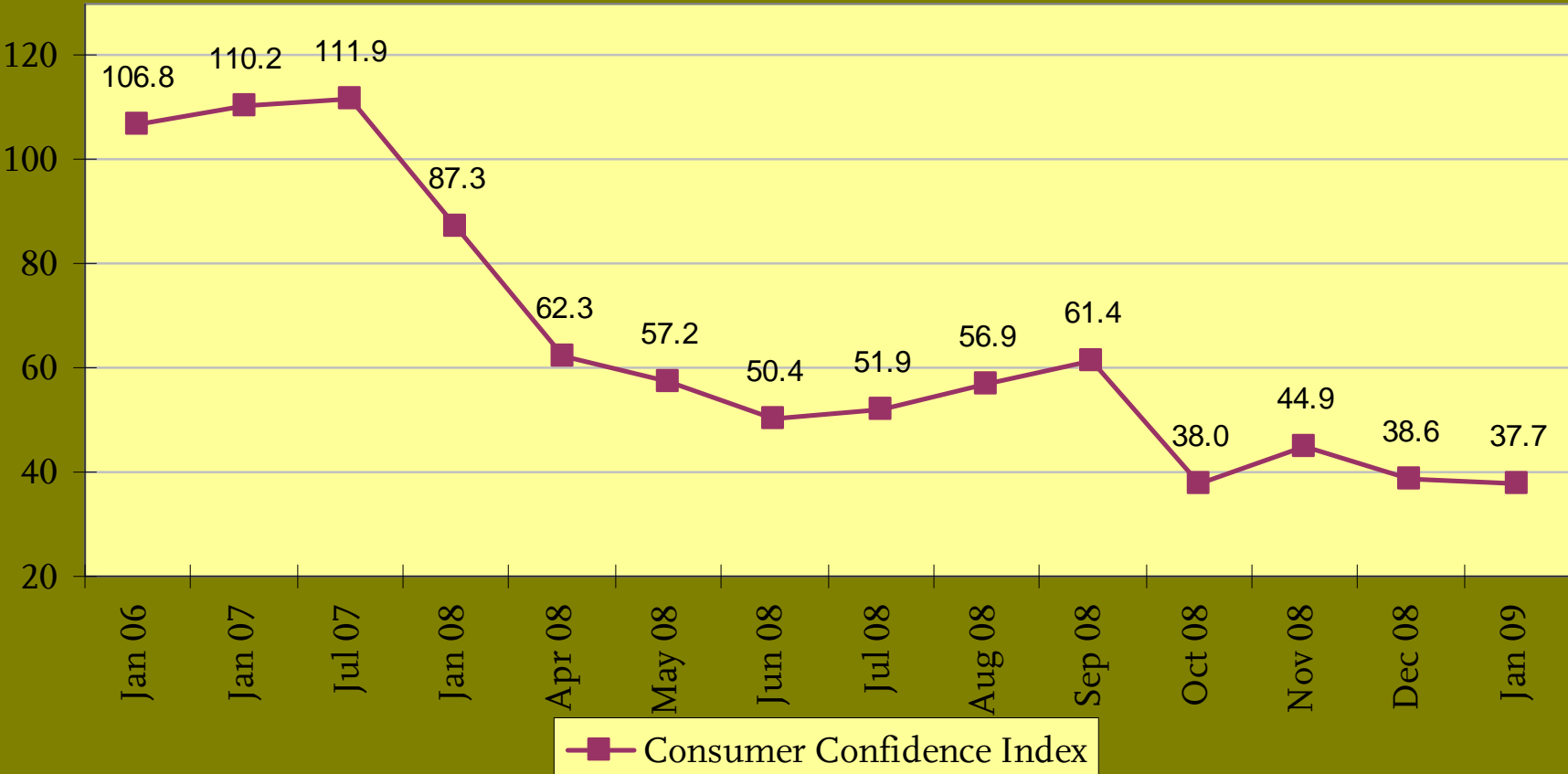


Financial Markets



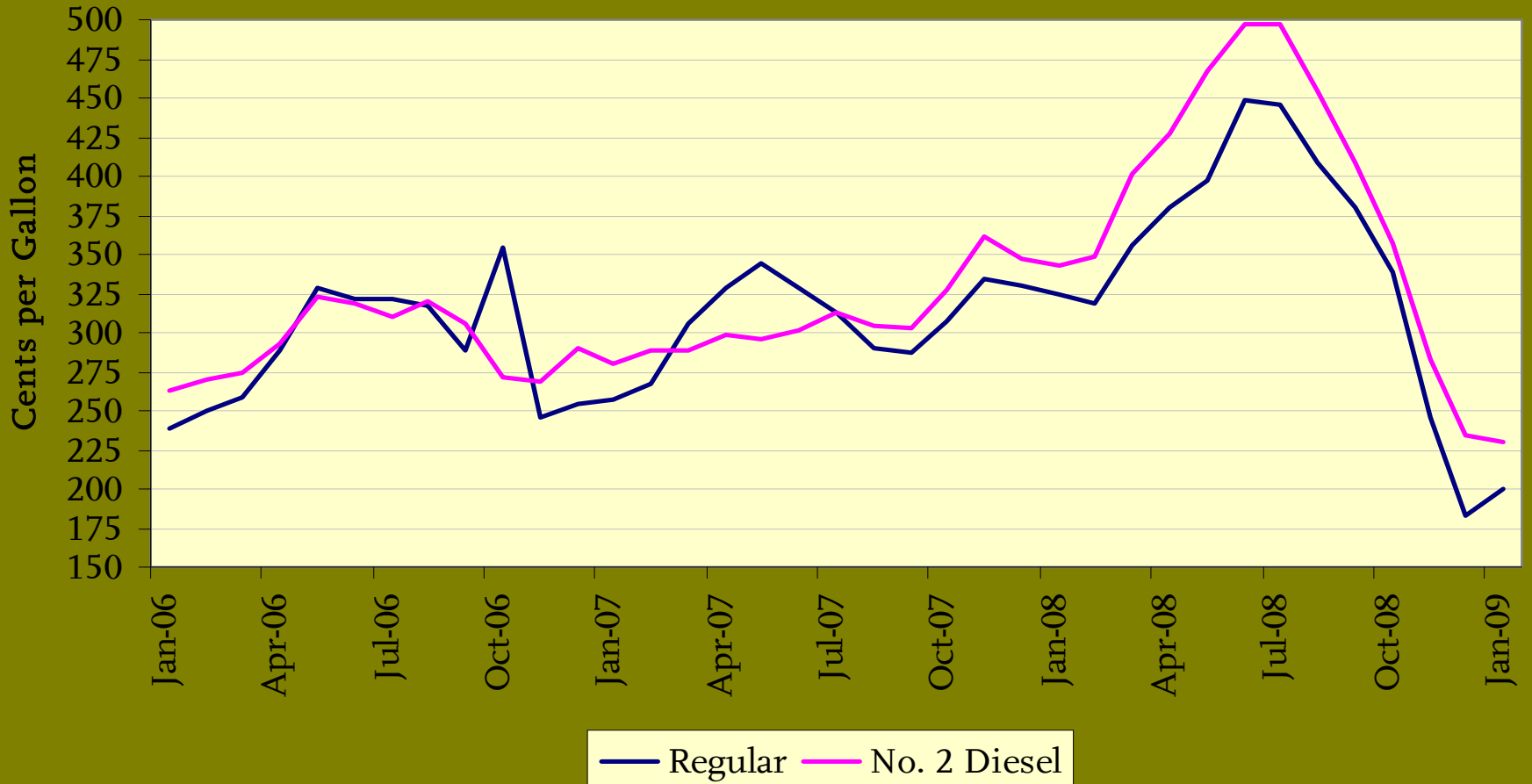
Financial Markets (cont'd)

Selected Consumer Confidence Index Points



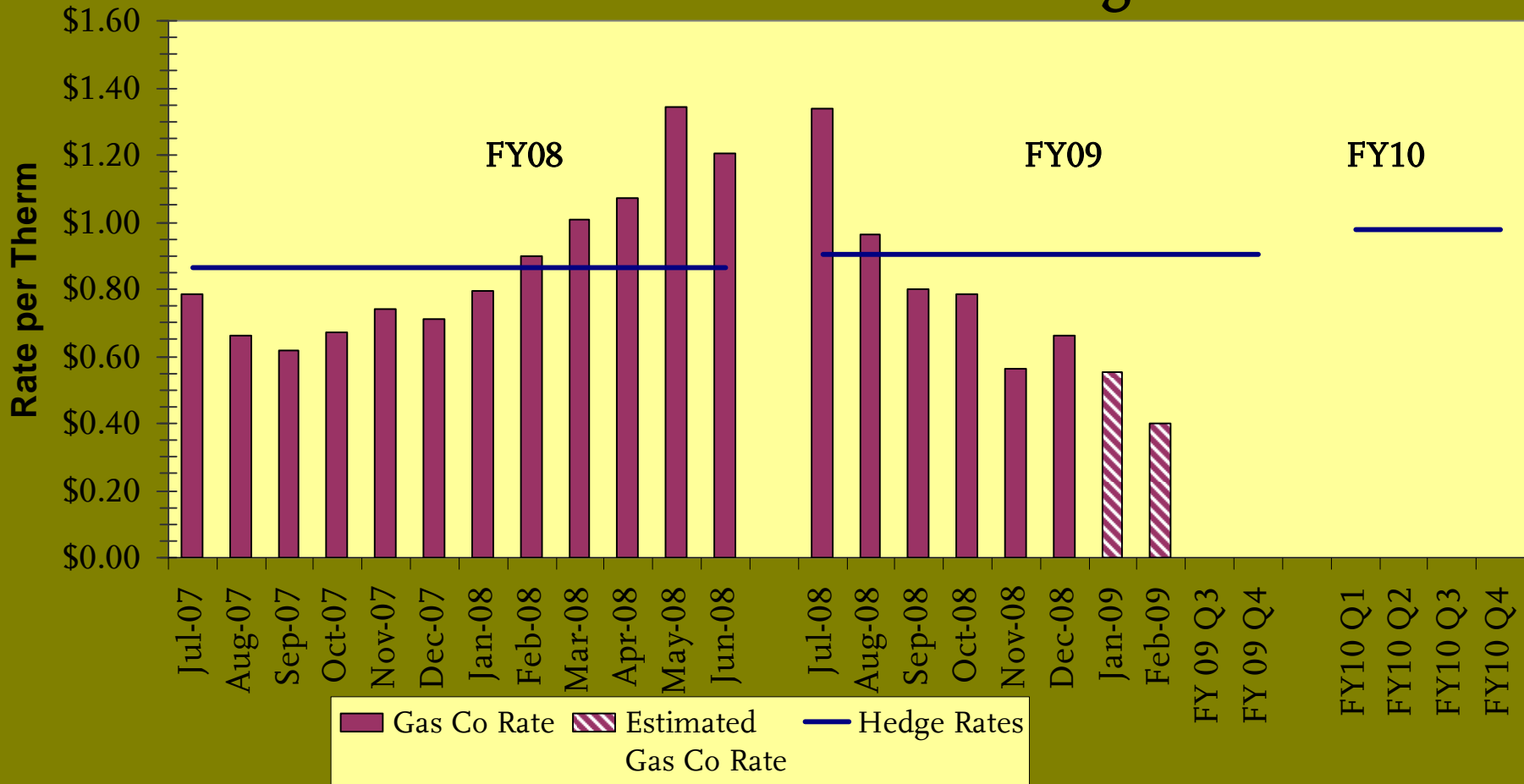
Financial Markets (cont'd)

Regular Gas & Diesel Price Tracking



Financial Markets (cont'd)

CNG Rates Invoiced and Hedged

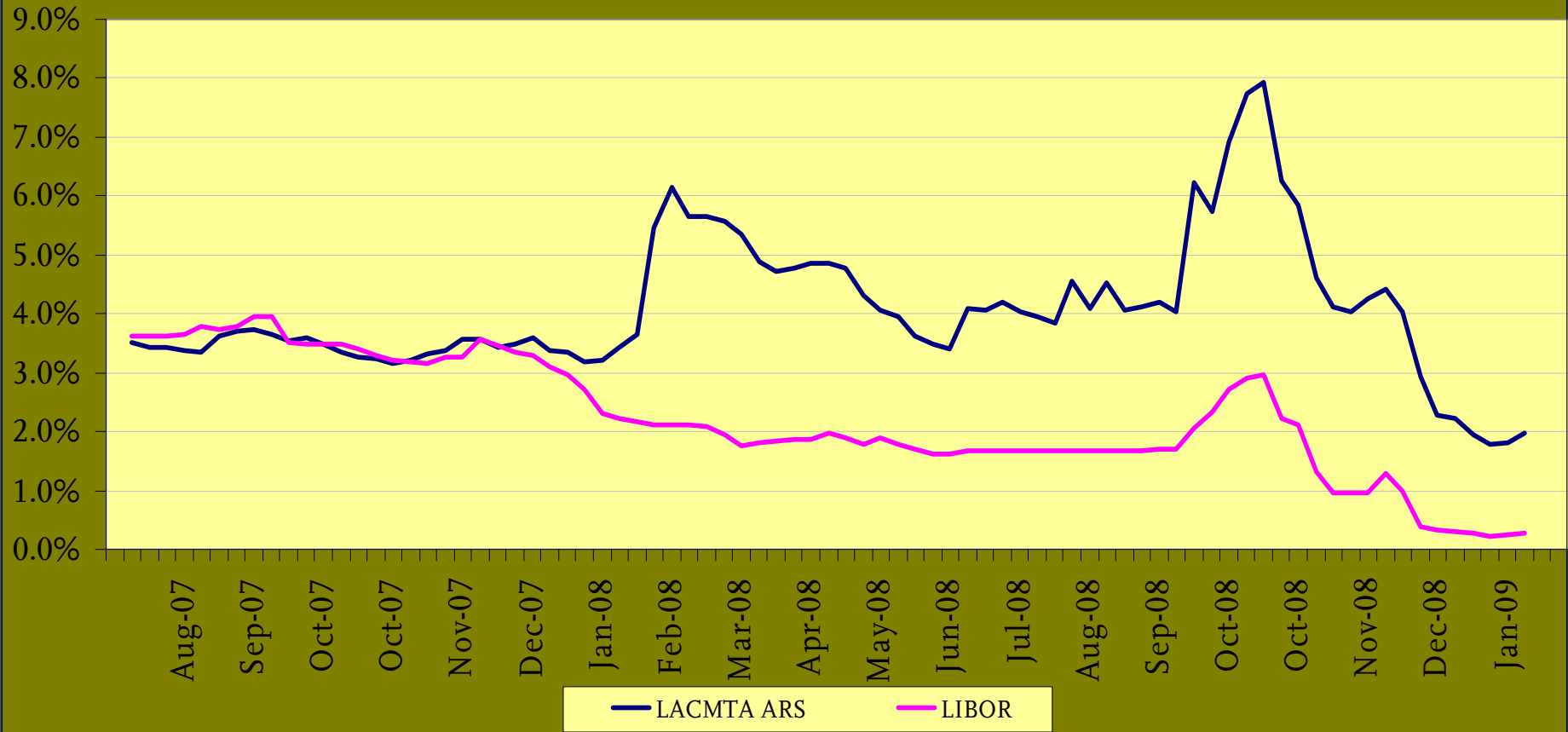


Impacts

- UCLA significantly reduced sales tax forecast
- Low short-term rates will reduce interest earnings
- Variable rate interest cost - \$1.6 million / month unfavorable
- Natural gas prices continued to move lower
- Lessors maintain pressure. Two of seven lessors have provided extensions

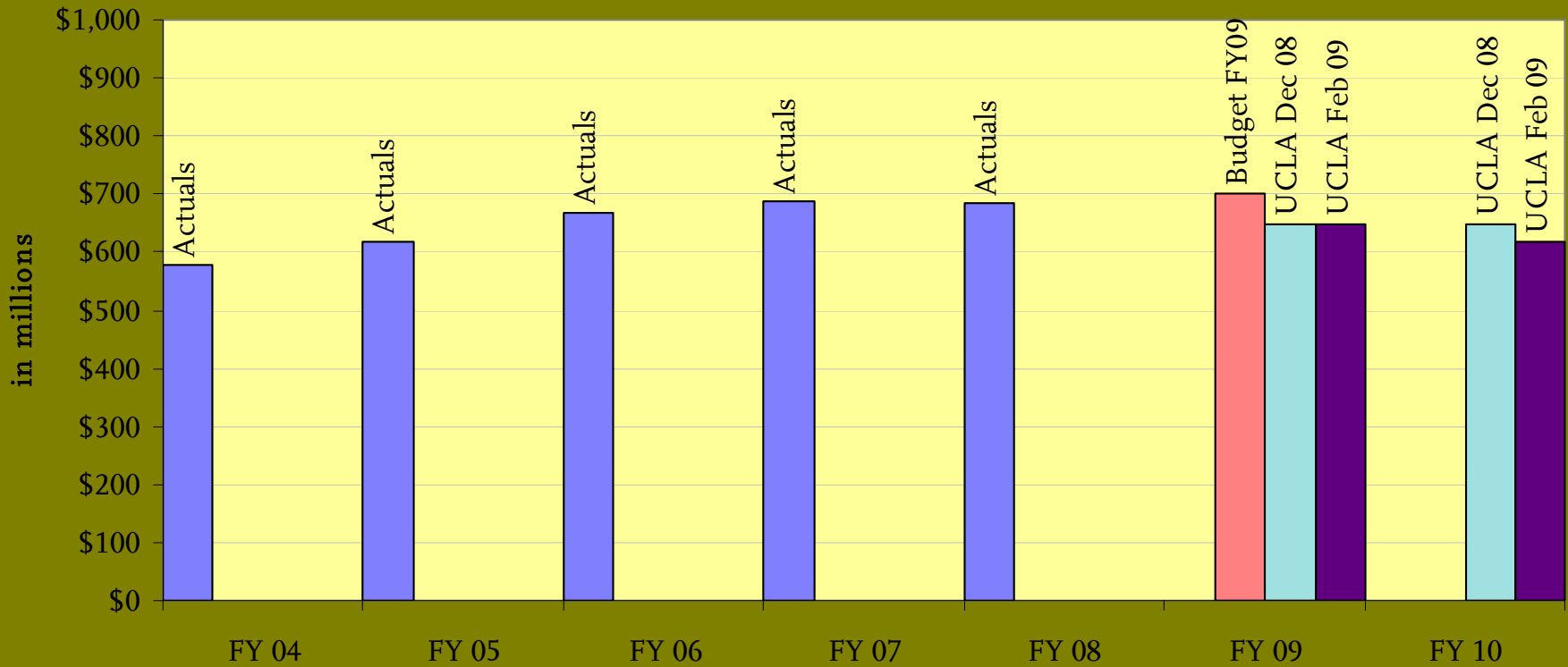
LACMTA's Variable Rates

LACMTA Variable Rates vs LIBOR



Sales Tax Revenue

Prop A Fiscal Year Receipts



Since Last Update

- Negotiating Private Placement purchase of CA Prop 1B bonds
- Continuing dialogue with our seven lease equity investors to provide extensions of the deadlines to replace the facilities and to discuss alternative solutions
- 1 of 3 expiring extensions was successfully replaced

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

Since Last Update (cont'd)

- Pursuing legislation that would direct the actions listed above
- Obtained additional \$300 million of bank liquidity facilities, allowing refunding of Prop C 1993 and Prop A 1992 bonds in addition to Prop C 2003 bonds

Next Steps

- 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