RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Financial Statements and Supplementary Information
For the Year Ended December 31, 2008
(With Comparative Totals for 2007)

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES
December 31, 2008

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Mitchell & Titus

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REPORT OF INDEPENDENT AUDITORS

The Retirement Allowance Committee
Retirement Plan for Chicago Transit Authority Employees

We have audited the accompanying statement of plan net assets of the Retirement Plan for Chicago Transit Authority Employees (the "Plan") as of December 31, 2008, and the related statement of changes in plan net assets for the year then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of the Plan as of and for the year ended December 31, 2007, were audited by other auditors whose report dated September 24, 2008, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets of the Plan as of December 31, 2008, and the changes in its net assets for the year then ended in conformity with accounting principles generally accepted in the United States.

The accompanying management's discussion and analysis and the required supplementary information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board ("GASB"). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other supplementary schedule of administrative expenses is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This other supplementary schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Mitchell & Titus, LLP

September 30, 2009

This management's discussion and analysis of the Retirement Plan for Chicago Transit Authority Employees (the Plan) provides an overview and analysis of the financial statements of the Plan, including highlights and comparisons for the year ended December 31, 2008. For more detailed information regarding the Plan's financial activities, the reader should also review the Plan's financial statements, including the notes and supplementary schedules.

Overview of the Financial Statements

The basic financial statements are prepared in accordance with generally accepted accounting principles as established by the Governmental Accounting Standards Board (GASB) and are described below:

- *The Statement of Plan Net Assets* presents the Plan's assets and liabilities and the resultant net assets held in trust for plan benefits at the end of the year. This statement reflects the Plan's investments at fair value as well as receivables and liabilities.

- *The Statement of Changes in Plan Net Assets* presents the additions and deductions to the Plan during the current year. It reflects the investment income and net realized and unrealized gains or losses during the year, along with members' contributions, bond proceeds and employer's contributions; and then subtracting benefit payments, refunds, and administrative expenses.

- *The Notes to Financial Statements* provide additional information for a better understanding of the data provided in the financial statements. They explain the purpose of the Plan, significant accounting policies, investment details, and also show detail of administrative expenses.

The Required Supplementary Information consists of two Schedules of Funding Progress, and Schedules of Employer and Employee Contributions for the pension and healthcare plans, respectively, as well as the related notes to discuss the actuarial assumptions and methods. Such schedules provide the historical trend information for the past six years for the Pension Plan and since adoption of GASB Statement No. 43 for the Retiree Healthcare benefits to aid in analysis of the funded status of the plan and the progress being made in accumulating sufficient assets to pay benefits when due.

- *The Schedule of Funding Progress* contains actuarial valuations of the status of the plan in an ongoing as well as historical basis. Actuarial liabilities in excess of actuarial valuation of assets indicate that insufficient assets have been accumulated to fund future benefits of current members and retirees.

- *The Schedule of Employer and Employee Contributions* contains historical trend information of employer and employee contributions. It shows the value of total annual contributions the employer must pay as determined under the parameters in GASB Statement No. 25 for the pension plan and GASB Statement No. 43 for the retiree healthcare plan and the related percentage the employer has contributed to meet its requirement.

- *The Notes to the Required Supplementary Information* provides background information and the actuarial method and assumptions used to aid in understanding the required supplementary schedules.

Additional schedule provided includes the *Schedule of Administrative Expenses* to reflect the costs involved in managing a defined benefit pension plan.

Financial Highlights

- The net assets held in trust for plan benefits totaled approximately $1.74 billion at December 31, 2008 compared to $1.02 billion at December 31, 2007. The net assets are available for payment of members' pension and health care benefits.

- Additions to net assets for the year was $988.4 million, which comprised of contribution revenue of $1.2 billion, decreased by a net investment loss of $224.8 million.

- Benefit payments to retirees increased by $4.6 million in 2008. Healthcare costs rose $1.9 million. Refunds of member contributions increased slightly during the year.

- The funded ratio of the Plan for pension benefits was 75.82% at December 31, 2008 compared to 37.21% at December 31, 2007. The funded ratio increase was primarily due to an extraordinary one-time employer contribution of $1.1 billion generated through a bond issuance. During the year, net actuarial losses due to investment and demographic experience, and updates to actuarial assumptions slightly decreased the Plan's funded ratio.

- Changes to the Plan from Public Act 095-708, effectively removed the liability for retiree healthcare from the Pension Plan effective January 1, 2009. As of December 31, 2008, plan assets available for healthcare benefits were approximately $191,000, and the account for retiree healthcare benefits is expected to be depleted by June 30, 2009. The funded ratio for the Retiree Healthcare benefits as of December 31, 2008 and 2007 was 2.0% and 65.9%, respectively.

- Effective January 1, 2008, the Plan implemented the provisions of GASB Statement No. 50. GASB Statement No. 50 requires that information about the funded status of each pension plan as of the most recent actuarial valuation be disclosed in the notes to the financial statements. Additionally, GASB Statement No. 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and funding progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Plan Net Assets

A condensed schedule of Plan Net Assets is presented below:

Plan Net Assets
(in millions)
As of December 31, 2008 and 2007

	2008	2007	Change $	Change %
Cash and cash equivalents	$ 1,042.0	$ 22.1	$1,019.9	46.1%
Receivables	11.3	9.0	2.3	25.6
Brokers – unsettled trades	5.1	3.1	2.0	64.5
Investments, at fair value	714.6	1,011.8	(297.2)	(29.4)
Invested securities lending collateral	63.0	86.3	(23.3)	(27.0)
Total assets	1,836.0	1,132.3	703.7	
Brokers – unsettled trades	7.5	1.7	5.8	341.2
Securities lending payable	64.0	86.3	(22.3)	(25.8)
Accounts payable and accrued expenses	21.0	21.6	(0.6)	(2.8)
Total liabilities	92.5	109.6	(17.1)	
Net Plan Assets	$ 1,743.5	$ 1,022.7	$ 720.8	70.5%

Plan net assets increased by $720.8 million or 70.5% at December 31, 2008 compared to prior year, primarily due to the addition of bond proceeds of $1.1 billion in 2008. Receivables increased by $4.3 million at December 31, 2008 due mainly to year-end pending sales of securities and contributions receivable. Liabilities decreased by $17.1 million at December 31, 2008 due to decreases in liability for cash collateral related to securities lending and accounts payable and accrued expenses.

Changes in Plan Net Assets

The following schedule presents a condensed comparison of various Changes in Plan Net Assets:

Changes in Plan Net Assets
(in millions)
Years Ended December 31, 2008 and 2007

	2008	2007	Change $	Change %
Additions:				
Member contributions	$ 34.3	$ 16.9	$ 17.4	103.0%
Employer contributions	1,178.9	33.8	1,145.1	3,387.9
Net investment gains (losses) and investment income	(224.5)	112.3	(336.8)	(300.0)
Securities lending income	(0.3)	0.4	(0.7)	(175.0)
Total additions	988.4	163.4	825.0	
Deductions:				
Annuity and disability benefits	263.5	257.0	6.5	2.5
Refunds of contributions	1.8	1.4	0.4	28.6
Administrative expenses	2.4	2.3	0.1	4.3
Total deductions	267.7	260.7	7.0	
Net Increase (Decrease)	$ 720.7	$ (97.3)	$ 818.0	840.7%

Total additions of $988.4 million in 2008 were higher than the amounts in prior year primarily due to employer contributions through the one time bond proceeds.

Deductions increased by $7.0 million for the year ended December 31, 2008 as a result of a $6.5 million increase in pension benefit payments to participants.

Plan Membership

The following table presents the changes in plan membership from year-end 2007 to year-end 2008.

Changes in Plan Membership
As of December 31, 2008 and 2007

	2008	2007	Change	%
Retirees and beneficiaries receiving benefits	9,356	9,215	141	1.5%
Active employees	9,689	9,635	54	0.6
Terminated (inactive members) employees entitled to benefits or refunds of contributions	47	47	-	0.0
Total	19,092	18,897	195	1.0%

Funding Status on both Pension and Health Care Plans

The actuarial value of assets for pension benefits under GASB 25, as of December 31, 2008, was $2.0 billion and the actuarial liability was $2.6 billion. The actuarial value of assets increased by $1.1 billion and the actuarial accrued liability increased by $101 million in 2008 over the 2007 levels. Of the $101 million increase in liabilities, $38.2 million was attributable to the change in assumptions, and 62.8 million was attributable to expected growth and demographic experience. The assets currently fund 75.82% of this liability, an increase from the 37.21% funded ratio in 2007. The increase in the actuarial value of assets reflects an extraordinary employer contribution of $1.1 billion from the issuance of bonds. Liabilities increased slightly less than expected.

Changes to the Plan from Public Act 095-708, effectively removed the liability for retiree healthcare benefits from the Pension Plan effective January 1, 2009. As of December 31, 2008, plan assets available for retirees healthcare benefits were approximately $191,000 to finance estimated retiree healthcare obligations of $9.7 million, and the account for retiree healthcare benefits is expected to be depleted by June 30, 2009. As of December 31, 2007, plan assets of $45.4 million were available to finance estimated retiree healthcare obligations of $68.8 million.

Investment Activities

The Plan's assets held for investment were $1.8 billion at year-end 2008, an increase of $699.4 million over 2007, with a total plan rate of return of -11.2% for the year. The continued market downturn, share prices in domestic and foreign equity markets during 2008 contributed to the losses in equity securities. Domestic investment managers returned -38.1% while foreign investment managers returned -36.3% at December 31, 2008. The fair value of the Plan's assets is impacted by the volatility of the financial market and changes in the economy. Therefore, these rates of returns will fluctuate in future years. The Plan's investment asset allocation stayed within its target asset allocation ranges with 46% of assets invested in domestic equity, 5% invested in international equity, 10% invested in real estate, 6% invested in private equity, 6% invested in hedge funds and 27% invested in fixed income, including 23% in stable value.

Investment Returns
Years Ended December 31, 2008 and 2007

	2008	2007
Total Plan	(11.2%)	9.8%
Benchmark portfolio	(22.2)	6.3
Domestic equities	(38.1%)	8.1%
Benchmark (Wilshire 5000)	(37.2%)	6.8
International equities	(36.3%)	7.4%
Benchmark (MSCI EAFE)	(43.4)	11.0
Fixed income	5.1%	5.5%
Benchmark (Lehman Aggregate)	5.8	7.0
Real estate	(5.3%)	12.7%
Benchmark (CPI+5.5% over rolling 5 year periods)	5.7	9.3

Effects of Economic Factors

Funding

The Plan's funding objective is to meet long-term benefit obligations by accumulating sufficient assets through contributions and investment income. The Plan is well funded when it has sufficient assets to meet all expected future obligations to participants. The Plan's funded ratios had declined from 39.4% at January 1, 2005, to 37.2% at January 1, 2008. This trend had been more pronounced in recent years, but developed over the past twenty-seven years. The reasons for the steady decline in the funded ratio from 1981 to recent years included insufficient employer and employee contributions, several early retirement programs, increased benefits and dramatic increases in the cost of health care. During plan year 2008, the Plan received an extraordinary employer contribution of $1.1 billion from the issuance of debt, which caused the funded ratio to increase to 75.8% as of January 1, 2009.

Effective January 1, 2007, the retiree healthcare assets were marked to the market value of the retiree healthcare account and are disclosed under GASB No. 43. Previously, retiree healthcare assets disclosed under GASB No. 25 were allocated in proportion to the actuarial accrued liabilities.

Public Act 95-708 made significant changes to the structure and funding of the Retirement Plan. The Act requires that the funding and liability for retiree healthcare be removed from the Retirement Plan. The Act also changes the eligibility for retirement benefits for CTA employees hired after January 17, 2008 and creates a separate Healthcare Trust to administer the benefits for retirees. Further, the Act gave the CTA the authority to issue debt in order to fund the Retirement Plan and the newly created Healthcare Trust.

Contact Information

This financial report is designed to provide the employer, plan participants and others with a general overview of the Plan's finances and to show accountability for the monies received. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

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Executive Director
Retirement Plan for
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RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Statement of Plan Net Assets

As of December 31, 2008

(With Comparative Totals for 2007)

(Amounts in Thousands)

	2008			2007
	Pension Plan	Retiree Healthcare	Combined	Combined
ASSETS				
Total investments, at fair value	$ 1,756,307	$ 191	$ 1,756,498	$ 1,033,889
Invested securities lending cash collateral	63,049	-	63,049	86,308
Receivables:				
Employer contributions	6,326	-	6,326	5,165
Employee contributions	3,163	-	3,163	2,582
Securities sold but not received	5,128	-	5,128	3,118
Accrued interest and dividends	1,725	-	1,725	1,228
Other	77	-	77	-
	16,419	-	16,419	12,093
Total assets	1,835,775	191	1,835,966	1,132,290
LIABILITIES				
Payable upon return of securities loaned	64,037	-	64,037	86,308
Accounts payable	20,449	-	20,449	20,952
Contribution refunds payable	587	-	587	587
Securities purchased but not paid	7,436	-	7,436	1,713
Total liabilities	92,509	-	92,509	10,956
Net assets held in trust for plan benefits (A schedule of funding progress for the pension plan is presented on page 30)	$ 1,743,266	$ 191	$ 1,743,457	$ 1,022,730

The accompanying notes are an integral part of these financial statements.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Statement of Changes in Plan Net Assets
For the Year Ended December 31, 2008
(With Comparative Totals for 2007)

(Amounts in Thousands)

	2008			2007
	Pension Plan	Retiree Healthcare	Combined	Combined
ADDITIONS				
Net investment (loss) income	$ (221,744)	$ (3,139)	$ (224,883)	$ 112,704
Employer contributions	1,165,947	13,019	1,178,966	33,769
Employee contributions	27,797	6,527	34,324	16,925
Total additions	972,000	16,407	988,407	163,398
DEDUCTIONS				
Benefit payments and contribution refunds:				
Benefit payments	201,865	61,589	263,454	256,946
Contribution refunds, including interest	1,763	-	1,763	1,396
Administrative expenses	2,463	-	2,463	2,296
Total deductions	206,091	61,589	267,680	260,638
Net increase (decrease)	765,909	(45,182)	720,727	(97,240)
Net assets held in trust for plan benefits:				
Beginning of year	977,357	45,373	1,022,730	1,119,970
End of year	$ 1,743,266	$ 191	$ 1,743,457	$ 1,022,730

The accompanying notes are an integral part of these financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Accounting principles generally accepted in the United States as established by the Governmental Accounting Standards Board ("GASB") define a financial reporting entity as consisting of the primary government and its component units for which the primary government is financially accountable. Financial accountability includes appointing a voting majority of a component unit's governing board, the ability of the primary government to impose its will on the component unit, or the potential for the component unit to provide specific financial benefits to or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for its component units that are fiscally dependent on it.

Based on the above criteria, the Retirement Plan for Chicago Transit Authority Employees (the "Plan") is not a component unit of any other entity.

Basis of Accounting

The Plan's financial statements are prepared on the accrual basis of accounting. Employee and employer contributions are recognized as additions in the period in which employee services are performed. Benefits and refunds are recognized as deductions when payable. Expenses are recorded when the corresponding liabilities are incurred, regardless of when payment is made.

For financial reporting purposes, the postemployment health care benefits are considered, in substance, a postemployment health care plan administered by, but not part of, the pension plan. The Plan follows GASB Statement No 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans.* Net assets in the Retiree Health Care Plan are marked to market.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of net assets held in trust for benefits at the date of the financial statements and the actuarial information included in the required supplementary information as of the benefit information date, the changes in Plan net assets during the reporting period and disclosures of contingent assets and liabilities at the date of the financial statements. Accordingly, actual results may differ from those estimates.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments

The Plan is authorized to invest in bonds, notes, and other direct obligations of the United States Government and United States Government agencies; corporate bonds, debentures, and notes; certain notes secured by mortgages, including pass-through securities; common and preferred stocks; and certain real estate funds, private equity funds, hedge funds, and stable value funds.

Method Used to Value Investments

Investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Fixed income securities are valued principally using quoted market prices provided by independent pricing services. For collective investments, the net asset value is determined and certified by the investment managers as of the reporting date. Estimated fair value of pooled real estate investment funds is based on independent appraisals of underlying properties. Hedge fund, venture capital, and private equity funds do not have established market prices and are reported at estimated fair value by money managers.

Security Transactions

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining the realized gain or loss on the disposal of investments, the average cost of investments sold is used. Gains or losses are included in the statement of changes in plan net assets in the year in which they occur.

Investment Income

Dividend income is recorded on the ex-dividend date. Income from other investments is recorded when earned.

Furniture and Office Equipment

Furniture and office equipment are not capitalized, as they are immaterial and are charged to expenses in the year of purchase.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributions and Benefits

The Plan accrues, as applicable, the contributions due but not received from the Chicago Transit Authority ("CTA") at the Plan's year end. Pension benefit payments are recorded on the accrual method; death benefits and contribution refunds, including interest, are reflected as liabilities upon approval for payment by the Retirement Allowance Committee.

Interest on Refunds of Participant Contributions

Interest on refunds of participant contributions ($722,616 in 2008; $552,001 in 2007) is expensed when the refunds are recorded. Interest on accumulated contributions from continuing participants is reflected in each participant's account annually.

Administrative Expenses

Administrative expenses are recorded as incurred and budgeted and approved by the Board of Trustees of the Plan. Administrative expenses are funded by the employer and employee contributions.

Securities Lending Transactions

Cash received as collateral on securities lending transactions and investments made with that cash are reported as assets in the statement of plan net assets at fair value. Securities received as collateral are reported as assets only if the Plan has the ability to pledge or sell them without a borrower default. Liabilities resulting from these transactions are reported in the statement of plan net assets. The costs of securities lending transactions are reported as deductions in the statement of changes in plan net assets at gross amounts.

GASB Statement No. 50

Effective January 1, 2008, the Plan implemented the provisions of GASB 50. GASB 50 requires that information about the funded status of each pension plan as of the most recent actuarial valuation be disclosed in the notes to the financial statements. Additionally, GASB 50 requires disclosure of information about actuarial methods and assumptions used in valuations on which reported information about the ARC and the funded status and funding progress are based. The required schedules of funding progress immediately following the notes to the financial statements present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 2 PENSION PLAN

Plan Description

The following brief description of the Plan is provided for general information purposes only. Arbitration awards are periodically handed down and negotiated changes occur. Certain aspects of the Plan are now governed by State statute. These changes can revise certain provisions of the Plan with respect to the CTA, employee contributions, retiree medical benefits, and employee death benefits. Those changes which affect the Plan are summarized in the following notes. Participants should refer to the Plan document, as amended, for complete information.

The Plan is a single-employer contributory defined-benefit public pension plan covering all full-time permanent employees of the CTA. The Plan is administered by an 11-member Board of Trustees composed of members appointed by the CTA, the Amalgamated Transit Union ("ATU"), bargained for employees not represented by the ATU and the Regional Transportation Authority. The Plan is classified as a "governmental plan" and is, therefore, exempt from certain provisions of the Employee Retirement Income Security Act of 1974.

The Plan was recently amended effective January 18, 2008, to comply with the Illinois Public Act 095-0708. Employees who have completed one year of continuous service are eligible for participation. At December 31, 2008 and 2007, the numbers of participants were as follows:

	2008	2007
Retirees, disabled participants, and beneficiaries of deceased retirees currently receiving benefits	9,356	9,215
Terminated employees entitled to benefits but not yet receiving benefits	47	47
Current employees:		
Vested	4,747	4,600
Nonvested as to employer contributions	4,942	5,035
	19,092	18,897

NOTE 2 PENSION PLAN *(continued)*

Employees are entitled to annual pension benefits upon normal retirement at age 65, in an amount generally based on a percentage of the average annual compensation in the highest four of the ten preceding years multiplied by the number of years of continuous participating service. For employees retiring before December 1, 1987, the percentage was 1.65%. The agreement between the CTA and its unions, signed in September 1987, raised the percentage to 1.70% and 1.75% for retirements on or after December 1, 1987 and 1989, respectively. The agreement between CTA and its unions, signed August 1993, raised the percentage to 1.80% and 1.85% for retirements on or after January 1, 1993 and January 1, 1995, respectively. The Arbitration Award of November 12, 2003, increased the benefit multiplier for service after June 1, 1949, from 1.85% to 2.00% for employees retiring from January 1, 2000, to December 31, 2000, and to 2.15% for employees retiring on and after January 1, 2001. The multiplier for employees retiring before January 1, 2000, remained at 1.85%. During 1995, a Voluntary Early Retirement Incentive Program was offered which provided a percentage of 2.05% for employees retiring after January 1, 1994. Employees who met the requirements for early retirement had until February 28, 1995, to respond. During 1997, the Plan offered a Voluntary Early Retirement Program to eligible employees who have 25 years of continuous service on or before December 31, 1999, and have not retired prior to January 1, 1997, in the form of a retirement allowance of 2.40% for each year of continuous service with a maximum retirement allowance of 70% of the employee's annual compensation. All eligible employees elected to participate were allowed to retire as soon as possible but no later than December 31, 1999.

The Plan permits early retirement at age 55, generally with reduced benefits. However, in the event of early retirement by an employee who has 25 years or more of continuous service, regardless of age, benefits will not be reduced. In accordance with Public Act 95-0708, for all employees hired after January 17, 2008, eligibility for an unreduced pension benefit has changed to age 64, with 25 years of service. All retirees receive a monthly pension benefit. Married employees can elect to receive their pension benefits in the form of a joint and survivor option.

Contributions and Vesting

Contributions from the CTA and employees are based on a percentage of compensation pursuant to various agreements between the CTA and the Union. From January 18, 2008, through December 31, 2008, covered employees are required to contribute 6% of their salary to the Plan and the employer is required to contribute 12% of compensation. Prior to January 18, 2008, the CTA contribution was 6% of total compensation and the employee contribution was

NOTE 2 PENSION PLAN *(continued)*

3% of total compensation. During the period from January 1997 through June 1997, there were no employer or employee contributions to the pension fund due to a union contract agreement, which enforced a pension holiday. Contributions resumed in July 1997.

In accordance with Public Act 095-0708 (effective January 18, 2008), CTA issued bonds and notes in the aggregate amount of $1,348,550,000, of which net proceeds of $1,110,500,000 were deposited into the Plan during the year ended December, 31 2008. No bonds proceeds were received in 2007.

Death, Disability, and Other Benefits

Lump-sum death benefits, based on age and years of service and ranging from $2,000 to $8,000, are paid to the designated beneficiaries. Also, the excess, if any, of employee contributions plus interest on such contributions over pension benefits previously paid to the retiree, and spouse in the case of a survivorship option, is paid to the designated beneficiary.

An employee is eligible for a disability allowance if he becomes disabled after completing 10 years of continuous service or, if disability is covered under the Illinois Workers Compensation Act, after completing five years of continuous service. The disability allowance is based on compensation and service to date of disability with a minimum benefit of $400 per month.

A participant's accumulated contributions plus interest (currently 3% annually) are refunded in instances in which the participant is separated from service and has less than 10 years of continuous participation or when a participant with more than 10 years of service is separated and elects to receive a refund of his contributions.

A participant who is separated from service after completing ten or more years of continuous service, is not eligible for a retirement or disability allowance at separation, and elects not to receive a refund of his contributions is entitled to receive, at normal retirement age, a deferred vested pension based on length of service and compensation to date of separation.

At December 31, 2008, net assets held in trust for plan benefits included accumulated active employee contributions of $186,478,479, including accumulated interest of $33,570,399 (active employee contributions of $195,083,418, including accumulated interest of $43,411,963, at December 31, 2007).

NOTE 2 PENSION PLAN *(continued)*

Funded Status and Funding Progress (Unaudited)

According to Public Act 95-708, beginning in 2009 and ending on December 31, 2039, if the funding ratio is projected to decline below 60% in any year before 2040, the Board of Trustees will determine the increased contribution required each year as a level percentage of payroll over the years remaining until 2040, using the projected unit credit actuarial cost method, so that the funded ratio does not decline below 60%.

The funded status of the Fund as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability ("AAL") Entry Age (b)	Unfunded AAL ("UAAL") (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	$ 1,995,953	$ 2,632,356	$ 636,403	75.8%	$ 594,139	107.1%
12/31/07	941,864	2,531,440	1,589,576	37.2	571,314	278.2

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of Plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Project Unit Credit
Amortization method	Level Dollar
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.75%
Projected salary increases	Service based table with 5.0% ultimate rate after five years of service

NOTE 3 RETIREE HEALTHCARE BENEFITS

Plan Description and Contribution Information

This portion of the Plan offers health benefits to eligible retirees and their eligible dependents through the CTA's health care plans. According to Public Act 094-839 (effective June 6, 2006), CTA is required to separate the funding for retiree health care benefits from the funding for pension payments by January 1, 2009.

During 2008, the Retiree Health Care Trust was created pursuant to Public Act 095-0708. The Retiree Health Care Trust is a separate legal entity, and therefore, its transactions are not reflected in the Plan's financial statements.

Premiums are set pursuant to various agreements between the CTA and the Union. The maximum premium paid by the Plan is limited by the terms of the existing Plan agreement to the level of premiums charged by the CTA to the Plan on December 31, 1999. Starting in 2003, the Plan reimburses CTA for the actual retirees' healthcare claim costs.

At December 31, 2008 and 2007, 9,356 and 9,215 annuitants or surviving spouses are participants on the retiree healthcare benefits, respectively. Active employees totaling 9,689 and 9,635 contribute to the Plan in 2008 and 2007, respectively.

The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed one year. The amortization period has been set to one year because the Plan will not have an obligation for retiree healthcare benefits after fiscal year 2009. In accordance with Public Act 095-0708, the Plan will pay retiree healthcare benefits through fiscal year end December 31, 2008. Actuarial liabilities represent the projected cash flow for 2008 only. The employer and employee contributions are allocated ratably based on the relationship of the annual required contribution for pension and healthcare benefits. Contributions during the 2008 and 2007 were limited by the aggregate subordination test under Internal Revenue Section Code 401(h). Based on current Plan provisions and funding policies, the subordination percentage for plan year ended 2008 and 2007 is 25%, respectively, which equals the statutory limit of 25 percent to satisfy the 401(h) requirements of the IRS. In 2008 and 2007, the Plan remitted contributions of actual retirees' healthcare claim costs to the CTA of $61 million and $59 million, respectively.

The following table shows the components of the plan's annual required contribution, actual contribution and percentage contributed (amounts in thousands):

NOTE 3 RETIREE HEALTHCARE BENEFITS *(continued)*

Annual required contribution	$ 24,039
Actual contributions made:	
Employer	$ 13,019
Employee	6,527
	$ 19,546
Percentage contributed	81%

Funded Status and Funding Progress (Unaudited)

The funded status of the Retiree Healthcare benefits as of December 31, 2008, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/08	$ 191	$ 9,673	$ 9,482	2.0%	$ 594,139	1.6%
12/31/07	45,373	68,826	23,453	65.9	571,314	4.1

The schedule of funding progress, presented as required supplementary information ("RSI") following the notes to the financial statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

Additional information as of the latest actuarial valuation follows:

Valuation date	12/31/2008
Actuarial cost method	Projected Unit Credit
Amortization method	Level dollar
Remaining amortization period for unfunded accrued liabilities	1 Year
Asset valuation method	Market value
Actuarial assumptions:	
OPEB investment rate of return	5.0%
Initial trend medical	10.0%
Initial trend Rx	12.0%

NOTE 4 INVESTMENT RISK

Investment Policy

The primary objective of the Plan's investment policy is to provide a structured approach in implementing the Plan's investment strategies to achieve above average returns consistent with prudent risk and investment volatility.

In order to minimize the impact of large losses and to reduce annual variability of returns, the Plan's assets are allocated across major asset classes and diversified broadly within each asset class.

Investment Summary

The Plan's investments were held by Northern Trust Company ("TNT") as Trustee under a 1996 trust agreement.

The following table presents a summary of the Plan's combined investments by type at December 31, 2008 and 2007 (amounts in thousands):

	2008	2007
Asset backed securities	$ 10,719	$ 10,553
Commercial mortgage-backed securities	900	1,999
Corporate bonds	96,296	129,206
Government agency securities	45,755	40,037
Government bonds	30,957	10,526
Government mortgage backed securities	12,424	11,360
Municipal/provincial bonds	-	24
Guaranteed fixed income	9,261	-
Non-government backed CMOs	1,365	2,579
Index linked government bonds	2,104	-
Other fixed income	13	-
US equities	240,511	435,879
Foreign equities	20,923	67,691
Real estate—pooled funds	98,574	193,141
Venture capital and partnerships	72,639	33,879
Short-term investments and currency positions	1,041,795	22,073
Hedge fund	72,262	74,942
Combined investments, at fair value	$ 1,756,498	$ 1,033,889

NOTE 4 INVESTMENT RISK *(continued)*

Combined net investment (loss) income for the years ended December 31, 2008 and 2007, consisted of the following (amounts in thousands):

	2008	2007
Investment (Loss) Income:		
Interest	$ 14,116	$ 5,075
Dividends	6,980	14,267
Miscellaneous	6,245	7,133
Securities lending	2,306	366
Net (depreciation) appreciation in fair value of investments	(249,211)	91,37
Net depreciation in securities lending collateral	(972)	-
Total investment (loss) income before investment expenses	(220,536)	118,220
Less investment expenses:		
Securities lending fees	(1,656)	(131)
Management fees and other	(2,691)	(5,385)
Net investment (loss) income	$ (224,883)	$ 112,704

Investment Risks

The Plan's investments are subject to certain types of risks, including interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. The following describes those risks:

Interest Rate Risk—Interest rate risk is the risk that the fair value of debt securities decreases due to increases in the prevailing market interest rate. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the Plan manages its exposure to interest rate risks is by purchasing a combination of shorter-term and longer-term investments and by timing cash flow from maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

NOTE 4 INVESTMENT RISK *(continued)*

The following tables show the segmented time distribution of the Plan's investments into time periods of maturities based on the investments' cash flows.

At December 31, 2008, the Plan had the following investments and maturities related to certain fixed income securities (bonds and noted) (amounts in thousands):

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 6 Years	7 to 10 Years	More Than 10 Years
Asset-backed securities	$ 10,719	$ -	$ 432	$ -	$ 10,287
Commercial mortgage-backed securities	900	-	-	-	900
Corporate bonds	96,296	725	6,980	5,747	82,844
Government agency securities	45,755	-	2,643	743	42,369
Government bonds	30,957	-	26,594	4,363	-
Government mortgage backed securities	12,424	-	736	2,198	9,490
Guaranteed fixed income	9,261	-	9,261	-	-
Non-government backed collateralized mortgage obligations	1,365	-	-	-	1,365
Index linked government bonds	2,104	-	526	1,167	411
Other fixed income	13	-	-	-	13
Total	$ 209,794	$ 725	$ 47,172	$ 14,218	$ 147,679

NOTE 4 INVESTMENT RISK *(continued)*

At December 31, 2007, the Plan had the following investments and maturities (amounts in thousands):

		Investment Maturities			
Investment Type	Market Value	Less Than 1 Year	1 to 6 Years	7 to 10 Years	More Than 10 Years
Asset-backed securities	$ 10,553	$ -	$ 507	$ -	$ 10,046
Commercial mortgage-backed securities	1,999	-	-	-	1,999
Corporate bonds	129,206	1,275	4,432	1,506	121,993
Government agency securities	40,037	-	4,460	248	35,329
Government bonds	10,526	-	2,197	8,329	-
Government mortgage backed securities	11,360	19	53	1,769	9,519
Municipal/provincial bonds	24	-	-	-	24
Non-government backed collateralized mortgage obligations	2,579	-	-	-	2,579
Total	$ 206,284	$ 1,294	$ 11,649	$ 11,852	$ 181,489

Credit Risk—Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. This credit risk is measured by the credit quality ratings issued by national rating agencies such as Moody's and Standard and Poor's.

NOTE 4 INVESTMENT RISK *(continued)*

The following tables provide information on the credit ratings associated with the Plan's investments in debt securities. Rates were obtained from Standard and Poor's (amounts in thousands):

	2008	
	Fair Value	Percentage of Portfolio
Quality Rating		
AAA	$ 12,173	5.8%
AA	934	0.4%
A	6,805	3.2%
BBB	5,316	2.5%
BB	144	0.1%
B	354	0.2%
Not rated	98,937	47.2%
Total credit risk of US corporate fixed income	124,663	59.4%
US Government and agency fixed income securities	85,131	40.6%
Total fixed income securities	$ 209,794	100.0%

	2007	
	Fair Value	Percentage of Portfolio
Quality Rating		
AAA	$ 14,559	7.1%
AA	1,456	0.7%
A	1,965	1.0%
BBB	3,773	1.9%
BB	244	0.1%
Not rated	12,108	5.7%
Total credit risk of US corporate fixed income	34,105	16.5%
US Government and agencies	50,807	24.6%
US Fixed income funds	121,372	58.9%
Total fixed income securities	$ 206,284	100.0%

NOTE 4 INVESTMENT RISK *(continued)*

Custodial Credit Risk—For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. The Plan's master custodian holds all investments of the Plan in the Plan's name. As of December 31, 2008 and 2007, deposits of $12,990 and $5,237 were exposed to custodial credit risk as uninsured and uncollateralized.

Concentration of Credit Risk—The Plan's investment policy limits the aggregate amount that can be invested in each asset class. Domestic equity, international equity, fixed income, real estate, private equity, and hedge fund investments are limited to 46%, 5%, 27%, 10%, 6%, and 6% of the market value of the aggregate portfolio, respectively.

The following investments represent 5% or more of Plan net assets at December 31, 2008 and 2007 (amount in thousands):

	2008	2007
ABN AMRO Inc. Plus Fund*	$ -	$ 72,322
Collective Short Term Investment Fund**	1,042,672	-

* Investment does not represent 5% or more of Plan net assets at December 31, 2008.
** Investment does not represent 5% or more of Plan net assets at December 31, 2007.

Foreign Currency Risk—This is the risk that changes in exchange rates will adversely affect the fair value of an investment. International equity securities purchased by the Plan meet exchange listing requirements and all foreign equities held by the Plan are denominated in US dollars. The Plan's exposure to foreign currency risk is as follows (amounts in thousands):

	2008	
	Fair Value	Percentage of Portfolio
Total by Currency:		
British Pound Sterling	$ 4	25.0%
Japanese Yen	12	75.0%
Total foreign currency holding	$ 16	100.0%

NOTE 4 INVESTMENT RISK *(continued)*

	2007	
	Fair Value	Percentage of Portfolio
Total by Currency:		
Australian Dollar	$ 203	0.8%
Canadian Dollar	476	2.0%
Swiss Franc	3,098	12.7%
Euro Currency Unit	9,350	38.5%
British Pound Sterling	4,845	19.9%
Hong Kong Dollar	136	0.6%
Japanese Yen	4,704	19.4%
South Korean Won	826	3.4%
Norwegian Krone	541	2.2%
Singapore Dollar	125	0.5%
Total foreign currency holding	$ 24,304	100.0%

NOTE 5 DERIVATIVES

The Plan's investment managers may enter into derivative transactions as permitted by their guidelines for hedging or risk reduction but not for speculative purposes. A derivative financial instrument is an investment whose payoff depends upon the value of an underlying such as bond or stock prices, a market index, or commodity prices. Derivative financial instruments involve, to varying degrees, credit risk and market risk. The Plan did not invest in derivative instruments during 2008 and 2007.

NOTE 6 SECURITIES LENDING PROGRAM

In 1996, the Plan adopted the provisions of GASB Statement No. 28, *Accounting and Financial Reporting for Securities Lending Transactions.* On July 10, 1996, the Board entered into a securities lending agreement with TNT, the custodian to the Plan. The Plan participates in TNT's securities lending program by lending certain securities to borrowers and can earn additional income, which is included in net investments income on the statement of changes in plan net assets. Loans of securities through TNT are collateralized by cash, letters of credit, or securities issued or guaranteed by the US government or its agencies, equal to at least 102% of the current market value of the US loaned securities and 105% of the current market value of the loaned non-US securities. Lending securities involves certain risks, the most significant of which is the risk that a borrower may fail to return a portfolio security.

NOTE 6 SECURITIES LENDING PROGRAM *(continued)*

Additionally, the Plan would be exposed to the credit risk of the borrower should the market value of the securities loaned exceed the market value of the collateral pledged.

All securities loans can be terminated on demand by either the Plan or the borrower, although the average term of the loans is 49 days. Cash collateral is invested in the lending agent's short-term investment pool, which at year-end has a weighted-average maturity of 17 days. The relationship between the maturities of the investment pool and the Plan's loans is affected by the maturities of the securities loans made by other entities that use the agent's pool, which the Plan cannot determine. The Plan cannot pledge or sell collateral securities received unless the borrower defaults.

Loans outstanding as of December 31, 2008 and 2007, are as follows (amounts in thousands):

	2008	2007
Fair value of securities loaned for cash collateral	$ 62,186	$ 84,158
Fair value of securities loaned for non-cash collateral	10	1,664
Total fair value of securities loaned	$ 62,196	$ 85,822
Fair value of cash collateral from borrowers	$ 63,049	$ 86,308
Fair value of non-cash collateral from borrowers	10	1,714
Total fair value of collateral from borrowers	$ 63,059	$ 88,022

There was an unrealized loss of $972,234 under the securities lending program recorded in the financial statements for the year ended December 31, 2008, calculated based on the difference between the book value of cash collateral due to borrowers under the securities lending program and the fair value of invested cash collateral under the securities lending program.

NOTE 7 UNFUNDED INVESTMENT COMMITMENTS

The Fund has unfunded commitments of approximately $65 million at December 31, 2008 in connection with real estate, and private equity investments.

NOTE 8 RISKS AND UNCERTAINTIES

Contributions to the Plan and the actuarial information included in the required supplementary information are reported based on certain assumptions pertaining to interest rates, inflation rates and employee compensation and demographics. Due to the changing nature of these assumptions, it is at least reasonably possible that changes in these assumptions may occur in the near term and, due to the uncertainties inherent in setting assumptions, that the effect of such changes could be material to the financial statements.

NOTE 9 PRIORITIES AT PLAN TERMINATION

While it is the CTA's intent to maintain the Plan permanently, in the event the Plan terminates, the net assets of the Plan would be allocated and used generally to provide the following, in the order indicated:

a. Refunds of participant contributions plus interest, less benefits paid.
b. Retirement and disability benefits to participants who have retired or reached age 65 on date of termination.
c. In the event a balance remains, it will be used to provide for reduced retirement and disability benefits for all other participants.

NOTE 10 TAX STATUS

The Internal Revenue Service has issued a letter of determination dated December 19, 1985, and most recently on October 18, 2002, stating that the Plan is qualified under section 401 of the Internal Revenue Code (the "Code") and is, therefore, exempt from federal income taxes under the provisions of section 501(a) of the Code. The Plan is required to operate in conformity with the Code to maintain this qualification. Plan management is not aware of any course of action or series of events that have occurred that may adversely affect the Plan's tax status.

NOTE 11 OPERATING LEASE

The Plan has a lease agreement in place for office space. The lease expires on December 31, 2013. At December 31, 2008, the minimum future rental lease payments for the next five years are as follows (amounts in thousands):

NOTE 11 OPERATING LEASE *(continued)*

Year	Amount
2009	$ 91
2010	93
2011	94
2012	96
2013	97
	$ 471

Rent paid was $82,000 in 2008 and $92,000 in 2007. The amount of rent paid for 2008 represents 95% of total amount paid by the Plan. The other 5% is reimbursed by the Chicago Transit Authority Health Care Trust based management's expenses allocation.

REQUIRED SUPPLEMENTARY INFORMATION

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Required Supplementary Information

Schedule of Funding Progress—Pension

For the Years Ended December 31, 2008 and 2007

(Amounts in Thousands)

(Unaudited)

Year	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit* (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	1/01/09	$ 1,995,953	$ 2,632,356	$ 636,403	75.8%	$ 594,139	107.1%
2007	1/01/08	941,864	2,531,440	1,589,576	37.2	571,314	278.2
2006*	1/01/07	1,007,305	2,466,106	1,458,801	40.8	562,567	259.3
2005	1/01/06	810,335	2,354,125	1,543,790	34.4	547,532	282.0
2004	1/01/05	902,117	2,291,162	1,389,045	39.4	544,442	255.1
2003	1/01/04	1,062,399	2,189,666	1,127,267	48.5	486,626	231.6

* Effective January 1, 2007, retiree healthcare assets have been marked to market value of the retiree healthcare account and are disclosed under GASB 43. Previously, retiree healthcare assets disclosed under GASB 25 were allocated in proportion to actuarial accrued liabilities. This change in method in valuing retiree healthcare assets increased the funded ratio of the Plan in 2006; otherwise the 2006 funded ratio would have been decreased.

See notes to required supplementary information.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Required Supplementary Information

Schedule of Employer and Employee Contributions—Pension

For the Years Ended December 31, 2008 and 2007

(Amounts in Thousands)

(Unaudited)

Year ended December, 31	Annual Total Contribution	Annual Required Contribution	Percentage Contributed
2008	$ 1,193,744	$ 206,670	577.6%
2007	37,587	198,457	18.9
2006	35,902	194,926	18.4
2005	29,634	180,227	16.4
2004	30,334	153,253	19.8
2003	29,383	117,305	25.0

See notes to required supplementary information.

NOTE 1 ACTUARIAL ASSUMPTIONS

The information presented in the required supplementary schedules was determined as part of the actuarial valuations as of the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	January 1, 2009 and 2008, respectively
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Amortization period	30 years
Asset valuation method	5-year smoothed market
Actuarial assumptions:	
Investment rate of return	8.75%
Projected salary increases	Service based table with 5.0% and 5.25% ultimate rate after five years of service for 2008 and 2007, respectively

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Required Supplementary Information

Schedule of Funding Progress—Retiree Healthcare Benefits

For the Years Ended December 31, 2008 and 2007

(Amounts in Thousands)

(Unaudited)

Year	Actuarial Valuation Date	Actuarial Actuarial Value of Assets (a)	Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
2008	1/01/09	$ 191	$ 9,673	$ 9,482	2.0%	$ 594,139	1.6%
2007	1/01/08	45,373	68,826	23,453	65.9	571,314	4.1
2006	1/01/07	58,856	1,765,884	1,707,028	3.3	562,567	303.4

PA 95-708, effective January 18, 2008, requires the bifurcation of the Retiree Healthcare Plan from the Pension Plan no later than January 1, 2009. The liability disclosed as of January 1, 2008, reflects the estimated cash flow for fiscal year 2008 only.

The liability disclosed as of January 1, 2009, reflects the additional 401(h) contribution for the first half of fiscal year 2009. The retiree health account is expected to be fully depleted by June 30, 2009.

See notes to required supplementary information.

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Required Supplementary Information

Schedule of Employer and Employee Contributions—Retiree Healthcare Benefits

For the Years Ended December 31, 2008 and 2007

(Amounts in Thousands)

(Unaudited)

Year ended December, 31	Annual Total Contribution	Annual Required Contribution	Percentage Contributed
2008	$ 19,546	$ 24,039	81.3%
2007	13,107	163,385	8.0
2006	17,611	95,622	18.4

See notes to required supplementary information.

Valuation date	January 1, 2009 and 2008, respectively
Actuarial cost method	Projected unit credit
Amortization method	Level dollar
Amortization period	1 year
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	5%
Initial trend—medical	10.0%
Initial trend—prescription drugs	12.0%

OTHER SUPPLEMENTARY INFORMATION

RETIREMENT PLAN FOR CHICAGO TRANSIT AUTHORITY EMPLOYEES

Other Supplementary Information

Schedule of Administrative Expenses

For the Years Ended December 31, 2008 and 2007

	2008	2007
	(Amounts in Thousands)	
Investment Expenses		
Reporting and monitoring	$ 56	$ 56
Real estate expenses	79	85
Investment management fees	2,938	4,239
Trustee fees	533	545
Investment advisors	741	591
Total investment expenses	$ 4,347	$ 5,516
Administrative Expenses		
Personal services:		
Staff salaries and fringe benefits	$ 1,594	$ 1,306
Professional services:		
Actuarial	139	163
Auditing	62	39
Data processing	63	111
Legal	370	233
Third-party administrator	99	-
	733	546
Communication:		
Stationery and printing	1	12
Telephone	24	24
Postage	6	5
	31	41
Rentals:		
Office space	82	88
Equipment	-	10
	82	98
Miscellaneous:		
Seminars	5	21
Supplies	16	27
Equipment	-	11
Insurance expense	-	232
Other	2	14
	23	305
Combined administrative expenses	$ 2,463	$ 2,296

See accompanying report of independent auditors.