CIT GROUP INC
Form 10-K/A
October 29, 2010
UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K/A

|X| Annual Report Pursuant to Section 13 or 15(d) of the Section 13 or 15(d) of the Securities Exchange Act of 1934 or | | Transition Report Pursuant to Securities Exchange Act of 1934

For the fiscal year ended December 31, 2009
Commission File Number: 001-31369

CIT GROUP INC.
(Exact name of registrant as specified in its charter)

Delaware	**65-1051192**
(State or other jurisdiction of incorporation or organization)	(IRS Employer Identification No.)
505 Fifth Avenue, New York, New York	**10017**
(Address of Registrant s principal executive offices)	(Zip Code)

(212) 771-0505
Registrant s telephone number including area code:

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	**Name of each exchange on which registered**
Common Stock, par value $0.01 per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes |X| No | |

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes | | No |X|

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes |X| No | |

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (229.405 of this Chapter) is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. | |

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer , accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (check one) Large accelerated filer |X| Accelerated filer | | Non-accelerated filer | | Smaller reporting company | |

At February 26, 2010, there were 200,035,561 shares of CIT s common stock, par value $0.01 per share, outstanding.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes | | No |X|

The aggregate market value of voting common stock held by non-affiliates of the registrant, based on the New York Stock Exchange Composite Transaction closing price of Common Stock ($2.15 per share, 392,067,503 shares of common stock outstanding), which occurred on June 30, 2009, was $842,945,475. For purposes of this computation, all officers and directors of the registrant are deemed to be affiliates. Such determination shall not be deemed an admission that such officers and directors are, in fact, affiliates of the registrant. Our Common Stock was subsequently cancelled pursuant to the plan of reorganization on December 10, 2009. The approximate aggregate market value of the new voting stock held by non-affiliates on February 26, 2010 was $7,287,295,487.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes |X| No | |

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant s definitive proxy statement relating to the 2010 Annual Meeting of Stockholders are incorporated by reference into Part III hereof to the extent described herein.

INTRODUCTORY NOTE

We are filing this Amendment to our Form 10-K for the fiscal year ended December 31, 2009, as amended by our Form 10-K/A filed March 18, 2010, to correct the signature line of the Report of Independent Registered Public Accounting Firm at December 31, 2009, and the Report of Independent Registered Public Accounting Firm at December 31, 2008 and for each of the three years in the period ended December 31, 2009. Both reports had been signed by the Independent Registered Public Accounting Firm, but the signature line was inadvertently omitted when the Form 10-K was filed.

As part of this Amendment, we are refiling Item 8. Financial Statements and Supplementary Data , including our consolidated financial statements as of and for the period ending December 31, 2009. Other than adding the signature line to each of the reports of the Independent Registered Public Accounting Firm, we have made no changes to Item 8.

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of CIT Group Inc.:

In our opinion, the accompanying consolidated balance sheet presents fairly, in all material respects, the financial position of CIT Group Inc. and its subsidiaries (Successor CIT or the Company) at December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO). The Company s management is responsible for this financial statement, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management s Report on Internal Control over Financial Reporting appearing under item 9A. Our responsibility is to express opinions on this financial statement and on the Company s internal control over financial reporting based on our integrated audit. We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the balance sheet is free of material misstatements and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statement included examining, on a test basis, evidence supporting the amounts and disclosures in the balance sheet, assessing the accounting principles used and significant estimates made by management, and evaluating the overall balance sheet presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

As described in Notes 1 and 2 to the consolidated financial statements, the United States Bankruptcy Court for the Southern District of New York confirmed the Company s pre-packaged plan of reorganization (the "reorganization plan") on December 8, 2009. Confirmation of the reorganization plan resulted in the discharge of certain claims against the Company that arose before November 1, 2009 and terminated all rights and interests of equity security holders as provided therein. The reorganization plan was substantially consummated on December 10, 2009, whereupon the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting as of December 31, 2009.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 16, 2010

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholders of CIT Group Inc.:

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income, of stockholders equity and of cash flows present fairly, in all material respects, the financial position of CIT Group Inc. and its subsidiaries (Predecessor CIT or the Company) at December 31, 2008 and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America. The Company s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. Our audits of the financial statements included 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, and evaluating the overall financial statement presentation. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinion.

As described in Notes 1 and 2 to the consolidated financial statements, the Company filed a pre-packaged voluntary petition on November 1, 2009 with the United States Bankruptcy Court for the Southern District of New York under the provisions of Chapter 11 of the Bankruptcy Code. The pre-packaged plan of reorganization (the reorganization plan) was substantially consummated on December 10, 2009, whereupon the Company emerged from bankruptcy. In connection with its emergence from bankruptcy, the Company adopted fresh start accounting.

/s/ PricewaterhouseCoopers LLP

New York, New York
March 16, 2010

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (dollars in millions except share data)

	Successor CIT December 31, 2009	Predecessor CIT December 31, 2008
Assets		
Cash and due from banks	$ 1,289.5	$ 592.5
Deposits with banks, including restricted balances of $1,420.7 and $2,102.5 at December 31, 2009 and December 31, 2008, respectively	8,536.4	7,773.3
Trading assets at fair value - derivatives	44.1	139.4
Investments - retained interests in securitizations	139.7	229.4
Assets held for sale	343.8	156.1
Loans (see Note 9 for amounts pledged)	34,865.8	53,126.6
Allowance for loan losses		(1,096.2)
Total loans, net of allowance for loan losses	34,865.8	52,030.4
Operating lease equipment, net (see Note 5 for amounts pledged)	10,910.0	12,706.4
Derivative counterparty assets at fair value		1,489.5
Goodwill and intangible assets, net	464.5	698.6
Other assets including advances associated with a lending facility structured as a total return swap of $1,094.5 and $1,492.6 at December 31, 2009 and 2008, respectively	3,435.3	4,589.1
Assets of discontinued operation		44.2
Total Assets	**$ 60,029.1**	**$ 80,448.9**
Liabilities		
Deposits	$ 5,218.6	$ 2,626.8
Trading liabilities at fair value - derivatives	41.9	127.4
Credit balances of factoring clients	892.9	3,049.9
Derivative counterparty liabilities at fair value		433.7
Other liabilities	2,211.3	2,291.3
Long-term borrowings, including $4,629.5 and $18,199.6 contractually due within twelve months at December 31, 2009 and December 31, 2008, respectively	43,263.0	63,750.7
Total Liabilities	51,627.7	72,279.8
Stockholders Equity		
Predecessor CIT - Preferred stock: $0.01 par value, 100,000,000 authorized, 29,330,000 outstanding		2,986.3
Predecessor CIT - Common stock: $0.01 par value, 600,000,000 authorized, 395,068,272 issued, 388,740,428 outstanding		3.9
Predecessor CIT - paid-in capital		11,469.6

Predecessor CIT - accumulated deficit		(5,814.0)
Predecessor CIT - accumulated other comprehensive loss		(205.6)
Predecessor CIT - treasury stock, 6,327,844 shares, at cost		(315.9)
Successor CIT - Common stock: $0.01 par value, 600,000,000 authorized, 200,035,561 issued and outstanding	2.0	
Successor CIT - paid-in capital	8,398.0	
Total Common Stockholders Equity	8,400.0	5,138.0
Total Stockholders Equity	**8,400.0**	**8,124.3**
Noncontrolling Minority Interests	**1.4**	**44.8**
Total Equity	**8,401.4**	**8,169.1**
Total Liabilities and Equity	**$ 60,029.1**	**$ 80,448.9**

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

CIT GROUP INC. AND SUBSIDIARIES

Consolidated Statements of Operation (dollars in millions - except per share data)

	Predecessor CIT		
	Years Ended December 31,		
	2009	2008	2007
Interest Income			
Interest and fees on loans	$ 2,315.4	$ 3,454.0	$ 4,076.6
Interest and dividends on investments	42.9	184.2	161.5
Interest income	2,358.3	3,638.2	4,238.1
Interest Expense			
Interest on deposits	(150.5)	(101.7)	(149.4)
Interest on short-term borrowings		(32.1)	(294.2)
Interest on long-term borrowings	(2,508.9)	(3,005.3)	(2,973.4)
Interest expense	(2,659.4)	(3,139.1)	(3,417.0)
Net interest revenue	(301.1)	499.1	821.1
Provision for credit losses	(2,660.8)	(1,049.2)	(241.8)
Net interest revenue, after credit provision	(2,961.9)	(550.1)	579.3
Other income			
Rental income on operating leases	1,899.5	1,965.3	1,990.9
Other	(273.0)	495.0	1,576.9
Total other income	1,626.5	2,460.3	3,567.8
Total net revenue, net of interest expense and credit provision	(1,335.4)	1,910.2	4,147.1
Other expenses			
Depreciation on operating lease equipment	(1,141.8)	(1,145.2)	(1,172.3)
Goodwill and intangible assets impairment charges	(692.4)	(467.8)	(312.7)
Other	(933.5)	(1,373.5)	(1,566.1)
Total other expenses	(2,767.7)	(2,986.5)	(3,051.1)
(Loss) income from continuing operations before reorganization items, fresh start accounting adjustments and income taxes	(4,103.1)	(1,076.3)	1,096.0

Reorganization items	10,298.0		
Fresh start accounting adjustments	(6,143.7)		
Income (loss) from continuing operations before income taxes	51.2	(1,076.3)	1,096.0
Benefit (provision) for income taxes	132.1	444.4	(300.9)
Income (loss) from continuing operations	183.3	(631.9)	795.1
Discontinued Operation			
Loss from discontinued operation before income taxes		(2,675.6)	(1,368.3)
Benefit for income taxes		509.2	495.3
Loss from discontinued operation		(2,166.4)	(873.0)
Income (loss) before preferred stock dividends	183.3	(2,798.3)	(77.9)
Preferred stock dividends	(188.1)	(64.7)	(30.0)
Net loss before attribution of noncontrolling interests	(4.8)	(2,863.0)	(107.9)
Income (loss) attributable to noncontrolling interests, after tax	1.0	(1.2)	(3.1)
Net loss attributable to common stockholders	$ (3.8)	$ (2,864.2)	$ (111.0)
Basic Earnings Per Common Share data			
Loss from continuing operations	$ (0.01)	$ (2.69)	$ 3.98
Loss from discontinued operation		(8.37)	(4.56)
Net loss attributable to common shareholders	$ (0.01)	$ (11.06)	$ (0.58)
Diluted Earnings Per Common Share data			
Loss from continuing operations	$ (0.01)	$ (2.69)	$ 3.93
Loss from discontinued operation		(8.37)	(4.50)
Net loss attributable to common shareholders	$ (0.01)	$ (11.06)	$ (0.57)
Average number of shares - basic (thousands)	399,633	259,070	191,412
Average number of shares - diluted (thousands)	399,633	259,070	193,927
Cash dividends per common share	$ 0.02	$ 0.55	$ 1.00

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

CIT GROUP INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders Equity (dollars in millions)

	Preferred Stock	Common Stock	Paid-in Capital	Accumulated (Deficit) / Earnings	Accumulated Other Comprehensive Income / (Loss)	Treasury Stock	Noncontrolling Interest in Subsidiaries	Total Stockholders Equity
Predecessor CIT at December 31, 2006	$ 500.0	$ 2.1	$ 10,678.9	$ (2,838.9)	$ 129.6	$ (720.6)	$	7,751.1
Net income before preferred stock dividends				(81.0)				(81.0)
Foreign currency translation adjustments					186.9			186.9
Change in fair values of derivatives qualifying as cash flow hedges					(130.8)			(130.8)
Unrealized (loss) on available for sale equity and securitization investments, net					(10.5)			(10.5)
Minimum pension liability adjustment					19.6			19.6
Total comprehensive loss								(15.8)
Adjustments to initially apply leveraged lease accounting charges and liabilities for uncertain tax position				0.1				0.1
Cash dividends common			(191.9)					(191.9)
Cash dividends preferred				(30.0)				(30.0)
Other							57.5	57.5
Stock repurchase agreement			(5.9)			(494.1)		(500.0)
Restricted stock expense			17.9					17.9
Stock option expense			24.3					24.3
Treasury stock purchased, at cost						(224.2)		(224.2)
Issuance of stock pursuant to forward equity commitment agreement			(4.0)			12.0		8.0
Forward contract fees related to issuance of mandatory convertible equity units			(23.7)					(23.7)
Exercise of stock option awards, including tax benefits			(40.2)			182.9		142.7
Employee stock purchase plan participation			(1.5)			3.6		2.1
Predecessor CIT at December 31, 2007	500.0	2.1	10,453.9	(2,949.8)	194.8	(1,240.4)	57.5	7,018.1
Net income before preferred stock dividends				(2,799.5)				(2,799.5)
Foreign currency translation adjustments					(287.8)			(287.8)
Change in fair values of derivatives qualifying as cash flow hedges					(40.3)			(40.3)
Unrealized (loss) on available for sale equity and securitization investments, net					(9.2)			(9.2)

Minimum pension liability adjustment					(63.1)			(63.1)
Total comprehensive loss								(3,199.9)
Issuance of common stock		1.8	1,302.9					1,304.7
Issuance of Series C preferred stock	575.0		(17.0)					558.0
Issuance of Series D preferred stock and warrants	1,911.3		418.7					2,330.0
Equity unit conversion to common stock			(389.3)			703.4		314.1
Cash dividends common			(135.2)					(135.2)
Cash dividends preferred				(64.7)				(64.7)
Other							(12.7)	(12.7)
Issuance of treasury stock in connection with stock repurchase agreement			(169.0)			207.3		38.3
Restricted stock expense						(4.7)		(4.7)
Stock option expense			21.4					21.4
Exercise of stock option awards, including tax benefits			(0.1)			0.1		
Employee stock purchase plan participation			(16.7)			18.4		1.7
Predecessor CIT at December 31, 2008	2,986.3	3.9	11,469.6	(5,814.0)	(205.6)	(315.9)	44.8	8,169.1
Designation of TARP warrant as a liability effective January 1, 2009	136.8		(418.7)					(281.9)
Reclassification of TARP warrant from liability to equity			211.2					211.2
Net income before preferred stock dividends				184.3			(1.0)	183.3
Foreign currency translation adjustments					73.8			73.8
Change in fair values of derivatives qualifying as cash flow hedges					139.3			139.3
Unrealized loss on available for sale equity and securitization investments, net					(1.0)			(1.0)
Minimum pension liability adjustment					55.4			55.4
Total comprehensive income								450.8
Cash dividends - common			(3.2)					(3.2)
Cash dividends - preferred				(144.2)				(144.2)
Amortization of discount on preferred stock - series D	43.9			(43.9)				
Distribution of earnings							(10.9)	(10.9)
Restricted stock expense			10.0			(0.1)		9.9
Stock option expense			9.2					9.2
Issuance of common stock		0.1	7.5					7.6
Employee stock purchase plan participation, other			(9.2)			5.6		(3.6)
Reorganization and Fresh Start Accounting								
Cancellation of Predecessor CIT preferred stock, common stock and treasury stock	(3,167.0)	(4.0)				310.4		(2,860.6)

Elimination of Predecessor CIT accumulated deficit and accumulated other comprehensive loss			(11,276.4)	5,817.8	(61.9)		(31.5)	(5,552.0)
Predecessor CIT at December 31, 2009							1.4	1.4
Issuance of new equity in connection with emergence from Chapter 11		2.0	8,398.0					8,400.0
Successor CIT at December 31, 2009	$	$ 2.0	$ 8,398.0	$	$	$	$ 1.4	$ 8,401.4

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

CIT GROUP INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (dollars in million)

	Predecessor CIT		
	Years Ended December 31,		
	2009	2008	2007
Cash Flows From Operations			
Income (loss) before preferred stock dividends	$ 184.3	$ (2,799.5)	$ (81.0)
Adjustments to reconcile net income to net cash flows from operations:			
Depreciation, amortization and accretion	1,423.3	1,407.8	1,280.8
Loss (Gains) on equipment, receivable and investment sales	429.3	(179.3)	(533.9)
Valuation allowance for receivables held for sale	79.8	126.9	22.5
Warrant fair value adjustment	(70.6)		
(Gain) loss on debt and debt-related derivative extinguishments	(207.2)	(73.5)	139.3
Goodwill and intangible asset Impairment charges	692.4	467.8	312.7
Provision for credit losses continuing operations	2,660.8	1,049.2	241.8
Benefit for deferred income taxes	(115.9)	(985.5)	(290.2)
Share-based compensation amortization			42.2
Decrease in finance receivables held for sale	24.6	69.2	224.6
Decrease (increase) in other assets	91.3	1,225.4	(1,160.1)
Increase (decrease) in accrued liabilities and payables	1,035.9	(2,612.4)	529.4
Loss on disposition of discontinued operation, net of tax		1,916.2	
Provision for credit losses discontinued operation		608.6	352.0
Valuation allowance for discontinued operation receivables held for sale			1,248.9
Reorganization:			
Fresh start adjustments	6,143.7		
Gain on debt reorganization	(10,432.0)		
Other reorganization items net	134.0		
Net cash flows provided by operations	2,073.7	220.9	2,329.0
Cash Flows From Investing Activities			
Finance receivables extended and purchased	(27,508.6)	(58,500.0)	(77,636.3)
Principal collections of finance receivables and investments	33,059.0	53,348.1	65,166.5
Proceeds from asset and receivable sales	2,087.2	5,417.8	8,457.6
Purchases of assets to be leased and other equipment	(3,102.4)	(2,611.6)	(2,865.2)
Acquisitions, net of cash acquired			(3,989.2)
Net decrease (increase) in short-term factoring receivables	708.2	(333.3)	112.9
Net proceeds from sale of discontinued operation	44.2	1,555.6	

Net cash flows provided by (used for) investing activities	5,287.6	(1,123.4)	(10,753.7)
Cash Flows From Financing Activities			
Net decrease in commercial paper		(2,822.2)	(2,542.7)
Proceeds from the issuance of term debt	12,574.3	19,083.5	24,176.4
Repayments of term debt	(20,133.3)	(19,334.0)	(10,717.2)
Net increase in deposits	2,460.4	11.2	346.2
Net repayments of non-recourse leveraged lease debt	(41.1)	(24.9)	(234.4)
Collection of security deposits and maintenance funds	842.8	2,113.3	1,580.2
Repayment of security deposits and maintenance funds	(774.9)	(2,198.9)	(1,353.3)
Proceeds from the issuance of preferred stock		2,888.0	
Proceeds from the issuance of common stock	7.6	1,304.7	
Treasury stock repurchases			(718.3)
Treasury stock issuances	5.5	38.3	198.5
Cash dividends paid	(91.3)	(199.9)	(221.9)
Excess tax benefit related to share-based compensation			10.3
Other	(69.4)	(6.4)	(65.4)
Net cash flows (used in) provided by financing activities	(5,219.4)	852.7	10,458.4
Net increase (decrease) in cash and cash equivalents	2,141.9	(49.8)	2,033.7
Unrestricted cash and cash equivalents, beginning of period	6,263.3	6,313.1	4,279.4
Unrestricted cash and cash equivalents, end of period	$ 8,405.2	$ 6,263.3	$ 6,313.1
Supplementary Cash Flow Disclosure			
Interest paid	$ 2,816.1	$ 3,216.5	$ 3,079.8
Federal, foreign, state and local income taxes (collected) paid, net	$ (124.8)	$ (6.0)	$ 199.0
Supplementary Non Cash Flow Disclosure			
Net transfer of finance receivables from held for investment to held for sale	$ 466.7	$ (1,357.0)	$ 1,390.3
Vendor receivables previously off balance sheet and brought on-balance sheet	$ 454.4		
Vendor related debt previously off balance sheet and brought on-balance sheet	$ 454.4		

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

NOTE 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements include the accounts of CIT Group Inc., a Delaware Corporation, and its majority owned subsidiaries and variable interest entities (VIEs) where the Company is the primary beneficiary. The Company is a bank holding company and provides commercial financing and leasing products and other services to clients in the small and middle markets in a wide variety of industries. The Company became a bank holding company (BHC) on December 22, 2008, and is regulated by the Board of Governors of the Federal Reserve System (FRS) under the U.S. Bank Holding Company Act of 1956 (BHC Act). CIT operates primarily in North America, with locations in Europe, Latin America and the Asia-Pacific region.

Basis of Presentation

On November 1, 2009, CIT Group Inc. ("Predecessor CIT") and CIT Group Funding Company of Delaware LLC (Delaware Funding and together with Predecessor CIT, the Debtors) filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the Southern District of New York (the Court). As a result of the Debtors emergence from bankruptcy and implementation of the Modified Second Amended Prepackaged Reorganization Plan of Debtors (the Plan) on December 10, 2009 (the Emergence Date), CIT Group Inc. (Successor CIT) became a new reporting entity for financial reporting purposes, with a new basis in its identifiable assets and liabilities assumed, a new capital structure and no retained earnings or accumulated losses. Accordingly, the consolidated financial statements of Predecessor CIT are presented separately from the consolidated balance sheet of Successor CIT.

As detailed in Note 2, the consolidated financial statements include the effects of adopting fresh start accounting upon emergence from bankruptcy, as required by accounting principles generally accepted in the United States of America (U.S. GAAP). In applying fresh start accounting, the fair value of assets, liabilities and equity were derived by applying market information at the Emergence Date to account balances at December 31, 2009, unless (i) those account balances were originated subsequent to December 10, 2009, in which case fair values were assigned based upon their origination value or (ii) the basis of accounting applicable to the balances was fair value, in which instance fair value was determined using market information at December 31, 2009. Management evaluated events between December 10, 2009 and December 31, 2009 and concluded the use of an accounting convenience date of December 31, 2009 was appropriate based upon the immateriality of such activity. As such, fresh start accounting is reflected in the Consolidated Balance Sheet as of December 31, 2009; fresh start adjustments related thereto are included in the Statement of Operations for the year ended December 31, 2009. There is no Consolidated Statement of Operation for the period between December 10, 2009 and December 31, 2009. Accretion and amortization of certain fresh start accounting adjustments will begin in 2010. The consolidated balance sheet at December 31, 2008 and the consolidated statements of operation, changes in stockholders equity and cash flows for each of the three years in the period ended December 31, 2009 include financial information applicable to Predecessor CIT. Therefore, the consolidated balance sheet at December 31, 2009 is not comparable to the consolidated balance sheet at December 31, 2008. The historical financial statements of Predecessor CIT will continue to be presented separately from Successor CIT results in future filings with the Securities and Exchange Commission.

The terms CIT and Company , when used with respect to the period commencing after emergence, are references to Successor CIT and when used in this report with respect to the periods prior to emergence from bankruptcy, are references to Predecessor CIT. These references include the subsidiaries of Successor CIT or Predecessor CIT, unless otherwise indicated or the context requires otherwise.

In preparing the consolidated financial statements, all significant inter-company accounts and transactions have been eliminated. Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements. The Company accounts for investments in companies for which it owns a voting interest of 20 percent to 50 percent

and for which it has the ability to exercise significant influence over operations and financial decisions using the equity method of accounting. These investments are included in Other assets and the Company s proportionate share of net income or loss is included in other income.

The accounting and financial reporting policies of CIT Group Inc. conform to U.S. GAAP, and the preparation of the consolidated financial statements requires management to make estimates and assumptions that affect reported amounts and disclosures. Some of the more significant estimates include: fair value determination in conjunction with fresh start accounting; reorganization valuation; valuation of deferred tax assets; lease residual values and depreciation of operating lease equipment; and reserve for credit losses. Actual results could differ from those estimates and assumptions. Additionally, where applicable, the policies conform to accounting and reporting guidelines prescribed by bank regulatory authorities.

Significant Accounting Policies

Reorganization Activities

The Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code on November 1, 2009. Accounting Standards Codification (ASC) 852, *Reorganizations*, which provides accounting guidance for financial reporting by entities in reorganization under the Bankruptcy Code, requires that the financial statements for periods subsequent to the filing of a Chapter 11 petition distinguish transactions and events that are directly associated with the reorganization from the ongoing operations of the business. Accordingly, effective November 1, 2009 (the Filing Date) revenues, expenses, and realized gains and losses that were directly associated with the reorganization of Predecessor CIT s business have been reported separately as reorganization items in the statement of operations. In addition, cash provided by or used for reorganization items is disclosed separately in the consolidated statement of cash flows.

Fresh Start Accounting

The Company adopted fresh start accounting in accordance with the provisions of ASC 852, *Reorganizations*. The adoption of fresh start accounting had a material effect on the consolidated financial statements as of December 31, 2009 and the accretion and amortization of such fresh start adjustments are expected to have a material impact on the Consolidated Statements of Operation and cash flows for periods subsequent to December 31, 2009. See Note 2 for additional information.

Financing and Leasing Assets

CIT extends credit to customers through a variety of financing arrangements including term and revolver loans, lease financing and operating leases. The amounts outstanding on loans, direct financing and leveraged leases are referred to as finance receivables and are included in Loans on the consolidated balance sheet; these finance receivables, when combined with finance receivables held for sale and the net book value of operating lease equipment, are referred to as financing and leasing assets.

As a result of adopting fresh start accounting, finance receivables held-for-investment (HFI), assets held for sale and operating lease equipment are recorded at fair value at December 31, 2009. Loans with publicly available market information were valued based upon such market data. Finance receivables without publicly available market data were valued by applying a discount rate to each asset s expected cash flows. To determine the discount rate, loans and lease receivables were first aggregated into logical groupings based on the nature and structure of the lending arrangement and the borrowers business characteristics, geographic location and credit quality; an aggregate level discount rate was then derived for each loan grouping based on a risk free index rate plus a spread for credit risk, duration, liquidity and other factors as determined by management. Where appropriate at the individual loan or lease receivable level, additional adjustments were made to the discount rate based on the borrower s industry. The resultant discount on the finance receivables balance includes accretable and non-accretable components. The accretable fair value discount will be recognized under the effective interest method as a yield adjustment to each asset over its respective remaining life and included in Interest Income. The non-accretable fair value discount, which represents the contractually required payments receivable in excess of the amount of cash flows expected to be collected for loans with evidence of credit impairment, will either be reclassified to accretable discount should the loan s expected cash flows improve, or included in the ultimate determination of gain or loss upon loan disposition.

Loans and lease receivables are classified as HFI if management has the intent and ability to hold the receivables for the foreseeable future or until maturity. The fair value assigned to finance receivables HFI in fresh start accounting established their new cost basis. Subsequent to fresh start accounting, described above, loans classified as HFI are

recorded at amortized cost. Direct financing leases classified as HFI are recorded at the aggregate future minimum lease payments plus estimated residual values less unearned finance income. In leveraged lease agreements, a major portion of the funding is provided by third party lenders on a non-recourse basis, with CIT providing the balance and acquiring title to the property. Management performs periodic reviews of estimated residual values, with other than temporary impairment recognized in current period earnings. Operating lease equipment purchased prior to emergence is recorded at estimated fair value. Operating lease equipment purchased after December 31, 2009 will be carried at cost less accumulated depreciation. The equipment is depreciated to estimated residual value using the straight-line method over the lease term or projected economic life of the asset. Equipment acquired in satisfaction of loans is recorded at the lower of carrying value or estimated fair value, less costs to sell.

Loans and lease receivables designated for sale, off-balance sheet securitization or syndication are classified as assets held for sale and are carried at lower of cost or fair value. The amount by which costs exceeds fair value is recorded as a valuation allowance. Loans transferred from the held-for-sale classification to the held-for-investment classification are transferred at the lower of cost or market on the transfer date, which coincides with the date of change in management s intent. The difference between the carrying value of the loan and the fair value, if lower, is reflected as a loan discount at the transfer date, which reduces its carrying value. Subsequent to the transfer, the discount is accreted into earnings as an increase to finance revenue over the life of the loan using the interest method.

In the operating lease portfolio, maintenance costs incurred that exceed maintenance funds collected for commercial aircraft are expensed if they do not provide a future economic benefit and do not extend the useful life of the aircraft. Such costs may include costs of routine aircraft operation and costs of maintenance and spare parts incurred in connection with re-leasing an aircraft and during the transition between leases. For such maintenance costs that are not capitalized, a charge is recorded in general operating expense at the time the costs are incurred. Income recognition related to maintenance funds collected is deferred to the extent management estimates costs will be incurred by subsequent lessees performing scheduled maintenance. Upon the disposition of an aircraft, any excess maintenance funds that exist are recognized as income.

Revenue Recognition

Interest income on loans and direct financing leases is recognized using the effective interest method or on a basis approximating a level rate of return over the life of the asset. Leveraged lease revenue is recognized on a basis calculated to achieve a constant after-tax rate of return for periods in which there is a positive investment in the transaction, net of related deferred tax liabilities. As discussed in Note 2, effective January 1, 2010, interest income is expected to include a component of accretion of the fair value discount on loans and lease receivables recorded in connection with fresh start accounting. Rental revenue on operating leases is recognized on a straight line basis over the lease term and is included in Other Income.

The recognition of interest revenue (including accretion) on commercial loans and finance receivables is generally suspended and an account is placed on non-accrual status when, in the opinion of management, full collection of all principal and interest due is doubtful. To the extent the estimated fair value of collateral does not satisfy both the principal and accrued interest outstanding, accrued but uncollected interest at the date an account is placed on non-accrual status is reversed and charged against revenue. Subsequent interest received is applied to the outstanding principal balance until such time as the account is collected, charged-off or returned to accrual status. The recognition of interest revenue (including accretion) on consumer loans and certain small ticket commercial loans and lease receivables is suspended and all previously accrued but uncollected revenue is reversed, when payment of principal and/or interest is contractually delinquent for 90 days or more.

Allowance for Credit Losses on Finance Receivables

The reserve for credit losses is intended to provide for losses inherent in the loan and lease receivables portfolio and is periodically reviewed for adequacy considering credit quality indicators, including expected and historical losses and levels of and trends in past due loans, non-performing assets and impaired loans, collateral values and economic conditions.

As a result of fresh start accounting, the allowance for loan losses balance at December 31, 2009 was eliminated and, together with fair value adjustments to loans and lease receivables, effectively re-characterized as either non-accretable or accretable discount. The non-accretable component represents contractually required payments receivable in excess of the amount of cash flows expected to be collected for loans with evidence of credit impairment. The accretable fair value discount will be recognized in accordance with the effective interest method as a yield adjustment to loans and capital leases over remaining lives and reflected in interest income. The allowance for credit losses on finance receivables for Successor CIT will reflect estimated amounts for loans originated subsequent

to the Emergence Date, and will also include additional amounts required on loans that were on the balance sheet at the Emergence Date for changes in circumstances subsequent to that date. The reserve for credit losses on finance receivables originated as of or subsequent to emergence is determined based on three key components: (1) specific reserves for loans that are impaired, based upon the value of underlying collateral or projected cash flows, (2) reserves for estimated losses incurred in the portfolio based upon historical and projected charge-offs and (3) reserves for estimated losses incurred in the portfolio based upon economic risks, industry and geographic concentrations and other factors.

With respect to assets transferred to held for investment from held for sale, a reserve for credit losses is recognized to the extent estimated inherent losses exceed the remaining discount.

Impaired Finance Receivables

Impaired finance receivables (including loans or capital leases) of $500 thousand or greater that are placed on non-accrual status are subject to periodic individual review by CIT s Asset Quality Review Committee (AQR). The AQR, which is comprised of members of senior management, reviews overall portfolio performance, as well as individual accounts meeting certain credit risk grading parameters. Excluded from impaired finance receivables are: 1) small ticket leasing and other homogeneous pools of loans, which are subject to automatic charge-off procedures, and 2) short-term factoring customer finance receivables, generally having terms up to 30 days.

Impairment occurs when, based on current information and events, it is probable that CIT will be unable to collect all amounts due according to contractual terms of the agreement. Impairment is measured as the shortfall between estimated value and recorded investment in the finance receivable, with the estimated value determined using fair value of collateral and other cash flows if the finance receivable is collateralized, or the present value of expected future cash flows discounted at the contract s effective interest rate.

Charge-off of Finance Receivables

Charge-offs on commercial loans are taken, usually net of specific allowances for losses, after considering such factors as the borrower s financial condition and the value of underlying collateral and guarantees (including recourse to dealers and manufacturers) and the status of collection activities. Such charge-offs are deducted from the carrying value of the related finance receivables. Charge-offs on consumer and certain small ticket commercial finance receivables are recorded beginning at 180 days of contractual delinquency. Collections on accounts previously charged off are recorded as recoveries.

With the adoption of fresh start accounting, near-term charge-off levels may be lower because charge-offs on loans with discount as of the Emergence Date will first be allocated to the respective loan s non-accretable discount. To the extent a charge-off amount exceeds such discount the difference will be reported as a charge-off. Charge-offs on loans originated subsequent to emergence will be reflected in the provision for loan losses.

Retained Interests in Securitizations

Pools of assets are originated and sold to special purpose entities which, in turn, issue debt securities backed by the asset pools or sell individual interests in the assets to investors. CIT retains the servicing rights and participates in certain cash flows. For transactions meeting sale accounting criteria, the present value of expected net cash flows (after payment of principal and interest to certificate and/or note holders, fees, expenses and credit-related disbursements) that exceeds the estimated cost of servicing is recorded at the time of sale as a retained interest . Retained interests in securitized assets are classified as available-for-sale securities and accounted for at fair value based on a variety of financial assumptions, including loan pool credit losses, prepayment speeds and discount rates. These assumptions are supported by historical experience, market trends and anticipated performance relative to the particular assets securitized. Subsequent to recording of retained interests, estimated cash flows underlying retained interests are periodically updated based upon current information and events that a market participant would use in determining the current fair value of the retained interest. If the analysis indicates that an adverse change in estimated cash flows has occurred, an other-than temporary impairment is recorded and included in net income as a write down of retained interests to estimated fair value. Unrealized gains are not credited to earnings, but are reflected in stockholders equity in other comprehensive income.

Servicing assets or liabilities are established when the fees for servicing securitized assets are more or less than adequate compensation for the servicing. Securitization transactions generally do not result in servicing assets or liabilities, as typically the contractual fees are adequate compensation in relation to the associated servicing costs. Servicing assets or liabilities, if any, are recorded at fair value and recognized in earnings over the servicing period and are periodically evaluated for impairment.

In February 2005, CIT acquired Education Lending Group, Inc., a specialty finance company principally engaged in providing education loans (primarily U.S. government guaranteed), products and services to students, parents, schools and alumni associations. This business was largely funded with Education Loan Backed Notes . The assets related to these borrowings are owned by a special purpose entity that is consolidated in the financial statements, and the creditors of that special purpose entity have received ownership and, or, security interests in the assets. CIT retains certain call features with respect to these borrowings. The transactions do not meet the requirements for sales treatment and are recorded as secured borrowings in the Consolidated Balance Sheet as Loans and Long-term borrowings. Certain cash balances, included in cash and cash equivalents are restricted in conjunction with securitization borrowings.

Since 2007, the Company funded a portion of business in the asset-backed markets with on-balance sheet financings secured by factoring receivables, commercial loans, equipment and leases. Similar to the student loan facilities, these transactions do not meet accounting requirements for sales treatment and are reflected in the Consolidated Balance Sheet as Loans and Long-term borrowings.

Derivative Financial Instruments

Following the Company s loss of investment grade ratings early in 2009, certain derivatives were terminated. With the announcement of management s reorganization plan, further derivative terminations occurred. While some of these derivatives hedged foreign currency denominated debt which was redenominated to U.S. dollars as part of the plan of reorganization, other terminations included positions that economically hedged investments in foreign subsidiaries or were required to better match the mix of assets to debt. The contractual terms of current derivative counterparty arrangements generally require collateralization.

As a result of adopting fresh start accounting, CIT eliminated all unrealized gains and losses that were recorded in other comprehensive income relating to the effective portion of cash flow hedges at December 31, 2009.

Subsequent to emergence, we continue to manage economic risk and exposure to interest rate, foreign currency and, in limited instances, credit risk, through derivative transactions in over-the-counter markets with other financial institutions. The Company continues to reassess its hedge requirements while reestablishing counterparty relationships to facilitate placement of required hedges where economically appropriate.

Upon executing a derivative contract, the Company designates the derivative as either a qualifying hedge or non-qualifying hedge. The designation may change based upon management s reassessment of circumstances. Derivatives utilized by the Company include swaps and forward settlement contracts. A swap agreement is a contract between two parties to exchange cash flows based on specified underlying notional amounts, assets and/or indices. Financial forward settlement contracts are agreements to buy or sell a quantity of a financial instrument, index, currency or commodity at a predetermined future date, and rate or price. The Company may also utilize credit derivatives to manage credit risk associated with its loan portfolio.

Derivative instruments are recognized in the balance sheet at fair value as derivative counterparty assets or liabilities for those qualifying as hedges. Derivatives that do not qualify for hedge accounting are recognized in the balance sheet as trading assets or liabilities.

The fair value of the derivative contracts is reflected net of cash paid or received pursuant to credit support agreements and is reported on a gross-by-counterparty basis in the consolidated statements of financial condition.

CIT is exposed to credit risk to the extent that the counterparty fails to perform under the terms of a derivative. We manage this credit risk by requiring that all derivative transactions be conducted initially with counterparties rated

investment grade by nationally recognized rating agencies, and by setting limits on the exposure with any individual counterparty.

Goodwill and Other Identified Intangibles

Management tests goodwill for impairment on an annual basis, or more often if events or circumstances indicate there may be impairment. Goodwill impairment testing is performed at the segment (or reporting unit) level. Goodwill is assigned to reporting units at the date the goodwill is initially recorded. Once goodwill has been assigned to reporting units, it no longer retains its association with a particular acquisition, and all of the activities within a reporting unit, whether acquired or internally generated, are available to evaluate the value of goodwill.

Long-Lived Assets

A review for impairment of long-lived assets, such as operating lease equipment, is performed at least annually or when events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable. Impairment of assets is determined by comparing the carrying amount to future undiscounted net cash flows expected to be generated. If an asset is impaired, the impairment is the amount by which the carrying amount of the asset exceeds the fair value of the asset. Fair value is based upon discounted cash flow analysis and available market data. Current lease rentals, as well as relevant and available market information (including third party sales for similar equipment, and published appraisal data), is considered both in determining undiscounted future cash flows when testing for the existence of impairment and in determining estimated fair value in measuring impairment. Depreciation expense is adjusted when projected fair value at the end of the lease term is below the projected book value at the end of the lease term. Assets to be disposed of are reported at the lower of the carrying amount or fair value less disposal costs.

Other Assets

Assets received in satisfaction of loans are carried at the lower of carrying value or estimated fair value less selling costs, with write-downs of the pre-existing receivable reflected in the provision for credit losses. Additional impairment charges, if any, would be recorded in Other Income.

Realized and unrealized gains (losses) on marketable equity securities are recognized in earnings. Unrealized gains and losses, representing the difference between carrying value and estimated current fair market value, for other debt and equity securities are recorded in other accumulated comprehensive income.

Investments in joint ventures are accounted for using the equity method, and the investment balance is carried at cost and adjusted for the proportionate share of undistributed earnings or losses. Unrealized intercompany profits and losses are eliminated until realized, as if the joint venture were consolidated.

Fair Value Measurements

Adoption of fresh start accounting at emergence required that all assets and liabilities, other than deferred taxes, be stated at fair value.

The Company characterizes inputs in the determination of fair value according to the fair value hierarchy described below:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities that are accessible at the measurement date. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain other securities that are highly liquid and are actively traded in over-the-counter markets;

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts whose value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes derivative contracts and certain loans held-for-sale;

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using valuation models, discounted cash flow methodologies or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes retained residual interests in securitizations, highly structured or long-term derivative contracts and collateralized loan obligations (CLO) where independent pricing information cannot be obtained for a significant portion of the underlying assets or liabilities. In fresh start accounting, Level 3 inputs were used to mark substantially all the finance receivables to fair value. Historically, the finance receivables were carried at cost basis and not marked to market.

Income Taxes

Deferred tax assets and liabilities are recognized for the expected future taxation of events that have been reflected in the Consolidated Financial Statements. Deferred tax liabilities and assets are determined based on the differences between the book values and the tax basis of particular assets and liabilities, using tax rates in effect for the years in which the differences are expected to reverse. A valuation allowance is provided to offset any net deferred tax assets if, based upon the relevant facts and circumstances, it is more likely than not that some or all of the deferred tax assets will not be realized. ASC 740 liabilities and tax reserves reflect open tax return positions, tax assessments received and, tax law changes. ASC 740 liabilities, tax reserves, and third party indemnifications are included in current taxes payable, which is reflected in accrued liabilities and payables.

Other Comprehensive Income/Loss

In conjunction with the reorganization and adoption of fresh start accounting, existing balances in equity in Other Comprehensive Income/Loss were eliminated at December 31, 2009.

Other Comprehensive Income/Loss includes unrealized gains on securitization retained interests and other available-for-sale investments, foreign currency translation adjustments for both net investment in foreign operations and related derivatives designated as hedges of such investments, the changes in fair values of derivative instruments designated as hedges of future cash flows and certain pension and postretirement benefit obligations, all net of tax.

Foreign Currency Translation

At December 31, 2009 all cumulative translation adjustments were written off as part of the elimination of Other Comprehensive Income/Loss

In addition to our operations in the U.S., we have operations in Canada, Europe and several other countries and continents. The functional currency for foreign operations is generally the local currency. The value of assets and liabilities of these operations is translated into U.S. dollars at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rates during the year. The resulting foreign currency translation gains and losses, as well as offsetting gains and losses on hedges of net investments in foreign operations, are reflected in accumulated other comprehensive income. Transaction gains and losses resulting from exchange rate changes on transactions denominated in currencies other than the functional currency are included in earnings.

Other Income

Other income is recognized in accordance with relevant authoritative pronouncements and includes the following: (1) rental income on operating leases, (2) factoring commissions, (3) commitment, facility, letters of credit, advisory and syndication fees, (4) servicing fees, including servicing of securitized loans, (5) gains and losses from sales of leasing equipment and sales and syndications of finance receivables, (6) gains from and fees related to securitizations including accretion related to retained interests (net of impairment), (7) equity in earnings of joint ventures and unconsolidated subsidiaries, (8) gains and losses related to certain derivative transactions, and (9) changes in the valuation allowance for assets held for sale.

Other Expenses

Other expenses include (1) depreciation on operating lease equipment, (2) salaries and general operating expenses, (3) provision for severance and facilities exiting activities, (4) goodwill and intangible assets impairment charges, and (5)

gains and losses on debt and debt-related derivative extinguishments.

Pension and Other Postretirement Benefits

CIT has both funded and unfunded noncontributory defined benefit pension and postretirement plans covering certain U.S. and non-U.S. employees, each of which is designed in accordance with the practices and regulations in the related countries. Recognition of the funded status of a benefit plan, which is measured as the difference between plan assets at fair value and the benefit obligation, is included in the balance sheet. The Company recognizes as a component of Other Comprehensive Income, net of tax, the net actuarial gains or losses and prior service cost or credit that arise during the period but are not recognized as components of net periodic benefit cost.

Previous unrecognized net actuarial losses and prior service costs, which were recorded in Other Comprehensive Income/Loss, were eliminated in fresh start accounting.

Earnings per Share

Predecessor CIT Common Stock (and related options and restricted shares) was cancelled upon emergence from bankruptcy on December 10, 2009 and 200 million shares of new common stock were issued.

The net loss per share for the year ended December 31, 2009 was based upon a weighted average predecessor common shares outstanding for the full 2009 period.

Prior to the adoption of fresh start accounting, basic and diluted earnings per share were presented on the Statements of Operations. Basic EPS is computed by dividing net income by the weighted-average number of common shares outstanding for the period. Diluted EPS is computed using the same method for the numerator as basic EPS, but the denominator includes the weighted-average number of common shares outstanding for the period plus the potential impact of dilutive securities, including stock options and restricted stock grants. The dilutive effect of stock options is computed using the treasury stock method, which assumes the repurchase of common shares at the average market price. In periods that include discontinued operations, results from continuing operations are used. In periods when earnings from continuing operations is positive and results after discontinued operations is negative, the use of dilutive shares can have an anti-dilutive effect, as was the case of 2007. See Note 15 Earnings per Share for further details.

Stock-Based Compensation

As a result of the adoption of fresh start accounting, all unrecognized compensation expense related to option plans of Predecessor CIT were accelerated and recorded as reorganization expenses for the year ended December 31, 2009.

Salaries and general operating expenses include compensation expense related to Predecessor employee stock option plans and employee stock purchase plans. The Company utilized the modified prospective transition method and compensation expense is recognized over the vesting period (requisite service period), generally three years, under the graded vesting method, whereby each vesting tranche of the award is amortized separately as if each were a separate award.

Upon effectiveness of the Reorganization Plan, the Company adopted new compensation programs with Bankruptcy Court approval.

Accounting for Costs Associated with Exit or Disposal Activities

A liability for costs associated with exit or disposal activities, other than in a business combination, is recognized when the liability is incurred. The liability is measured at fair value, with adjustments for changes in estimated cash flows recognized in earnings.

Consolidated Statements of Cash Flows

As a result of adopting fresh start accounting, the consolidated statement of cash flows for the year ended December 31, 2009 presents reorganization gains and losses associated with the extinguishment of certain contracts and long-term borrowings under the Reorganization Plan.

Cash and cash equivalents includes cash and interest-bearing deposits, which generally represent overnight money market investments of excess cash maintained for liquidity purposes. The Company maintains cash balances principally at financial institutions located in the U.S. and Canada. The balances are not insured. Cash and cash equivalents also include amounts at CIT Bank, a Utah state bank, which are only available for the bank s funding and investment requirements. Cash inflows and outflows from deposits and most factoring receivables are presented on a net basis in the Statements of Cash Flows, as their original term is generally less than 90 days.

Cash receipts and cash payments resulting from purchases and sales of loans, securities, and other financing and leasing assets are classified as operating cash flows when these assets are originated/acquired and designated specifically for resale. Cash receipts resulting from sales of loans, beneficial interests and other financing and leasing assets that were not specifically originated/acquired and designated for resale are classified as investing cash inflows.

Non-cash transactions during 2008 included certain debt conversions whereby we exchanged $1.7 billion of previously outstanding senior notes for $1.15 billion of new subordinated notes and issued 14 million common shares out of Treasury for the extinguishment of $490 million of senior debt.

Discontinued Operation

In June 2008, management agreed to sell the Company s home lending business, including home mortgage and manufactured housing portfolios and related servicing operations. The sale of assets and the assignment of liabilities were completed in early July 2008 with the receipt of $1.7 billion of cash consideration. The final consideration of approximately $44 million was received upon the transfer of servicing in February 2009.

Discontinued Operation Income Statement Years Ended December 31, (dollars in millions)

	2008	2007
Net interest revenue	$ 101.0	$ 380.6
Other income	29.4	(19.3)
Valuation allowance for receivables held for sale	(23.0)	(1,248.9)
Provision for credit losses	(608.6)	(352.0)
Salaries and general operating expenses	(51.0)	(128.7)
Pretax (loss) from discontinued operation	(552.2)	(1,368.3)
(Loss) from sale of discontinued operation before income taxes	(2,123.4)	
Income tax benefit	509.2	495.3
Net (loss) from discontinued operation	$ (2,166.4)	$ (873.0)

Out of Period Adjustments

During 2008, management corrected errors applicable to prior periods. These adjustments aggregated $100.1 million (pretax). The two principal components included:

1) An adjustment of $32.7 million was recorded in the first quarter of 2008, to correct an overstatement of the carrying value of a $720 million retained interest in Vendor Finance receivables. The 2007 fourth quarter sale of the Company s 30% interest in the U.S. based Dell Financial Services Joint Venture caused a repricing of the debt in a related Dell securitization vehicle. The gain recorded in 2007 was $247 million.

2) Various adjustments applicable to prior years aggregating $68.8 million were recorded in 2008 to correct errors not identified in previously unreconciled accounts. The adjustments predominately arose out of our Vendor Finance European hub located in Dublin, Ireland where business acquisitions made during 2004 and 2007 were not properly integrated into then existing processes and systems. In 2008, management undertook a rigorous program to identify and account for all reconciliation items, and to improve transaction processes and systems. The $68.8 million was principally related to years 2004, 2005 and 2006. The adjustments were recorded in 2008 results and affected several lines on the consolidated 2008 income statement, most notably a $7.6 million reduction to interest income, $15.8 million decrease to other income, $32.7 million increase to non-operating expenses and $12.7 million increase to goodwill and impairment charges.

In accordance with the Company s policy, which is based on the principles of Staff Accounting Bulletin (SAB) 99 and SAB 108, management concluded, with the agreement of its Audit Committee, that the adjustments were not individually or in the aggregate material to the 2008 consolidated financial statements or to any of the preceding year consolidated financial statements as reported.

Accounting for TARP Warrant Liability

Effective January 1, 2009, the Company prospectively adopted the FASB s requirements for Contracts in an Entity s Own Equity. Upon adoption of these requirements, management determined the warrant issued to the U.S. Treasury in conjunction with the Trouble Asset Relief Program (TARP) no longer qualified as equity and should be accounted for as a derivative liability. As a result, the Company classified $281.9 million of amounts recorded in Paid-in Capital at January 1, 2009 to Other liabilities. On May 12, 2009, upon shareholder approval of the issuance of common stock related to the potential exercise of the warrant by the Treasury, the liability was reclassified to permanent equity in the amount of $211.2 million. The decline in the fair value of the warrant between January 1, 2009 and May 12, 2009 totaled $70.6 million reflected the decline in the Company s stock price. The $2.3 billion TARP investment was cancelled in the Plan of Reorganization in exchange for contingent value rights (CVRs). The CVRs expired without any value on February 8, 2010. The Treasury Department has not yet issued regulations regarding the impact of a discharge in bankruptcy on our obligations under the TARP Capital Purchase Program.

Reclassifications

Certain amounts reported in the prior year have been reclassified to conform with the current year presentation.

New Accounting Pronouncements

In June 2009, the FASB issued amended requirements relating to the Consolidation of Variable Interest Entities, which changes how a reporting entity determines when an entity that is insufficiently capitalized or is not controlled through voting, or similar rights, should be consolidated. The determination of whether a reporting entity is required to consolidate another entity is based on, among other things, the other entity s purpose and design and the reporting entity s ability to direct the activities of the other entity that most significantly impact the other entity s economic performance. This new guidance will require a reporting entity to provide additional disclosures about its involvement with variable interest entities and any significant changes in risk exposure due to that involvement. These new requirements will be effective at the start of a reporting entity s first fiscal year beginning after November 15, 2009, or January 1, 2010, for a calendar year-end entity. Early application is not permitted. The Company adopted these new requirements effective January 1, 2010, which resulted in the Company bringing securitized assets at their carrying amounts and associated secured debt on balance sheet.

In June 2009, the FASB issued new requirements relating to the Accounting for Transfers of Financial Assets. This new guidance will require more information about transfers of financial assets, including securitization transactions, and where entities have continuing exposure to the risks related to transferred financial assets. It eliminates the concept of a qualifying special-purpose entity , changes the requirements for derecognizing financial assets and requires additional disclosures. These requirements will be effective at the start of a reporting entity s first fiscal year beginning after November 15, 2009, or January 1, 2010, for a calendar year-end entity. Early application is not permitted. The Company adopted these new requirements effective January 1, 2010. The adoption of this guidance will result in more stringent conditions for reporting transfers of financial assets as sales.

NOTE 2 FRESH START ACCOUNTING

Upon emergence from bankruptcy on December 10, 2009, CIT determined that fresh start accounting was required as both (i) the Company s reorganization value was less than total post-petition liabilities, and (ii) a change of control occurred as holders of Predecessor CIT voting shares before the filing and confirmation did not receive Successor Common Stock. Accordingly, the Company adjusted the historical carrying values of its assets and liabilities, other than deferred taxes, to fair value and simultaneously determined the fair value of its equity (reorganization equity value). In processing these fair value adjustments, the Company selected a Convenience Date of December 31, 2009. As a result, fresh start accounting adjustments are reflected in the balance sheet at December 31, 2009 and in the statement of operations for the year ended December 31, 2009. There is no statement of operations for the period between December 10 and December 31, 2009 and accretion and amortization of fresh start accounting adjustments will begin in 2010.

In applying fresh start accounting, management performed a two-step valuation process. First, the Company re-measured all tangible and intangible assets and all liabilities, other than deferred taxes, at fair value. Deferred tax values were determined in conformity with accounting requirements for income taxes. The resulting net asset value totaled $8.2 billion. Second, management separately calculated a reorganization equity value of $8.4 billion by applying generally accepted valuation methodologies. The excess of reorganization equity value over the fair value of net assets of $239 million was recorded as goodwill.

Reorganization equity value represents the Company s estimate of the amount a willing buyer would pay for CIT s net assets immediately after the reorganization. This amount was determined by CIT management with assistance from an

independent financial advisor, who developed the reorganization equity value using a combination of three measurement methodologies. First, expected future free cash flows of the business, after emergence from Chapter 11, were discounted at rates reflecting perceived business and financial risks (the discounted cash flows or DCF). Second, market book value multiples for peer companies were compiled. Third, book value multiples in recent merger and/or acquisition transactions for companies in similar industries were also compiled. The three results were combined to arrive at the final equity valuation.

The basis for the DCF were our five year financial projections and a growth model to determine a terminal value. The five-year projections included an assumption of a 3% annual growth rate, changes in cash flows associated with reorganization initiatives, anticipated changes in market conditions, anticipated gains and losses on asset sales, as well as other factors. A discount rate of 14.5% was assumed. The discount rate was based on a cost of equity model utilizing an equity risk and size premium based on an analysis of peer data. The DCF method is the sum of the present values of free cash flows equal to net income plus depreciation and amortization, deferred fees on new loans originated, and a minimum required capital level. A minimum capital level of 13.0% to 15.0% percent was assumed. These cash flows also include the present value of the terminal value to arrive at an implied equity value.

The public company methodology identified publicly traded companies whose businesses and operating characteristics were similar to those of CIT as a whole, or similar to significant portions of CIT s operations, and comparable in size. Operating metrics including return on assets, return on equity, total assets and net income for each of the companies were analyzed. Management then developed a range of valuation multiples to apply to the projections to derive a range of implied equity values. The book equity multiples ranged from 0.2 to 1.7.

The merged and acquired company method identified recent transactions in CIT s industry in the U.S. and Europe. Implied equity value, trailing twelve month revenues, net income and equity capitalization as a multiple of book equity were analyzed. A range of valuation multiples was calculated and applied to the projections to derive a range of implied equity values. The book equity multiples ranged from 0.6 to 2.2.

The final reorganization equity value was a weighted average of the DCF (50% weighting), the public company (35% weighting) and the merged and acquired company methods (15% weighting). Depending on the growth rate and cost of equity rates selected for the DCF calculation, the equity value ranged from $7.2 billion to $9.7 billion. The equity value using the market approaches ranged from $6.2 billion to $9.0 billion. Under fresh start accounting, this value was adjusted for available cash and was allocated to assets based on fair values in conformity with the purchase method of accounting for business combinations. Available cash was determined by adjusting cash at emergence for emergence related activity that occurred or was expected to occur after December 10, 2009. The value, after adjustments for available cash, was reduced by debt and non-controlling interests. The remainder represented the equity value to new common shareholders.

The reorganization equity value calculated is dependent on the achievement of the future forecasted financial results. The estimates and assumptions made in the valuation are subject to uncertainties, many of which are beyond our control, and there is no assurance that these results can be achieved. The assumptions for which there is a reasonable possibility of a variation that would significantly affect the calculated equity value include the long term growth rate, risk weighted assets, capital ratios, cost reductions, discount rate, strength of the lending market, available and cost of funding sources and levels of charge-offs.

Finance Receivables

Loans with publicly available market information were valued based upon such market data. Finance receivables without publicly available market data were valued by applying a discount rate to each asset s expected cash flows. To determine the discount rate, loans and lease receivables were first aggregated into logical groupings based on the nature and structure of the lending arrangement and the borrowers business characteristics, geographic location and credit quality; an aggregate level discount rate was then derived for each loan grouping based on a risk free index rate plus a spread for credit risk, duration, liquidity and other factors as determined by management. Where appropriate at the individual loan or lease receivable level, additional adjustments were made to the discount rate based on the borrower s industry. Fresh start accounting discounts were recorded on a loan by loan basis.

For finance receivables which are not considered impaired and for which cash flows were evaluated based on contractual terms, the discount will be accretable to earnings in future periods. This discount will be accreted using the effective interest method as a yield adjustment over the remaining lives and will be recorded in Interest Income. If the finance receivable is prepaid, the remaining accretable balance will be recognized in Interest Income. If the finance receivable is sold, the remaining discount will be considered in the resulting gain or loss. If the finance receivable is subsequently classified as non-accrual, the accretion of the discount may cease.

Capitalized loan origination costs, loan acquisition premiums and other similar items, that were previously amortized over the life of the related assets, were written off.

For finance receivables which are considered impaired or for which the cash flows were evaluated based on expected cash flows, that are less than contractual cash flows, there will be an accretable and a non-accretable discount. The non-accretable discount effectively serves as a reserve against future credit losses on the individual receivables so valued. The non-accretable discount reflects the present value of the difference between the excess of cash flows contractually required to be paid and expected cash flows (i.e. credit component). The non-accretable discount is recorded as a reduction to finance receivables and will be a reduction to future charge-offs or will be reclassified to accretable discount should expected cash flows improve. The accretable discount will be accreted using the effective interest method as a yield adjustment over the remaining lives and will be recorded in Interest Income. Finance receivables which are on non-accrual will not accrete the accretable discount until the account returns to performing status.

Allowance for loan losses

As a result of fresh start accounting, the allowance for loan losses at December 31, 2009 totaling $1,786 million was eliminated and effectively recharacterized as either non-accretable or accretable discounts. For Successor CIT, a provision for loan losses will be recorded in the future for both estimated losses on loans originated subsequent to the Emergence Date, and additional losses, if any, required on loans existing at the Emergence Date.

Operating Lease Equipment

A discount was recorded to net operating lease equipment to record at its fair value. This adjustment will reduce depreciation expense over the remaining useful lives of the respective equipment on a straight line basis.

An intangible asset was recorded for net above and below market lease contracts. These adjustments (net) will be amortized thereby lowering rental income (a component of Other Income) over the remaining lives of the lease agreements on a straight line basis.

Other Assets

Other assets were reduced to estimated fair value. This adjustment was primarily related to a discount on a receivable from Goldman Sachs International (GSI) in conjunction with a secured borrowing facility and write-offs of deferred underwriting costs and deferred charges. The discount on the GSI receivable will be accreted into Other Income over the expected payout of the receivable.

Goodwill

Goodwill was recorded to reflect the excess of the reorganization equity value over the fair value of tangible and identifiable intangible assets, net of liabilities.

Long-term Borrowings

On November 1, 2009, the debt subject to the Plan was written down to the principal amount due by writing off any remaining unamortized debt discounts and hedge accounting adjustments. During the bankruptcy period from November 1, 2009 to December 10, 2009, the Company did not record any contractual interest expense on debt subject to the Plan (approximately $238 million). All debt, including debt issued in conjunction with the Plan, was adjusted to fair value. The fair value discount lowered debt balances and will be accreted, thereby increasing interest expense over the lives of the respective debt. This amount was partially offset by write-offs related to capitalized amounts of debt not discharged in the Plan of Reorganization.

Deposits

Deposits were adjusted to fair value. The related fair value premium will be amortized as a yield adjustment over the respective lives of the deposits and reflected as a reduction in interest expense.

Deferred taxes

Deferred taxes were determined in conformity with accounting requirements for Income Taxes. Deferred tax assets, net of valuation allowance related to fresh start accounting adjustments, were attributable to selected foreign jurisdictions.

Other Liabilities

Other liabilities were increased to fair value, which relates primarily to a liability recorded for valuation of unfavorable forward order commitments to purchase aircraft. When the assets are ultimately purchased, the cost basis of the asset will be reduced by the amount of this liability. The increase is partially offset by a decrease in deferred tax liability.

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The December 31, 2009 balance sheet presented below summarizes the impact of the adoption of the Plan of reorganization and fresh start accounting as of the Effective Date:

Reorganization Items and Fresh Start Adjustments (dollars in millions)

	Predecessor CIT December 31, 2009	Reorganization Items	Fresh Start Accounting Adjustments	Successor CIT December 31, 2009
Assets				
Cash and due from banks	$ 2,928.7	$ (1,639.2)[1]	$	$ 1,289.5
Deposits with banks	8,536.4			8,536.4
Trading assets at fair value derivatives	44.1			44.1
Investments retained interests in securitizations	139.7			139.7
Assets held for sale	343.8			343.8
Loans	41,185.8		(6,320.0)[6]	34,865.8
Allowance for loan losses	(1,786.2)		1,786.2[7]	
Total loans, net of allowance for loan losses	39,399.6		(4,533.8)	34,865.8
Operating lease equipment, net	13,235.8	918.4[1]	(3,244.2)[6]	10,910.0
Goodwill and intangible assets, net			464.5[8]	464.5
Other assets	4,272.7	(172.2)[1]	(665.2)[5]	3,435.3
Total Assets	$ 68,900.8	$ (893.0)	$ (7,978.7)	$ 60,029.1
Liabilities				
Deposits	$ 5,087.2	$	$ 131.4[9]	$ 5,218.6
Trading liabilities at fair value derivatives	41.9			41.9
Credit balances of factoring clients	892.9			892.9
Other liabilities	2,343.7	(469.0)[2]	336.6[10]	2,211.3
Long-term borrowings	56,148.1	(10,432.0)[3]	(2,453.1)[3]	43,263.0
Total Liabilities	64,513.8	(10,901.0)	(1,985.1)	51,627.7
Equity				
Series A Preferred Stock	350.0	(350.0)[4]		
Series B Preferred Stock	150.0	(150.0)[4]		
Series C Preferred Stock	575.0	(575.0)[4]		
Series D Preferred Stock	2,092.0	(2,092.0)[4]		
Common stock - Predecessor CIT	4.0	(4.0)[4]		

Common stock - New CIT		2.0(4)		2.0
Paid in capital - Predecessor CIT	11,276.4	(11,276.4)(4)		
Paid in capital - New CIT		14,360.1(4)	(5,962.1)(4)	8,398.0
Accumulated deficit	(9,844.8)	9,844.8(4)		
Accumulated other comprehensive income	61.9	(61.9)(4)		
Treasury stock, at cost	(310.4)	310.4(4)		
Total Stockholders Equity	4,354.1	10,008.0	(5,962.1)(11)	8,400.0
Non-controlling interest	32.9		(31.5)	1.4
Total Equity	4,387.0	10,008.0	(5,993.6)	8,401.4
Total Liabilities and Stockholders Equity	$ 68,900.8	$ (893.0)	$ (7,978.7)	$ 60,029.1

The equity impact in Reorganization Items excludes a gain of $290 million relating largely to the reversal of debt related items, as these amounts are included in the Predecessor column. This amount is included in Reorganization Items in the Statement of Operations. The fresh start accounting adjustments include a tax benefit that is presented in Benefit for income taxes in the Statement of Operations.

Fresh Start Accounting Explanatory notes

1) The decrease to Cash and due from banks, the increase to Operating lease equipment and the decrease to Other assets are primarily a result of the purchase of the railcars following an event of default on sale/leaseback transactions which was triggered by our bankruptcy filing. Cash was paid to purchase the railcars in accordance with the value stated in the lease agreements. Railcars were recorded at fair value in Operating lease equipment and a loss of $721 million was recognized for the difference between fair value and cash paid. The Other assets adjustment includes a write-off of the prepaid rent of $115 million on the leases. The remaining amounts in Other assets which were adjusted relate to the write-off of various deferred charges as a result of the reorganization.

2) In accordance with the Plan of Reorganization, accrued interest on restructured debt and accrued dividends on terminated preferred equity were reversed, and the related debt and equity instruments were terminated.

3) In accordance with the Plan of Reorganization, we discharged our obligations to unsecured, junior and subordinated debt holders in exchange for new Series A and B secured notes and 200 million newly issued shares of common stock. This exchange resulted in the extinguishment of senior unsecured notes, bank credit facilities and junior subordinated debt of $33.6 billion and the issuance of new debt for $23.2 billion resulting in a pre-tax gain of $10.4 billion. The following summarizes the extinguishment of Predecessor CIT borrowings and the issuance of new borrowings under the Plan.

Long-term borrowings	Predecessor CIT December 31, 2009	Reorganization Items[(A)]	Fresh Start Accounting Adjustments[(B)]	Successor CIT December 31, 2009
Secured borrowings	$ 14,697.8	$	$ (351.3)	$ 14,346.5
Credit Facility and Expansion Credit Facility	7,500.0		216.6	7,716.6
Unsecured bank lines of credit facilities	3,100.0	(3,100.0)		
Senior unsecured notes	28,751.4	(28,422.4)	(60.9)	268.1
Junior, subordinated notes and convertible equity units	2,098.9	(2,098.9)		
Series A secured notes		21,040.1	(2,306.5)	18,733.6
Series B secured notes		2,149.2	49.0	2,198.2
Total debt	$ 56,148.1	$ (10,432.0)	$ (2,453.1)	$ 43,263.0

(A) Reorganization adjustments reflect the impact on participating debt subject to the Plan of Reorganization.

(B) Fresh start accounting reflects the impact of fair value adjustments to debt instruments, and elimination of previously existing issuance discounts.

4) In the Reorganization Plan, common and preferred equity interests were eliminated and new common voting interests of $2 million (200 million shares at $.01 par value) were awarded to eligible unsecured debt holders. Predecessor CIT Treasury Stock, Other Comprehensive Income, Paid in Capital and Accumulated Deficit are reset to zero under fresh start accounting. The following summarizes the retirement of Predecessor CIT equity and issuance and resetting of Successor CIT equity:

Stockholders Equity		
Predecessor CIT stockholders equity	$ 4,354.1	
Elimination of common, preferred and treasury stock		
Common stock		4.0
Preferred stock (includes Classes A, B, C and D)		3,167.0
Treasury stock		(310.4)
Total Predecessor CIT stock elimination	(2,860.6)	
Elimination of Predecessor CIT Other Comprehensive Loss	(61.9)	
Elimination of Predecessor CIT Paid-in Capital	(11,276.4)	
Issuance of Successor CIT stock		
Common stock	2.0	
Elimination of Accumulated Deficit	9,844.8(a)	
Successor CIT Paid-in Capital	8,398.0	
Successor CIT stockholders equity	8,400.0	

(a) Prior to the impact of reorganization items and fresh start adjustments.

5) Other assets, including investment securities, were recorded at fair value. The adjustments include a discount on the GSI receivable of $321 million and write off of debt-related deferred underwriting costs and deferred charges of $231 million.

6) Finance receivables and operating lease equipment were written down to fair value using the assistance of an independent valuation specialist. Non-cash items, including initial direct costs and issuance premiums and discounts, which have no value after the application of fair value adjustments, were eliminated.

7) The Allowance for loan losses was eliminated.

8) Terms of operating leases were compared to current market rates and a net intangible asset of $225 million was recorded. The net intangible asset will be amortized over the remaining life of the leases.

Goodwill was recorded to reflect the excess of Successor CIT s reorganization value over the fair value of its assets, as reconciled below:

Reorganization equity value	$ 8,401.4
Plus: Liabilities measured at fair value	51,627.7
Reorganization value of Successor CIT s assets	60,029.1
Fair value of Successor CIT s assets (excluding goodwill)	59,789.7
Goodwill	$ 239.4

9) Deposits were valued with assistance from an independent financial advisor using comparable pricing received from banks and other market sources.

10) Other liabilities were recorded at fair value. The increase principally relates to unfavorable forward order commitments to purchase aircraft ($587 million) partially offset by lower deferred tax liabilities.

11) The equity value was determined with the assistance of an independent valuation specialist.

Reorganization Items

Professional advisory fees and other costs directly associated with our reorganization are reported separately as reorganization items pursuant to ASC 852, *Reorganizations*. Post-emergence professional fees relate to claim settlements, implementation and other transition costs attributable to the Plan of Reorganization.

The following table includes the components of reorganization items reflected in the 2009 Statement of Operations:

Reorganization Items for the year ended December 31, 2009 (dollars in millions)

		Reorganization Items Gains/(Losses)
Gain on debt settlement	$	10,432.0(1)
Termination of railcar agreements		(836.1)(2)
Extinguishment of accrued interest on debt		455.4(3)
Swap termination and other debt related items		308.9(4)
Professional fees		(50.3)(5)
Other		35.5(6)
Cancellation of restricted stock, options and warrants		(28.9)7)
Termination of aerospace agreements		(18.5)8)
	$	10,298.0

Reorganization Items Explanatory notes

1) *Debt reorganization.* In accordance with the Plan of Reorganization, we discharged obligations to certain debt holders in exchange for the issuance of new debt securities and 200 million newly issued shares of common stock (100% of our now outstanding shares of common stock).

2) *Termination of railcar agreements.* See description in Note 1 to balance sheet above.

3) *Extinguishment of accrued interest on debt.* In conjunction with the discharge of our obligations to debt holders, we reversed accrued interest expense.

4) *Swap termination and other debt related items.* Swaps hedging the debt were unwound and terminated resulting in a gain of $402.9 million. At the filing date, debt related costs to write-down debt to par value resulted in a charge of $94.0 million.

5) *Professional fees.* We incurred professional fees to advisors and consultants in connection with the Plan of Reorganization.

6) *Other.* We realized a gain including a $64 million reversal of accrued dividends on preferred equity instruments of Predecessor CIT partially offset by $28 million for premiums incurred for Director and Officer insurance related to the pre-emergence period and incurred in connection with implementation of the Plan of Reorganization.

7) *Cancellation of restricted stock, options and warrants.* In accordance with the Plan of Reorganization, restricted equity instruments were cancelled.

8) *Termination of aerospace agreements.* As a result of our bankruptcy filing, we were required to purchase aircraft that were leased with various third party lessors. As a result of our purchase and the lease contract termination, we incurred a loss.

NOTE 3 LOANS

The following tables present loans, direct financing leases and leveraged leases held for investment, by segment based on obligor location:

Loans (dollars in millions)

	CIT December 31, 2009			Predecessor CIT December 31, 2008		
	Domestic	**Foreign**	**Total**	**Domestic**	**Foreign**	**Total**
Corporate Finance	$ 9,611.2	$ 2,539.1	$ 12,150.3	$ 17,201.3	$ 3,567.5	$ 20,768.8
Transportation Finance	1,528.7	324.3	1,853.0	2,146.1	501.5	2,647.6
Trade Finance	2,602.6	388.4	2,991.0	5,329.0	709.0	6,038.0
Vendor Finance	4,363.8	3,824.0	8,187.8	6,363.8	4,835.8	11,199.6
Consumer	9,664.3	19.4	9,683.7	12,438.7	33.9	12,472.6
Total	$ 27,770.6	$ 7,095.2	$ 34,865.8	$ 43,478.9	$ 9,647.7	$ 53,126.6

The following table presents selected items included in total finance receivables:

	CIT 2009	Predecessor CIT 2008
Unearned income	$ (2,175.7)	$ (2,651.8)
Equipment residual values	1,495.7	1,769.9
Leveraged leases[(1)]	221.1	446.0

[(1)] Leveraged leases are presented net of third party non-recourse debt payable of $638.2 million and $551.6 at December 31, 2009 and 2008.

The following table sets forth the contractual maturities of finance receivables:

	CIT December 31, 2009				Predecessor CIT December 31, 2008
(dollars in millions)	**Commercial**	**Consumer**	**Foreign**	**Total**	**Total**
Fixed-rate					
1 year or less	$ 3,857.4	$ 9.5	$ 2,689.2	$ 6,556.1	$ 9,139.8
Year 2	1,432.6	41.0	1,569.5	3,043.1	3,330.9
Year 3	1,109.5	53.5	1,021.0	2,184.0	2,503.8
Year 4	883.8	3.3	586.1	1,473.2	1,773.2

Year 5	410.8	4.5	315.5	730.8	1,153.2
2-5 years	3,836.7	102.3	3,492.1	7,431.1	8,761.1
After 5 years	1,098.5	10.0	188.8	1,297.3	1,808.2
Total fixed-rate	8,792.6	121.8	6,370.1	15,284.5	19,709.1
Adjustable-rate					
1 year or less	$ 1,781.3	$ 393.1	$ 305.3	$ 2,479.7	$ 3,451.2
Year 2	1,441.4	448.0	190.6	2,080.0	2,356.6
Year 3	2,073.3	486.2	272.2	2,831.7	2,933.0
Year 4	2,296.2	495.4	491.1	3,282.7	3,577.6
Year 5	1,881.9	509.8	302.7	2,694.4	4,844.0
2-5 years	7,692.8	1,939.4	1,256.6	10,888.8	13,711.2
After 5 years	2,463.6	9,902.2	167.0	12,532.8	16,255.1
Total adjustable-rate	11,937.7	12,234.7	1,728.9	25,901.3	33,417.5
Total excluding fresh start accounting adjustments	$ 20,730.3	$ 12,356.5	$ 8,099.0	$ 41,185.8	$ 53,126.6

The following table sets forth non-performing assets which reflect both finance receivables on non-accrual (primarily finance receivables ninety days or more delinquent) and assets received in satisfaction of loans (repossessed assets) after the impact of fresh start accounting:

December 31, (dollars in millions)	**CIT 2009**	**Predecessor CIT 2008**
Non-accrual finance receivables	$ 1,574.4	$ 1,414.6
Assets received in satisfaction of loans	29.6	22.5
Total non-performing assets	$ 1,604.0	$ 1,437.1
Percentage of finance receivables	4.60%	2.71%
Accruing loans past due 90 days or more[(1)]	$ 570.1	$ 669.9

(1) At December 31, 2009, CIT amount includes $480.7 million of government-guaranteed student loans.

At December 31, 2009, there were $14.8 million of commitments to lend additional funds to debtors owing receivables whose terms have been modified in troubled debt restructurings.

Foregone Interest on Non-accrual Loans (dollars in millions)

	Predecessor CIT					
	2009			**2008**		
	US	**Foreign**	**Total**	**US**	**Foreign**	**Total**
Interest revenue that would have been earned at original terms	$ 264.3	$ 27.6	$ 291.9	$ 126.0	$ 26.9	$ 152.9
Interest recorded	80.9	16.9	97.8	58.2	11.8	70.0
Foregone interest revenue	$ 183.4	$ 10.7	$ 194.1	$ 67.8	$ 15.1	$ 82.9

The following table contains information on finance receivables evaluated for impairment and the related reserve for credit losses before fresh start accounting. The Company excludes homogenous loans such as consumer loans, small-ticket loans and lease receivables, short-term factoring customer finance receivables and certain other -receivables from receivables evaluated for impairment as described in Note 1.

At or for the Years Ended December 31, (dollars in millions)

	Predecessor CIT		
	2009	**2008**	**2007**

Finance receivables considered for impairment	$ 2,310.3	$ 1,035.1	$ 249.7
Impaired finance receivables with specific allowance[1]	$ 826.7	$ 803.3	$ 145.1
Specific allowance for impaired receivables	$ 286.9	$ 334.4	$ 52.1
Impaired finance receivables with no specific allowance	$ 1,483.6	$ 231.8	$ 104.6
Average investment in impaired finance receivables	$ 1,886.5	$ 698.4	$ 219.4

The carrying amount of impaired loans after fresh start accounting adjustments is shown in the following table:

	Successor CIT At December 31, 2009
Contractually required payments including interest	$ 2,643.9
Less: Nonaccretable difference	863.6
Cash flows expected to be collected	1,780.3
Less: Potential accretable yield[1]	247.8
Fair value of impaired loans	$ 1,532.5

(1) CIT made a policy election to suspend accretion on these loans.

NOTE 4 RESERVE FOR CREDIT LOSSES

The reserve for credit losses balance prior to emergence was eliminated in fresh start accounting. The balance in future periods will reflect estimated amounts for loans originated subsequent to the Emergence Date, and will also include incremental amounts required on loans that were on the books at the Emergence Date. The following table presents changes in the reserve for credit losses. See Note 2 for further detail.

At or for the Years Ended December 31, (dollars in millions)

	Predecessor CIT		
	2009	**2008**	**2007**
Balance, beginning of period	$ 1,096.2	$ 574.3	$ 577.1
Provision for credit losses	2,660.8	1,049.2	241.8
Reserve changes relating to sales, foreign currency translation, other [1]	(12.2)	(36.8)	(64.6)
Net additions to the reserve for credit losses	2,648.6	1,012.4	177.2
Charged-off - finance receivables	(2,068.2)	(557.8)	(265.4)
Recoveries of amounts previously charged off	109.6	67.3	85.4
Net credit losses	(1,958.6)	(490.5)	(180.0)
Reserve balance before fresh start adjustments	$ 1,786.2	$ 1,096.2	$ 574.3
Fresh start adjustments	(1,786.2)		
Reserve balance - end of period	$	$ 1,096.2	$ 574.3
Reserve for credit losses as a percentage of finance receivables [2]	4.34%	2.06%	1.07%
Reserve for credit losses (excluding specific reserves) as a percentage to finance receivables, excluding guaranteed student loans [2], [3]	4.79%	1.48%	1.21%

(1) Amounts reflect reserve reductions for portfolio sales and reserves established for estimated losses inherent in portfolios acquired through purchases or business combinations, as well as foreign currency translation adjustments.[2]

(2) Represents reserve as a percentage before fresh start adjustments

(3) Loans guaranteed by the U.S. government are excluded.

NOTE 5 OPERATING LEASE EQUIPMENT

A fresh start accounting discount was recorded to reflect operating lease equipment at fair value. The assets will be depreciated based on their remaining useful lives. See Note 2 for detail. The following table provides the 2009 fair value of operating lease equipment and the 2008 net book value (net of accumulated depreciation of $3.0 billion), by equipment type:

Operating Lease Equipment By Type (dollars in millions)

	CIT December 31, 2009	Predecessor CIT December 31, 2008
Commercial aircraft (including regional aircraft)	$ 6,401.1	$ 7,135.3
Railcars and locomotives	3,560.3	4,216.6
Information technology	274.1	278.5
Office equipment	211.1	382.1
Communications	131.0	183.1
Medical equipment, machinery and other	332.4	510.8
Total[(1)]	$ 10,910.0	$ 12,706.4

(1) Includes equipment off-lease of $496.2 million and $302.7 million at December 31, 2009 and 2008, respectively.

The following table presents future minimum lease rentals due on non-cancelable operating leases at December 31, 2009. Excluded from this table are variable rentals calculated on asset usage levels, re-leasing rentals, and expected sales proceeds from remarketing equipment at lease expiration, all of which are components of operating lease profitability.

Years Ended December 31, (dollars in millions)

	2009
2010	$ 1,610.5
2011	1,230.0
2012	881.6
2013	672.7
2014	509.5
Thereafter	1,171.9
Total	$ 6,076.2

NOTE 6 INVESTMENTS RETAINED INTERESTS IN SECURITIZATIONS

The Company securitizes loans that may be serviced by the Company or by other parties. With each off-balance sheet securitization, the Company may retain all or a portion of the securities, subordinated tranches, interest-only strips and in some cases, cash reserve accounts, all of which constitute retained interests. Retained interests in off-balance sheet securitizations are designated as available for sale and include the following:

(dollars in millions)

	CIT December 31, 2009	Predecessor CIT December 31, 2008
Retained interests:		
Retained subordinated securities	$ 94.7	$ 135.8
Interest-only strips		21.1
Cash reserve accounts	45.0	72.5
Total retained interests	$ 139.7	$ 229.4

The following table summarizes the accretion recognized in pretax earnings, the related impairment charges, and unrealized after-tax gains, reflected in Accumulated Other Comprehensive Income:

(dollars in millions)

	Predecessor CIT Years Ended December 31,

	2009	2008	2007
Accretion	$ 13.4	$ 78.6	$ 91.5
Impairment charges	$ (47.8)	$ (73.7)	$ (10.1)
Unrealized after tax gains	$	$ 0.4	$ 7.8

The following table summarizes the key assumptions used in measuring retained interest carrying values of securitization transactions at the end of 2009. Weighted average prepayment speed is based on a constant prepayment rate which expresses payments as a function of the declining amount of loans at a compound annual rate. Weighted average expected credit losses are expressed as annual loss rates.

(dollars in millions)

	Predecessor CIT	
	Vendor Finance	**Small Business Lending**
Weighted-average life (in years)	1.1	3.4
Weighted average prepayment speed	**7.92%**	**17.18%**
Impact on fair value of 10% adverse change	$ 0.1	$ (0.5)
Impact on fair value of 20% adverse change	$ 0.2	$ (0.9)
Weighted average expected credit losses(1)	**2.47%**	**3.66%**
Impact on fair value of 10% adverse change	$ (1.4)	$ (2.6)
Impact on fair value of 20% adverse change	$ (2.7)	$ (5.1)
Weighted average discount rate	**9.00%**	**12.00%**
Impact on fair value of 10% adverse change	$ (0.6)	$ (1.3)
Impact on fair value of 20% adverse change	$ (1.1)	$ (2.6)
Retained subordinated securities	$ 61.9	$ 32.8
Cash reserve accounts	34.7	10.3
Carrying value	$ 96.6	$ 43.1

These sensitivities are hypothetical and should be used with caution. Changes in fair value based on a 10 percent or 20 percent variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value of the retained interest is calculated without giving effect to any other assumption changes. In reality, changes in one factor may result in changes in another (for example, increases in market interest rates may result in lower prepayments and increased credit losses), which might magnify or counteract the sensitivities.

The following table summarizes static pool credit losses for off-balance sheet term securitizations by year of issuance. Static pool credit losses represent the sum of actual losses (life-to-date) and projected future credit losses, divided by the original balance of each of the respective asset pools. There were no off-balance sheet term securitizations consummated in 2009 and 2007.

	Predecessor CIT Commercial Equipment Off Balance Sheet Term		
Securitizations During:	**2009**	**2008**	**2007**
Actual and projected losses at:			

December 31, 2009	N/A	3.08%	N/A
December 31, 2008		2.16%	N/A
December 31, 2007			N/A

The table that follows summarizes the roll-forward of retained interests balances and cash flows received from and paid to securitization trusts:

(dollars in millions)

	Predecessor CIT Years Ended December 31		
	2009	2008	2007
Retained Interests			
Retained interests at beginning of period	$ 229.4	$ 1,170.0	$ 1,010.0
New sales		623.2	864.1
Distributions from trusts[1]	(65.5)	(1,679.0)	(762.5)
Change in fair value	(1.5)	(12.6)	(17.4)
Other, including net accretion, and clean-up calls	(22.7)	127.8	75.8
Retained interests at end of period	$ 139.7	$ 229.4	$ 1,170.0
Cash Flows During the Periods			
Proceeds from new securitizations	$	$ 704.0	$ 3,380.1
Other cash flows received on retained interests	65.5	725.5	760.1
Servicing fees received	7.9	49.0	56.8
Reimbursable servicing advances, net	4.9	1.2	6.9
Repurchases of delinquent or foreclosed assets and ineligible contracts	(13.5)	(7.3)	(10.9)
Purchases of contracts through clean-up calls	(78.6)	(77.5)	(113.6)
Total, net	$ (13.8)	$ 1,394.9	$ 4,079.4

(1) The 2008 amount increased due to restructuring of certain facilities.

NOTE 7 OTHER ASSETS

Other assets were recorded at estimated fair value at December 31, 2009 in fresh start accounting. The difference between the historical carrying value and the estimated fair value was a decrease and primarily is accretable asset valuation marks on receivable from counterparties ($321 million) and write offs of deferred underwriting costs and deferred charges ($231 million). See Note 2 for additional details. The following table presents the components of other assets:

Other Assets (dollars in millions)

	CIT	Predecessor CIT
	December 31, 2009	December 31, 2008
Other Assets		
Receivable from counterparties[1]	$ 1,094.5	$ 1,492.6

Deposits on commercial aerospace flight equipment	635.9	624.3
Equity and debt investments	373.6	486.6
Accrued interest and dividends	214.7	480.8
Furniture and fixtures	102.8	168.3
Prepaid expenses	111.3	64.1
Investments in and receivables from - non consolidated subsidiaries	66.0	257.1
Repossessed assets and off lease equipment	29.6	21.3
Miscellaneous receivables and other assets	806.9	994.0
	$ 3,435.3	$ 4,589.1

(1) Balance relates to receivable associated with the Goldman Sachs facility for discounted return on cash collateral posted to GSI and settlements resulting from market value changes to asset-backed securities underlying the structure.

NOTE 8 DEPOSITS

Deposits were adjusted to estimated fair value at December 31, 2009 in fresh start accounting. The fair value premium of $131 million will be recognized as a yield adjustment over the deposit lives as a reduction to interest expense beginning in 2010. The following table presents detail:

(dollars in millions)

	CIT December 31, 2009	Predecessor CIT December 31, 2008
Deposits Outstanding	$ 5,218.6	$ 2,626.8
Weighted average interest rate	3.24%	4.63%
Weighted average number of days to maturity	824 days	449 days
Due in 2009	$	$ 1,736.5
Due in 2010 (weighted average rate 2.89%)	1,286.7	551.7
Due in 2011 (weighted average rate 2.91%)	1,039.6	160.5
Due in 2012 (weighted average rate 3.27%)	1,377.7	70.9
Due in 2013 (weighted average rate 3.65%)	552.1	69.7
Due in 2014 (weighted average rate 3.83%)	593.0	20.3
Due after 2014 (weighted average rate 4.00%)	238.1	17.2
Deposits excluding fresh start adjustments	$ 5,087.2	$ 2,626.8

	Predecessor CIT	
	Years Ended December 31,	
	2009	2008
Daily average deposits	$ 4,130.9	$ 1,901.2
Maximum amount outstanding	$ 5,338.0	$ 2,325.9
Weighted average interest rate for the year	3.58%	5.14%

NOTE 9 LONG-TERM BORROWINGS

On the Effective Date, $28.4 billion of senior unsecured notes, $3.1 billion of unsecured bank lines and $2.1 billion of junior subordinated notes and convertible equity notes were cancelled and $21.0 billion of Series A Notes and $2.1 billion of Series B Notes were issued.

All components of long-term borrowings, including the new debt issued in conjunction with the emergence from bankruptcy, were fair valued in fresh start accounting. The fair value adjustment will be amortized as a cost adjustment over the remaining term of the respective debt and reflected in Interest Expense. See Note 2 for further discussion.

The following table presents outstanding long-term borrowings and the related rates (excluding the impact of fresh start accounting adjustments) and maturity dates for 2009:

(dollars in millions)	Average interest rates	Range of interest rates	Range of maturity dates	CIT Group Inc December 31, 2009	Subsidiaries December 31, 2009	CIT Total December 31, 2009	Predecessor CIT December 31, 2008
Secured borrowings	2.42%	0.36% to 7.50%	2010 2038	$	$ 14,346.5	$ 14,346.5	$ 19,357.3
Secured credit facility and expansion credit facility	10.90%	9.50% to 13.00%	2012	533.4	7,183.2	7,716.6	
Unsecured bank lines of credit facilities							5,200.0
Senior unsecured notes - variable							12,754.4
Senior unsecured notes - fixed	6.06%	5.85% to 10.48%	2011 2036	87.7	180.4	268.1	24,340.1
Junior, subordinated notes and convertible equity units							2,098.9
Series A Notes	7%	7%	2013 2017	18,733.6		18,733.6	
Series B Notes	10.25%	10.25%	2013 2017		2,198.2	2,198.2	

Total long-term borrowings	$ 19,354.7	$ 23,908.3	$ 43,263.0	$ 63,750.7

The following table summarizes contractual maturities of total long-term borrowings outstanding excluding fresh start adjustments as of December 31, 2009:

	2010	2011	2012	2013	2014	Thereafter	Contractual Maturities
Secured borrowings - float	$ 3,280.6	$ 1,106.5	$ 1,164.4	$ 1,367.3	$ 693.8	$ 4,726.2	$ 12,338.8
Secured borrowings - fixed	1,257.7	889.4	329.3	87.7	112.1	621.0	3,297.2
Secured credit facility and expansion credit facility			7,500.0				7,500.0
Senior unsecured notes - float	91.1	66.2	26.3	9.0	0.5	141.0	334.1
Series A Notes				2,104.0	3,156.0	15,780.1	21,040.1
Series B Notes				214.9	322.4	1,611.9	2,149.2
	$ 4,629.4	$ 2,062.1	$ 9,020.0	$ 3,782.9	$ 4,284.8	$ 22,880.2	$ 46,659.4

Secured Borrowings

Set forth below are borrowings and pledged assets primarily owned by consolidated special purpose entities. The creditors of these special purpose entities have received ownership and/or security interests in the assets. These special purpose entities are intended to be bankruptcy remote so that such assets are not available to the creditors of CIT or any affiliates of CIT. The transactions do not meet accounting requirements for sales treatment and are, therefore, recorded as secured borrowings. Except as otherwise noted, the pledged assets listed below are not pledged to the lenders under the Credit Facility or Expansion Credit Facility.

Secured Borrowings and Pledged Asset Summary (dollars in millions)

	CIT December 31, 2009		Predecessor CIT December 31, 2008	
	Secured Borrowings	Assets Pledged	Secured Borrowings	Assets Pledged
Education trusts and conduits (student loans)	$ 5,864.3	$ 6,864.7	$ 9,326.2	$ 10,410.0
Goldman Sachs TRS [(1)]	2,552.7	3,429.6	2,679.9	4,039.5
Vendor finance [(2)]	1,120.7	1,589.4	2,699.6	3,825.3
TALF financing (Vendor) [(3)]	706.0	762.2		
Canadian Equipment Receivables financing [(4)]	543.0	557.6	218.3	314.0

Corporate finance (energy project finance)	288.9	305.0	244.9	244.9
Terminated facilities [5]			1,727.0	5,440.2
Subtotal - Finance Receivables	11,075.6	13,508.5	16,895.9	24,273.9
ECA financing (Aero) [6]	1,097.4	1,212.2	545.1	648.2
Transportation Finance - Rail	907.4	1,276.7	1,026.1	1,514.0
Goldman Sachs TRS (Aero)	582.2	1,154.3	617.3	1,461.5
Other structures [7]	61.2	69.8		
Subtotal - Equipment under operating leases	2,648.2	3,713.0	2,188.5	3,623.7
Vendor finance [8]	469.8	903.3		
FHLB borrowings (Consumer) [9]	152.9	150.8	272.9	273.2
Total	$ 14,346.5	$ 18,275.6	$ 19,357.3	$ 28,170.8

(1) Financing is secured by $2.6 billion of corporate finance receivables, $0.6 billion of student loans and $0.2 billion of small business lending loans.

(2) Includes repurchase of assets previously sold or securitized and the associated secured debt.

(3) Equipment lease securitization that is eligible collateral under the Federal Reserve Bank of New York s Term Asset-Backed Securities Loan Facility (TALF).

(4) Shared facility secured by corporate finance and vendor assets.

(5) The facilities were terminated and repaid in full. Assets used to secure the facility were released and are now pledged to lenders under the Credit Facility and Expansion Credit facility. The facilities were secured by factoring and corporate finance receivables.

(6) Secured aircraft financing facility for the purchase of specified Airbus aircraft.

(7) Corporate Finance and Aerospace transaction financing.

(8) International facilities collateralized by local assets.

(9) Collateralized with Government Debentures and Certificates of Deposit.

On June 6, 2008, CIT Financial Ltd. (CFL), a wholly owned subsidiary of CIT executed a long-term committed financing facility with Goldman Sachs International (GSI) that is structured and documented as a total return swap (the GSI Facility). Under an October 28, 2009 amendment, the maximum notional amount of the GSI Facility was reduced from $3.0 billion to $2.125 billion. The maximum notional amount declines by $212.5 million per year for ten years beginning with the 11th anniversary of facility commencement date. The arrangement obligates CFL to pay GSI an annual facility fee equal to 2.85% of the maximum notional amount for that year, payable in quarterly installments. There are no other commitment, underwriting or structuring fees payable to GSI or its affiliates for the facility. CFL is also required to pay GSI an amount equal to USD LIBOR on adjusted outstanding principal amounts under asset-backed securities subject to the GSI Facility. The specific LIBOR index used can vary by asset-backed security and will typically correspond to the length of time between successive payment dates on the asset-backed security. Facility advances are collateralized by asset-backed securities created using certain eligible assets of CIT. GSI is required to reimburse CFL for all cash flows paid to the purchasers of the asset-backed securities. Consequently, the fully drawn borrowing cost to CIT when the facility is fully utilized is USD LIBOR plus 2.85%. The asset-backed securities may be backed by commercial loans (including CLO s), equipment loans or leases, trade finance obligations, FFELP student loans, aircraft or rail leases, private student loans or other assets and are subject to concentration limits. CFL has the right to terminate the GSI Facility before maturity; however, doing so would require CFL to pay GSI a make whole amount equal to the discounted present value of the annual facility fee over the remaining term of the facility.

Pursuant to the October 28, 2009 amendment, CFL agreed to post additional collateral to secure amounts due to GSI under the GSI Facility. In connection with the reduction of the commitment amount of the GSI Facility, on October 29, 2009 CFL made a payment of approximately $285 million representing the proportional termination fee payment to GSI as required for any commitment reduction under the original terms of the GSI Facility. CFL initially posted additional collateral in the amount of $250 million, which was returned to CIT in the fourth quarter due to cash flow settlements and increase in market value of underlying asset-backed securities. As at December 31, 2009, the amount of additional collateral was $119 million representing certain amounts posted above and beyond the foregoing $250 million. In consideration of these amendments to the GSI Facility, and subject to certain additional terms, GSI agreed

to forbear from exercising its right to terminate the GSI Facility to the extent that such right arose from a bankruptcy of CIT, which guarantees the obligations of CFL under the GSI Facility. No amendment fee was paid to GSI under the terms of the amendment. All other material terms of the GSI Facility remain unchanged, including the facility fee of 285 basis points.

CIT s ability to utilize this structure for funding is dependent on the availability of eligible unencumbered assets, while net proceeds received by CIT under the structure are dependent on the current market value of the asset-backed securities. GSI determines the market value of the asset-backed securities daily. The amount of available funding in relation to assets encumbered can vary daily based on market conditions. If the market value of an asset-backed security increases or decreases, CIT either receives or posts additional collateral with GSI in the form of treasury securities or cash, or CIT can elect to repay or draw additional amounts. If the parties do not agree on the market value of the asset-backed securities, the agreement contains market-based dispute resolution mechanisms.

Certain foreign operations utilize local financial institutions to fund operations. At December 31, 2009, local committed credit facilities totaled $242.3 million, of which $14.7 million was undrawn and available.

Credit Facility and Expansion Credit Facility

On July 20, 2009, CIT entered into a $3 billion Credit Facility with Barclays Bank PLC and other lenders largely comprised of then existing bondholders. The Credit Facility is secured by a perfected first priority lien on substantially all unencumbered assets of the Borrowers and Guarantors, which includes substantially all of the financing and leasing assets of our U.S. operating subsidiaries, 65% of the voting and 100% of the non-voting stock of first-tier foreign subsidiaries, 100% of the stock of CIT Aerospace International (except one nominee share) and between 49% and 65% of certain other non-U.S., non-regulated subsidiaries.

On October 28, 2009, CIT expanded the Credit Facility to provide for an Expansion Credit Facility for an additional $4.5 billion with Bank of America, N.A., serving as administrative and collateral agent. Certain provisions of the agreement evidencing the Credit Facility were changed or omitted as part of the Expansion Facility. The Facilities are subject to a fair value collateral coverage covenant (based on accounting valuation methodology) of 2.5x the outstanding loan balance tested quarterly and upon the financing, disposition or release of certain collateral. The agreement evidencing the Expansion Credit Facility and the Credit Facility (the Amended Credit Agreement) includes certain additional terms, including a cash sweep that will accelerate the repayment of the Credit Facility and Expansion Credit Facility. The Expansion Credit Facility term loan matures in January 2012, with an option by CIT to extend until January 2013. Proceeds of the expansion facility were used for specific purposes: (i) $500 million for general corporate purposes; (ii) $500 million to secure obligations under letter of credit facilities; (iii) $3.5 billion to refinance specific debt facilities, which terminated as a result of CIT s bankruptcy filing, and to pay the make whole and other payments due under the GSI Facility.

As part of the Plan of Reorganization, on December 10, 2009, CIT entered into an amendment to the Amended Credit Agreement which: (i) granted liens on assets to secure the Expansion Credit Facility (the CIT Lien); (ii) permits the Company, in connection with the granting of the CIT Lien, to grant liens to secure certain existing indebtedness and other obligations of the Company that benefit from an existing equal and ratable provision; (iii) permits the Company or a restricted subsidiary to provide cash collateral to secure obligations of a foreign subsidiary in China (guaranteed by the Company) under an existing foreign revolving credit facility in connection with a forbearance agreement with the lenders; (iv) permits the voluntary prepayment of such foreign facility; (v) makes certain amendments to the cash sweep provisions by reducing the excess cash sweep amount from $2 billion to $1.5 billion and by reducing the amount permitted to be deducted from the cash sweep by the amount of cash collateral pledged to secure the foreign facility; and (vi) makes certain other clarifications and corrections.

The Facilities limit the ability of the Company and its restricted subsidiaries to make certain payments or investments, incur indebtedness (including guarantees), issue preferred stock, incur liens, enter into sale and leaseback transactions, pay dividends, sell assets, and enter into transactions with affiliates.

New Series A and B Notes

On December 10, 2009, pursuant to the Plan of Reorganization the Company issued $21.04 billion principal amount of its 7.0% Series A Second-Priority Secured Notes due each year from 2013 to 2017 (the Series A Notes) and Delaware Funding closed its issuance of approximately $2.15 billion principal amount of its 10.25% Series B Second-Priority Secured Notes due each year from 2013 to 2017 (the Series B Notes). The Series A Notes are general obligations of the Company and bear interest at a rate of 7.0% per annum. The Series B Notes are general obligations of Delaware Funding and bear interest at a rate of 10.25% per annum. The Series A Notes are secured by second-priority security interests in substantially all the assets securing the Facilities. The Series B Notes are secured by second-priority security interests in substantially all the assets securing the Facilities. The Series B Notes are further secured by Delaware Funding s pledge of intercompany notes issued by CIT Financial Ltd., which are the primary assets of Delaware Funding.

The Series A and Series B Indentures likewise limit the ability of the Company, Delaware Funding and the Company s restricted subsidiaries to make certain payments or investments, incur indebtedness (including guarantees), issue preferred stock, incur liens, enter into sale and leaseback transactions, pay dividends, sell assets and enter into transactions with affiliates.

In the event of a Change of Control (as defined in the Series A and B Indentures), holders of the Series A and Series B Notes will have the right to require the Company and/or Delaware Funding, as applicable, to repurchase all or a portion of the notes at a purchase price equal to 101% of the principal amount, plus accrued and unpaid interest, to the date of such repurchase. The Company or Delaware Funding may redeem all or a portion of the Series A or Series B Notes on or after January 1, 2010, at the applicable redemption prices, plus accrued and unpaid interest.

NOTE 10 DERIVATIVE FINANCIAL INSTRUMENTS

As part of managing economic risk and exposure to interest rate, foreign currency and, in limited instances, credit risk, CIT historically entered into derivative transactions in over-the-counter markets with other financial institutions. The contractual terms of the Company s derivative counterparty arrangements historically required CIT to maintain investment grade ratings. CIT does not enter into derivative financial instruments for speculative purposes.

Following the Company s loss of investment grade ratings in 2009, the Company and its counterparties began terminating derivatives. With the announcement of management s reorganization plan, further derivative terminations followed. Cash flow and fair value hedges related to unsecured debt no longer met the criteria for hedge accounting. The changes in fair value of derivatives previously qualifying as cash flow hedges were recorded in earnings. These derivatives were classified as non-qualifying hedges in trading assets or liabilities until they were terminated in the fourth quarter. The change in fair value of those derivatives previously qualifying as fair value hedges continued to be recorded in earnings through the termination date. While some of these derivatives hedged foreign currency denominated debt which was redenominated to US dollars as part of the plan of reorganization, other terminations included positions that economically hedged our investments in foreign subsidiaries or were required to better match our assets to our debt. The Company continues reassessing its hedge requirements while reestablishing counterparty relationships after consummation of the plan of reorganization to facilitate placement of required hedges where economically appropriate. New derivative instruments are cash collateralized.

At December 31, 2009, the Company did not have any derivative financial instruments that qualified for hedge accounting. The following table presents the fair and notional values of derivative financial instruments at December 31, 2009:

(dollars in millions)

	December 31, 2009		
	Notional Amount	**Asset Fair Value**	**Liability Fair Value**
Non-Qualifying Hedges, classified as either trading assets or liabilities			
Cross currency swaps	$ 646.7	$	$ (8.8)
Interest rate swaps	5,699.8	41.8	(25.8)
Foreign currency forward exchange contracts	1,055.1	2.3	(7.3)
Credit default swaps			
TRS	107.9		
Total Non-qualifying Hedges	$ 7,509.5	$ 44.1	$ (41.9)

The following table presents the profit and loss impact of the following on the statement of operations for the year ended December 31, 2009 for: (1) ineffectiveness of derivatives designated as hedges, (2) discontinuance of cash flow and fair value hedge accounting, (3) reclassification of Accumulated Other Comprehensive Loss to earnings for cash flow hedges as it is no longer probable that the forecasted transaction will occur and (4) derivative instruments not designated as hedging instruments:

(dollars in millions) Derivative Instruments		Line-item of Gain / (Loss) Recognized in Statement of Income	Predecessor CIT Year Ended December 31, 2009
Derivatives Designated as Hedging Instruments			
Ineffectiveness of derivative instruments designated as hedging instruments			
Cash flow hedges	interest rate swaps	Other income (expense)	$ 3.9
Fair value hedges	cross currency swaps	Interest income (expense)	(6.2)
			(2.3)
Discontinuance of cash flow and fair value hedge accounting			
Cash flow hedges	interest rate swaps	Other income (expense)	(32.3)
Fair value hedges	interest rate swaps	Interest income (expense)	63.9
Fair value hedges	cross currency swaps	Interest income (expense)	21.7
			53.3
Reclassification of accumulated other comprehensive loss to earnings for cash flow hedges			
Cash flow hedges	interest rate swaps	Interest income (expense)	(55.7)
Total Derivatives Designated as Hedging Instruments			(4.7)
Derivatives Not Designated as Hedging Instruments			
Cross currency swaps		Other income (expense)	(43.0)
Cross currency swaps[(1)]		Reorganization (expense)	(110.3)
Interest rate swaps		Other income (expense)	90.6
Interest rate swaps[(2)]		Reorganization (expense)	127.0
Foreign currency forward exchange contracts		Other income (expense)	(4.0)
Total return swap[(3)]		Other income (expense)	(285.0)
TARP Warrant		Other income (expense)	70.6
Derivatives not qualifying as hedges			(154.1)
Total derivatives-income statement impact			$ (158.8)

(1) Following filing the petition on November 1, 2009 the Company recorded a $98.9 million loss on termination of cross currency swaps and $11.4 million loss on terminated derivatives.

(2) Following the filing the petition on November 1, 2009 the Company recorded a $27.5 million loss on termination of interest rate swaps and $154.5 million gain on terminated derivatives.

(3) Effect of change in valuation of derivative related to GSI facility.

The financing facility with GSI (See Note 9) is structured as a total return swap (TRS) and as a result amounts available for advances under the TRS are accounted for as a derivative. The estimated fair value of the derivative is based on a hypothetical transfer value, considering current market conditions and CIT s specific financial and business situation. At December 31, 2009, the estimated fair value in a hypothetical transfer is not significant.

At December 31, 2008, there was $23,228.2 million of notional principal value of derivative financial instruments used in qualifying hedges and $17,052.7 million of notional principal value of derivatives used in non-qualifying hedges.

The following table presents notional values of derivative financial instruments by product that were used in fair value hedges, cash flow hedges and net investment hedges of foreign currency denominated investments in subsidiaries at December 31, 2008:

(dollars in millions)	**Predecessor CIT December 31, 2008**	
Qualifying hedges, classified as either derivative counterparty assets or liabilities	**Notional Amount**	
Interest rate swaps	$	14,753.2
Cross currency swaps		4,369.7
Foreign currency forward exchange contracts		4,105.3
Total Qualifying Hedges	$	23,228.2

NOTE 11 OTHER LIABILITIES

Other liabilities were marked to estimated fair value as of December 31, 2009 in fresh start accounting. The difference between the historical carrying value and the estimated fair value was an increase and was principally related to fair value adjustments on commitments to purchase aircraft assets ($587 million) partially offset by tax liability decrease. The following table presents components of other liabilities:

Other Liabilities (dollars in millions)

	CIT	Predecessor CIT
	December 31, 2009	**December 31, 2008**
Accrued Liabilities and Payables		
Estimated valuation of aerospace commitments [1]	$ 586.6	$
Equipment maintenance reserves	552.0	469.9
Accrued expenses	433.2	745.4
Accounts payable	344.8	3.9
Accrued interest payable	213.1	539.5
Security and other deposits	208.6	225.4
Current and deferred taxes	(296.1)	(142.9)
Other liabilities	169.1	450.1
	$ 2,211.3	$ 2,291.3

[1] *Upon adoption of fresh start accounting, certain commitments, specifically aerospace commitments, were fair valued, and this amount relates to the difference between our commitment and fair values.*

NOTE 12 FAIR VALUE

Fair Value Hierarchy

The Company is required to report fair value measurements for specified classes of assets and liabilities. See Note 1 Business and Summary of Significant Accounting Policies for fair value measurement policy.

The company remeasured assets and liabilities as of December 31, 2009 in fresh start accounting. The gains and losses related to these fair value adjustments were recorded in the statement of operations of the Predecessor Company. Assets and liabilities remeasured at fair value in conjunction with fresh start accounting, as well as those where the measurement objective specifically requires the use of fair value, which is a recurring valuation, (i.e. derivatives, retained interests and assets held for sale) are set forth in the table below:

(dollars in millions)

	2009 Valuation Methodology	Asset / (Liability)	Level 1	Level 2	Level 3
Assets					
Trading assets - derivatives	ASC 820 Fair Value	$ 44.1	$	$ 44.1	$
Investments - retained interests in securitizations	ASC 820 Fair Value	139.7			139.7
Assets held for sale [1]	ASC 820 Fair Value	343.8	11.4	272.2	60.2
Operating lease equipment	Fresh start accounting	10,910.0		6,505.7	4,404.3
Loans, net	Fresh start accounting	34,865.8		3,030.7[2]	31,835.1
Goodwill and intangible assets, net	Fresh start accounting	464.5			464.5
Other assets	Fresh start accounting	3,435.3	263.6	25.1	3,146.6
Total Assets		$ 50,203.2	$ 275.0	$ 9,877.8	$ 40,050.4
Liabilities					
Deposits	Fresh start accounting	$ (5,218.6)	$	$	$ (5,218.6)
Trading liabilities - derivatives	ASC 820 Fair Value	(41.9)		(40.4)	(1.5)
Credit balances of factoring clients	Fresh start accounting	(892.9)			(892.9)
Other liabilities	Fresh start accounting	(2,211.3)			(2,211.3)
Long-term borrowings	Fresh start accounting	(43,263.0)	(20,931.8)	(16,718.5)	(5,612.7)
Total Liabilities		$ (51,627.7)	$ (20,931.8)	$ (16,758.9)	$ (13,937.0)

[1] *Assets held for sale are valued at the lower of cost or market.*

[2] *Includes amounts relating to assets traded in the market place on or around the Emergence Date.*

Assets and Liabilities Measured at Fair Value on a Recurring Basis (dollars in millions)

Predecessor CIT December 31, 2008	Total	Level 1	Level 2	Level 3
Assets				
Securities available for sale	$ 88.5	$ 88.5	$	$
Retained interests in securitizations	229.4			229.4
Trading assets at fair value derivatives	139.4		121.8	17.6
Derivatives counterparty receivable assets at fair value	1,489.5		1,489.5	
Total Assets	$ 1,946.8	$ 88.5	$ 1,611.3	$ 247.0
Liabilities				
Trading liabilities at fair value derivatives	$ 127.4	$	$ 105.0	$ 22.4
Derivatives counterparty liabilities at fair value	433.7		433.7	
Total Liabilities	$ 561.1	$	$ 538.7	$ 22.4

Assets Measured at Fair Value on a Non-recurring Basis (dollars in millions)

Predecessor CIT December 31, 2008	Total	Level 1	Level 2	Level 3	Total Net Losses
Assets					
Impaired loans	$ 774.5	$	$	$ 774.5	$ (289.8)
Total	$ 774.5	$	$	$ 774.5	$ (289.8)

Level 3 Gains and Losses

The tables below set forth a summary of changes in the estimated fair value of the Company s Level 3 financial assets and liabilities measured on a recurring basis:

	Total	Retained Interests in securitizations	Derivatives
December 31, 2007	$ 1,165.8	$ 1,170.0	$ (4.2)
Gains or losses realized/unrealized			
Included in Other Income	14.2	5.0	9.2
Included in Other Comprehensive Income	(27.3)	(17.5)	(9.8)
Other net	(928.1)	(928.1)	
December 31, 2008	$ 224.6	$ 229.4	$ (4.8)
Gains or losses realized/unrealized			
Included in Other Income	(336.2)	(37.9)	(298.3)
Included in Other Comprehensive Income	15.0	(1.6)	16.6
Settlements and foreign currency translation	234.8	(50.2)	285.0
Year ended December 31, 2009	$ 138.2	$ 139.7	$ (1.5)

The loss on derivatives principally pertains to the total return swap secured financing with GSI. A portion of the loss relates to certain cross-currency swaps that economically hedge currency exposures, but do not qualify for hedge accounting. Such losses were essentially offset by gains on corresponding currency transactional exposures. The 2008 retained interests reduction reflects the restructuring of certain facilities, which brought on balance sheet previously securitized assets.

FAIR VALUES OF FINANCIAL INSTRUMENTS

2009

Assumptions used in valuing financial instruments as of December 31, 2009 are described in Note 1 Business and Summary of Significant Accounting Policies and in Note 2 Fresh Start Accounting .

2008

Assumptions used in 2008 to value financial instruments are set forth below:

Derivatives - the estimated fair values of derivatives were calculated internally using market data and represent the net amount receivable or payable to terminate, taking into account current market rates. See Note 10 Derivative Financial Instruments for notional principal amounts and fair values.

Investments retained interests in securitizations - fair values were estimated using discounted cash flow (DCF) models. Significant assumptions, including estimated credit losses, prepayment speeds and discount rates, are utilized to estimate the fair values, both at the date of securitization and subsequent valuations.

Assets held for sale recorded at lower of cost or market on the balance sheet.

Loans fair value of loans was based on available market pricing. For performing loans for which market pricing was not available, the fair value of fixed-rate loans was estimated based upon a present value discounted cash flow analysis, using interest rates that were being offered for loans with similar terms to borrowers of similar credit quality. Discount rates used in the present value calculation range from 13.3% to 23.4%. For floating-rate loans, we used average LIBOR spreads which ranged between 11.6% and 16.7% to approximate carrying values. The net carrying value of lease finance receivables that are not subject to fair value disclosure totaled $9.6 billion.

Deposits the fair value of deposits was estimated based upon a present value discounted cash flow analysis. Discount rates used in the present value calculation range from 1.55% to 4.65%.

Long-term borrowings Most fixed-rate notes were valued based on quoted market estimates. Where market estimates were not available, values were computed using a discounted cash flow analysis with a discount rate approximating current market rates for issuances by CIT of similar term debt. Discount rates used in the present value calculation ranged from 3.31% to 16.88%. The difference between the carrying values of long-term borrowings reflected in the consolidated balance sheets is accrued interest payable.

The carrying and estimated fair values of financial instruments presented below exclude leases and certain other assets:

December 31, (dollars in millions)

	CIT 2009		Predecessor CIT 2008	
	Carrying Value	**Estimated Fair Value**	**Carrying Value**	**Estimated Fair Value**
Assets				
Trading assets - derivatives	$ 44.1	$ 44.1	$ 139.4	$ 139.4
Investments - retained interest in securitizations	139.7	139.7	229.4	229.4
Assets held for sale	343.8	343.8	156.1	156.1
Loans (excluding leases)	27,291.3	27,291.3	39,352.9	31,036.0
Derivative counterparty assets			1,489.5	1,489.5
Other assets [1]	2,336.2	2,336.2	2,862.0	2,862.0
Liabilities				
Deposits [2]	$ (5,253.1)	$ (5,253.1)	$ (2,651.9)	$ (2,774.2)
Trading liabilities - derivatives	(41.9)	(41.9)	(127.4)	(127.4)
Derivative counterparty liabilities			(433.7)	(433.7)
Long-term borrowings [2]	(43,441.5)	(43,441.5)	(64,264.5)	(50,011.3)
Other liabilities [3]	(1,701.7)	(1,701.7)	(1,895.4)	(1,895.4)

[1]Other assets subject to fair value include accrued interest receivable, certain investment securities, servicing assets and miscellaneous other assets. The carrying amount of accrued interest receivable approximates fair value.

[2] Deposits and long-term borrowings include accrued interest.

[3] Other liabilities include accrued liabilities and deferred federal income taxes. Accrued liabilities and payables have a fair value that approximates carrying value.

NOTE 13 STOCKHOLDERS EQUITY

All previous capital stock, including previously issued preferred Series A, Series B, Series C and Series D TARP and Predecessor Common Stock, including all options held by employees to purchase Predecessor Common Stock, were cancelled. A rollforward detailing Successor and Predecessor Common Stock is presented in the following table:

Number of Shares of Common Stock

	Predecessor CIT		
	Issued	**Less Treasury**	**Outstanding**
Predecessor Common Stock - December 31, 2008	395,068,272	(6,327,844)	388,740,428
Conversion of Preferred Series C to common shares	56,203,139		56,203,139
Shares sold to allow preferred dividend payment	3,100,000		3,100,000
Restricted/performance shares issued	212,394		212,394
Employee stock purchase plan participation		120,496	120,496
Shares held to cover taxes on vesting restricted shares and other		(43,010)	(43,010)
Cancellation	(454,583,805)	6,250,358	(448,333,447)
Predecessor Common Stock - December 10, 2009			
	Successor CIT		
Issuance of Successor Common Stock	200,035,561		200,035,561
Successor Common Stock - December 31, 2009	200,035,561		200,035,561

Accumulated Other Comprehensive Income/(Loss)

In conjunction with the reorganization and adoption of fresh start accounting, components of Other Comprehensive Income/(Loss) were eliminated.

Accumulated Other Comprehensive Income/(Loss) (dollars in millions)

	CIT	Predecessor CIT	
	December 31, 2009	**December 31, 2008**	**2007**
Changes in fair values of derivatives qualifying as cash flow hedges	$	$ (136.9)	$ (96.6)
Foreign currency translation adjustments		31.3	319.1
Benefit plan net (loss) and prior service (cost), net of tax		(98.7)	(35.6)
Unrealized (Loss) gain on equity and securitization investments		(1.3)	7.9

Total Accumulated Other Comprehensive (Loss) Income	$	$ (205.6)	$ 194.8

NOTE 14 REGULATORY CAPITAL

On December 22, 2008, The Board of Governors of the Federal Reserve (FRB) approved the Company s application to become a bank holding company. On December 22, 2008 CIT Bank converted its charter as an industrial loan company to a non-member commercial bank, which continues to be supervised by the FDIC and the Utah Department of Financial Institutions.

The Company and CIT Bank are each subject to various regulatory capital requirements administered by the FRB and the FDIC, respectively. Under applicable Agency capital adequacy guidelines and, with respect to CIT Bank, the regulatory framework for prompt corrective action (PCA), the Company and CIT Bank must meet specific capital guidelines that involve quantitative measures of each institution s assets, liabilities and certain off-balance-sheet items as calculated under regulatory accounting practices. Each institution s regulatory capital amounts and CIT Bank s PCA classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Failure to meet minimum capital requirements can result in regulators taking certain mandatory, or in some circumstances discretionary actions (including being required to divest CIT Bank or CIT Bank becoming subject to FDIC conservatorship or receivership) that could have a material adverse effect on the Company. Both CIT and CIT Bank were classified as well-capitalized under the regulatory framework at December 31, 2009.

On July 16, 2009, the FDIC and the Utah Department of Financial Institutions (the UDFI) each issued an order to cease and desist to CIT Bank (together, the Orders). The Orders were in connection with the diminished liquidity of Predecessor CIT. CIT Bank, without admitting or denying any allegations made by the FDIC and UDFI, consented and agreed to the issuances of the Orders.

Each of the Orders directs CIT Bank to take certain affirmative actions, including among other things, ensuring that it does not allow any extension of credit to CIT or any other affiliate of CIT Bank or engage in any covered transaction, declare or pay any dividends or other payments representing reductions in capital, or increase the amount of Brokered Deposits above the $5.527 billion held at July 16, 2009, without the prior written consent of the FDIC and the UDFI. Since the receipt of the Orders, new corporate finance business originations within the bank operations have been limited. Further, on August 14, 2009, CIT Bank provided to the FDIC and the UDFI a contingency plan that ensures the continuous, satisfactory servicing of CIT Bank s loans if CIT is unable to perform such servicing.

On August 12, 2009, CIT entered into a Written Agreement with the Federal Reserve Bank of New York (the Reserve Bank). The Written Agreement requires regular reporting to the Reserve Bank, the submission of plans related to corporate governance, credit risk management, capital, liquidity and funds management, the Company s business and the review and revision, as appropriate, of the Company s consolidated allowances for loan and lease losses methodology. Prior written approval by the Reserve Bank is required for payment of dividends and distributions, incurrence of debt, other than in the ordinary course of business, prepayment of debt and the purchase or redemption of stock. The Company obtained approval of the Reserve Bank in connection with the issuance of the New Notes upon emergence from bankruptcy.

The Board of Directors appointed a Special Compliance Committee to monitor and coordinate compliance with the Written Agreement. Predecessor CIT submitted a capital plan and a liquidity plan, as well as a draft of the recapitalization plan, on August 27, 2009, and its credit risk management plan on October 8, 2009 as required by the Written Agreement. Further, Predecessor CIT prepared and submitted its corporate governance plan and business plan to the Federal Reserve Bank of New York on October 26, 2009. Each of these plans was updated to reflect recent events and submitted to the Reserve Bank on January 29, 2010. The Company is continuing to provide periodic reports to the Reserve Bank. The Written Agreement has not been affected by the consummation of the Plan.

Quantitative measures established by regulation to ensure capital adequacy require that the Company and CIT Bank each maintain minimum amounts and ratios (set forth in the table below) of Total and Tier 1 capital (as defined in regulations) to risk-weighted assets (as defined), and of Tier 1 capital (as defined) to average assets (as defined). In connection with becoming a bank holding company, the Company committed to a minimum level of total risk based capital of 13% of risk-weighted assets. In connection with CIT Bank s conversion to a commercial bank, CIT Bank committed to maintaining for three years a leverage ratio of at least 15%.

Losses during 2009 reduced Predecessor CIT s level of Total Capital below the committed 13% level. The consummation of the Plan of Reorganization strengthened capital levels. Upon emergence, the value assigned to the equity of successor CIT was determined to be $8.4 billion. (See Note 1 and Note 2 for details.) Upon emergence, 200 million shares of new common shares were issued to eligible debt holders subject to the Plan and all equity of Predecessor CIT, including the $2.3 billion of preferred stock and warrant issued to the U.S. Treasury under the TARP program, was eliminated.

CIT s Tier 1 and Total Capital Ratios (after fresh start accounting) were each 14.2% at December 31, 2009, up from 9.4% and 13.1% at December 31, 2008. We reduced risk-weighted assets to $55.2 billion from $79.4 billion. The calculation of the Company s regulatory capital ratios are subject to review and consultation with the Reserve Bank, which may result in refinements to the amount reported as of December 31, 2009.

At December 31, 2009, and 2008, CIT Bank was well capitalized under the regulatory framework for prompt corrective action. To be categorized as well capitalized the Bank must maintain minimum total risk-based, Tier 1 risk-based and Tier 1 leverage ratios. There are no conditions or events that management believes changed the Institution s category.

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Regulatory Capital Ratios (dollars in millions)

		Actual Amount	Ratio	Ratio for Capital Adequacy Purposes	To Be Well Capitalized Under Prompt Corrective Action Provisions
Total Capital (to risk weighted assets):					
CIT[1]	December 31, 2009	$ 7,834.2	14.2%	13.0%	N/A
Predecessor CIT	December 31, 2008	$ 10,369.7	13.1%	13.0%	N/A
CIT Bank	December 31, 2009	$ 1,579.5	45.9%	8.0%	10.0%
CIT Bank	December 31, 2008	$ 563.7	23.5%	8.0%	10.0%
Tier 1 Capital (to risk weighted assets):					
CIT	December 31, 2009	$ 7,834.2	14.2%	4.0%	N/A
Predecessor CIT	December 31, 2008	$ 7,498.8	9.4%	4.0%	N/A
CIT Bank	December 31, 2009	$ 1,579.5	45.9%	4.0%	6.0%
CIT Bank	December 31, 2008	$ 533.4	22.2%	4.0%	6.0%
Tier 1 Capital (to average assets) (Leverage Ratio):					
CIT	December 31, 2009	$ 7,834.2	11.3%	4.0%	N/A
Predecessor CIT	December 31, 2008	$ 7,498.8	9.6%	4.0%	N/A
CIT Bank	December 31, 2009	$ 1,579.5	17.1%	15.0%	5.0%
CIT Bank	December 31, 2008	$ 533.4	15.8%	15.0%	5.0%

The following table presents the components of Tier 1 Capital and Total Capital for the Company and CIT Bank:

Regulatory Capital Ratios (dollars in millions)

		Predecessor	CIT Bank	
Tier 1 Capital	**CIT December 31, 2009**	**CIT December 31, 2008[1]**	**December 31, 2009**	**December 31, 2008**
Total stockholders equity	$ 8,400.0	$ 8,124.3	$ 1,668.7	$ 533.4
Items in Accumulated Other Comprehensive Loss excluded from Tier 1 Capital		138.5		
Adjusted total equity	8,400.0	8,262.8	1,668.7	533.4
Qualifying non-controlling interest		33.0		
Less: Goodwill	(239.4)	(568.1)		
Disallowed intangible assets	(225.1)	(130.5)	(45.7)	
Investment in certain subsidiaries	(2.8)	(22.0)		
Other Tier 1 components[2]	(98.5)	(76.4)	(43.5)	

Tier 1 Capital	7,834.2	7,498.8	1,579.5	533.4
Tier 2 Capital				
Long-term debt and other instruments qualifying as Tier 2 Capital		1,899.0		
Qualifying reserve for credit losses		993.8		30.3
Other Tier 2 components		(21.9)		
Total qualifying capital	$ 7,834.2	$ 10,369.7	$ 1,579.5	$ 563.7
Risk-weighted assets	$ 55,241.1	$ 79,403.2	$ 3,441.3	$ 2,400.8
Tier 1 Capital Ratio	14.2%	9.4%	45.9%	22.2%
Total Capital Ratio	14.2%	13.1%	45.9%	23.5%

(1) December 2008 balances were reclassified to conform to current presentation.

(2) Includes the portion of net deferred income tax assets that does not qualify for Tier 1 capital, the Tier 1 capital charge for nonfinancial equity investments and the Tier 1 capital deduction for net unrealized losses on available-for-sale marketable equity securities (net of tax).

NOTE 15 EARNINGS PER SHARE

As discussed in Note 13 Stockholders Equity, all Predecessor CIT s common stock, along with all potential equivalents such as warrants and options, were cancelled as of the Confirmation Date. CIT issued 200,035,561 shares of New Common Stock to eligible debt holders in accordance with the Plan.

The weighted average common shares outstanding at December 31, 2009 assumes that predecessor common stock remained outstanding through December 31, 2009, the accounting Convenience Date (see Note 1).

The reconciliation of the numerator and denominator of basic EPS with that of diluted EPS is presented below:

Earnings Per Share (dollars in millions, except per share amount; shares in thousands)

	Predecessor CIT		
	Years Ended December 31,		
	2009	2008	2007
Earnings / (Loss)			
Net income (loss) from continuing operations, before preferred stock dividends	$ 184.3	$ (633.1)	$ 792.0
Loss from discontinued operations		(2,166.4)	(873.0)
Net income (loss) before preferred stock dividends	184.3	(2,799.5)	(81.0)
Preferred stock dividends	(188.1)	(64.7)	(30.0)
Net loss attributable to common stockholders - basic	$ (3.8)	$ (2,864.2)	$ (111.0)
Weighted Average Common Shares Outstanding			
Basic shares outstanding	399,633	259,070	191,412
Stock-based awards			2,515
Diluted shares outstanding	399,633	259,070	193,927
Basic Earnings Per common share data			
Income (loss) from continuing operations, after preferred stock dividends	$ (0.01)	$ (2.69)	$ 3.98
Loss from discontinued operations		(8.37)	(4.56)
Net loss	$ (0.01)	$ (11.06)	$ (0.58)

Diluted Earnings Per common share data			
(Loss) income from continuing operations, after preferred stock dividends	$ (0.01)	$ (2.69)	$ 3.93
Loss from discontinued operations		(8.37)	(4.50)
Net loss	$ (0.01)	$ (11.06)	$ (0.57)

NOTE 16 OTHER INCOME

The following table sets forth the components of other income:

Total Other Income (dollars in millions)

	Predecessor CIT		
	Years Ended December 31,		
	2009	2008	2007
Rental income on operating leases	$ 1,899.5	$ 1,965.3	$ 1,990.9
Other:			
Factoring commissions	173.5	197.2	226.6
Change in estimated fair value TARP Warrant liability	70.6		
Fees and commissions	46.6	234.6	490.4
Gains on sales of leasing equipment	56.0	173.4	117.1
Gains (losses) on securitizations	0.6	(7.1)	45.3
Gains on portfolio dispositions		4.2	483.2
Investment (losses) gains	(58.0)	(19.0)	2.8
Valuation allowance for assets held for sale	(79.8)	(103.9)	(22.5)
(Losses) gains on loan sales and syndication fees	(197.5)	15.6	234.0
Change in Goldman Sachs facility derivative fair value	(285.0)		
Total Other	(273.0)	495.0	1,576.9
Total Other Income	$ 1,626.5	$ 2,460.3	$ 3,567.8

NOTE 17 OTHER EXPENSES

The following table sets forth the components of other expenses:

Total Other Expenses (dollars in millions)

	Predecessor CIT		
	Years Ended December 31,		
	2009	2008	2007
Depreciation on operating lease equipment	$ 1,141.8	$ 1,145.2	$ 1,172.3
Salaries and general operating expenses:			
Compensation and benefits	522.5	752.4	845.6
Professional fees other	125.9	124.6	101.3
Professional fees Reorganization Plan	98.4		
Technology	77.0	83.7	89.4
Net occupancy expense	66.8	74.7	74.3

Other expenses	207.2	245.1	279.0
Total salaries and general operating expenses	1,097.8	1,280.5	1,389.6
Provision for severance and facilities exiting activities	42.9	166.5	37.2
Goodwill and intangible assets impairment charges	692.4	467.8	312.7
(Gains) losses on debt and debt-related derivative extinguishments	(207.2)	(73.5)	139.3
Total Other Expenses	$ 2,767.7	$ 2,986.5	$ 3,051.1

NOTE 18 INCOME TAXES

The (benefit)/provision for income taxes is comprised of the following:

Years Ended December 31, (dollars in millions)	Predecessor CIT		
	2009	**2008**	**2007**
Current federal income tax (benefit) provision	$ (15.5)	$ (27.7)	$ 31.4
Deferred federal income tax provision (benefit)	50.5	(900.8)	(262.4)
Total federal income taxes	35.0	(928.5)	(231.0)
Current state and local income taxes	3.8	21.5	18.6
Deferred state and local income taxes	18.0	(84.7)	(27.8)
Total state and local income taxes	21.8	(63.2)	(9.2)
Total foreign income taxes	(188.9)	38.1	45.8
Total benefit for income taxes	(132.1)	$ (953.6)	$ (194.4)
Continuing operations	(132.1)	$ (444.4)	$ 300.9
Discontinued operation		(509.2)	(495.3)
Total benefit for income taxes	$ (132.1)	$ (953.6)	$ (194.4)

The tax effects of temporary differences that give rise to significant portions of deferred income tax assets and liabilities are presented below:

December 31, (dollars in millions)	Deferred Tax Assets (Liabilities)	
	CIT 2009	**Predecessor CIT 2008**
Deferred Tax Assets:		
Net operating loss (NOL) carry forwards	$ 3,087.6	$ 1,734.4
Less: Valuation Allowance	(1,567.7)	(635.6)
Provision for credit losses		377.6
Alternative minimum tax credits	118.1	118.1
Accrued liabilities and reserves	179.9	151.9
Loans and direct financing leases	1,642.6	
Other	1,090.4	475.3
Total deferred tax assets	4,550.9	2,221.7
Deferred Tax Liabilities:		
Operating leases	(308.1)	(1,124.5)
Leveraged leases		(177.3)

Loans and direct financing leases		(694.4)
Securitizations	91.0	(83.4)
Debt	(885.6)	
Effects of Discharge of Indebtedness	(3,062.6)	
Other	(118.1)	(78.8)
Total deferred tax liabilities	(4,283.4)	(2,158.4)
Net deferred tax asset	$ 267.5	$ 63.3

As part of fresh start accounting, the Company wrote down assets and liabilities to fair value. The impact of fresh start accounting on deferred taxes was to increase deferred tax assets by $2.4 billion. This increase was offset by an addition to the valuation allowance of $2.2 billion, resulting in a net increase in deferred tax assets of approximately $200 million.

The Internal Revenue Service Code (Code) generally requires income from cancellation of indebtedness to be recognized and included in taxable income. Recognition is not included in income, if the cancellation of indebtedness income is realized pursuant to a confirmed plan of reorganization, but certain favorable tax attributes must be reduced, as was the case for us.

Under the bankruptcy exception, we reduced tax attributes, principally NOL carry forwards by $5.2 billion and tax bases in assets by $2.6 billion, which together equal the amount of cancellation of indebtedness income that we excluded from taxable income. We calculated cancellation of debt income of $7.8 billion, which equaled the excess of indebtedness discharged of $13.4 billion, over the value of consideration given, in our case equity valued at $5.6 billion. We established a $3.1 billion deferred tax liability for cancellation of indebtedness income and reduced our valuation allowance by the same amount.

At December 31, 2009, we had NOL s of $7.6 billion prior to cancellation of indebtedness income. After cancellation of indebtedness income, we estimate that we will have remaining NOL carry forwards of $2.6 billion, which expire from 2027 through 2029.

CIT s reorganization constituted an ownership change under Section 382 of the Code which places an annual dollar limit on the use of NOL carry forwards. There are two relief provisions for limitations on NOL usage in Chapter 11 bankruptcy. Under one provision, we avoid any limitation on our use of NOL carry forwards, but the amount of the NOL is calculated without taking into account deductions for certain interest expense with respect to notes that were exchanged for equity, effectively reducing our NOL. In addition, if we undergo an ownership change within two years of the reorganization, our remaining NOL carry forwards, if any, would be entirely eliminated. To reduce this risk, our Articles of Incorporation were amended to include restrictions on trading of the Company s Common Stock. See Item 5 Market for Registrant s Common Equity and Related Shareholder Matters . Under the second provision, the calculation of the annual limitation of usage of NOL s is based on the value of equity immediately after any ownership change. If we elect this second provision, we estimate our NOL usage will be limited to $230 million per annum; however, the requirement to eliminate unused NOL carry forwards upon a change of ownership within two years of the reorganization would not apply. We have not yet made our final determination of which relief provision we will select.

In addition to Federal NOL carry forwards, we have deferred tax assets of $404 million and $6 million related to state NOL s and capital losses that will expire in years beginning in 2010 and $171 million related to foreign NOL s. As a result of our operating losses, we concluded that a significant portion of our federal, state and foreign net deferred tax assets were not greater than 50 percent likely to be realized. As a result, we increased our valuation allowance by $743 million, $189 million and $206 million against federal, state and foreign, net deferred tax assets during 2009.

At December 31, 2008, a valuation allowance of $30 million for state NOL s was recorded in continuing operations and a valuation allowance against federal and state NOL s of $559.5 million was recorded in discontinued operation. At December 31, 2007, a valuation allowance of $46.1 million was recorded for state NOL s and capital losses.

Prior to 2009, we did not provide any federal income taxes nor any non-U.S. withholding taxes on undistributed earnings from our non-U.S. operations, because such earnings were considered to be re-invested indefinitely. As we are in the early stages of developing our long term strategic and liquidity plans, we decided to change our assertion as to indefinite reinvestment with respect to

unremitted earnings totaling $159 million at December 31, 2009. As a result, income tax expense for 2009 includes a net charge of $10 million, ($57 million provision net of a valuation allowance utilization of $47 million), for any taxes which would be incurred in connection with repatriation of earnings, if any.

	Predecessor CIT Effective Tax Rate		
Percentage of Pretax Income Years Ended December 31,	**2009**	**2008**	**2007**
Continuing Operations			
Federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) due to:			
State and local income taxes, net of federal income tax benefit	22.6	4.5	2.8
Tax on international operations	518.0	5.1	(15.9)
Non-deductible goodwill impairment charge	(68.8)	(6.2)	9.2
Deferred tax release associated with aircraft transfers			(1.3)
Valuation allowance	1,133.7		
Cancellation of indebtedness income	(2,122.2)		
Other	223.1	2.9	(2.3)
Effective Tax Rate Continuing Operations	(258.6)%	41.3%	27.5%
Discontinued Operation			
Federal income tax rate	n/a	35.0%	35.0%
Increase (decrease) due to:			
State and local income taxes, net of federal income tax benefit	n/a	4.2	2.7
Valuation Allowance	n/a	(20.9)	
Other	n/a	0.7	(1.5)
Effective Tax Rate Discontinued Operation	n/a	19.0%	36.2%
Total Effective tax rate	n/a	25.4%	71.4%

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows: (dollars in millions)

Balance at December 31, 2008	$ 110.9
Additions for tax positions related to current year	25.3
Additions for tax positions related to prior years	36.0
Reductions for tax positions of prior years	(81.0)
Settlements and payments	(40.3)
Expiration of statutes of limitations	(5.9)
Foreign currency revaluation	5.1
Balance at December 31, 2009	$ 50.1

During the year ended December 31, 2009, the Company recognized an approximate $79.5 million decrease in the liability for unrecognized tax benefits and associated interest and penalties, net of an $8.5 million increase attributable

to foreign currency revaluation. The Company recognizes accrued interest and penalties on unrecognized tax benefits in income tax expense. During the year ended December 31, 2009, we recognized an $18.6 million decrease in interest and penalties associated with uncertain tax positions, net of a $3.4 million increase attributable to foreign currency translation.

Unrecognized tax benefits total $50.1 million, which would lower our effective tax rate, if realized. To the extent interest and penalties are not assessed with respect to uncertain tax positions, amounts accrued will be reversed and further reduce the income tax provision. The Company believes that the total unrecognized tax benefits may decrease, in the range of $0 to $10 million, due to the settlements of audits and the expiration of various statutes of limitations prior to December 31, 2010.

The Company settled Internal Revenue Service examinations for taxable years ending December 31, 1997 through December 31, 2004. These settlements did not have a material financial impact. The Company has subsidiaries that are under examination in various states, provinces and countries for years ranging from 1997 through 2007. Management does not anticipate that these examination results will have any material financial impact.

The Company, as required by regulation, made payments totaling $93 million (CAD) to Revenue Canada (CRA) in connection with disputed tax positions related to certain leasing transactions. We settled with CRA with respect to these transactions in 2009 and we received a partial refund (mostly interest) of $45 million (CAD). These leasing transactions were originated by a predecessor company and the predecessor shareholders provided us with a tax indemnification. Management believes that any settlement with CRA or the indemnitors should not have a material impact to the Company s financial position or results of operations.

NOTE 19 RETIREMENT, POSTRETIREMENT AND OTHER BENEFIT PLANS

Retirement and Postretirement Medical and Life Insurance Benefit Plans

CIT provides various benefit programs, including defined benefit pension, postretirement healthcare and life insurance, and defined contribution plans. The retirement and postretirement plans were not impacted by the Plan of Reorganization. A summary of major plans is provided below.

Retirement Benefits

CIT has both funded and unfunded noncontributory defined benefit pension plans covering certain U.S. and non-U.S. employees, each of which is designed in accordance with practices and regulations in the related countries. Retirement benefits under defined benefit pension plans are based on employee s age, years of service and qualifying compensation.

Our largest plan is the CIT Group Inc. Retirement Plan (the Plan), which accounts for 73% of our total pension benefit obligation at December 31, 2009. The Plan covers U.S. employees who have completed one year of service and have attained the age of 21. The Plan has a cash balance formula that became effective January 1, 2001. Active participants covered by this formula are credited with a percentage (5% to 8% depending on years of service) of Benefits Pay (comprised of base salary, plus certain annual bonuses, sales incentives and commissions). Balances accumulated under this formula also receive periodic interest, subject to certain government limits. The interest credit was 3.18%, 4.57%, and 4.78% for the years ended December 31, 2009, 2008, and 2007, respectively. The Plan also provides traditional pension benefits under the legacy portion of the Plan to employees who elected not to convert to the cash balance feature. Participants under the legacy portion represent 62% of the Plan s aggregate pension benefit obligation in dollars. Only 9% of actively employed participants are in the legacy portion.

Effective January 1, 2008, the Plan vesting schedule was amended from five to three years in accordance with the requirements of the Pension Protection Act of 2006. Upon termination or retirement, vested participants have the option of receiving their benefit in a lump sum, deferring their payment to age 65 or converting their vested benefit to an annuity.

The Company also maintains a U.S. noncontributory supplemental retirement plan for participants whose benefit in the Plan is subject to Internal Revenue Code limitations and an executive retirement plan, which is closed to new members, together which aggregate 18% of the total pension benefit obligation at December 31, 2009.

Postretirement Benefits

CIT provides healthcare and life insurance benefits to eligible retired employees. U.S. retiree healthcare and life insurance account for 58% and 37% of the total postretirement benefit obligation, respectively. For most eligible retirees, healthcare is contributory and life insurance is non-contributory. Participants generally become eligible for postretirement benefits upon completion of ten years of continuous service after attaining age 50. Individuals hired prior to November 1999 generally become eligible after 11 years of continuous service after attaining age 44. The U.S. retiree healthcare plan pays a stated percentage of most medical expenses, reduced by a deductible and any payments made by the government and other programs. The U.S. retiree healthcare benefit includes a maximum on CIT s share of costs for employees who retired after January 31, 2002. All postretirement plans are funded on a pay-as-you-go basis.

Obligations and Funded Status

In 2009, funded plans enjoyed a favorable investment return due to the rebound in the equity and fixed income markets, resulting in a strong increase in the fair value of plan assets.

In 2008, market conditions caused a dramatic decline in the fair value of plan assets, resulting in an increase in unfunded amounts of the retirement plans. The corresponding liability increase was recognized as a component of Other Comprehensive Income (after tax) at December 31, 2008, resulting in higher charges to earnings and higher cash contributions in 2009.

Under fresh start accounting, the accumulated Other Comprehensive Loss for retirement plans and the accumulated Other Comprehensive Income for postretirement plans was eliminated at December 31, 2009. As a result, net periodic cost for 2010 is not expected to include actuarial loss or prior service costs.

The following tables set forth changes in benefit obligation, plan assets, funded status and net periodic benefit cost of the retirement plans and postretirement plans:

	Retirement Benefits		Postretirement Benefits	
(dollars in millions)	2009	2008	2009	2008
Change in benefit obligation				
Benefit obligation at beginning of year	$ 399.9	$ 391.1	$ 50.8	$ 49.6
Service cost	18.8	21.9	1.1	1.2
Interest cost	24.1	24.8	3.1	3.3
Actuarial (gain)/loss	(0.1)	10.1	(2.0)	(1.3)
Benefits paid	(38.8)	(42.2)	(5.6)	(5.5)
Other (a)	1.2	(5.8)	2.2	3.5
Benefit obligation at end of year	$ 405.1	$ 399.9	$ 49.6	$ 50.8
Change in plan assets				
Fair value of plan assets at beginning of period	$ 188.6	$ 295.3	$	$
Actual return on plan assets	56.3	$ (82.4)		
Employer contributions	58.3	$ 22.1	3.4	3.3
Benefits paid	(38.7)	$ (42.2)	(5.6)	(5.5)
Other (a)	1.4	$ (4.2)	2.2	2.2
Fair value of plan assets at end of period	$ 265.9	$ 188.6	$	$
Funded status at end of year (b)(c)	$ (139.2)	$ (211.3)	$ (49.6)	$ (50.8)

(a) Consists of any of the following: plan participants contributions, amendments, acquisition/transferred liabilities, plan settlements and curtailments, termination benefits, retiree drug subsidy, and currency translation adjustments

(b) These amounts were recognized as liabilities in the Consolidated Balance Sheet at December 31, 2009 and 2008.

(c) Company assets of $87.9 million related to the non-qualified U.S. executive retirement plan obligation are not included in plan assets but related liabilities are in benefit obligation.

The amount recognized in accumulated Other Comprehensive Income for the year ended December 31, 2008 was $154.6 million for retirement benefits. The amount related to postretirement benefits was insignificant. The accumulated benefit obligation for all defined benefit pension plans was $380.7 million and $375.8 million, at December 31, 2009 and 2008, respectively. Information for those defined benefit plans with an accumulated benefit obligation in excess of plan assets is as follows:

	December 31	
	CIT	Predecessor CIT
(dollars in millions)	2009	2008
Projected benefit obligation	$ 389.2	$ 399.9
Accumulated benefit obligation	364.9	375.8
Fair value of plan assets	248.9	188.6

The net periodic benefit cost and other amounts recognized in Other Comprehensive Income consisted of the following:

	Retirement Benefits			Postretirement Benefits		
	2009	2008	2007	2009	2008	2007
Service Cost	$ 18.8	$ 21.9	$ 25.2	$ 1.1	$ 1.2	$ 2.2
Interest Cost	24.1	24.8	22.7	3.1	3.3	3.3
Expected Return on plan assets	(18.6)	(19.9)	(22.2)			
Amortization of prior service cost	2.1	2.4	2.7		(0.1)	(0.1)
Amortization of net loss/(gain)	14.7	1.3	0.9	(0.1)	(0.2)	0.6
Settlement and curtailment (gain)/loss	(0.4)	5.4	(0.3)	(0.1)	0.3	
Termination benefits	0.4	0.9	0.7			
Net periodic benefit cost	$ 41.1	$ 36.8	$ 29.7	$ 4.0	$ 4.5	$ 6.0

Other Changes in Plan Assets and Benefit Obligations Recognized on Other Comprehensive Income

Net (gain)/loss	$ (38.8)	$ 112.0	$ (23.3)	$ (2.0)	$ (1.3)	$ (9.3)
Prior service cost (credit)		(2.2)			0.1	
Amortization, settlement or curtailment recognition of net gain/(loss)	(14.7)	(1.6)	(0.3)	0.1	0.2	(0.6)
Amortization, settlement or curtailment recognition of prior service (cost)/credit	(2.1)	(5.2)	(2.9)		0.2	0.1
Impact of fresh-start accounting	(99.0)			2.2		
Currency translation adjustment		(0.1)	(0.1)			

Total recognized in OCI	$ (154.6)	$ 102.9	$ (26.6)	$ 0.3	$ (0.8)	$ (9.8)
Total recognized in net periodic benefit cost and OCI	$ (113.5)	$ 139.7	$ 3.1	$ 4.3	$ 3.7	$ (3.8)

Assumptions

Discount rate assumptions used for pension and post-retirement benefit plan accounting reflect prevailing rates available on high-quality, fixed-income debt instruments with maturities that match the benefit obligation. The rate of compensation used in the actuarial model is based upon our long-term plans for any increases, taking into account both market data and historical increases.

Expected long-term rate of return assumptions on assets are based on projected asset allocation and historical and expected future returns for each asset class. Independent analysis of historical and projected asset returns, inflation, and interest rates are provided by our investment consultants and actuaries as part of our assumptions process.

The weighted average assumptions used in the measurement of benefit obligations are as follows:

	Retirement Benefits		Postretirement Benefits	
	Successor CIT	Predecessor CIT	Successor CIT	Predecessor CIT
	2009	2008	2009	2008
Discount rate	5.96%	6.21%	5.75%	6.26%
Rate of compensation increases	3.95%	4.40%	4.00%	4.50%
Health care cost trend rate				
Pre-65	n/a	n/a	8.20%	9.00%
Post-65	n/a	n/a	8.70%	8.40%
Ultimate health care cost trend rate	n/a	n/a	4.50%	4.50%
Year ultimate reached	n/a	n/a	2029	2029

The weighted average assumptions used to determine net periodic benefit costs for the years ended December 31, 2009 and 2008 are as follows:

	Retirement Benefits		Postretirement Benefits	
	Successor CIT	Predecessor CIT	Successor CIT	Predecessor CIT
	2009	2008	2009	2008
Discount rate	6.21%	6.98%	6.26%	7.06%
Expected long-term return on plan assets	7.71%	7.91%	n/a	n/a
Rate of compensation increases	4.40%	4.34%	4.50%	4.50%

Healthcare rate trends have a significant effect on healthcare plan costs. We use both external and historical data to determine healthcare rate trends. An increase (decrease) of one-percentage point in assumed healthcare rate trends would increase (decrease) the postretirement benefit obligation by $1.7 million and ($1.5 million), respectively. The service and interest cost are not material.

Plan Assets

CIT maintains a Statement of Investment Policies and Objectives which specifies guidelines for the investment, supervision and monitoring of pension assets in order to manage our objective of ensuring sufficient funds to finance future retirement benefits. The asset allocation policy allows assets to be invested between 55% to 70% in Equities and 25% to 45% in Fixed-Income. The policy allows for diversifying investments in other asset classes or securities such as Hedge Funds, Real Estate and Commodities, as approved by the Investment Committee. The policy provides specific guidance on asset class objectives, fund manager guidelines and identification of prohibited and restricted transactions. It is reviewed periodically by our Investment Committee and external investment consultants. Members of the Investment Committee are appointed by the Chief Executive Officer and include the Chief Financial Officer, General Counsel, and other senior executives.

There were no direct investments in equity securities of CIT or its subsidiaries included in pension plan assets in any of the years presented.

Plan investments are stated at fair value. Equity securities are valued at the last trade price at primary exchange close time on the last business day of the year (Level 1). Registered Investment Companies are valued at the daily net asset value of shares held at year-end (Level 1).

Corporate and government debt are valued based on institutional bid data from contracted vendors. Vendors use observable market-based data to evaluate prices (Level 2). If observable market-based data is not available, other inputs such as extrapolated data, proprietary models, and indicative quotes are used to arrive at estimated prices a dealer would pay for the security (Level 3).

The table below sets forth asset fair value measurements at December 31, 2009:

(dollars in millions)	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and cash equivalents	$ 3.2	$ 3.2	$	$
Equity securities:				
US companies	130.5	88.1	42.4	
International companies	25.5	25.5		
Fixed income securities:				
Government issued	4.1	4.1		
Corporate bonds	60.3	29.5	30.8	
Other fixed income	13.0	13.0		
Index linked bonds:				
Government issued	3.6	3.6		
Other types of investments:				
Partnerships	6.1		6.1	
Commodity linked funds	1.0	1.0		
Hedge funds	18.1			18.1
Insurance contracts	0.5			0.5
Total assets at fair value	$ 265.9	$ 168.0	$ 79.3	$ 18.6

The table below sets forth changes in the fair value of the Plan s level 3 assets for the year ended December 31, 2009:

(dollars in millions)	Total	Hedge Funds	Insurance Contracts
Balance at December 31, 2008	$ 42.5	$ 42.2	$ 0.3
Actual return on plan assets			
Assets held at December 31, 2009	2.5	2.4	0.1
Assets sold during the year	1.0	1.0	
Purchases, sales, and settlements, net	(27.4)	(27.5)	0.1
Transfers in or out of Level 3			
Balance at December 31, 2009	$ 18.6	$ 18.1	$ 0.5

Contributions

Our policy is to make contributions to the extent they exceed the minimum required by laws and regulations, are consistent with our objective of ensuring sufficient funds to finance future retirement benefits and are tax deductible. Contributions are charged to Salaries and employee benefits expense over the expected average remaining service period of employees expected to receive benefits. During 2010, we currently expect to make a contribution of approximately $26 million to the U.S. Retirement Plan in accordance with our funding policy. For all other plans, we currently expect to contribute $8 million during 2010.

Estimated Future Benefit Payments

The following table depicts benefits projected to be paid from plan assets or from our general assets calculated using current actuarial assumptions. Actual benefit payments may differ from projected benefit payments.

For the years ended December 31, (dollars in millions)	**Retirement Benefits**	**Gross Postretirement Benefits**	**Medicare Subsidy**
2010	$ 59.1	$ 4.4	$ (0.5)
2011	24.1	4.4	(0.5)
2012	24.8	4.3	(0.6)
2013	26.0	4.3	(0.6)
2014	27.6	4.3	(0.7)
2015-2019	159.5	20.2	(2.3)

Savings Incentive Plan

CIT has a number of defined contribution retirement plans covering certain of its U.S. and non-U.S. employees designed in accordance with conditions and practices in the countries concerned. The U.S. plan, which qualifies under section 401(k) of the Internal Revenue Code, is the largest and accounts for 72% of our total defined contribution retirement expense for the year ended December 31, 2009. Generally, employees may contribute a portion of their salary and bonus, subject to regulatory limits and plan provisions, and we match these contributions up to a threshold. The cost of these plans aggregated $17.8 million, $24.7 million and $28.9 million for the years ended December 31, 2009, 2008, and 2007.

Annual Bonus Plans

No discretionary annual bonus payments were awarded for the year ended December 31, 2009 other than for a small number of eligible participants with previously committed incentives or special awards. Annual bonuses are generally payable in cash to eligible employees under a combination of corporate bonus and sales incentive plans. Payments depend, in part, on corporate and business financial performance, a variety of subjective factors and individual participant responsibilities and performance during the fiscal period. Aggregate incentive pools are subject to review and approval by the Compensation Committee of the Board (the Committee).

For 2008, bonus payments totaled $58.6 million to eligible employees. For the year ended December 31, 2007, bonuses were $85.1 million. The Company also maintains sales incentive plans which cover eligible members of our sales force. These plans pay on a monthly or quarterly schedule based on commission and funding formulas. These also include annual plans, which pay on a discretionary basis. The cost of these sales incentive programs in 2009, 2008 and 2007 were $22.2 million, $99.9 million and $149.1 million.

In 2006, we adopted the Executive Incentive Plan, as approved by stockholders, which governs the annual cash-incentive for certain of our executive officers. This plan was suspended in 2009. The formula under the Executive Incentive Plan was designed to comply with Section 162(m) of the U.S. tax code and to permit us, thereby, to deduct the compensation we pay to our Named Executive Officers for federal income tax purposes. Under the Executive Incentive Plan, the maximum amount of annual incentive funding was limited to 2% of net income for a given fiscal year, and no more than 30% of that funding amount would have been available for payment to any single participant. The funding amounts generated under the formula provide a pool which could be allocated to eligible executive officers. No amounts were paid under the Executive Incentive Plan for the years ended December 31, 2009 and 2008. The 2007 bonus amount above includes $1.2 million paid to executive officers under the Executive Incentive Plan.

Stock-Based Compensation

Pursuant to the Confirmed Modified Second Amended Prepackaged Reorganization Plan of CIT Group Inc. and CIT Group Funding Company of Delaware LLC, all equity-based awards with respect to pre-emergence Common Stock issued under employee incentive plans were cancelled. The cancellation was treated as a settlement for no consideration and $29.0 million of compensation cost was accelerated during the reorganization period.

No equity-based awards including restricted stock, performance shares, or restricted cash units under the prior plan were granted to employees during 2009, other than stock options and restricted stock units granted in January 2009.

Pursuant to the Plan of Reorganization, the Company adopted the Amended and Restated CIT Group Inc. Long-Term Incentive Plan (the LTIP), which provides for grants of stock-based awards and replaced the Predecessor CIT Group Inc. Long-Term Incentive Plan (the prior plan). The initial number of shares of common stock that was issuable for all purposes under the LTIP was 10,526,316. The LTIP was approved by the Court and does not require shareholder approval.

Stock Options

Stock Options were granted to employees and members of the Board under the prior plan in 2009 with a vesting schedule of one third per year for three years, a 7-year term from the date of grant and with strike prices equal to the fair market value of the common stock on each respective grant date (i.e., in each case a date on which quarterly earnings were publicly announced). Vested options that become exercisable on the first anniversary of the grant date were granted to certain members of the Board who elected to receive options in lieu of cash compensation for their retainer.

Stock options granted under the prior plan in 2009, totaled 4,285,302 to employees for annual long-term incentives and 537,738 to members of the Board. The aggregate amount granted to Directors includes 14,151 options pursuant to individual director elections to receive options in lieu of all or a portion of the annual cash retainer, 429,247 pursuant to annual awards, and 94,340 pursuant to initial awards granted upon new members joining the Board. These stock options were cancelled in the reorganization. No stock options were exercised during 2009.

During 2008, 5,192,008 options were granted to employees as part of the annual long-term incentive process, as well as 450,000 options granted to new hires. In addition, 93,750 options were granted to members of the Board who elected to receive options in lieu of cash compensation for their retainer. The options issued to directors in lieu of cash compensation become exercisable on the first anniversary of the grant date. As part of the 2008 annual equity grant, 120,000 options were awarded to members of the Board, which had a one-third per year vesting schedule. The value of options exercised during 2008, outstanding and exercisable options as of December 31, 2008 were de minimis. These stock options were cancelled in the 2009 reorganization.

After our emergence from bankruptcy, options were granted during December 2009 under the LTIP to new Board members with terms similar to those described above.

Salaries and general operating expenses included $13.5 million of compensation expense related to employee stock option plans and employee stock purchase plans ($7.9 million after tax, $0.03 EPS) for the year ended December 31, 2009, $21.7 million ($12.5 million after tax, $0.05 EPS) for 2008, and $24.3 million ($13.0 million after tax, $0.07 EPS) for 2007. Compensation expense is recognized over the vesting period (requisite service period), generally three years, under the graded vesting method, whereby each vesting tranche of the award is amortized separately as if each were a separate award. Valuation assumptions for new equity awards are established at the start of each fiscal year.

Stock option information is presented below:

For the years ended December 31,

	2009		2008	
	Options	Weighted Average Price Per Option	Options	Weighted Average Price Per Option
Outstanding at beginning of period	16,646,479	$ 31.73	12,262,634	$ 42.94
January Grant	4,285,302	$ 2.29	1,221,317	$ 21.15
July Grant	n/a	$ n/a	4,420,691	$ 8.47
Granted Other	537,738	$ 3.19	213,750	$ 9.54
Exercised		$ n/a	(1,867)	$ 19.63
Forfeited	(21,469,519)	$ 25.14	(1,470,046)	$ 43.23
Outstanding at December 10, 2009 (1)		$	n/a	n/a
Granted December 18, 2009 (2)	30,024	$ 27.50	n/a	n/a
Outstanding at end of period	30,024	$ 27.50	16,646,479	$ 31.73
Options exercisable at end of period		$	10,356,179	$ 39.56
Options unvested at end of period	30,024	$ 27.50	6,290,300	$ 18.86

(1) The Effective Date of the Confirmed Modified Second Amended Prepackaged Reorganization Plan of CIT Group Inc. and CIT Group Funding Company of Delaware LLC.

(2) Stock options were granted under the LTIP to four new members of the Board of Directors on December 18, 2009.

The weighted average fair value of new options granted was $13.12 and $4.39 for the years ended December 31, 2009 and 2008. The fair value of new options granted was determined at the date of grant using the Black-Scholes option-pricing model, based on the following assumptions.

Option Issuance Range	Expected Option Life Range	Average Dividend Yield	Expected Volatility Range		Risk Free Interest Rate	
2009						
Successor CIT						
December, 2009 Director Grant	4.00-5.00 Years	0.00%		56.7%	1.81%	2.30%
Predecessor CIT all cancelled						
January, 2009	2.83-4.83 Years	3.49%	96.5%	108.1%	1.05%	1.57%
January, 2009 Section 16b (named officers)	4.75-5.58 Years	3.49%	94.0%	96.9%	1.55%	1.73%

May, 2009	Director Grant	4.75-5.58 Years	0.00%	96.2%	99.7%	1.94%	2.21%
2008							
January, 2008		2.33-4.33 Years	4.73%	48.3%	49.9%	2.45%	2.75%
January, 2008	Section 16b (named officers)	4.75-5.58 Years	4.73%	48.8%	50.0%	2.85%	2.99%
May, 2008	Director Grant	4.75-5.58 Years	3.05%	67.9%	68.4%	3.08%	3.25%
July, 2008		2.33-4.33 Years	4.72%	81.8%	89.3%	2.68%	3.20%
July, 2008	Section 16b (named officers)	4.75-5.58 Years	4.72%	80.2%	81.0%	3.29%	3.44%
October, 2008	Director Grant	4.75-5.58 Years	13.75%	99.0%	100.2%	2.72%	2.98%

For employees other than 16(b) officers (selected senior executives), the expected term was equal to the vesting period of the options plus 22 months for grants made in 2009. Since each vesting segment was valued separately, the expected term assumptions were 34, 46, and 58 months for those that vest in one, two and three years respectively.

For 16(b) officers, the expected life calculation is based on the average of the longest and shortest possible exercise periods given the restrictions on the exercise of options under the Executive Equity Retention Policy. Under this methodology, the expected life assumptions are 57 months, 62 months and 67 months for each tranche.

The entire cost of options granted is immediately recognized for those employees who are retirement eligible at the grant date. For options granted to employees who will reach retirement eligibility within the three year vesting period, the cost of the grants is amortized from the grant date through retirement eligibility date.

The volatility assumption is equal to CIT s historical volatility using weekly closing prices for the period commensurate with the expected option term, averaged with the implied volatility for CIT s publicly traded options. The individual yield reflected the Company s current dividend yield. The risk free interest rate reflects the implied yield available on U.S. Treasury zero-coupon issues (as of the grant date for each grant) with a remaining term equal to the expected term of the options.

The following table summarizes information about stock options:

	Options Outstanding			Options Exercisable	
Range of Exercise Price	**Number Outstanding**	**Weighted Remaining Average Contractual Life**	**Weighted Average Exercise Price**	**Number Exercisable**	**Weighted Average Exercise Price**
Successor CIT					
2009					
$27.50	30,024	7.0	$27.50		$
Predecessor CIT all cancelled					
2008					
$2.91 $20.00	4,324,535	6.3	$ 8.53	240,050	$ 8.56
$20.01 $25.00	2,734,303	4.2	$22.02	1,746,934	$ 22.52
$25.01 $35.00	1,043,626	4.2	$30.19	1,038,776	$ 30.17
$35.01 $45.00	4,559,786	4.7	$40.66	4,559,786	$ 40.66
$45.01 $60.00	3,508,791	3.6	$51.05	2,309,703	$ 50.77
$60.01 $101.00	475,438	0.4	$73.89	460,930	$ 74.32
	16,646,479			10,356,179	

The unrecognized pretax compensation cost related to employee stock options was $0.4 million at December 31, 2009, which is expected to be recognized in earnings over a weighted-average period of two years.

Employee Stock Purchase Plan

Pursuant to the Reorganization Plan, all shares previously authorized and available for issuance under the Employee Stock Purchase Plan (the ESPP) were cancelled in December 2009 and no shares were authorized for issuance.

Previously, eligibility for participation in the ESPP included participating employees who were employed for at least 20 hours per week, except that any employees designated as highly compensated were not eligible to participate. The ESPP was available to employees in the U.S. and to certain international employees. Under the ESPP, as amended and approved by shareholders in May 2009, CIT was authorized to issue up to 3,000,000 shares of common stock to eligible employees. Eligible employees could have chosen to have between 1% and 10% of their base salary withheld to purchase shares quarterly, at a purchase price equal to 85% of the fair market value of CIT common stock on the last business day of the quarterly offering period. The amount of common stock purchased by a participant through the ESPP was generally limited to $25,000 per year. A total of 120,496 shares were purchased in 2009 and 366,158 shares were purchased in 2008.

Restricted Stock

Restricted Stock Units (RSUs) granted to employees and restricted stock granted to members of the Board during 2009 under the prior plan generally were scheduled to vest either one third per year for three years or 100% after three years. Vested stock awards that were scheduled to remain subject to transfer restrictions through the first anniversary of the grant date were granted to certain members of the Board who elected to receive stock in lieu of cash compensation for their retainer.

RSUs awarded to employees for 2009 and 2008 were 655,022 and 3,627,789, respectively. These RSUs were awarded at the fair market value on the applicable grant dates and had either a one-third per year or three-year cliff-vest period. In addition, 167,401 and 90,872 restricted shares were granted during 2009 and 2008, respectively, to members of the Board. During 2009, the aggregate amount granted to directors includes 2,822 shares pursuant to individual director elections to receive stock that would have remained subject to transfer restrictions for one year in lieu of all or a portion of the annual cash retainer, 133,231 pursuant to annual awards, and 31,348 pursuant to initial awards granted upon new members joining the Board. Annual and initial equity grants were granted with a one-third per year vesting schedule. All restricted stock and restricted stock units issued under the prior plan were cancelled in the reorganization.

No Performance Shares were awarded during 2009 and 2008.

After our emergence from bankruptcy, restricted stock was granted during December 2009 under the LTIP to new Board members with terms similar to those described above.

For the years ended December 31, 2009 and 2008, $10.1 million and $9.2 million, respectively, are included in Salaries and general operating expenses related to restricted stock.

The following tables summarize restricted stock activity for 2009 and 2008:

	2009					
	Restricted Shares/Units			Performance Shares		
	Number of Shares		Weighted Average Grant Date Value	Number of Shares		Weighted Average Grant Date Value
Unvested at beginning of the year	3,419,801	$	9.06	1,064,203	$	55.28
Granted to employees	655,022	$	2.29			
Granted to independent directors	167,401	$	3.19	n/a		n/a
Forfeited / cancelled	(4,040,039)	$	7.29	(1,064,203)	$	55.28
Vested	(202,185)	$	17.61		$	
Unvested at December 10, 2009 (1)		$		n/a		n/a
Granted December 18, 2009 (2)	10,004	$	27.50	n/a		n/a
Outstanding at end of period (Successor CIT)	10,004	$	27.50		$	

(1) The Effective Date of the Confirmed Modified Second Amended Prepackaged Reorganization Plan of CIT Group Inc. and CIT Group Funding Company of Delaware LLC.

(2) Restricted stock was granted under the LTIP to four new members of the Board of Directors on December 18, 2009.

The fair value of restricted stock and performance shares that vested during 2009 was $0.5 thousand and $0 respectively.

	2008					
	Restricted Shares/Units			Performance Shares		
	Number of Shares		Weighted Average Grant Date Value	Number of Shares		Weighted Average Grant Date Value
Predecessor CIT (all shares and units were cancelled)						
Unvested at beginning of the year	189,687	$	47.94	1,986,608	$	50.46
Granted to employees	3,627,789	$	8.87			
Granted to independent directors	90,872	$	8.34	n/a		n/a
Granted pursuant to performance above target related to 2005-2007 performance shares	n/a		n/a	311,467	$	40.74
Forfeited	(299,593)	$	13.73	(239,396)	$	52.85
Vested	(169,754)	$	39.35	(994,476)	$	41.69

Unvested at end of period	3,439,001	$	9.06	1,064,203	$	55.28

The fair value of restricted stock and performance shares that vested during 2008 was $1.6 million and $15.0 million respectively.

Restricted Cash Units

Eligible employees received deferred cash awards, described below, during 2009 in lieu of restricted cash units. During 2008, 1,804,595 restricted cash units were awarded at the fair market value on the applicable grant dates and generally had a three-year cliff-vest period. A limited number of awards granted in January 2008 for retention purposes were scheduled to vest one half per year for two years. All restricted cash units granted under the prior plan were cancelled in the reorganization.

Data for restricted cash unit awards is summarized below:

For the years ended December 31,

	2009			2008		
	Number Of Units	Weighted Average Grant Date Fair Value		Number Of Units	Weighted Average Grant Date Fair Value	
Outstanding at beginning of year	1,501,266	$	16.03	51,571	$	51.31
Granted		$		1,804,595	$	15.14
Forfeited/cancelled	(1,240,444)	$	15.33	(272,957)	$	16.65
Vested	(260,822)	$	19.28	(81,943)	$	16.52
Outstanding at end of year		$		1,501,266	$	16.03

The fair value of restricted cash units that vested during 2009 and 2008 was $0.7 million and $0.5 million, respectively.

Other Long-Term Incentives

Certain eligible employees were awarded long-term incentives during 2009 in the form of deferred cash payments. Deferred cash awards generally entitle recipients to a fixed cash payment either on the second or third anniversary of the date of grant, subject to continued employment with CIT through the payment date. Deferred cash payments of $5.4 million payable in three years and $18.9 million for retention purposes payable in two years were awarded for the year ended December 31, 2009. The amount of compensation expense recognized during 2009 related to deferred cash awards was $10.7 million.

Retention Program

On February 25, 2010, the Board of Directors approved a retention program for which approximately 3,300 employees are eligible to participate. Retention awards of $62 million were granted on March 16, 2010. For middle to senior level employees, the retention award will be paid via a combination of cash and restricted stock units that will vest in June and December 2010. Selected senior executives will receive the retention award entirely in restricted stock units that will vest in one and three years.

NOTE 20 COMMITMENTS

The accompanying table summarizes credit-related commitments, as well as purchase and funding commitments:

Commitments (dollars in millions)

	CIT			Predecessor CIT
	December 31, 2009			December 31, 2008
	Due to Expire			
	Within One Year	After One Year	Total Outstanding	Total Outstanding
Financing Commitments				
Financing and leasing assets	$ 628.2	$ 3,107.6	$ 3,735.8	$ 5,526.0
Vendor receivables	505.2	383.9	889.1	
Letters of credit and acceptances:				
Standby letters of credit	287.2	252.0	539.2	646.5
Other letters of credit	137.8	1.4	139.2	245.7
Guarantees, acceptances and other recourse obligations	1,396.6		1,396.6	748.4
Purchase and Funding Commitments				
Aerospace and other manufacturer purchase commitments	584.6	4,192.7	4,777.3	5,559.9
Sale-leaseback payments	0.6	1.0	1.6	1,815.3
Other				
Liabilities for unrecognized tax benefits	10.0	40.1	50.1	110.9

Financing Commitments

Financing commitments, referred to as loan commitments, or lines of credit, are agreements to lend to customers, subject to the customers compliance with contractual obligations. Given that these commitments are not typically fully drawn, may expire unused or be reduced or cancelled at the customer s request and require the customer to be in compliance with certain conditions, the total commitment amount does not necessarily reflect the actual future cash flow requirements.

Financing commitments declined from $5.5 billion at December 31, 2008, to $3.7 billion at December 31, 2009, excluding $0.9 billion in additional funding commitments associated with vendor receivables. This decline reflected an increase in covenant restrictions combined with the expiration and utilization of financing commitments during the period. The Company experienced higher than usual utilization of financing commitments beginning at the end of June that continued through mid-July. Specifically, over $700 million of draws on unfunded commitments occurred during the week of July 13, 2009 just prior to the Company obtaining the $3 billion Credit Facility. The greatest level of drawdowns were from asset-based loans for which CIT was the lead agent, which totaled just over $500 million. At December 31, 2009, unfunded commitments related to lead agented asset-based loans totaled $674 million, down from $1,085 million at June 30, 2009. Subsequent to securing the $3 billion Credit Facility in July, the Company experienced a modest level of net repayments of lines previously drawn totaling approximately $500 million during the weeks of July 27 to September 21. Net repayments over this period could have been a result of the excessive draw activity in the week of July 13 due to headline risk surrounding CIT s possible bankruptcy filing. Since announcing the filing of its plan of reorganization on November 1, 2009, the Company has not experienced any unusual increase in

usage of unfunded financing commitments.

During the second quarter of 2009, a Vendor Finance contract with a particular manufacturer was renegotiated and the receivables and associated commitments that were previously off-balance sheet were brought on-balance sheet. The manufacturer is obligated to provide the funds necessary for CIT to disburse to the customer, therefore these arrangements do not present liquidity risk. Financing commitments shown above also exclude roughly $2.5 billion of commitments that were not available for draw due to requirements for asset / collateral availability or covenant conditions at December 31, 2009.

The Company does not include in the previous table unused cancelable lines of credit to customers in connection with select third-party vendor programs, which may be used solely to finance additional product purchases. These uncommitted lines of credit can be reduced or canceled by CIT at any time without notice. Management s experience indicates that customers related to vendor programs, including Dell, typically do not seek to exercise their entire available line of credit at any point in time. See *Note 23 Certain Relationships and Related Transactions* for additional information regarding Dell.

Letters of Credit and Guarantees

In the normal course of meeting the needs of its clients, CIT also enters into agreements to provide financing, letters of credit and deferred purchase credit protection agreements (DP Agreements). Standby letters of credit obligate the issuer of the letter of credit to pay the beneficiary of the letter of credit in the event that a CIT client on whose behalf the letter of credit was issued does not meet its related obligation to the beneficiary. These financial instruments generate fees and involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the consolidated balance sheets. To minimize potential credit risk, CIT generally requires collateral and in some cases additional forms of credit support from the customer.

DP Agreements are provided primarily in conjunction with factoring in Trade Finance, whereby we provide the client with credit protection for its trade receivables without purchasing the receivables. The trade terms are generally sixty days or less. If the client s customer is unable to pay an undisputed receivable solely as the result of credit risk, then CIT purchases the receivable from the client. DP Agreement activity has been increasing during 2009 as traditional factoring volumes have been declining. At December 31, 2009, the outstanding DP Agreements for Trade Finance were $1.4 billion, up from $0.7 billion at December 31, 2008.

Purchase and Funding Commitments

CIT s firm purchase commitments relate predominantly to purchases of commercial aircraft and rail equipment. The commitments to purchase commercial aircraft are with both Airbus Industries and The Boeing Company. The aerospace equipment purchases are contracted for a specific model aircraft, using a baseline aircraft specification at fixed prices, which reflect discounts from fair market purchase prices prevailing at the time of commitment. The delivery price of an aircraft may also change depending on the final specifications of the aircraft, including engine thrust, aircraft weight and seating configuration. Equipment purchases are recorded at delivery date at the final purchase price paid, which includes purchase price discounts, price changes relating to specification changes and price increases relating to inflation and manufacturing components. Accordingly, the commitment amounts detailed in the preceding table are based on the contracted purchase price less payments to date for pre-delivery payments and exclude buyer furnished equipment to be selected by the initial lessee. Pursuant to existing contractual commitments, 101 aircraft remain to be purchased (20 within the next 12 months). Lease commitments are in place for 18 of the 20 aircraft to be delivered over the next twelve months. The commitment amount excludes unexercised CIT options to purchase aircraft. The aircraft deliveries to CIT are scheduled periodically through 2018. See Notes 2 and 11 for additional information on valuation of aerospace commitments.

Outstanding commitments to purchase equipment to be leased to customers, other than aircraft, relate primarily to rail equipment. Rail equipment purchase commitments are at fixed prices subject to price increases for inflation and manufacturing components. The time period between commitment and purchase for rail equipment is generally less than 18 months.

Sale leaseback contract payment commitments decreased to $1.6 million at December 31, 2009 as most of the leased assets were purchased in the fourth quarter. See Note 2 for additional information regarding sale leaseback payments. Sale leaseback payment commitments were $1.8 billion at December 31, 2008 and primarily related to Rail.

NOTE 21 CONTINGENCIES

PLAN OF REORGANIZATION AND LONG-TERM FUNDING

As discussed in Note 1, CIT and Delaware Funding filed pre-packaged voluntary petitions for relief under the Bankruptcy Code on November 1, 2009, and emerged from bankruptcy on December 10, 2009.

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The Plan of Reorganization enhanced the Company s capital structure and improved its liquidity position. As described in Note 2, long-term debt was reduced by approximately $10.4 billion and principal payments on $23.2 billion of new second lien notes are scheduled to begin not earlier than 2013.

The Plan of Reorganization does not address the Company s long-term funding model. As a result, the Company is reviewing its business strategy and developing detailed plans to secure stable sources of long-term funding, as well as improve operating performance and return to profitability. Management believes that the time afforded by the reorganization will allow it to develop and implement its plans; however, there is uncertainty about whether or when management may develop and implement such plans.

SECURITIES CLASS ACTION

In July and August 2008, putative class action lawsuits were filed in the United States District Court for the Southern District of New York (the New York District Court) on behalf of CIT s pre-reorganization stockholders against CIT, its former Chief Executive Officer and its Chief Financial Officer. In August 2008, a putative class action lawsuit was filed in the New York District Court by a holder of CIT-PrZ equity units against CIT, its former CEO, CFO and former Controller and members of its current and former Board of Directors. In May 2009, the Court consolidated these three shareholder actions into a single action and appointed Pensioenfonds Horeca & Catering as Lead Plaintiff to represent the proposed class, which consists of all acquirers of CIT common stock and PrZ preferred stock from December 12, 2006 through March 5, 2008, who allegedly were damaged, including acquirers of CIT-PrZ preferred stock pursuant to the October 17, 2007 offering of such preferred stock.

In July 2009, the Lead Plaintiff filed a consolidated amended complaint alleging violations of the Securities Exchange Act of 1934 (1934 Act) and the Securities Act of 1933 (1933 Act). Specifically, it is alleged that the Company, its former CEO, CFO, former Controller, and a former Vice Chairman violated Section 10(b) of the 1934 Act by allegedly making false and misleading statements and omissions regarding CIT s subprime home lending and student lending businesses. The allegations relating to the Company s student lending businesses are based upon the assertion that the Company failed to account in its financial statements or, in the case of the preferred stockholders, its registration statement and prospectus, for private loans to students of a helicopter pilot training school, which it is alleged were highly unlikely to be repaid and should have been written off. The allegations relating to the Company s home lending business are based on the assertion that the Company failed to fully disclose the risks in the Company s portfolio of subprime mortgage loans. The Lead Plaintiff also alleges that the Company, its former CEO, CFO and former Controller and those current and former Directors of the Company who signed the registration statement in connection with the October 2007 CIT-PrZ preferred offering violated the 1933 Act by making false and misleading statements concerning the Company s student lending business as described above.

Pursuant to a Notice of Dismissal filed on November 24, 2009, CIT Group Inc. was dismissed as a defendant from the consolidated securities action. The action will continue as to the remaining defendants and CIT s obligation to defend such defendants continues. Plaintiffs seek, among other relief, unspecified damages and interest. CIT believes the allegations in these complaints are without merit.

In September 2008, a shareholder derivative lawsuit was filed in the New York District Court on behalf of CIT against its former CEO and current and former members of its Board of Directors, alleging defendants breached their fiduciary duties to CIT and abused the trust placed in them by wasting, diverting and misappropriating CIT s corporate assets (the Lookkin Action). Also in September 2008, a similar shareholder derivative action was filed in New York County Supreme Court against CIT s former CEO, CFO and current and former members of its Board of Directors (the Singh Action). The Lookkin Action and the Singh Action have been dismissed as a consequence of CIT s bankruptcy case.

PILOT TRAINING SCHOOL BANKRUPTCY

In February 2008, a helicopter pilot training school (the Pilot School) filed for bankruptcy and ceased operating. Student Loan Xpress, Inc. (SLX), a subsidiary of CIT engaged in the student lending business, had originated private (non-government guaranteed) loans to approximately 2,600 students of the Pilot School, which totaled approximately $196.8 million in principal and accrued interest. SLX ceased originating new loans to students of this school in September 2007, but a majority of SLX s student borrowers had not completed their training when the school ceased operations.

After the Pilot School filed for bankruptcy and ceased operations, SLX voluntarily placed those students who were attending school at the time of the closure in grace such that no payments under their loans have been required to be made and no interest on their loans has been accruing. Multiple lawsuits, including putative class action lawsuits and collective actions, have been filed against SLX and other lenders alleging, among other things, violations of state consumer protection laws. SLX participated in a mediation with several class counsels and the parties have reached an agreement pursuant to which a nationwide class of students who were in attendance at the Pilot School when it closed will be formed for the purposes of settlement only, and their claims against SLX will be resolved. In November, 2009, the United States District Court for the Middle District of Florida preliminarily approved the proposed settlement agreement and fixed February 13, 2010 as the deadline for class members to object to, or request exclusion from, the class. Nearly 2,200 students of the Pilot School are included in the settlement. Borrowers and/or co-signors under approximately 3% of these loans have objected to the settlement and borrowers and/or co-signors under approximately 5% of these loans have opted out of the settlement.

The court also fixed March 22, 2010 as the hearing date to consider final approval of the settlement. The value of the Pilot School student loans have been written down to estimated fair market value in connection with the Company s post-bankruptcy implementation of Fresh Start Accounting. SLX also completed a settlement of a mass action commenced by students in Georgia, which is binding upon 37 SLX borrowers. The Attorneys General of several states also engaged in a review of the impact of the Pilot School s closure on the student borrowers and any possible role of SLX. SLX cooperated in the review and has reached agreement with twelve state Attorneys General, pursuant to which, among other things, the Attorneys General support the class settlement that has been preliminarily approved by the court.

NOTEHOLDER ACTIONS CONCERNING $3 BILLION CREDIT FACILITY

In September 2009, three noteholders filed a derivative action in the Delaware Chancery Court (the Delaware Action) against two directors of CIT Group Funding Company of Delaware, LLC (Delaware Funding), alleging that the directors breached their fiduciary duties to Delaware Funding by allowing Delaware Funding to guaranty and grant liens upon its assets in connection with the $3 billion financing facility entered into by the Company in July 2009 (the Credit Facility).

On the same date, a group of noteholders, including the plaintiffs in the Delaware Action, commenced an action in the United States District Court for the Southern District of New York against Delaware Funding and many of the lenders involved in the Funding Facility. Plaintiffs brought the action on behalf of themselves and a purported class of all holders or owners of notes issued by CIT Funding. Plaintiffs asserted the Credit Facility constituted a fraudulent transfer under New York law, and accordingly should be annulled.

These cases were dismissed with prejudice on or about December 10, 2009.

VENDOR FINANCE BILLING AND INVOICING INVESTIGATION

In the second quarter of 2007, the office of the United States Attorney for the Central District of California requested that CIT produce the billing and invoicing histories for a portfolio of customer accounts that CIT purchased from a third-party vendor. The request was made in connection with an ongoing investigation being conducted by federal authorities into billing practices involving that portfolio. Certain state authorities, including California, have been conducting a parallel investigation. The investigations are being conducted under the Federal False Claims Act and its state law equivalents. CIT is cooperating with these investigations, and substantial progress has been made towards a resolution of the investigations. Based on the facts known to date, CIT believes these matters will not have a material adverse effect on its financial statements or results of operations.

SNAP-ON ARBITRATION

On January 8, 2010, Snap-on Incorporated and Snap-on Credit LLC (Snap-on) filed a Demand for Arbitration alleging that CIT retained certain monies owed to Snap-on in connection with a joint venture between CIT and Snap-on that was terminated on July 16, 2009. Snap-on is alleging that CIT improperly underpaid Snap-on during the course of the joint venture, primarily related to the purchase by CIT of receivables originated and serviced by the joint venture, and is alleging damages of approximately $115 million. On January 29, 2010, CIT filed its Answering Statement and Counterclaim, denying Snap-on's allegations on the grounds that the claims are untimely, improperly initiated, or otherwise barred. CIT also alleges that Snap-on wrongfully withheld payment of proceeds due to CIT from the receivables serviced by Snap-on on behalf of CIT. CIT is claiming damages in excess of $110 million. CIT believes that Snap-on's allegations are largely without merit.

OTHER LITIGATION

In addition, there are various legal proceedings and government investigations against or including CIT, which have arisen in the ordinary course of business. While the outcomes of the ordinary course legal proceedings and the related activities are not certain, based on present assessments, management does not believe that they will have a material adverse effect.

NOTE 22 LEASE COMMITMENTS

The following table presents future minimum rental payments under noncancellable long-term lease agreements for premises and equipment at December 31, 2009:

Future Minimum Rental Payments (dollars in millions)

Years Ended December 31,	
2010	$ 37.9
2011	35.0
2012	32.9
2013	31.5
2014	30.7
Thereafter	172.6
Total	$ 340.6

In addition to fixed lease rentals, leases generally require payment of maintenance expenses and real estate taxes, both of which are subject to escalation provisions. Minimum payments have not been reduced by minimum sublease rentals of $8.8 million due in the future under noncancellable subleases.

Rental expense, net of sublease income on premises and equipment, was as follows.

	Predecessor CIT		
	December 31,		
	2009	2008	2007
Premises	$ 47.7	$ 49.8	$ 47.7
Equipment	5.6	6.9	8.0
Less sublease income	(2.2)	(4.7)	(4.6)
Total	$ 51.1	$ 52.0	$ 51.1

NOTE 23 CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Until December 31, 2007, CIT was a partner with Dell Inc. (Dell) in Dell Financial Services L.L.C. (DFS), a joint venture that offered financing to Dell s customers. The joint venture provided Dell with financing and leasing capabilities that were complementary to its product offerings and provided CIT with a source of financings. In December 2007, Dell exercised its right to buy CIT s interest and the Company sold its 30% ownership interest in

DFS. CIT maintained the right to provide 25% (of sales volume) funding to DFS in 2009. CIT also retains the vendor finance programs for Dell s customers in Canada and in more than 30 countries that are not affected by Dell s purchase of our DFS interest. CIT has certain recourse to DFS on defaulted contracts. Financing and leasing assets related to the DFS program included in the CIT Consolidated Balance Sheet (but excluding certain related international receivables originated directly by CIT) were approximately $1.1 billion at December 31, 2009 and $2.2 billion at December 31, 2008. Securitized assets included in owned and securitized assets were under $0.1 billion at December 31, 2009 and $0.2 billion at December 31, 2008.

On July 16, 2009, Snap-on Incorporated (Snap-on) terminated a joint venture arrangement with CIT, which had been scheduled to end in January 2010. The joint venture with Snap-on had a similar business purpose and model to the DFS arrangement, including limited credit recourse on defaulted receivables. CIT and Snap-on had 50% ownership interests, 50% board of directors representation, and shared income and losses equally. The Snap-on joint venture was accounted for under the equity method and was not consolidated in CIT s consolidated financial statements. In connection with the termination, Snap-on has acquired CIT s interest in the joint venture for a payment of approximately $8 million and will continue to service the portfolio owned by CIT. Financing and leasing assets on CIT s balance sheet related to the Snap-on program were approximately $0.6 billion at December 31, 2009 and $1.0 billion at December 31, 2008.

Since December 2000, CIT has been a joint venture partner with Canadian Imperial Bank of Commerce (CIBC) in an entity that is engaged in asset-based lending in Canada. Both CIT and CIBC have a 50% ownership interest in the joint venture, and share income and losses equally. This entity is not consolidated in CIT s financial statements and is accounted for under the equity method. CIT s investment in and loans to the joint venture were approximately $323 million at December 31, 2009 and $385 million at December 31, 2008.

In the first quarter of 2007, the Company formed Care Investment Trust Inc. (Care), an externally managed real estate investment trust (REIT), formed principally to invest in healthcare-related commercial real estate. In conjunction with a June 2007 IPO, CIT contributed approximately $280 million of loans to Care in return for cash and a 36% equity investment in Care, which is carried at approximately $59 million, after 2009 impairment charges of approximately $14 million. A subsidiary of CIT provides services to Care pursuant to a management agreement. The investment in Care is accounted for under the equity method.

CIT invests in various trusts, partnerships, and limited liability corporations established in conjunction with structured financing transactions of equipment, power and infrastructure projects. CIT s interests in these entities were entered into in the ordinary course of business. Other assets included approximately $4.7 million at December 31, 2009 and $11.8 million at December 31, 2008 of investments in non-consolidated entities relating to such transactions that are accounted for under the equity or cost methods.

The combination of investments in and loans to non-consolidated entities represents the Company s maximum exposure to loss, as the Company does not provide guarantees or other forms of indemnification to non-consolidated entities.

Certain shareholders of CIT provide investment management, banking and investment banking services in the normal course of business.

NOTE 24 BUSINESS SEGMENT INFORMATION

Management s Policy in Identifying Reportable Segments

CIT s reportable segments are comprised of strategic business units that are aggregated into segments primarily based upon industry categories and to a lesser extent, the core competencies relating to product origination, distribution methods, operations and servicing and the nature of their regulatory environment. This segment reporting is consistent with the presentation of financial information to management.

Types of Products and Services

CIT has five reportable segments: Corporate Finance, Transportation Finance, Trade Finance, Vendor Finance and Consumer. Vendor Finance partners with manufacturers and distributors to offer secured lending and leasing products predominantly to small and mid-size companies primarily in information technology, telecommunication and office equipment markets. Transportation Finance offers secured lending and leasing products to midsize and larger companies across a variety of industries, including aerospace, rail, machine tool, business aircraft, technology, manufacturing and transportation. Trade Finance and Corporate Finance offer secured lending and receivables collection as well as other financial products and services to small and midsize companies. These include secured revolving lines of credit and term loans, credit protection, accounts receivable collection, import and export financing and factoring, debtor-in-possession and turnaround financing and management advisory services. Consumer includes student lending which was offered through Student Loan Xpress and the operations of CIT Bank.

Segment Profit and Assets

The segment returns reflect our historical risk-based capital allocation methodology that was based upon segment asset classes, owned and securitized. The following table presents reportable segment information and the reconciliation of segment balances to consolidated financial statements:

Business Segments *(dollars in millions)*

	Corporate Finance	Transportation Finance	Trade Finance	Vendor Finance	Commercial Segments	Consumer	Total Segments	Corporate and Other	Continuing Operations
For the year ended December 31, 2009									
Interest income	$ 920.6	$ 162.9	$ 126.7	$ 850.5	$ 2,060.7	$ 257.7	$ 2,318.4	$ 39.9	$ 2,358.3
Interest expense	(496.6)	(546.1)	(62.7)	(555.9)	(1,661.3)	(286.7)	(1,948.0)	(711.4)	(2,659.4)
Provision for credit losses	(1,856.8)	(13.2)	(105.6)	(492.9)	(2,468.5)	(149.3)	(2,617.8)	(43.0)	(2,660.8)
Rental income on operating leases	41.7	1,373.1		486.8	1,901.6		1,901.6	(2.1)	1,899.5
Other (loss) income	(333.9)	27.6	208.6	81.9	(15.8)	(8.8)	(24.6)	(248.4)	(273.0)
Depreciation on operating lease equipment	(32.0)	(669.4)		(441.3)	(1,142.7)		(1,142.7)	0.9	(1,141.8)
Goodwill and intangible impairment charges	(316.8)		(363.8)	(11.8)	(692.4)		(692.4)		(692.4)
Other expenses	(337.5)	(137.7)	(129.5)	(343.9)	(948.6)	(65.7)	(1,014.3)	80.8	(933.5)
Reorganization items	(10.2)	(854.7)			(864.9)		(864.9)	11,162.9	10,298.0
Fresh start accounting adjustments	(2,063.2)	(3,635.3)	83.0	(899.4)	(6,514.9)	(929.8)	(7,444.7)	1,301.0	(6,143.7)
(Provision) benefit for income taxes and									

noncontrolling interests, after tax	1,584.5	1,861.1	98.5	671.8	4,215.9	507.5	4,723.4	(4,590.3)	133.1
Net (loss) income from continuing operations, before preferred stock dividends	$ (2,900.2)	$ (2,431.7)	$ (144.8)	$ (654.2)	$ (6,130.9)	$ (675.1)	$ (6,806.0)	$ 6,990.3	$ 184.3
Select Year End Balances									
Loans including receivables pledged	$ 12,150.3	$ 1,853.0	$ 2,991.0	$ 8,187.8	$ 25,182.1	$ 9,683.7	$ 34,865.8	$	$ 34,865.8
Credit balances of factoring clients			(892.9)		(892.9)		(892.9)		(892.9)
Assets held for sale	292.6	17.2			309.8	34.0	343.8		343.8
Operating lease equipment, net	137.3	10,089.2		683.5	10,910.0		10,910.0		10,910.0
Securitized assets	533.5			318.0	851.5		851.5		851.5

For the year ended December 31, 2008									
Interest income	$ 1,471.8	$ 193.4	$ 210.2	$ 1,049.3	$ 2,924.7	$ 580.2	$ 3,504.9	$ 133.3	$ 3,638.2
Interest expense	(883.5)	(577.2)	(80.5)	(633.1)	(2,174.3)	(462.5)	(2,636.8)	(502.3)	(3,139.1)
Provision for credit losses	(520.0)	25.0	(74.5)	(131.2)	(700.7)	(348.2)	(1,048.9)	(0.3)	(1,049.2)
Rental income on operating leases	55.6	1,345.3		566.4	1,967.3		1,967.3	(2.0)	1,965.3
Other income	20.6	124.0	244.0	72.7	461.3	3.0	464.3	30.7	495.0
Depreciation on operating lease equipment	(33.5)	(596.1)		(516.1)	(1,145.7)		(1,145.7)	0.5	(1,145.2)
Goodwill and intangible impairment charges				(467.8)	(467.8)		(467.8)		(467.8)
Other expenses	(409.3)	(138.6)	(141.2)	(433.7)	(1,122.8)	(72.0)	(1,194.8)	(178.7)	(1,373.5)
(Provision) benefit for income taxes and noncontrolling interests, after tax	131.3	(48.7)	(58.4)	143.7	167.9	115.0	282.9	160.3	443.2
Net (loss) income from continuing operations, before preferred stock dividends	$ (167.0)	$ 327.1	$ 99.6	$ (349.8)	$ (90.1)	$ (184.5)	$ (274.6)	$ (358.5)	$ (633.1)
Select Year End Balances									
Loans including receivables pledged	$ 20,768.8	$ 2,647.6	$ 6,038.0	$ 11,199.6	$ 40,654.0	$ 12,472.6	$ 53,126.6		$ 53,126.6
Credit balances of factoring clients			(3,049.9)		(3,049.9)		(3,049.9)		(3,049.9)
Assets held for sale	21.3	69.7			91.0	65.1	156.1		156.1
Operating lease equipment, net	263.4	11,484.5		958.5	12,706.4		12,706.4		12,706.4
Securitized assets	785.3			783.5	1,568.8		1,568.8		1,568.8
For the year ended December 31, 2007									
Interest income	$ 1,764.5	$ 191.1	$ 291.0	$ 1,124.0	$ 3,370.6	$ 781.9	$ 4,152.5	$ 85.6	$ 4,238.1
Interest expense	(1,115.8)	(577.9)	(116.2)	(611.5)	(2,421.4)	(648.6)	(3,070.0)	(347.0)	(3,417.0)
Provision for credit losses	(68.9)	32.0	(33.4)	(52.1)	(122.4)	(55.4)	(177.8)	(64.0)	(241.8)
Rental income on operating leases	56.1	1,298.7		638.2	1,993.0		1,993.0	(2.1)	1,990.9
Other income	599.6	74.0	281.0	585.5	1,540.1	47.2	1,587.3	(10.4)	1,576.9
Depreciation on operating lease equipment	(37.7)	(552.0)		(583.4)	(1,173.1)		(1,173.1)	0.8	(1,172.3)
Goodwill and intangible impairment charges						(312.7)	(312.7)		(312.7)
Other expenses	(472.5)	(154.7)	(157.4)	(482.3)	(1,266.9)	(93.5)	(1,360.4)	(205.7)	(1,566.1)
(Provision) benefit for income taxes and noncontrolling interests, after tax	(272.3)	(40.1)	(101.0)	(208.3)	(621.7)	6.2	(615.5)	311.5	(304.0)
Net (loss) income from continuing operations, before preferred stock dividends	$ 453.0	$ 271.1	$ 164.0	$ 410.1	$ 1,298.2	$ (274.9)	$ 1,023.3	$ (231.3)	$ 792.0
Select Year End Balances									
Loans including receivables pledged	$ 21,326.2	$ 2,551.3	$ 7,330.4	$ 10,373.3	$ 41,581.2	$ 12,179.7	$ 53,760.9	$	$ 53,760.9
Credit balances of factoring clients			(4,542.2)		(4,542.2)		(4,542.2)		(4,542.2)
Assets held for sale	669.3			460.8	1,130.1	130.1	1,260.2		1,260.2
Operating lease equipment, net	459.6	11,031.6		1,119.3	12,610.5		12,610.5		12,610.5
Securitized assets	1,526.7			4,104.0	5,630.7		5,630.7		5,630.7

Geographic Information

The following table presents information by major geographic region based upon the location of the Company s legal entities. Since the Corporation s operations are highly integrated, the methodology for allocating certain asset, liability, income and expense amounts to geographic regions is highly dependent on management judgment:

(dollars in millions)		Total Assets[1][2]	Total Revenue[1][2]	(Loss) income from continuing operations before income taxes[1][2]	Net (loss) income from continuing operations [1][2]
U.S.	2009	44,330.4	2,331.1	1,960.9	1,898.0
	2008	63,051.7	4,593.5	(1,187.0)	(700.9)
	2007	72,332.3	5,941.7	503.8	261.4
Europe	2009	9,079.2	1,273.5	(633.1)	(654.8)
	2008	10,045.0	898.8	(151.3)	(162.0)
	2007	11,929.9	1,138.4	416.8	398.5
Other foreign[3]	2009	6,619.5	380.2	(1,276.6)	(1,059.9)
	2008	7,352.2	606.2	262.0	231.0
	2007	6,351.2	725.8	175.4	135.2
Total consolidated	2009	60,029.1	3,984.8	51.2	183.3
	2008	80,448.9	6,098.5	(1,076.3)	(631.9)
	2007	90,613.4	7,805.9	1,096.0	795.1

(1) 2009 data is impacted by fresh start accounting.

(2) Financial information for assets in 2009 and 2008 on-balance sheet securitization financing structures are reported in the geographic region that originated the transactions.

(3) Includes Canadian region which had 2008 income from continuing operations before income taxes of $156.2 million and 2008 net income from continuing operations of $155.8 million.

NOTE 25 GOODWILL AND INTANGIBLE ASSETS

The following tables summarize goodwill and intangible assets, net balances by segment:

Goodwill and Intangible Assets (dollars in millions)

	Corporate Finance	Transportation Finance	Trade Finance	Vendor Finance	Consumer	Total
Goodwill						
Predecessor CIT - December 31, 2007	$ 296.9	$	$ 271.1	$ 406.0	$	$ 974.0
Activity	0.5		(0.4)	32.7		32.8
Impairment charge				(438.7)		(438.7)
Predecessor CIT - December 31, 2008	297.4		270.7			568.1
Activity	(1.3)		0.8			(0.5)
Impairment charges	(296.1)		(271.5)			(567.6)
Predecessor CIT - December 31, 2009						
Fresh start accounting adjustment		121.3	28.8	89.3		239.4
CIT - December 31, 2009	$	$ 121.3	$ 28.8	$ 89.3	$	$ 239.4
Other Intangible Assets						
Predecessor CIT - December 31, 2007	$ 26.6	$	$ 102.8	$ 49.1	$	$ 178.5
Activity						
Amortization	(3.7)		(7.1)	(8.1)		(18.9)
Impairment charges	(0.4)			(28.7)		(29.1)
Predecessor CIT - December 31, 2008	22.5		95.7	12.3		130.5
Activity	0.2		0.1	0.3		0.6
Amortization	(2.0)		(3.5)	(0.8)		(6.3)
Impairment charges	(20.7)		(92.3)	(11.8)		(124.8)
Predecessor CIT - December 31, 2009						
Fresh start accounting adjustment		225.1				225.1
CIT - December 31, 2009	$	$ 225.1	$	$	$	$ 225.1

The other intangible asset in Transportation Finance recorded in conjunction with fresh start accounting is comprised of amounts related to favorable (above current market rates) operating leases. The net intangible asset will be amortized as on offset to rental income over the remaining life of the leases, generally 5 years or less.

Goodwill recorded in conjunction with fresh start accounting represents the excess of reorganization equity value over fair value of net assets. Goodwill was allocated to the Transportation Finance, Trade Finance and Vendor Finance segments based on the respective segment s estimated fair value of equity. There is no goodwill (fair value of equity in

excess of the fair value of tangible equity) in Corporate Finance and Consumer. With respect to Corporate Finance, the continued disruption in the capital markets has diminished the unit s origination, syndication and other revenue generation capacity, while the Consumer portfolio is in liquidation following the Company s decision to cease originating student loans in 2008. See Note 2 for further information.

Beginning in 2008, Predecessor CIT performed goodwill and intangible asset impairment testing on a quarterly basis through June 30, 2009. Goodwill and intangible asset impairment testing was performed at the reporting unit level. Based on the analysis at June 30, 2009, CIT recorded a pretax goodwill impairment charge of $567.6 million and an intangible asset impairment pretax charge of $124.8 million, representing the remaining balance for each.

In the third quarter of 2008, results indicated that the goodwill balance and certain acquired other intangibles primarily in Vendor Finance were impaired.

Goodwill is assigned to a segment (or reporting unit) at the date the goodwill is initially recorded. Once goodwill has been assigned, it no longer retains its association with a particular event or acquisition, and all of the activities within a reporting unit, whether acquired or internally generated, are available to support the value of the goodwill.

NOTE 26 SEVERANCE AND FACILITY EXITING RESERVES

The following table summarizes previously established liabilities (pre-tax) related to employee severance and closing facilities, as well as 2009 and 2008 restructuring activities:

Severance and Facility Exiting Reserves (dollars in millions)

	Severance		Facilities		
	Number of Employees	Reserve	Number of Facilities	Reserve	Total Reserves
Predecessor CIT - December 31, 2007	52	$ 11.4	9	4.3	15.7
Additions and adjustments	1,142	140.2	6	6.4	146.6
Utilization	(1,019)	(108.7)	(3)	(3.0)	(111.7)
Predecessor CIT - December 31, 2008	175	42.9	12	7.7	50.6
Predecessor CIT - additions and adjustments	286	25.0	4	12.7	37.7
Predecessor CIT - utilization	(382)	(52.3)	(5)	(8.6)	(60.9)
CIT - December 31, 2009	79	$ 15.6	11	$ 11.8	$ 27.4

The severance additions primarily relate to employee termination benefits incurred in conjunction with various organization efficiency and cost reduction initiatives. These additions, along with charges related to accelerated vesting of equity and other benefits, were recorded as part of the $42.9 million and $166.5 million provisions. The ending facilities reserves relate primarily to shortfalls in sublease transactions, which will be utilized over the remaining terms which range up to approximately 6 years.

NOTE 27 SUMMARIZED FINANCIAL INFORMATION OF SUBSIDIARIES

In accordance with the Credit Facility entered into on July 20, 2009, the Expansion Credit Facility entered into on October 28, 2009 as well as requirements conditioned in the prepackaged bankruptcy including the Indentures evidencing the New Second Lien Notes, the following tables present three mutually exclusive sets of condensed consolidating financial statements, reflecting the following:

- The first set of condensed consolidated financial statements reflects CIT Group Inc., as parent company, CIT Group Funding Company of Delaware, C.I.T. Leasing Corporation, CIT Financial Ltd., CIT Bank, and all Other Subsidiaries. The Elimination reflects the elimination of the parent company s investments in subsidiaries.
- The second set includes entities that are considered guarantors or non-guarantors. Guarantor entities are those that have guaranteed the debt under the Credit Facility, Expansion Credit Facility and New Second Lien Notes. Non-guarantors are all other entities including those which may have pledged assets but did not guarantee the debt.
- The third set reflects both restricted and unrestricted subsidiaries in accordance with the Credit Facility and the Expansion Credit Facility. Unrestricted subsidiaries include regulated entities such as CIT Bank, joint ventures, special purpose entities and entities deemed immaterial. Restricted entities include all other.

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CONDENSED CONSOLIDATING BALANCE SHEETS (dollars in millions)

	CIT Group Inc.	CIT Group Funding Company of Delaware	C.I.T. Leasing Corporation	CIT Financial Ltd	CIT Bank	Other Subsidiaries	Eliminations	Consolidated Total
DECEMBER 31, 2009								
ASSETS:								
Net loans	$	$	$ 925.3	$ 1,976.3	$ 6,467.3	$ 25,867.3	$ (370.4)	$ 34,865.8
Operating lease equipment, net			1,088.3	47.4		9,834.7	(60.4)	10,910.0
Assets held for sale			13.5	272.2	34.0	24.1		343.8
Cash and deposits with banks, including restricted balances of $1,420.7 and $2,102.5 at December 31, 2009 and December 31, 2008, respectively	1,099.1	1.4	0.3	510.3	1,705.4	6,509.5	(0.1)	9,825.9
Other assets	29,309.7	9.9	18,550.6	1,591.4	912.8	67,694.1	(113,984.9)	4,083.6
Total Assets	$ 30,408.8	$ 11.3	$ 20,578.0	$ 4,397.6	$ 9,119.5	$ 109,929.7	$ (114,415.8)	$ 60,029.1
LIABILITIES AND STOCKHOLDERS EQUITY:								
Debt, including deposits	$ 19,340.5	$ 2,198.2	$ 630.6	$ 37.0	$ 7,326.0	$ 19,272.2	$ (322.9)	$ 48,481.6
Credit balances of factoring clients						892.9		892.9
Other liabilities	2,668.3	(2,389.9)	4,719.6	3,362.3	124.9	(5,931.1)	(300.9)	2,253.2
Total Liabilities	22,008.8	(191.7)	5,350.2	3,399.3	7,450.9	14,234.0	(623.8)	51,627.7
Total Stockholders' Equity	8,400.0	203.0	15,227.8	998.3	1,668.6	95,694.3	(113,792.0)	8,400.0
Noncontrolling minority interests						1.4		1.4
Total Equity	8,400.0	203.0	15,227.8	998.3	1,668.6	95,695.7	(113,792.0)	8,401.4
Total Liabilities and Stockholders' Equity	$ 30,408.8	$ 11.3	$ 20,578.0	$ 4,397.6	$ 9,119.5	$ 109,929.7	$ (114,415.8)	$ 60,029.1

CONSOLIDATING STATEMENTS OF OPERATION (dollars in millions)

Year Ended December 31, 2009								
Interest income	$ 13.5	$ 87.8	$ 60.8	$ 72.3	$ 278.1	$ 1,845.8	$	$ 2,358.3
Interest expense	(724.9)	(80.5)	(161.2)	(27.0)	(177.3)	(1,488.5)		(2,659.4)
Net interest revenue	(711.4)	7.3	(100.4)	45.3	100.8	357.3		(301.1)
Provision for credit losses	(132.0)		0.2	(117.3)	(26.0)	(2,385.7)		(2,660.8)

Net interest revenue, after credit provision	(843.4)	7.3	(100.2)	(72.0)	74.8	(2,028.4)		(2,961.9)
Equity in net income of subsidiaries	(12,606.5)		(3,993.5)	(35.7)		(19,737.6)	36,373.3	
Other Income								
Rental income on operating leases			153.0	41.0		1,705.5		1,899.5
Other	(469.3)	(8.4)	(34.4)	(11.4)	154.5	96.0		(273.0)
Total other income	(469.3)	(8.4)	118.6	29.6	154.5	1,801.5		1,626.5
Total net revenue, net of interest expense and credit provision	(13,919.2)	(1.1)	(3,975.1)	(78.1)	229.3	(19,964.5)	36,373.3	(1,335.4)
Other Expenses								
Depreciation on operating lease equipment			(86.2)	(36.4)		(1,019.5)	0.3	(1,141.8)
Goodwill and intangible assets impairment charges						(692.4)		(692.4)
Other	275.7	(0.1)	(80.8)	(52.1)	(60.3)	(1,015.9)		(933.5)
Total other expenses	275.7	(0.1)	(167.0)	(88.5)	(60.3)	(2,727.8)	0.3	(2,767.7)
Loss from continuing operations before reorganization items, fresh start accounting adjustments and income taxes	(13,643.5)	(1.2)	(4,142.1)	(166.6)	169.0	(22,692.3)	36,373.6	(4,103.1)
Reorganization items	11,089.4	46.1				(837.5)		10,298.0
Fresh start accounting adjustments	2,601.1	(49.0)	(1,007.1)	(263.6)	(617.5)	(6,807.6)		(6,143.7)
Loss from continuing operations before income taxes	47.0	(4.1)	(5,149.2)	(430.2)	(448.5)	(30,337.4)	36,373.6	51.2
Benefit (provision) for Income Taxes	136.3		3.5	181.0	144.9	(333.1)	(0.5)	132.1
Net (loss) income before preferred stock dividend	183.3	(4.1)	(5,145.7)	(249.2)	(303.6)	(30,670.5)	36,373.1	183.3
Preferred Stock Dividend	(188.1)							(188.1)
Net (Loss) before attribution of noncontrolling interests	(4.8)	(4.1)	(5,145.7)	(249.2)	(303.6)	(30,670.5)	36,373.1	(4.8)
Income attributable to noncontrolling interests, after tax						1.0		1.0
Net (loss) Income (attributable) available to common stockholders	$ (4.8)	$ (4.1)	$ (5,145.7)	$ (249.2)	$ (303.6)	$ (30,669.5)	$ 36,373.1	$ (3.8)

CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (dollars in millions)

	CIT Group Inc.	Group Funding Company of Delaware	C.I.T. Leasing Corporation	CIT Financial Ltd	CIT Bank	Other Subsidiaries	Eliminations	Consolidated Total
Year Ended December 31, 2009								
Cash Flows From Operating Activities:								
Net cash flows provided by (used for) operations	$ 2,380.8	$ (28.5)	$ (4,548.0)	$ 194.2	$ (976.2)	$ 5,051.4	$	$ 2,073.7
Cash Flows From Investing Activities:								
Net increase (decrease) in financing and leasing assets	(167.6)		884.8	429.8	2,206.6	1,934.0		5,287.6
Decrease in inter-company loans and investments	16,373.5						(16,373.5)	
Net cash flows (used for) provided by investing activities	16,205.9		884.8	429.8	2,206.6	1,934.0	(16,373.5)	5,287.6
Cash Flows From Financing Activities:								
Net increase (decrease) in debt	(21,748.7)	(1.9)	622.7	121.4	654.7	15,223.7		(5,128.1)
Inter-company financing		18.0	3,040.8	(380.6)	(1,634.1)	(17,417.6)	16,373.5	
Cash dividends paid	(91.3)							(91.3)
Net cash flows provided by (used for) financing activities	(21,840.0)	16.1	3,663.5	(259.2)	(979.4)	(2,193.9)	16,373.5	(5,219.4)
Net (decrease) increase in cash and cash equivalents	(3,253.3)	(12.4)	0.3	364.8	251.0	4,791.5		2,141.9
Cash and cash equivalents, beginning of period	4,352.4	13.8		145.5	1,366.6	385.0		6,263.3
Cash and cash equivalents, end of period	$ 1,099.1	$ 1.4	$ 0.3	$ 510.3	$ 1,617.6	$ 5,176.5	$	$ 8,405.2

CONDENSED CONSOLIDATING BALANCE SHEETS (dollars in millions)

	Guarantor Entities	Non-Guarantor Entities	Eliminations	Consolidated Total
DECEMBER 31, 2009				
ASSETS:				
Net loans	15,373.1	19,863.1	(370.4)	34,865.8
Operating lease equipment, net	7,936.5	3,033.9	(60.4)	10,910.0
Assets held for sale	303.1	40.7		343.8
Cash and deposits with banks, including restricted balances of $1,420.7 and $2,102.5 at December 31, 2009 and December 31, 2008, respectively	6,772.4	3,053.5		9,825.9
Other assets	102,600.6	17,243.3	(115,760.3)	4,083.6
Total Assets	132,985.7	43,234.5	(116,191.1)	60,029.1
LIABILITIES AND STOCKHOLDERS EQUITY:				
Debt, including deposits	30,665.7	18,138.8	(322.9)	48,481.6
Credit balances of factoring clients	871.7	21.2		892.9
Other liabilities	12,102.0	(9,547.9)	(300.9)	2,253.2
Total Liabilities	43,639.4	8,612.1	(623.8)	51,627.7
Total Stockholders' Equity	89,345.0	34,622.3	(115,567.3)	8,400.0
Noncontrolling Minority Interests	1.3	0.1		1.4
Total Equity	89,346.3	34,622.4	(115,567.3)	8,401.4
Total Liabilities and Stockholders' Equity	132,985.7	43,234.5	(116,191.1)	60,029.1

CONSOLIDATING STATEMENTS OF OPERATION (dollars in millions)

Year Ended December 31, 2009				
Interest income	1,098.1	1,260.2		2,358.3
Interest expense	(2,043.8)	(615.6)		(2,659.4)
Net interest revenue	(945.7)	644.6		(301.1)

Provision for credit losses	(1,796.1)	(864.7)		(2,660.8)
Net interest revenue, after credit provision	(2,741.8)	(220.1)		(2,961.9)
Equity in net income of subsidiaries	(31,205.8)	(5,635.4)	36,841.2	
Other Income				
Rental income on operating leases	1,375.6	523.9		1,899.5
Other	(602.9)	329.9		(273.0)
Total other income	772.7	853.8		1,626.5
Total net revenue, net of interest expense and credit provision	(33,174.9)	(5,001.7)	36,841.2	(1,335.4)
Other Expenses				
Depreciation on operating lease equipment	(818.2)	(323.9)	0.3	(1,141.8)
Goodwill and intangible assets impairment charges	(605.0)	(87.4)		(692.4)
Other	(775.5)	(158.0)		(933.5)
Total other expenses	(2,198.7)	(569.3)	0.3	(2,767.7)
Loss from continuing operations before reorganization items, fresh start accounting adjustments and income taxes	(35,373.6)	(5,571.0)	36,841.5	(4,103.1)
Reorganization items	10,296.2	1.8		10,298.0
Fresh start accounting adjustments	(4,138.8)	(2,004.9)		(6,143.7)
Loss from continuing operations before income taxes	(29,216.2)	(7,574.1)	36,841.5	51.2
Benefit (provision) for Income Taxes	(210.6)	343.2	(0.5)	132.1
Net (loss) income before preferred stock dividend	(29,426.8)	(7,230.9)	36,841.0	183.3
Preferred Stock Dividend	188.1	(376.2)		(188.1)
Net (Loss) before attribution of noncontrolling interests	(29,238.7)	(7,607.1)	36,841.0	(4.8)
Income attributable to noncontrolling interests, after tax	0.3	0.7		1.0
Net (loss) Income (attributable) available to common stockholders	$ (29,238.4)	$ (7,606.4)	$ 36,841.0	$ (3.8)

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CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS (dollars in millions)

	Guarantor Entities	Non-Guarantor Entities	Eliminations	Consolidated Total
Year Ended December 31, 2009				
Cash Flows From Operating Activities:				
Net cash flows provided by (used for) operations	$ (23,970.9)	$ 26,044.6	$	$ 2,073.7
Cash Flows From Investing Activities:				
Net increase (decrease) in financing and leasing assets	3,794.3	1,493.3		5,287.6
Decrease in inter-company loans and investments	16,373.5		(16,373.5)	
Net cash flows (used for) provided by investing activities	20,167.8	1,493.3	(16,373.5)	5,287.6
Cash Flows From Financing Activities:				
Net increase (decrease) in debt	(13,256.1)	8,128.0		(5,128.1)
Inter-company financing	18,414.1	(34,787.6)	16,373.5	
Cash dividends paid	(91.3)			(91.3)
Net cash flows provided by (used for) financing activities	5,066.7	(26,659.6)	16,373.5	(5,219.4)
Net increase in cash and cash equivalents	1,263.6	878.3		2,141.9
Cash and cash equivalents, beginning of period	5,508.8	754.5		6,263.3
Cash and cash equivalents, end of period	$ 6,772.4	$ 1,632.8	$	$ 8,405.2

CONDENSED CONSOLIDATING BALANCE SHEETS (dollars in millions)

	Restricted Entities	Unrestricted Entities	Eliminations	Consolidated Total
DECEMBER 31, 2009				
ASSETS:				
Net loans	16,364.5	18,871.7	(370.4)	34,865.8
Operating lease equipment, net	8,140.2	2,830.2	(60.4)	10,910.0
Assets held for sale	303.1	40.7		343.8
Cash and deposits with banks, including restricted balances of $1,420.7 and $2,102.5 at December 31, 2009 and December 31, 2008, respectively	5,734.8	4,091.2	(0.1)	9,825.9
Other assets	79,158.6	40,685.3	(115,760.3)	4,083.6
Total Assets	109,701.2	66,519.1	(116,191.2)	60,029.1
LIABILITIES AND STOCKHOLDERS EQUITY:				
Debt, including deposits	11,339.6	37,464.9	(322.9)	48,481.6
Credit balances of factoring clients	871.7	21.2		892.9
Other liabilities	(2,605.1)	5,159.3	(301.0)	2,253.2
Total Liabilities	9,606.2	42,645.4	(623.9)	51,627.7
Total Stockholders' Equity	100,093.4	23,873.9	(115,567.3)	8,400.0
Noncontrolling Minority Interests	1.6	(0.2)		1.4
Total Equity	100,095.0	23,873.7	(115,567.3)	8,401.4
Total Liabilities and Stockholders' Equity	109,701.2	66,519.1	(116,191.2)	60,029.1

CONSOLIDATING STATEMENTS OF OPERATION (dollars in millions)

Year Ended December 31, 2009				
Interest income	1,258.4	1,099.9		2,358.3
Interest expense	(1,001.4)	(1,658.0)		(2,659.4)
Net interest revenue	257.0	(558.1)		(301.1)

Provision for credit losses	(1,729.5)	(931.3)		(2,660.8)
Net interest revenue, after credit provision	(1,472.5)	(1,489.4)		(2,961.9)
Equity in net income of subsidiaries	(21,896.2)	(14,945.0)	36,841.2	
Other Income				
Rental income on operating leases	1,424.0	475.5		1,899.5
Other	340.1	(613.1)		(273.0)
Total other income	1,764.1	(137.6)		1,626.5
Total net revenue, net of interest expense and credit provision	(21,604.6)	(16,572.0)	36,841.2	(1,335.4)
Other Expenses				
Depreciation on operating lease equipment	(860.0)	(282.1)	0.3	(1,141.8)
Goodwill and intangible assets impairment charges	(601.2)	(91.2)		(692.4)
Other	(1,275.1)	341.6		(933.5)
Total other expenses	(2,736.3)	(31.7)	0.3	(2,767.7)
Loss from continuing operations before reorganization items, fresh start accounting adjustments and income taxes	(24,340.9)	(16,603.7)	36,841.5	(4,103.1)
Reorganization items	(791.5)	11,089.5		10,298.0
Fresh start accounting adjustments	(6,996.2)	852.5		(6,143.7)
Loss from continuing operations before income taxes	(32,128.6)	(4,661.7)	36,841.5	51.2
Benefit (provision) for Income Taxes	(62.4)	195.0	(0.5)	132.1
Net (loss) income before preferred stock dividend	(32,191.0)	(4,466.7)	36,841.0	183.3
Preferred Stock Dividend		(188.1)		(188.1)
Net (Loss) before attribution of noncontrolling interests	(32,191.0)	(4,654.8)	36,841.0	(4.8)
Income attributable to noncontrolling interests, after tax	(0.3)	1.3		1.0
Net (loss) Income (attributable) available to common stockholders	$ (32,191.3)	$ (4,653.5)	$ 36,841.0	$ (3.8)

NOTE 28 SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

Summarized consolidated quarterly financial data is presented below:
(dollars in millions, except per share data)

	Predecessor CIT			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
For the year ended December 31, 2009				
Interest income	$ 639.6	$ 614.5	$ 556.6	$ 547.6
Interest expense	(657.1)	(633.6)	(693.8)	(674.9)
Provision for credit losses	(535.4)	(588.5)	(701.8)	(835.1)
Rental income on operating leases	475.2	473.5	471.7	479.1
Other income	188.0	(198.8)	(166.8)	(95.4)
Depreciation on operating lease equipment	(282.0)	(286.6)	(282.6)	(290.6)
Other expenses	(162.6)	(293.9)	(249.7)	(227.3)
Goodwill and intangible impairment charges		(692.4)		
Reorganization items and fresh start adjustments				4,154.3
(Provision) benefit for income taxes	(8.0)	(12.7)	33.1	119.7
Noncontrolling minority interest, after tax	(0.5)	0.7		0.8
Preferred stock dividends	(60.4)	(61.6)	(41.2)	(24.9)
Net (loss) income	$ (403.2)	$ (1,679.4)	$ (1,074.5)	$ 3,153.3
Net (loss) income per diluted share	$ (1.04)	$ (4.30)	$ (2.74)	$ 7.39
For the year ended December 31, 2008				
Interest income	989.5	916.8	907.7	824.2
Interest expense	(832.1)	(747.1)	(765.3)	(794.6)
Provision for credit losses	(246.7)	(152.2)	(210.3)	(440.0)
Rental income on operating leases	506.7	492.4	492.2	474.0
Other income	61.0	168.9	142.7	122.4
Depreciation on operating lease equipment	(294.6)	(280.1)	(284.7)	(285.8)
Other expenses	(520.9)	(329.6)	(334.6)	(188.4)
Goodwill and intangible impairment charges			(455.1)	(12.7)
(Provision) benefit for income taxes	96.4	(21.2)	206.3	162.9
Noncontrolling minority interest, after tax	(11.0)	0.2	(0.5)	10.1
Income (loss) from discontinued operation	2.0	(2,115.8)	4.4	(57.0)
Preferred stock dividends	(7.5)	(16.7)	(20.1)	(20.4)
Net (loss) income	$ (257.2)	$ (2,084.4)	$ (317.3)	$ (205.3)
Net (loss) income per diluted share	$ (1.35)	$ (7.88)	$ (1.11)	$ (0.69)
For the year ended December 31, 2007				
Interest income	981.7	1,065.7	1,090.6	1,100.1
Interest expense	(789.9)	(847.7)	(878.6)	(900.8)
Provision for credit losses	(35.9)	(12.6)	(63.9)	(129.4)
Rental income on operating leases	454.1	496.0	511.1	529.7
Other income	317.0	478.3	277.0	504.6

Depreciation on operating lease equipment	(263.6)	(292.3)	(304.7)	(311.7)
Other expenses	(470.6)	(386.6)	(345.7)	(363.2)
Goodwill and intangible impairment charges				(312.7)
(Provision) benefit for income taxes	(18.0)	(154.2)	(76.2)	(52.5)
Noncontrolling minority interest, after tax	(0.1)	(0.2)	(1.1)	(1.7)
Income (loss) from discontinued operation	33.4	(473.4)	(247.3)	(185.7)
Preferred stock dividends	(7.5)	(7.5)	(7.5)	(7.5)
Net income (loss)	$ 200.6	$ (134.5)	$ (46.3)	$ (130.8)
Net income (loss) per diluted share	$ 1.01	$ (0.69)	$ (0.24)	$ (0.69)

NOTE 29 SUBSEQUENT EVENTS

On February 9, 2010, the Company prepaid $750 million principal amount of the $7.5 billion first lien term loans under the Expansion Facility (described in Note 9 Long Term Borrowings) out of available cash. The prepayment was applied pro-rata across Tranche 1 and Tranche 2 Term Loans, which currently bear interest at 13.00% and 9.75% respectively. The entire prepayment was subject to a 2% premium payment.

PART FOUR

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed with the Securities and Exchange Commission as part of this report (see Item 8):

1. The following financial statements of CIT and Subsidiaries:
Report of Independent Registered Public Accounting Firm Consolidated Balance Sheets at December 31, 2009 and December 31, 2008.
Consolidated Statements of Income for the years ended December 31, 2009, 2008 and 2007.
Consolidated Statements of Stockholders Equity for the years ended December 31, 2009, 2008 and 2007.
Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008 and 2007.
Notes to Consolidated Financial Statements

2. All schedules are omitted because they are not applicable or because the required information appears in the Consolidated Financial Statements or the notes thereto.

(b) Exhibits

3.1 Third Restated Certificate of Incorporation of the Company, dated December 8, 2009 (incorporated by reference to Exhibit 3.1 to Form 8-K filed December 9, 2009).

3.2 Amended and Restated By-laws of the Company, as amended through December 8, 2009 (incorporated by reference to Exhibit 3.2 to Form 8-K filed December 9, 2009).

4.1 Indenture dated as of December 10, 2009 between CIT Group Inc. and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.1 to Form 8-K filed December 16, 2009).

4.2 First Supplemental Indenture dated as of December 10, 2009 among CIT Group Inc., certain Guarantors named therein and Deutsche Bank Trust Company Americas for the issuance of series A second-priority secured notes (incorporated by reference to Exhibit 4.2 to Form 8-K filed December 16, 2009).

4.3 Indenture as of dated December 10, 2009 between CIT Group Funding Company of Delaware, LLC and Deutsche Bank Trust Company Americas (incorporated by reference to Exhibit 4.3 to Form 8-K filed December 16, 2009).

4.4 First Supplemental Indenture dated as of December 10, 2009 CIT Group Funding Company of Delaware, LLC, CIT Group Inc. and the other Guarantors named therein and Deutsche Bank Trust Company Americas for the issuance of series B second-priority secured notes (incorporated by reference to Exhibit 4.4 to Form 8-K filed December 16, 2009).

4.5 Indenture dated as of January 20, 2006 between CIT Group Inc. and The Bank of New York Mellon (as successor to JPMorgan Chase Bank N.A.) for the issuance of senior debt securities (incorporated by reference to Exhibit 4.3 to Form 10-Q filed August 7, 2006).

4.6 First Supplemental Indenture dated as of February 13, 2007 between CIT Group Inc. and The Bank of New York Mellon (as successor to JPMorgan Chase Bank N.A.) for the issuance of senior debt securities (incorporated by reference to Exhibit 4.1 to Form 8-K filed on February 13, 2007).

4.7 Third Supplemental Indenture dated as of October 1, 2009, between CIT Group Inc. and The Bank of New York Mellon relating to senior debt securities (incorporated by reference to Exhibit 4.4 to Form 8-K filed on October 7, 2009).

4.8 Fourth Supplemental Indenture dated as of October 16, 2009 between CIT Group Inc. and The Bank of New York Mellon relating to senior debt securities (incorporated by reference to Exhibit 4.1 to Form 10-Q filed October 19, 2009).

4.10 Amendment Agreement, dated October 28, 2009, by and among CIT Group Inc., certain subsidiaries of CIT Group Inc., Bank of America N.A., as successor administrative agent and successor collateral agent, and the requisite lenders party thereto (incorporated by reference to Exhibit 4.1 to Form 8-K filed November 16, 2009).

4.11 Second Amended and Restated Credit and Guaranty Agreement, dated as of October 28, 2009, among CIT Group Inc., certain subsidiaries of CIT Group Inc., the lenders party thereto, Bank of America, N.A., as administrative agent and collateral agent, and Banc of America Securities LLC and Citigroup Global Markets Inc., as joint lead arrangers, bookrunners and syndication agents (incorporated by reference to Exhibit 4.1 to Form 8-K filed November 16, 2009).

4.12 First Amendment to Second Amended and Restated Credit and Guaranty Agreement dated as of December 10, 2009 by and among CIT Group Inc., Certain Subsidiaries of CIT Group Inc., Bank of America, N.A., as administrative agent and collateral agent and the requisite lenders party thereto (incorporated by reference to Exhibit 10.1 to Form 8-K filed December 16, 2009).

10.1 Form of Separation Agreement by and between Tyco International Ltd. and CIT (incorporated by reference to Exhibit 10.2 to Amendment No. 3 to the Registration Statement on Form S-3 filed June 26, 2002).

10.2 Form of Financial Services Cooperation Agreement by and between Tyco International Ltd. and CIT (incorporated by reference to Exhibit 10.3 to Amendment No. 3 to the Registration Statement on Form S-3 filed June 12, 2002).

10.3* Amended and Restated CIT Group Inc. Long-Term Incentive Plan (as amended and restated effective December 10, 2009) (incorporated by reference to Exhibit 4.1 to Form S-8 filed January 11, 2010).

10.4* CIT Group Inc. Executive Incentive Plan (incorporated by reference to Exhibit 10.2 to Form 8-K filed May 15, 2006).

10.5* Employment Agreement, dated August 29, 2006, between CIT Group Inc. and Jeffrey M. Peek (incorporated by reference to Exhibit 99.1 to Form 8-K filed September 5, 2006).

10.6* Amendment to Employment Agreement, dated December 10, 2007, between CIT Group Inc. and Jeffrey M. Peek (incorporated by reference to Exhibit 10.23 to Form 10-K filed February 29, 2008).

10.7* Amendment to Employment Agreement, dated December 31, 2008, between CIT Group Inc. and Jeffrey M. Peek (incorporated by reference to Exhibit 10.16 to form 10-K filed March 2, 2009).

10.8* Form of CIT Group Inc. Long-Term Incentive Plan Stock Option Award Agreement (incorporated by reference to Exhibit 10.8 to Form 10-K filed March 16, 2010).

10.9* Form of CIT Group Inc. Long-Term Incentive Plan Restricted Stock Award Agreement (incorporated by reference to Exhibit 10.9 to Form 10-K filed March 16, 2010).

10.10* Form of CIT Group Inc. Long-Term Incentive Plan Deferred Cash Retention Award Agreement for executives with employment agreements (incorporated by reference to Exhibit 10.10 to Form 10-K filed March 16, 2010).

10.11* Form of CIT Group Inc. Long-Term Incentive Plan Deferred Cash Retention Award Agreement for executives without employment agreements (incorporated by reference to Exhibit 10.11 to Form 10-K filed March 16, 2010).

10.12* CIT Group Inc. Supplemental Retirement Plan (As Amended and Restated Effective as of January 1, 2008) (incorporated by reference to Exhibit 10.27 to Form 10-Q filed May 12, 2008).

10.13* CIT Group Inc. Supplemental Savings Plan (As Amended and Restated Effective as of January 1, 2008) (incorporated by reference to Exhibit 10.28 to Form 10-Q filed May 12, 2008).

10.14* New Executive Retirement Plan of CIT Group Inc. (As Amended and Restated as of January 1, 2008) (incorporated by reference to Exhibit 10.29 to Form 10-Q filed May 12, 2008).

10.15* Amended and Restated Employment Agreement, dated as of May 8, 2008, between CIT Group Inc. and Joseph M. Leone (incorporated by reference to Exhibit 10.31 to Form 10-Q filed May 12, 2008).

10.16* Amendment to Employment Agreement, dated December 22, 2008, between CIT Group Inc. and Joseph M. Leone (incorporated by reference to Exhibit 10.33 to Form 10-K filed March 2, 2009).

10.17* Extension of Term of Employment Agreement dated as of December 18, 2009 between CIT Group Inc. and Joseph M. Leone (incorporated by reference to Exhibit 10.17 to Form 10-K filed March 16, 2010).

10.18* CIT Group Inc. Long-Term Incentive Plan 2010 Annual Stock Salary Agreement for Joseph M. Leone, effective January 1, 2010 (incorporated by reference to Exhibit 10.18 to Form 10-K filed March 16, 2010).

10.19* Employment Agreement, dated June 16, 2008, between CIT Group Inc. and Alexander T. Mason (incorporated by reference to Exhibit 10.33 to Form 10-Q filed November 10, 2008).

10.20* Letter Agreement between CIT Group Inc. and Alexander T. Mason, dated January 29, 2010 (incorporated by reference to Exhibit 10.20 to Form 10-K filed March 16, 2010).

10.21* Amended and Restated Employment Agreement, dated as of May 7, 2008, between CIT Group Inc. and C. Jeffrey Knittel (incorporated by reference to Exhibit 10.35 to Form 10-K filed March 2, 2009).

10.22* Extension of Term of Employment Agreement, dated as of November 24, 2008, between CIT Group Inc. and C. Jeffrey Knittel (incorporated by reference to Exhibit 10.36 to Form 10-K filed March 2, 2009).

10.23* Amendment to Employment Agreement, dated December 22, 2008, between CIT Group Inc. and C. Jeffrey Knittel (incorporated by reference to Exhibit 10.37 to Form 10-K filed March 2, 2009).

10.24* Extension of Term of Employment Agreement, dated December 21, 2009, between CIT Group Inc. and C. Jeffrey Knittel (incorporated by reference to Exhibit 10.24 to Form 10-K filed March 16, 2010).

10.25* Letter Agreement between CIT Group Inc. and John A. Thain, effective February 8, 2010 (incorporated by reference to Exhibit 10.1 to Form 8-K filed February 8, 2010).

10.26* Form of CIT Group Inc. Three Year Stock Salary Award Agreement, dated February 8, 2010 (incorporated by reference to Exhibit 10.2 to Form 8-K filed February 8, 2010).

10.27* Form of CIT Group Inc. One Year Stock Salary Award Agreement, dated February 8, 2010 (incorporated by reference to Exhibit 10.3 to Form 8-K filed February 8, 2010).

10.28 Confirmation; Credit Support Annex and ISDA Schedule, each dated June 6, 2008 and between CIT Financial Ltd. and Goldman Sachs International evidencing a $3 billion securities based financing facility (incorporated by reference to Exhibit 10.34 to Form 10-Q filed November 10, 2008).

10.29 Letter Agreement, dated December 23, 2008, between CIT Group Inc. and the United States Department of the Treasury, and the Securities Purchase Agreement Standard Terms attached thereto (incorporated by reference to Exhibit 10.1 to Form 8-K filed on December 24, 2008).

10.30

Registration Rights Agreement, dated as of December 24, 2008, between CIT Group Inc., and The Bank of New York Mellon, as Trustee (incorporated by reference to Exhibit 10.1 to Form 8- K filed December 31, 2008).

10.31 Order to Cease and Desist, in the matter of CIT Bank, Salt Lake City, Utah, dated July 16, 2009, issued by the Federal Deposit Insurance Corporation (incorporated by reference to Exhibit 10.40 to Form 10-Q filed August 17, 2009).

10.32 Order to Cease and Desist, in the matter of CIT Bank, Salt Lake City, Utah, dated July 16, 2009, issued by the Utah Department of Financial Institutions (incorporated by reference to Exhibit 10.41 to Form 10-Q filed August 17, 2009).

10.33 Written Agreement, dated August 12, 2009, between CIT Group Inc. and the Federal Reserve Bank of New York (incorporated by reference to Exhibit 10.1 of Form 8-K filed August 13, 2009).

10.34 Amended and Restated Confirmation regarding Total Return Swap Facility, dated as of October 28, 2009, by and between CIT Financial Ltd. and Goldman Sachs International (incorporated by reference to Exhibit 10.1 to Form 8-K filed November 16, 2009).

12.1 CIT Group Inc. and Subsidiaries Computation of Ratio of Earnings to Fixed Charges (incorporated by reference to Exhibit 12.1 to Form 10-K filed March 16, 2010).

21.1 Subsidiaries of CIT (incorporated by reference to Exhibit 21.1 to Form 10-K filed March 16, 2010).

23.1 Consent of PricewaterhouseCoopers LLP.

24.1 Powers of Attorney (incorporated by reference to Exhibit 24.1 to Form 10-K filed March 16, 2010).

31.1 Certification of John A. Thain pursuant to Rules 13a-15(e) and 15d-15(f) of the Securities Exchange Commission, as promulgated pursuant to Section 13(a) of the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.

31.2 Certification of Scott T. Parker pursuant to Rules 13a-15(e) and 15d-15(f) of the Securities Exchange Commission, as promulgated pursuant to Section 13(a) of the Securities Exchange Act and Section 302 of the Sarbanes-Oxley Act of 2002.

32.1 Certification of John A. Thain pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

32.2 Certification of Scott T. Parker pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.1 Certification of John A. Thain pursuant to Section 111(b)(4) of Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009 (incorporated by reference to Exhibit 99.1 to Form 10-K filed March 16, 2010).

99.2 Certification of Joseph M. Leone pursuant to Section 111(b)(4) of Emergency Economic Stabilization Act of 2008, as amended by the American Recovery and Reinvestment Act of 2009 (incorporated by reference to Exhibit 99.2 to Form 10-K filed March 16, 2010).

* *Indicates a management contract or compensatory plan or arrangement.*

** *Portions of this exhibit have been omitted and filed separately with the Securities and Exchange Commission as part of an application for confidential treatment pursuant to the Securities Exchange Act of 1934, as amended.*

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

October 29, 2010

CIT GROUP INC.

By: /s/ John A. Thain
John A. Thain
Chairman and Chief Executive Officer and Director

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on October 29, 2010 in the capacities indicated below.

NAME	**NAME**
/s/ John A. Thain	Gerald Rosenfeld*
John A. Thain **Chairman and Chief Executive Officer and Director**	**Gerald Rosenfeld** **Director**
Michael J. Embler*	John R. Ryan*
Michael J. Embler **Director**	**John R. Ryan** **Director**
William M. Freeman*	Seymour Sternberg*
William M. Freeman **Director**	**Seymour Sternberg** **Director**
	Peter J. Tobin*
David M. Moffett **Director**	**Peter J. Tobin** **Director**
Arthur B. Newman*	Laura S. Unger*
Arthur B. Newman **Director**	**Laura S. Unger** **Director**
Daniel A. Ninivaggi*	/s/ Scott T. Parker
Daniel A. Ninivaggi **Director**	**Scott T. Parker** **Executive Vice President and Chief Financial Officer**

R. Brad Oates*

R. Brad Oates
Director

Marianne Miller Parrs*

Marianne Miller Parrs
Director

and Chief Accounting Officer

*By: /s/ James P. Shanahan

James P. Shanahan
Senior Vice President,
Chief Regulatory Counsel
Attorney-in-Fact

* *Original powers of attorney authorizing John A. Thain, Robert J. Ingato, and James P. Shanahan and each of them to sign on behalf of the above-mentioned directors are held by the Corporation and available for examination by the Securities and Exchange Commission pursuant to Item 302(b) of Regulation S-T.*