



Crowe Chizek and Company LLC
Member Horwath International

The Audit Committee
Lyric Opera of Chicago
Chicago, Illinois

Committee Members:

Professional standards require that we communicate matters related to our audit of the financial statements of Lyric Opera of Chicago (the Opera) that we consider significant and relevant to the responsibilities of the Audit Committee in overseeing the financial reporting process. The Audit Committee includes the persons with responsibility for overseeing the strategic direction of and obligations related to the accountability of the Opera. We cover such matters below.

AUDITOR'S RESPONSIBILITY UNDER AUDITING STANDARDS GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA

The Audit Committee should understand that the auditor is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Audit Committee are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America and that the audit of the financial statements does not relieve management or the Audit Committee of their responsibilities. Refer to our engagement letter with the Opera for further information on the responsibilities of management and Crowe.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGEMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: The Audit Committee should also be informed of the initial selection of and changes in significant accounting policies or their application. Also, the Audit Committee should be aware of methods used to account for significant unusual transactions and the effect of significant accounting policies in controversial or emerging areas where there is a lack of authoritative consensus. We believe management has the primary responsibility to inform the Audit Committee about such matters. To assist you in your oversight role, we also provide the following:

Accounting Standard	Impact of Adoption
<p>FASB Statement 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans - an amendment of FASB Statements No. 87, 88, 106, and 132(R). Statement 158 requires that the overfunded or underfunded status of postretirement benefit obligations, including pensions be recorded on an entity's financial statements and measured as the difference between the fair value of plan assets and the benefit obligation, defined to be the projected benefit obligation (PBO) for pensions and the accumulated postretirement benefit obligation (APBO) for other postretirement benefits as of the end of the fiscal year.</p>	<p>Upon adoption of this Statement, the Opera recorded a reduction in net assets of \$593,600 to recognize the unfunded status of its severance benefit plan.</p>
<p>FIN 48, Accounting for Uncertainty in Income Taxes. FIN 48 indicates that only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of this interpretation and provides measurement guidance.</p>	<p>FIN 48 did not have a material impact on the Opera's financial position or changes in net assets.</p>

Management Judgments and Accounting Estimates: Further, accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. These judgments are based upon knowledge and experience about past and current events and assumptions about future events. Certain estimates are particularly sensitive because of their significance and because of the possibility that future events affecting them may differ markedly from management's current judgments and may be subject to significant change in the near term.

The process used by management in formulating particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates primarily involved the following areas for this year:

Area / Accounting Policy	Judgments and Estimates
<p>Allowance For Uncollectible Pledges</p>	<p>The allowance for uncollectible pledges is determined by management using a process involving consideration of past experience, current delinquent pledge information, payment history and other information contained in donor files. We tested this accounting estimate by reviewing, on a test basis, the information listed above. We have concluded this estimate is reasonable in relation to the financial statements taken as a whole.</p>

Area/ Accounting Policy	Judgments and Estimates
Fair Value Of Investment Securities And Other Financial Instruments	<p>The recording of fair value of securities and other financial instruments requires management to use certain assumptions and estimates pertaining to the fair values of its assets and liabilities.</p> <p>The fair values of the Opera's investments are determined by reference to published trading information as of April 30, 2008. These values are subject to market fluctuations. In addition, the Opera invests in several "alternative" investments, including absolute return and hedged equity funds. These alternative investments are not readily marketable and as a result, the estimated fair value is based on valuations provided by the external investment manager as of the date of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through April 30, 2008. We tested these valuations for alternative investments by reviewing management's valuation roll-forward and benchmark comparisons, reviewing audited financial statements, fund statements, and cash receipts and disbursements for the period under audit. In addition, we considered and evaluated the relevant controls instituted by management to track the performance of these funds and the related due diligence performed by both management and the Opera's investment advisor.</p> <p>The Opera has entered into an interest rate swap agreement to reduce the impact of changes in interest rates on its floating rate long-term debt. The notional amount covered by this agreement is \$40,000,000 and terminates in 2028. During the year, the Opera recognized an unrealized loss of approximately \$2,200,000 to reflect the fair value adjustment of the interest rate swap. The fair value of the instrument as of April 30, 2008 was calculated by the intermediary, and management concurs with its estimate. We have concluded this estimate is reasonable in relation to the financial statements taken as a whole.</p>

Area/ Accounting Policy	Judgments and Estimates
Estimates for Pension and Severance Obligations	Amounts reported for pension and severance obligations require estimates that may be subject to significant change in the near term. These estimates are based on projection of the weighted average discount rate, rate of increase in future compensation levels, termination rates and mortality rate of plan participants. We obtained the summary information regarding these calculations and reviewed the methods and assumptions utilized in estimating the related liabilities. In addition we discussed this information in detail with management and the professional actuary performing the calculations. Based on our review and discussions with management and the actuary, we have concluded that the estimated benefit obligations appear reasonable as of April 30, 2008 in relation to the financial statements taken as a whole.
Useful Lives Of Fixed Assets	Management has determined the economic useful lives of fixed assets based on past history of similar types of assets, future plans as to their use, and other factors that impact their economic value to the entity. We have tested management's estimate of the economic useful lives based on past asset acquisitions and other factors that impact their economic value to the entity. We have concluded this estimate is reasonable in relation to the financial statements taken as a whole.

AUDITOR'S JUDGMENTS ABOUT QUALITATIVE ASPECTS OF SIGNIFICANT ACCOUNTING PRACTICES

We are to discuss with the Audit Committee our comments about the following matters related to the Opera's accounting policies and financial statement disclosures.

- The appropriateness of the accounting policies to the particular circumstances of the entity, considering the need to balance the cost of providing information with the likely benefit to users of the entity's financial statements.
- The overall neutrality, consistency, and clarity of the disclosures in the financial statements.
- The effect of the timing of transactions in relation to the period in which they are recorded.
- The potential effect on the financial statements of significant risks and exposures, and uncertainties that are disclosed in the financial statements.
- The extent to which the financial statements are affected by unusual transactions including nonrecurring amounts recognized during the period, and the extent to which such transactions are separately disclosed in the financial statements.
- The issues involved, and related judgments made, in formulating particularly sensitive financial statement disclosures.
- The factors affecting asset and liability carrying values, including the entity's bases for determining useful lives assigned to tangible and intangible assets.

- The selective correction of misstatements, for example, correcting misstatements with the effect of increasing reported earnings, but not those that have the effect of decreasing reported earnings.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Corrected Misstatements: We are to inform the Audit Committee of corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There was one corrected adjustment for \$180,285 to increase the obligation related to charitable gift annuities.

Uncorrected Misstatements: We are to inform the Audit Committee of uncorrected misstatements that were aggregated by us during the current engagement and pertaining to the latest and prior period(s) presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements taken as a whole. For your consideration, we have distinguished misstatements between known misstatements and likely misstatements.

There were no such adjustments.

COMMUNICATIONS REGARDING OUR INDEPENDENCE FROM THE OPERA

Auditing standards generally accepted in the United States of America require independence for all audits and we confirm that we are independent auditors with respect to the Opera under the independence requirements established by the American Institute of Certified Public Accountants.

We have no relationships with the Opera that, in our professional judgment, may reasonably be thought to bear on our independence and that we gave significant consideration to in reaching the conclusion that our independence has not been impaired.

OTHER COMMUNICATIONS

Communication Item	Results
<p>Significant Difficulties Encountered During the Audit We are to inform the Audit Committee of any significant difficulties encountered in dealing with management related to the performance of the audit.</p>	<p>There were no significant difficulties encountered in dealing with management related to the performance of the audit.</p>

Communication Item	Results
<p>Disagreements With Management We are to discuss with the Audit Committee any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the Opera's financial statements or the auditor's report.</p>	<p>During our audit, there were no such disagreements with management.</p>
<p>Consultations With Other Accountants If management consulted with other accountants about auditing and accounting matters, we are to inform the Audit Committee of such consultation, if we are aware of it, and provide our views on the significant matters that were the subject of such consultation.</p>	<p>We are not aware of any instances where management consulted with other accountants about auditing or accounting matters since no other accountants contacted us, which they are required to do by Statement on Auditing Standards No. 50, before they provide written or oral advice.</p>
<p>Representations The Auditor Is Requesting From Management We are to provide the Audit Committee with a copy of management's requested written representations to us.</p>	<p>We direct your attention to a copy of the letter of management's representation to us provided separately.</p>
<p>Significant Issues Discussed, or Subject to Correspondence, With Management We are to communicate with the Audit Committee any significant issues that were discussed or were the subject of correspondence with management.</p>	<p>There were no such significant issues discussed, or subject to correspondence, with management.</p>
<p>Other Findings or Issues We Find Relevant or Significant We are to communicate to the Audit Committee other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to the Audit Committee regarding their oversight of the financial reporting process.</p>	<p>There were no such other findings or issues that are, in our judgment, significant and relevant to the Audit Committee regarding their oversight of the financial reporting process.</p>

We were pleased to serve the Opera as its independent auditors and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities, and would be pleased to discuss this letter or any matters further, should you desire. This letter is intended solely for the information and use of the Audit Committee and, if appropriate, management and is not intended to be and should not be used by anyone other than these specified parties.


Crowe Chizek and Company LLC

Chicago, Illinois
August 11, 2008