

The Audit Committee
Lyric Opera of Chicago
Chicago, Illinois

Professional standards require that we communicate certain matters to keep you adequately informed about matters related to the financial statement audit that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. We communicate such matters in this report.

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

Our responsibility is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities. Refer to our engagement letter with the Opera for further information on the responsibilities of management and of Crowe Horwath LLP.

PLANNED SCOPE AND TIMING OF THE AUDIT

We are to communicate an overview of the planned scope and timing of the audit. Accordingly, the following matters regarding the planned scope and timing of the audit were discussed with you on May 11, 2011.

- How we proposed to address the significant risks of material misstatement, whether due to fraud or error.
- Our approach to internal control relevant to the audit.
- The concept of materiality in planning and executing the audit, focusing on the factors considered rather than on specific thresholds or amounts.
- Your views and knowledge of matters you consider warrant our attention during the audit, as well as your views on:
 - The allocation of responsibilities between you and management.
 - The entity's objectives and strategies, and the related business risks that may result in material misstatements.
 - Significant communications with regulators.
 - Other matters you believe are relevant to the audit of the financial statements.

SIGNIFICANT ACCOUNTING POLICIES AND MANAGEMENT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant Accounting Policies: The Audit Committee should 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 the Audit Committee in its oversight role, we also provide the following.

Accounting Standard	Impact of Adoption
ASU No. 2010-06, Fair Value Measurements and Disclosures (Topic 820) – Improving Disclosures about Fair Value Measurements. This Update adds new disclosures about transfers into and out of Level 1 and Level 2 measurements and the reasons for those transfers.	Adoption of this standard did not have a material impact on the Opera’s financial position or change in net assets, but the disclosures were revised to comply with the related requirements.

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 following describes the significant accounting estimates reflected in the Opera’s year end financial statements, the process used by management in formulating these particularly sensitive accounting estimates and the primary basis for our conclusions regarding the reasonableness of those estimates.

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
Allowance for Uncollectible Pledges	The allowance for uncollectible pledges was determined by management by a process involving consideration of past experiences, 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. We have concluded that this estimate is reasonable in relation to the financial statements taken as a whole.
Fair Values 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, 2011. 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</p>	<p>We tested the 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. We tested the evaluations and concluded they were reasonable.</p> <p>Additionally, we tested</p>

Significant Accounting Estimate	Process Used by Management	Basis for Our Conclusions
	<p>the date of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through April 30, 2011.</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 December 2028. The fair value of the instrument as of April 30, 2011, was calculated by the intermediary, and management concurs with their estimate.</p>	<p>investments with readily determinable fair values by comparing the valuations to published market data.</p> <p>We have independently recalculated the value of the interest rate swap instrument to determine its reasonability.</p>
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 Opera.	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.
Estimates for Severance Plan Obligations	Amounts reported for severance plan obligations require estimates that may be subject to significant change in the near term. These estimates, prepared by an independent actuary, are based on projection of the weighted average discount rate, rate of increase in future compensation levels, termination rates and the mortality rate of plan participants.	We obtained the independent actuary's report and summary information regarding these liabilities and reviewed the methods and assumptions utilized in estimating the related balances. Based on our review of this data and discussions with management, we have concluded that the estimated benefit obligations appear reasonable as of April 30, 2011, 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 you our comments about the following matters related to the Opera's accounting policies and financial statement disclosures. Accordingly, these matters will be discussed during our meeting with you.

- 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 basis 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 you of material corrected misstatements that were brought to the attention of management as a result of our audit procedures.

There were no such misstatements.

Uncorrected Misstatements: We are to inform you 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 misstatements.

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.

Additionally, we wish to communicate that 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>Other Information In Documents Containing Audited Financial Statements Information may be prepared by management that accompanies the financial statements. To assist your consideration of this information, you should know that we are required by audit standards to read such information and consider whether such information, or the manner of its presentation, is materially inconsistent with information in the financial statements. If we consider the information materially inconsistent based on this reading, we are to seek a resolution of the matter.</p>	<p>We understand that management has not prepared such information to accompany the audited financial statements.</p>
<p>Significant Difficulties Encountered During the Audit We are to inform you 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>
<p>Disagreements With Management We are to discuss with you 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 you 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 you 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 to you 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 you other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to you regarding your 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 you regarding your oversight of the financial reporting process.</p>

We are 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.

A handwritten signature in black ink that reads "Crowe Horwath LLP". The signature is written in a cursive, flowing style.

Crowe Horwath LLP

Chicago, Illinois
August 15, 2011