

Management's Discussion and Analysis – Continued

CharterMac & Subsidiaries

Results of Operations

The following is a summary of our operations for the years ended December 31, 2003, 2002 and 2001. Net income for the years ended December 31, 2003, 2002 and 2001 was approximately \$66.6 million, \$60.8 million and \$39.0 million, respectively.

Revenues

(In thousands)	For the Year Ended December 31,				
	2003	2002	% Change	2001	% Change
Revenue bond interest income	\$113,655	\$92,681	22.6%	\$71,500	29.6%
Fee income					
Mortgage banking fees	13,712	13,681	0.2%	N/A	N/A
Fund management fees	12,643	N/A	N/A	N/A	N/A
Other income	12,200	10,051	21.4%	3,125	221.6%
Total revenues	\$152,210	\$116,413	30.8%	\$74,625	56.0%

Total revenues for the year ended December 31, 2003, increased by approximately 30.8% or \$35.8 million over 2002, primarily due to increases in revenue bond interest income of approximately 22.6% or \$21.0 million and \$12.6 million in fund management fees.

The increase in revenue bond interest income is primarily due to new bonds acquired during the fourth quarter of 2002 and during 2003. The increase in fund management fees represents the fee income earned by Related for the period from November 18, 2003 to December 31, 2003.

Total revenues for the year ended December 31, 2002, increased by approximately 56.0%, or \$41.8 million over 2001, primarily due to increases in revenue bond interest income of approximately 29.6% or \$21.2 million and \$13.7 million in mortgage banking fees.

The increase in revenue bond interest income is primarily due to new bonds acquired during the fourth quarter of 2001 and during 2002. The increase in mortgage banking fees represents PWF's fees subsequent to our acquisition of PWF in December 2001.