McGladrey & Pullen
Certified Public Accountants

Regional Transportation Authority Pension Plan (A Pension Trust Fund of the Regional Transportation Authority)

Financial Report
Years Ended December 31, 2007 and 2006

Regional Transportation Authority
Pension Plan

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McGladrey & Pullen
Certified Public Accountants

Independent Auditor's Report

To the Plan Administrator, the Trustees, and Retirement Committee of the Regional Transportation Authority Pension Plan, and the Board of Directors of the Regional Transportation Authority
Chicago, Illinois

We have audited the accompanying financial statements of the Regional Transportation Authority Pension Plan ("Plan"), a pension trust fund of the Regional Transportation Authority ("RTA"), as of and for the years ended December 31, 2007 and 2006, as listed in the table of contents. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Plan and do not purport to, and do not, present fairly the financial position of the Regional Transportation Authority, as of December 31, 2007 and 2006, or the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan of the Regional Transportation Authority, as of December 31, 2007 and 2006, and the changes in the financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 4 and the pension related information on pages 13 through 15 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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 such information and we do not express an opinion on it.

Our audits were conducted for the purpose of forming an opinion on the financial statements of the Plan. The schedule of return on assets listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we express no opinion on it.

McGladrey & Pullen, LLP

Schaumburg, Illinois
June 3, 2008

Management's Discussion and Analysis

This section provides an overview and analysis of the basic financial statements of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") for the year ended December 31, 2007. We encourage readers to consider information in the financial statements and required supplementary information that follow this document.

Overview and Analysis of the Financial Statements

The RTA Pension Plan annual financial report consists of four parts – the independent auditor's report; management's discussion and analysis (this section); the financial statements, including notes to financial statements; and the required supplementary information. The basic financial statements of the Plan are the Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets. These statements provide information about the nature and amount of investments available to pay the pension benefits of the Plan. The Statement of Changes in Plan Net Assets accounts for all additions to and deductions from the net assets held in trust for pension benefits. This statement measures the success of the Plan in increasing the net assets available for pension benefits during the year.

2007

The Statement of Plan Net Assets and Statement of Changes in Plan Net Assets measure the value of plan net assets and the changes to them. As of December 31, 2007, the plan net assets increased to $123.5 million. The increase in net assets of $7.1 million resulted primarily from investment gain of $5.4 million and employer contributions of $9.1 million, which exceeded the benefits paid and administrative expenses of $7.4 million. Employer contributions were recorded as receivables at December 31, 2007 and are required to be paid in 2008.

2006

As of December 31, 2006, the plan net assets increased to $116.4 million. The increase in net assets of $15.5 million resulted primarily from the investment gains and Employer contributions of $12.8 million and $8.8 million, respectively. Employer contributions of $8.8 million were recorded as receivables at December 31, 2006 and are required to be paid in 2007.

Plan Net Assets — The following table summarizes the Plan's Statement of Net Assets:

	2007	2006	2005
Assets			
Cash and investments	$ 114,469,433	$ 107,756,636	$ 94,220,381
Contribution receivables	9,137,000	8,777,000	6,800,000
Other receivables	21,229	23,648	59,406
Total assets	123,627,662	116,557,284	101,079,787
Liabilities			
Accrued expenses	114,111	122,213	138,334
Plan net assets held in trust for pension benefits	$ 123,513,551	$ 116,435,071	$ 100,941,453

2007

In 2007, the plan net assets increased by 6% ($7.1 million). The increase is due to investment gain of $5.4 million and employer contributions of $9.1 million, which exceeded the growth in benefits paid and administrative expenses of $7.4 million.

2006

In 2006, the plan net assets increased by 13.4% ($15.5 million). This increase is due to investment gains of $12.8 million and employer contributions of $8.8 million, which exceeded the growth in benefits paid and administrative expenses of $6.1 million.

Changes in Plan Net Assets — The following table summarizes the Plan's Statement of Changes in Plan Net Assets:

Summary of Changes in Plan Net Assets
December 31, 2007 and 2006

	2007	2006	2005
Additions:			
Employer contributions	$ 9,137,000	$ 8,777,000	$ 6,800,000
Net investment gains	5,374,079	12,797,087	4,584,101
Total net additions	14,511,079	21,574,087	11,384,101
Deductions:			
Benefit payments	7,134,465	5,731,641	5,313,223
Administrative expenses	298,134	348,828	370,893
Total deductions	7,432,599	6,080,469	5,684,116
Net increase in plan net assets held in trust for pension benefits	$ 7,078,480	$15,493,618	$ 5,699,985

Return on investments provides additional funds to pay benefits. In 2007 and 2006, return on investments was $5.4 million and $12.8 million, respectively. In 2007, the investment income decreased by $7.4 million from 2006. The decrease in investment income in 2007 was due primarily to the decrease in the net appreciation in fair value of plan investments from market conditions. The return on investments decreased to 6.4% in 2007 from 14.6% in 2006.

The Plan had a net addition of $14.5 million compared to $21.6 million in 2006, due to contributions accrued in 2007 of $9.1 million and net investment gains of $5.4 million. Benefit payments of $7.1 million paid in 2007 were $1.4 million higher compared to previous year's payments of $5.7 million due to lump sum payments in 2007. Administrative expenses decreased to $298 thousand in 2007 from $349 thousand. Overall, 2007 deductions were $1.4 million higher than 2006.

CONTACTING THE FINANCIAL MANAGEMENT OF THE RTA PENSION PLAN

This financial report provides a general overview of the finances of the Regional Transportation Authority Pension Plan. Users of this report should address questions concerning the information contained herein, or requests for additional financial information, to the Regional Transportation Authority, 175 West Jackson Blvd., Suite 1550, Chicago, Illinois 60604.

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

Statements of Plan Net Assets
December 31, 2007 and 2006

	2007	2006
Assets		
Cash and cash equivalents	$ 9,784,076	$ 8,198,748
Investments, at fair value		
Corporate fixed income mutual fund	36,710,809	32,380,895
Equity mutual funds	47,436,286	47,614,116
Common stocks	20,538,262	19,562,877
Total investments	104,685,357	99,557,888
Receivables		
Accrued interest	9,324	8,887
Accrued dividends	11,905	14,761
Pension contribution - Metra	4,814,200	4,840,277
Pension contribution - Pace	3,322,884	3,044,957
Pension contribution - RTA	999,916	891,766
Total receivables	9,158,229	8,800,648
Total assets	123,627,662	116,557,284
Liabilities		
Accrued expenses	114,111	122,213
Plan net assets held in trust for pension benefits	$ 123,513,551	$ 116,435,071

See Notes to Financial Statements.

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

Statements of Changes in Plan Net Assets
Years Ended December 31, 2007 and 2006

	2007	2006
Additions:		
Investment gain		
Net appreciation in fair value of investments	$ 3,484,852	$ 11,378,843
Interest and dividends	2,334,840	1,838,069
Total investment return	5,819,692	13,216,912
Less investment expenses		
Investment managers	347,360	297,954
Trust fees	44,253	49,871
Investment advisor	54,000	72,000
Total investment expenses	445,613	419,825
Net investment gain	5,374,079	12,797,087
Contributions:		
METRA pension contributions	4,814,200	4,840,277
PACE pension contributions	3,322,884	3,044,957
RTA pension contributions	999,916	891,766
Total contributions	9,137,000	8,777,000
Total net additions	14,511,079	21,574,087
Deductions:		
Benefit payments	7,134,465	5,731,641
Administrative expenses	298,134	348,828
Total deductions	7,432,599	6,080,469
Net increase in plan net assets held in trust for pension benefits	7,078,480	15,493,618
Plan net assets held in trust for pension benefits		
Beginning of year	116,435,071	100,941,453
End of year	$ 123,513,551	$ 116,435,071

See Notes to Financial Statements.

1. Description of the Plan

The following description of the Regional Transportation Authority ("RTA") Pension Plan ("Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General—The Plan, which became effective July 1, 1976, is a multiple-employer, defined benefit pension plan. The Plan covers substantially all employees of the RTA and its Commuter Rail and Suburban Bus Divisions (Metra and Pace, respectively), collectively referred to hereinafter as the Employer, who are not otherwise covered by a union pension plan. The responsibilities for administering the Plan are divided among a Board of Trustees, a Retirement Committee, a Plan Administrator, and the RTA Board of Directors ("RTA Board").

The Plan is a pension trust fund of the RTA and has no component units.

The Plan is classified as a "governmental plan" and is, therefore, exempt from the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Participation—Employees are eligible for participation on the first day of the month coinciding with or next following their date of employment. At January 1, 2007, the number of participants was:

Participants:	
Retirees, disabled participants and beneficiaries of deceased retirees, currently receiving benefits	336
Terminated employees entitled but not yet receiving benefits	428
Current employees:	
Vested	758
Nonvested	239
Total	1,761

Pension Benefits—Employees are eligible for participation on the first day of the month coinciding with or next following their date of employment. Participants are entitled to annual pension benefits upon normal retirement at age 65, generally a percentage of the average annual compensation in the highest three years of service, whether consecutive or not, multiplied by the number of years of credited service.

The Plan provides that, upon retirement, benefits will be reduced by a defined percentage for participants who received credit for prior service with an eligible employer.

The Plan permits early retirement with reduced benefits at age 55 after completing ten years of credited service. As a result of the August 1, 1999 amendment to the Plan, participants may receive their full vested

1. Description of the Plan (Continued)

benefits if they are at least 55 years of age and their combined age at retirement and credited years of service equals eighty-five or higher (known as "Rule of Eighty Five Early Retirement").

The Plan provides for benefit payments to beneficiaries equal to or reduced from the participant's monthly benefit payment subject to the election of the participant.

Disability Benefits—An employee is eligible for a disability pension if he or she becomes disabled after the completion of ten years of credited service, and is no longer receiving long-term disability benefits under a separate RTA benefit plan, or after reaching age 65, whichever is later.

Contributions and Vesting—The Plan is funded solely by employer contributions, which are actuarially determined under the projected unit credit method.

For the purpose of determining contributions, the Plan uses an asset smoothing method which smoothes asset gains and losses over a 5-year period. The minimum contribution is the sum of the normal cost and the 30-year amortization of the unfunded liability.

As of December 31, 2007, $9,137,000 had not been funded and was reported as contribution receivable in the Statement of Plan Net Assets. The 2007 contribution level was within the actuarially determined range.

Significant actuarial assumptions used to compute contribution requirements are the same as those used to determine the actuarial accrued liability presented in the notes to the Required Supplementary Information.

If participants terminate continuous service before rendering five years (ten years prior to January 1, 1987) of credited service, they forfeit the right to receive the portion of their accumulated benefits attributable to employer contributions. All forfeitures are applied to reduce the amount of contributions otherwise payable by the employer.

Related-Party Transactions—There were no securities of the RTA, Metra, Pace or related parties included in the Plan's assets.

2. Summary of Significant Accounting Policies

Basis of Presentation—The accompanying financial statements have been prepared on the accrual basis in conformity with accounting principles generally accepted in the United States of America.

Cash Equivalents—Cash equivalents consist of money market accounts with original maturities of three months or less.

Investments—Investments are stated at fair value. The fair value of equity securities and mutual fund units traded on national securities exchanges is the last reported sales price on the last business day of the fiscal year of the Plan. U.S. Government and U.S. Government agency securities are valued at the latest bid price.

Purchases and sales of securities are accounted for on the trade dates. For purposes of determining realized gains or losses on the disposal of investments, the average cost of investments sold, determined at the time of sale, is used.

Administrative Expenses—The RTA provides the Plan with certain administrative services, such as accounting and office facilities, at no cost to the Plan. Further detail relative to the Plan's administrative expenses is provided in Note 5.

2. Summary of Significant Accounting Policies (Continued)

Income Tax Status—The Internal Revenue Service has issued a letter of determination dated June 18, 2003, stating that the Plan was designed in compliance with Section 401(a) of the Internal Revenue Code ("Code"). The Plan has been amended since receiving the determination letter; however the Plan administrator believes the Plan is currently designed and operated in compliance with the applicable requirements of the Code and is therefore exempt from federal income taxes under the provisions of Section 501(a) of the Code.

Management's Use of Estimates— The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of Plan assets available for benefits and the actuarial present value of accumulated plan benefits as of the date of the financial statements. Actual results could differ from those estimates. The Plan uses an actuary to determine the actuarial present value of accumulated plan benefits. A change in the actuarial assumptions used could significantly change the amount of the actuarial present value of accumulated plan benefits reported in the accompanying financial statements.

3. Investments

Risk Posture - The RTA evaluated the assets and liabilities of the Pension Plan in order to determine an asset allocation that provides a high likelihood of achieving the responsibilities noted above. The obligations of current and future beneficiaries were evaluated under various market scenarios to develop an allocation that can be expected to generate a solid rate of return without incurring undue risk. In general, the risk posture of the Pension Plan is such that the portfolio is structured to maintain funding requirements and modestly grow assets through a low to moderate level of risk.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the RTA's pension deposits may not be returned to it. The RTA's Pension Plan policy does not explicitly indicate custodial credit risk, although Wells Fargo has an AA rating. As of December 31, 2007 and 2006, none of the Plan's cash and investments was at risk.

Interest Rate Risk — Per the RTA's Pension Plan investment policy, the duration of the fixed income portfolio should be within 20% of the duration of the benchmark index.

3. Investments (Continued)

As of December 31, 2007, the RTA's pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	$ 36,710,809	74
Money market fund	8,932,528	1
Total fair value	$ 45,643,337	
Portfolio weighted average maturity		60

As of December 31, 2006, the RTA's pension investments were as follows:

Investment Type	Fair Value	Weighted Average Maturity (Months)
Corporate fixed income mutual fund	$ 32,380,895	67
Money market fund	8,171,423	1
Total fair value	$ 40,552,318	
Portfolio weighted average maturity		54

Credit Risk — The RTA's pension policy for credit risk states at least 85% of the fixed income investments should be limited to securities with rating of at least investment grade as defined by both Moody's and Standard & Poor's. Split rated bonds are to be governed by the lower rating. Unrated securities of the U.S. Treasury and government agencies are a permissible investment. No more than 15% of the portfolio may be invested in investment-grade securities of foreign entities domiciled in countries included in the Salomon Brothers World Government Bond Index.

3. Investments (Continued)

As of December 31, 2007, the credit ratings for RTA pension investments were as follows:

Investment Type		Total Fair Value	Credit Rating (where available) Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	$	36,710,809	Aa	AA+	*
Money market fund		8,932,528	Aaa	*	AA+
Total	$	45,643,337			

* Not available

As of December 31, 2006, the credit ratings for RTA pension investments were as follows:

Investment Type		Total Fair Value	Credit Rating (where available) Moody's	Standard & Poor's	Fitch
Corporate fixed income mutual fund	$	32,380,895	Aa	AA+	*
Money market fund		8,171,423	Aaa	*	AA+
Total	$	40,552,318			

* Not available

3. Investments (Continued)

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The RTA's pension investment policy states that fixed income securities of a single issuer (excluding obligations of the United States Government and its agencies) should be limited to 5% of the fixed income portfolio, measured at market value. The RTA's pension policy states the asset allocation policy has been developed based on the objectives and characteristics of the pension liabilities, capital market expectations and asset-liability projections. This policy is long-term oriented and consistent with the risk posture. The pension fund did not have any investments in a single issuer which were greater than 5% of the total plan's net assets.

4. Plan Termination

While it is the intent to maintain the Plan permanently, in the event the Plan terminates, the rights of all participants affected by such termination and their beneficiaries become vested to the extent of the assets then remaining.

5. Administrative Expenses

The Plan's administrative expenses for the years ended December 31, 2007 and 2006 consist of the following:

	2007	2006
Actuarial	$ 135,287	$ 117,617
Legal	13,757	63,367
Audit	15,700	17,850
Other	133,391	149,994
Total administrative expenses	$ 298,135	$ 348,828

REQUIRED SUPPLEMENTARY INFORMATION

Regional Transportation Authority
Pension Plan

Schedule of Funding Progress
Six Years Ended December 31, 2007

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Assets in Excess of AAL/ (AAL in Excess of Assets) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
January 1, 2002	$ 76,888,695	$ 79,946,039	$ (3,057,344)	96.18 %	$ 50,855,571	6.0%
January 1, 2003	80,974,751	87,815,116	(6,840,365)	92.21	53,969,194	12.7
January 1, 2004	87,998,878	97,275,818	(9,276,940)	90.46	54,983,472	16.9
January 1, 2005	90,334,371	105,976,209	(15,641,838)	85.24	56,417,461	27.7
January 1, 2006	94,697,937	124,521,129	(29,823,192)	76.05	58,883,678	50.6
January 1, 2007	102,523,735	133,905,851	(31,382,116)	76.56	61,357,214	51.1

(1) The actuarial value of assets is in excess of the actuarial accrued liabilities.

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

Schedule of Employer Contributions
Six Years Ended December 31, 2007

Year Ended:	Annual Required Contribution		Percentage Contributed
2002	$ 6,875,000		100%
2003	3,511,000		100
2004	6,022,000		100
2005	6,800,000		100
2006	8,777,000		100
2007	9,137,000	(1)	100

(1) Contributions for the plan year ended December 31, 2007 will be paid in 2008.

REGIONAL TRANSPORTATION AUTHORITY
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Note to Required Supplementary Information
Years Ended December 31, 2007, 2006 and 2005

The actuarial assumptions presented in the required supplementary schedules were determined as part of the actuarial valuations at the dates indicated. Additional information relating to the actuarial valuations follows:

	January 1, 2007	January 1, 2006	January 1, 2005
Actuarial cost method	Projected unit credit	Projected unit credit	Projected unit credit
Amortization method	Straight-line, open	Straight-line, open	Straight-line,open
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	Smoothed market value	Smoothed market value	Smoothed market value
Actuarial assumptions:			
Investment rate of return	8.5%	8.5%	8.5%
Projected salary increases:			
Inflation	4.0%	4.0%	4.0%
Merit	0.5%	0.5%	0.5%
Mortality	RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	RP2000 White Collar Mortality Table applied separately for males and females projected to 2011.	1983 Group Annuity Mortality Table, applied separately for males and females.
Withdrawals from service	Termination rates range from 9.94% at age 20 to 0.15% at age 60 for females, and from 7.94% at age 20 to 0.09% at age 60 for males.	Termination rates range from 9.94% at age 20 to 0.15% at age 60 for females, and from 7.94% at age 20 to 0.09% at age 60 for males.	Termination rates range from 9.94% at age 20 to 0.15% at age 60 for females, and from 7.94% at age 20 to 0.09% at age 60 for males.

SUPPLEMENTARY INFORMATION

REGIONAL TRANSPORTATION AUTHORITY
PENSION PLAN

Schedule of Return on Assets (Unaudited)
Ten Years Ended December 31, 2007

Year Ended:	Average Total Assets	Annual Rate of Return
2007	$ 111,113,035	6.37 %
2006	100,988,509	14.61
2005	90,213,844	6.17
2004	83,639,854	11.03
2003	74,263,751	19.96
2002	71,975,307	(8.12)
2001	79,231,284	(1.42)
2000	84,344,978	(1.14)
1999	84,234,990	10.56
1998	78,822,396	11.35