CIT GROUP INC
Form DEF 14A
April 05, 2012

CIT GROUP INC.
11 West 42nd Street
New York, NY 10036

April 5, 2012

Dear Stockholder:

You are cordially invited to attend our Annual Meeting of Stockholders on Tuesday, May 15, 2012, at 11:00 a.m., Eastern Daylight Saving Time, at our corporate offices at One CIT Drive, Livingston, New Jersey 07039. Internet and telephone voting are available until 11:59 p.m. Eastern Daylight Saving Time the day prior to the meeting.

In connection with our Annual Meeting, we have provided our stockholders with our Notice of Annual Meeting, Proxy Statement and 2011 Annual Report, which documents provide detailed information related to the matters to be addressed during the Annual Meeting as well as our business activities and operating performance. On April 5, 2012, we mailed to our stockholders a Notice containing instructions on how to access these materials online. Electronic delivery expedites your receipt of proxy materials, while lowering expenses and reducing the environmental impact of our Annual Meeting. If you received a Notice by mail, you will not receive printed copies of the materials unless you request them by following the instructions in the Notice.

In addition to the formal items of business to be brought before the Annual Meeting, I will report on the state of CIT and respond to stockholder questions. **Whether or not you are personally able to attend the Annual Meeting, please complete, sign and date the enclosed proxy card and return it in the enclosed postage paid envelope as soon as possible, or follow the instructions to vote online or by telephone.** Your vote is very important. Submitting your vote by proxy will not limit your right to attend the Annual Meeting.

On behalf of the entire Board of Directors, I thank you for your support of CIT and hope to see you at our Annual Meeting.

Sincerely,

John A. Thain
Chairman and
Chief Executive Officer

CIT GROUP INC.
One CIT Drive
Livingston, NJ 07039

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 15, 2012

TO THE STOCKHOLDERS OF CIT GROUP INC.:

Notice is hereby given that the 2012 Annual Meeting of Stockholders (the **Annual Meeting**) of CIT Group Inc., a Delaware corporation (**CIT**), will be held at CIT s offices at One CIT Drive, Livingston, New Jersey 07039, on Tuesday, May 15, 2012 at 11:00 a.m., Eastern Daylight Saving Time, for the following purposes, as more fully described in the accompanying proxy statement (the **Proxy Statement**):

1. to elect CIT s Board of Directors to serve for one year or until the next annual meeting of stockholders the Board has nominated for election the following eleven nominees: John A. Thain, Michael J. Embler, William M. Freeman, David M. Moffett, R. Brad Oates, Marianne Miller Parrs, Gerald Rosenfeld, Vice Admiral John R. Ryan, Seymour Sternberg, Peter J. Tobin and Laura S. Unger;

2. to ratify the appointment of PricewaterhouseCoopers LLP as CIT s independent registered public accounting firm for 2012;

3. to hold a non-binding advisory vote on executive compensation; and

4. to transact such other business as may properly come before the Annual Meeting.

Only stockholders of record as of the close of business on March 19, 2012, are entitled to receive notice of, to attend, and to vote at the Annual Meeting. Internet and telephone voting are available until 11:59 p.m., Eastern Daylight Saving Time, the day immediately prior to the Annual Meeting. To ensure that your vote is counted at the Annual Meeting, please vote your proxy as soon as possible.

Voting instructions to vote online, by telephone or by mail are in the Question and Answer section of the Proxy Statement included with this notice of Annual Meeting (**Notice of Annual Meeting**) and can also be found in the notice of the Internet availability of proxy materials mailed to you on April 5, 2012 (**Access Notice**). Whether you choose to vote online, by telephone or by mail, **in each case, to vote you will need your personal Control Number, which is included in the Access Notice**. There is no charge for requesting printed proxy materials. Stockholders who request printed proxy materials for 2012 will continue to receive printed proxy materials in future years until such time as they may opt-out of paper delivery. To facilitate timely delivery of the proxy materials for the Annual Meeting, please make your request on or before May 4, 2012.

Go to www.cit.com to be connected to CIT s website.

By Order of the Board of Directors,

Robert J. Ingato
Executive Vice President,
General Counsel and Secretary

Livingston, New Jersey
April 5, 2012

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YOUR VOTE IS IMPORTANT.
PLEASE VOTE YOUR PROXY.

CIT GROUP INC.

PROXY STATEMENT

GENERAL INFORMATION

Our Board of Directors is soliciting proxies from our stockholders in connection with our annual meeting of stockholders (**Annual Meeting**) to be held on May 15, 2012 and any adjournment of such meeting. No business can be conducted at the Annual Meeting unless a majority of all outstanding shares entitled to vote are either present in person or represented by proxy at the meeting. The only matters to be brought before the Annual Meeting are those referred to in this proxy statement (**Proxy Statement**). If any additional matters are properly presented at the Annual Meeting, the persons named as proxies may vote your shares in their discretion.

As permitted by rules adopted by the U.S. Securities and Exchange Commission (**SEC**), we have elected to provide access to this Proxy Statement and our 2011 Annual Report (**Annual Report**) to you electronically via the Internet at www.proxyvote.com. We believe that these rules allow CIT

Group Inc. (**CIT** or the **Company**) to provide you with the information you need while reducing the environmental impact of the Annual Meeting and reducing expenses. If you are a holder of record, you will also receive this Proxy Statement and our Annual Report by mail.

If you received a notice of the Internet availability of proxy materials (**Access Notice**) by mail, you will not receive a printed copy of the proxy materials in the mail. The Access Notice instructs you how to access and review all of the important information contained in the Proxy Statement and Annual Report. The Access Notice also instructs you how to submit your vote over the Internet, by telephone or by mail. If you received an Access Notice and would like to receive a printed copy of our proxy materials, please follow the instructions for requesting such materials included in the Access Notice or as set forth below under How do I vote? Vote by Mail .

QUESTIONS AND ANSWERS ABOUT THE ANNUAL MEETING AND VOTING

When and where is the Annual Meeting?

When: Tuesday, May 15, 2012, at 11:00 a.m. Eastern Daylight Saving Time.

Where: One CIT Drive, Livingston, New Jersey 07039.

Who is soliciting my vote?

CIT s Board of Directors (the **Board**) is soliciting your vote for our Annual Meeting.

What will I vote on?

You are being asked to vote:

- to elect the members of CIT s Board for a term of one year or until the next annual meeting of stockholders the Board has nominated for election the following eleven nominees: John A. Thain, Michael J. Embler, William M. Freeman, David M. Moffett, R. Brad Oates, Marianne Miller Parrs, Gerald Rosenfeld, Vice Admiral John R. Ryan, Seymour Sternberg, Peter J. Tobin and Laura S. Unger (Proposal 1);

- to ratify the appointment of PricewaterhouseCoopers LLP as CIT s independent registered public accounting firm for 2012 (Proposal 2); and

- to approve executive compensation, on an advisory basis (Proposal 3).

What is the record date for the Annual Meeting?

The record date for the Annual Meeting is the close of business on March 19, 2012 (**Record Date**). The Record Date is used to determine those stockholders who are entitled to vote at the Annual Meeting and at any adjournment or postponement thereof.

How many votes can be cast by all stockholders?

A total of 200,810,014 votes may be cast on each matter presented, consisting of one vote for each share of CIT common stock, par value $0.01 per share, which was outstanding on the Record Date. CIT s common stock is listed on the New York Stock Exchange (**NYSE**), and CIT is subject to the NYSE s rules and regulations. There is no cumulative voting.

How many votes must be present to hold the Annual Meeting?

A quorum of a majority of the votes that may be cast, or 100,405,008 votes, must be present in person or represented by proxy to hold the Annual Meeting. We urge you to vote by proxy even if you plan to attend the Annual Meeting. This will help us know as soon as possible that enough votes will be present to hold the Annual Meeting. In determining whether a quorum exists, we will include in the count shares represented by proxies that reflect abstentions and broker non-votes (as further described in this Proxy Statement under the heading Questions and Answers About the Annual Meeting and Voting What happens if I hold my shares through a broker but do not give my broker specific voting instructions?).

How do I vote?

You may vote by proxy or in person at the Annual Meeting.

If you are a *holder of record* (that is, if your shares are registered in your own name with our transfer agent), we have furnished you with the proxy materials, including a proxy card. You may vote by mail, by telephone, on the Internet, or by attending the Annual Meeting and voting in person, as described below.

If you hold your shares in *street name* (that is, you hold your shares through a broker, bank or other holder of record), please refer to the information on the voting instruction form forwarded to you by your bank, broker or other holder of record to determine which voting options are available to you.

Vote by Mail

To vote by mail, simply mark, sign and date the proxy card and return it in the postage-paid envelope provided. If you received an Access Notice, you can vote by mail by requesting paper copies of the Proxy Statement, proxy card and other materials by calling 1-800-579-1693, or going to www.proxyvote.com or by sending an email to sendmaterial@proxyvote.com and requesting a proxy card.

If you request a proxy card by e-mail, please send a blank e-mail with your 12-digit Control Number in the subject line. Your Control Number can be found in the Access Notice mailed to you on April 5, 2012. Upon receipt of your request, the proxy card and printed copies of the Annual Report and other proxy materials will be mailed to you. Upon receipt, simply mark, sign and date your proxy card and return it in the enclosed postage pre-paid envelope.

If you request printed copies, in future years, you will continue to receive printed copies of the proxy card and other proxy materials automatically until such time as you may opt-out of receiving printed copies.

If you wish to vote by mail, please make your request for paper copies of the proxy card and other proxy materials on or before May 4, 2012. Votes by mailed proxy card must be received at CIT Group Inc., c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717 by 8:00 a.m. Eastern Daylight Saving Time on the day of the Annual Meeting.

Vote by Telephone

You can vote by calling 1-800-690-6903. You will need your 12-digit Control Number, which can be found in the Access Notice mailed to you on April 5, 2012. Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., Eastern Daylight Saving Time, on May 14, 2012.

Vote on the Internet

You can also choose to vote on the Internet by going to www.proxyvote.com. You will need your 12-digit Control Number, which can be found in the Access Notice mailed to you on April 5, 2012. Use the Internet to transmit your vote up until 11:59 p.m., Eastern Daylight Saving Time, on May 14, 2012.

Vote at the Annual Meeting

If you want to vote in person at the Annual Meeting and you are a holder of record, you must register with the Inspector of Election at the Annual Meeting (**Inspector of Election**) and produce valid photo identification. If you want to vote in person at the Annual Meeting and you hold your shares in street name, you must obtain an additional proxy from your bank, broker or other holder of record authorizing you to vote. You must bring such proxy to the Annual Meeting, present it to the Inspector of Election, and produce valid photo identification.

What does it mean to give a proxy?

Your properly completed proxy card will appoint Robert J. Ingato, Eric Mandelbaum and James Shanahan, each of whom is an officer of CIT, as proxy holders or your representatives to vote your shares in the manner directed by you. Your proxy card permits you to direct the proxy holders to vote for or against, or abstain from voting, regarding each of the nominees for director and each of Proposals 2 and 3. All of your shares entitled to vote and represented by a properly completed proxy card received prior to the meeting and not revoked will be voted at the meeting in accordance with your instructions.

How many votes will be required to elect directors or to adopt the other proposals?

Because this election is not a contested election, to elect directors to the Board, a majority of the votes cast at the Annual Meeting is required. A nominee for director shall be elected to

the Board if the votes cast for such nominee s election exceed the votes cast against such nominee s election. Votes cast exclude abstentions a broker non-votes (as further described below under What happens if I hold my shares through a broker but do not give my broker specific voting instructions?).

The affirmative vote of a majority of the shares present at the meeting in person or by proxy and entitled to vote is required to: (a) ratify the appointment of CIT s independent registered public accounting firm (Proposal 2); and (b) approve the non-binding advisory vote on executive compensation (Proposal 3). Abstentions will not be included in the affirmative vote and thus will have the same effect as a vote against each of Proposals 2 and 3.

Although the advisory vote on Proposal 3 is non-binding, as provided by law, the Board will review the result of the vote and may take it into account in considering executive compensation going forward.

Can a director be elected without receiving votes from a majority of the shares outstanding?

If a stockholder has provided notice of an intention to nominate one or more candidates to compete with the Board s nominees, in accordance with the requirements of the By-Laws of CIT (**By-Laws**), and such stockholder has not withdrawn such nomination by the tenth day before we mail our Notice of Annual Meeting, then a director may be elected by a plurality of the votes cast. This means that the eleven nominees who receive the most votes for would be elected, even if it is less than a majority of the total shares outstanding, and stockholders would not be permitted to vote against a nominee. However, under our By-Laws and corporate governance guidelines (**Corporate Governance Guidelines**), because the election of directors is uncontested, meaning that the only nominees are those recommended by the Board (as is the case for this Annual Meeting), each nominee for director must receive more votes for than against his or her election or re-election. Any nominee who fails to receive the required vote for his or her election or re-election must promptly tender his or her resignation to the Chairman of the Board. If an incumbent director fails to receive the required vote for re-election, the Nominating & Governance Committee of the Board (the **Governance Committee**) will promptly consider the resignation submitted by such director and will recommend to the Board whether to accept such resignation. The Board will act on the recommendation of the Governance Committee no later than 90 days following the date of the Annual Meeting. See Corporate Governance Majority Voting for Directors in this Proxy Statement. No stockholder has nominated any candidates for our Board for inclusion on the agenda for the Annual Meeting, and therefore, the election is uncontested.

Can I change or revoke my proxy?

Yes, you may change your vote or revoke your proxy at any time before it is exercised. To do so, you should:

- send in a new proxy card with a later date;
- send a written revocation to the Corporate Secretary;
- cast a new vote by telephone or Internet; or
- attend the Annual Meeting and vote in person.

Written revocations of a prior vote must be sent by mail to CIT s Corporate Secretary at One CIT Drive, Livingston, NJ 07039, or by delivering a duly executed proxy bearing a later date. If you attend the Annual Meeting and vote in person, your vote will revoke any previously submitted proxy. If you hold your shares in street name, you must contact your broker if you wish to change your vote.

What if I do not return a signed proxy card?

If you are a holder of record and you do not return a signed proxy card to vote shares held in your name, those shares will not be voted.

What if I return a signed proxy card but do not indicate my vote for one or more of the matters on my proxy card?

If you return a signed proxy card without indicating your vote, your shares will be voted for each of the eleven nominees named in Proposal 1 Election of Directors , and for Proposals 2 and 3 (except in the case of a broker non-vote as described below under What happens if I hold my shares through a broker but do not give my broker specific voting instructions?).

What happens if I hold my shares through a broker but do not give my broker specific voting instructions?

If you hold your shares in street name with a broker who is a member of the NYSE and do not instruct your broker as to how to vote your shares, your broker can vote your shares on the ratification of the selection of our independent registered public accounting firm (Proposal 2), in your broker s discretion; however, absent such specific voting instruction, your broker cannot vote on the election of directors (Proposal 1), or on the non-binding advisory vote on executive compensation (Proposal 3), and your proxy would represent shares reflecting a broker non-vote with respect to Proposals 1 and 3.

A broker non-vote occurs when a nominee holding shares for a beneficial owner has not received instructions from the beneficial owner, or person entitled to vote, and does not have discretionary authority to vote the shares. This could occur on Proposals 1 and 3 but not on Proposal 2.

Shares represented by proxies that reflect a broker non-vote will, like abstentions, be counted for purposes of determining whether a quorum exists. However, with respect to Proposal 1, abstentions and broker non-votes will not be considered votes cast, and therefore will have no effect on whether a director is elected. With respect to Proposal 3, while abstentions will have the same effect as votes cast against such Proposal, broker non-votes will not be counted as entitled to vote on Proposal 3 and thus will have no effect on the outcome of such vote.

Brokers who are members of the Financial Industry Regulatory Authority may vote shares held by them in nominee name if they are permitted to do so under the rules of any national securities exchange to which they belong. A member broker of the NYSE is prohibited, under NYSE rules, from voting on matters that are not routine if the beneficial owner has not provided the broker with voting instructions.

Why haven t I received a printed copy of the Proxy Statement or Annual Report?

We have elected to take advantage of the SEC s rule that allows us to furnish proxy materials to you online. We believe electronic delivery will expedite your receipt of materials, while lowering costs and reducing the environmental impact of our Annual Meeting by reducing printing and mailing of full sets of proxy materials. On April 5, 2012, we mailed to our stockholders an Access Notice containing instructions on how to access our Proxy Statement and Annual Report online. If you received such Access Notice by mail, you will not receive a printed copy of the proxy materials, unless you specifically request one no later than the date specified in this Proxy Statement; however, the Access Notice contains instructions on how to receive a paper copy of the Annual Report, proxy card and other proxy materials.

What if multiple stockholders share the same address?

SEC rules permit CIT to deliver a single Access Notice or, if a stockholder does not participate in electronic delivery of proxy materials, a single printed copy of the proxy materials, to stockholders who share the same address unless CIT has received contrary instructions from any stockholder at that address. This procedure, known as householding , is designed to reduce CIT s printing costs and postage fees. Each stockholder who participates in householding retains a separate right to vote on all matters presented at the Annual Meeting. If you participate in householding and wish to receive a separate copy of the Access Notice or proxy materials, please call 1-800-579-1693 or mail your request to: CIT Group Inc., c/o Investor Relations Department, One CIT Drive, Livingston, NJ 07039. A separate copy of the Access Notice or proxy materials, as applicable, will be delivered promptly upon request. Any such stockholder may also opt out of householding and continue to receive separate copies of the Access Notice or proxy materials in the future by notifying CIT at the above-referenced address or telephone number. Other

stockholders who have multiple accounts in their names or who share an address with other stockholders can request householding by notifying CIT at the above-referenced address or telephone number.

Is the Proxy Statement available on the Internet?

Yes. You can also view these documents on the Internet by going to CIT s website at www.CIT.com/2012proxy. You can elect to receive future proxy statements and annual reports over the Internet instead of receiving paper copies by mail by following the instructions set forth in the Access Notice or as set forth above under Questions and Answers About the Annual Meeting and Voting How do I vote? .

Will my vote be confidential?

Yes. We have a policy of confidentiality in the voting of shares. Individual stockholder votes are kept confidential, unless disclosure is: (i) necessary to meet legal requirements or to assert or defend claims for or against CIT, or (ii) made during a contested proxy solicitation, tender offer, or other change of control situations.

What if there is voting on other matters?

Our By-Laws provide that business may be transacted at the Annual Meeting only if it is (a) stated in the Notice of Annual Meeting, (b) proposed at the direction of our Board or (c) proposed by any CIT stockholder who is entitled to vote at the Annual Meeting and who has complied with the notice procedures in our By-Laws. We did not receive notice of any stockholder proposals for the Annual Meeting.

What was the deadline for stockholders to notify us of proposals for the Annual Meeting?

The deadline for submitting stockholder proposals for the Annual Meeting for inclusion in the Proxy Statement was December 1, 2011. The deadline for submitting stockholder proposals for the Annual Meeting for inclusion on the agenda was February 10, 2012.

What is the deadline for stockholders to notify us of proposals for the 2013 Annual Meeting of Stockholders?

The deadline for submitting stockholder proposals for the 2013 annual meeting of stockholders for inclusion in the 2013 proxy statement is December 1, 2012. The deadline for submitting stockholder proposals for the 2013 annual meeting for inclusion on the agenda is February 15, 2013.

Will a representative of CIT s independent registered public accounting firm be present at the Annual Meeting?

Yes, a representative of PricewaterhouseCoopers LLP will attend the Annual Meeting and can answer questions that you may have. The representative will also have the opportunity to

make a statement if PricewaterhouseCoopers LLP desires to do so. The Audit Committee has approved the appointment of PricewaterhouseCoopers LLP as our independent registered accounting firm and auditors for 2012.

How can I attend the Annual Meeting?

Only stockholders as of the Record Date (or their proxy holders), may attend the Annual Meeting. If you plan to attend the Annual Meeting or appoint someone to attend as your proxy, please check the appropriate box on your proxy card. If you are voting by telephone or Internet, follow the instructions provided to indicate that you or your proxy holder plan to attend. You or your proxy holder will need to show (a) photo identification, and (b) if you hold your shares in street name, proof of ownership as of the Record Date, such as a letter or account statement from your broker or bank, at the reception desk to gain admittance to the Annual Meeting.

What happens if the Annual Meeting is postponed or adjourned?

Your proxy remains valid and may be voted at the postponed or adjourned meeting. You will still be able to change or revoke your proxy until it is voted.

Do any stockholders beneficially own more than 5% of our common stock?

According to public filings, as of December 31, 2011, there were two holders that beneficially owned more than 5% of our common stock: Fairholme Capital Management, L.L.C., and OppenheimerFunds, Inc. See Security Ownership of Certain Beneficial Owners and Management Security Ownership of Certain Beneficial Owners in this Proxy Statement.

How can I review the list of stockholders eligible to vote?

A list of stockholders as of the Record Date will be available at our offices at both 11 West 42nd Street, New York, New York 10036 and One CIT Drive, Livingston, NJ 07039 from May 5, 2012 to the date of the Annual Meeting for inspection and review by any stockholder during regular business hours. We will also make the list available at the Annual Meeting.

Where can I find the voting results of the Annual Meeting?

The preliminary voting results will be announced at the Annual Meeting. The final voting results will be tallied by the Inspector of Election and published in CIT s Current Report on Form 8-K, which CIT is required to file with the SEC within four business days after the Annual Meeting.

Who will pay the expenses incurred in connection with the solicitation of my vote?

CIT pays the cost of preparing proxy materials and of soliciting your vote. Proxies may be solicited on our behalf by our directors, officers or employees by telephone, electronic or facsimile transmission or in person.

We have retained D.F. King & Co., Inc. to assist us in this proxy solicitation, and we anticipate that their fees will be approximately $15,000. We also may pay brokers, nominees, fiduciaries, and other custodians their reasonable fees and expenses for sending proxy materials to beneficial owners and obtaining their instructions.

DIRECTORS

General Information

During 2011, our Board met twelve times. The number of 2011 meetings for each committee of the Board (each, a **Board Committee**) is disclosed in Corporate Governance Board Committees in this Proxy Statement. All of the nominees listed below who were Board members during all of 2011 attended at least 75% of the aggregate of the meetings of the Board and of any Board Committees on which he or she served. Our Corporate Governance Guidelines provide that directors are expected to attend the Annual Meeting. At our 2011 Annual Meeting, nine of the eleven nominees for director, all of whom were on the Board at that time, attended the meeting.

The Board consists of a diverse group of professionals in their respective fields. Many of the current directors have senior

leadership experience at banks, financial institutions and other business, academic and governmental organizations. In these positions, they have gained expertise in strategic and financial planning, regulatory and banking matters, financial reporting, corporate governance, risk management and leadership development. The biographies below describe the skills, qualifications, attributes and experiences of each of the nominees that led the Board to determine that it is appropriate to nominate these directors.

The Governance Committee and the Board believe the skills, qualities, and experience of our directors provide CIT with a diverse range of perspectives to engage each other and management to effectively address CIT s needs and represent the best interests of CIT s stockholders.

Nominees

The information below includes each nominee s age as of February 15, 2012 and business experience during at least the past five years. CIT knows of no family relationships among the nominees. Certain directors may also be directors or

trustees of privately held businesses or not-for-profit entities that may not be referred to below. With the exception of Mr. Thain, all of the nominees are independent of management.

Name	Age	Principal Occupation
John A. Thain	56	Chairman of the Board and Chief Executive Officer of CIT
Michael J. Embler	47	Former Chief Investment Officer of Franklin Mutual Advisors LLC
William M. Freeman	59	Executive Chairman of Oh Daddy LLC
David M. Moffett	59	Former Chief Executive Officer of the Federal Home Loan Mortgage Corporation (Freddie Mac)
R. Brad Oates	58	Chairman and Managing Partner of Stone Advisors, LP
Marianne Miller Parrs	67	Retired Executive Vice President and Chief Financial Officer of International Paper Company
Gerald Rosenfeld	65	Vice Chairman of Lazard Ltd.
Vice Admiral John R. Ryan	66	President and Chief Executive Officer of the Center for Creative Leadership and Retired Vice Admiral of the U.S. Navy
Seymour Sternberg	68	Retired Chairman of the Board and Chief Executive Officer of New York Life Insurance Company
Peter J. Tobin	67	Retired Special Assistant to the President of St. John s University and Retired Chief Financial Officer of The Chase Manhattan Corporation
Laura S. Unger	51	Independent Consultant, Former Commissioner of the U.S. Securities and Exchange Commission

John A. Thain	**Board Committees:**	**Prior Senior Leadership Positions:**
Age: 56	None	President of Global Banking, Securities and Wealth Management for Bank of America
Director Since: February 2010		Chairman and Chief Executive Officer of Merrill Lynch & Co., Inc.
		Chief Executive Officer and Director of NYSE Euronext, Inc.

Chief Executive Officer and Director of the New York Stock Exchange
President and Chief Operating Officer of The Goldman Sachs Group, Inc.

Mr. Thain has served as Chairman and Chief Executive Officer of CIT since February 2010. In January 2009, prior to joining CIT, Mr. Thain was President of Global Banking, Securities and Wealth Management for Bank of America. From December 2007 to January 1, 2009, prior to its merger with Bank of America, Mr. Thain was Chairman and Chief Executive Officer of Merrill Lynch & Co., Inc. From June 2006 to December 2007, Mr. Thain served as Chief Executive Officer and a director of NYSE Euronext, Inc. following the NYSE Group and Euronext N.V. merger. Mr. Thain joined the New York Stock Exchange in January 2004, serving as Chief Executive Officer and a director. From June 2003 through December 2003, Mr. Thain was the President and Chief Operating Officer of The Goldman Sachs Group Inc., and from May 1999 through June 2003 he was President and Co-Chief Operating Officer of The Goldman Sachs Group, L.P. From 1994 to 1999, Mr. Thain served as Chief Financial Officer and Head of Operations, Technology and Finance, and from 1995 to 1997 he was also Co-Chief Executive Officer for

European operations for The Goldman Sachs Group, L.P. Mr. Thain currently serves as a member of the MIT Corporation Board, the Dean s Advisory Council of MIT/Sloan School of Management, the U.S. National Advisory Board of INSEAD, the Board of Managers of the New York Botanical Garden and the Board of Directors of the French-American Foundation. Mr. Thain is a trustee of New York-Presbyterian Hospital, a General Trustee of Howard University, and a Trustee and Corporate Officer of The Antz Foundation, a private foundation.

Qualifications: Mr. Thain provides the Board with extensive experience as a senior leader of large and diverse financial institutions, including experience in risk management, finance, information technology, and operations and, as Chief Executive Officer, he provides in-depth knowledge of CIT s business and affairs, management s perspective on those matters, and a transparent avenue of communication between the Board and management.

Michael J. Embler	**Board Committees:**	**Other Public Directorships:**
Age: 47	Audit Nominating & Governance	Abovenet Inc. Dynegy, Inc./Dynegy Holdings Inc.
Director Since: December 2009	**Prior Senior Leadership Positions:**	**Senior Leadership Positions:**
	Chief Investment Officer of Franklin Mutual Advisers LLC Director of Kindred Healthcare, Inc.	Board of Trustees, Corlears School

Mr. Embler has served as a director of CIT since December 2009. He formerly served as the Chief Investment Officer of Franklin Mutual Advisers LLC, an asset management subsidiary of Franklin Resources, Inc. Mr. Embler joined Franklin Mutual Advisers in 2001 and, prior to becoming Chief Investment Officer in 2005, served as head of its Distressed Investment Group. From 1992 until 2001, he worked at Nomura Holdings America, where he served as Managing Director managing a team investing in a proprietary fund focused on distressed and other event-driven corporate investments. Mr. Embler currently serves on the Board of

Directors of Abovenet Inc., Dynegy Inc./Dynegy Holdings Inc. and Corlears School and has served during the preceding five years on the Board of Directors of Kindred Healthcare Inc.

Qualifications: Mr. Embler provides the Board with experience in finance, asset management and restructurings, expertise in capital markets and capital management, and experience in the healthcare industry, a key market for certain of CIT s businesses. His experience as Chief Investment Officer of a major asset management firm provides the Board with a unique analytical view from the perspective of an investor.

William M. Freeman Age: 59	**Board Committees:** Compensation	**Other Public Directorships:** TerreStar Corporation
Director Since: July 2003	**Prior Senior Leadership Positions:** Chairman of the Board of Arbinet-thexchange, Inc. Chief Executive Officer and Director of Leap Wireless International Chief Executive Officer of Bell Atlantic-Washington, D.C. President of the Public Communications Group of Verizon Communications Inc. President and Chief Executive Officer of Bell Atlantic-New Jersey	**Senior Leadership Positions:** Executive Chairman of Oh Daddy LLC Board of Trustees of Drew University Chairman of Celadon Global Inc.

Mr. Freeman has served as a director of CIT since July 2003. Mr. Freeman retired in February 2010 as Chairman of the Board of Arbinet-thexchange, Inc., in which capacity he had served since November 2007. Previously, Mr. Freeman served as President and Chief Executive Officer and Director of Arbinet-thexchange, Inc. from November 2007 until September 2008. Prior to joining Arbinet-thexchange, Mr. Freeman was elected to the Board of Motient Corp., now TerreStar Corporation, in February 2007, and Chairman of Motient/TerreStar in March 2007. Mr. Freeman also served as Chief Executive Officer and Director of Leap Wireless International, Inc. from May 2004 to February 2005 and as President of the Public Communications Group of Verizon Communications Inc. from 2000 to February

2004. Mr. Freeman served as President and Chief Executive Officer of Bell Atlantic-New Jersey from 1998 to 2000, President and Chief Executive Officer of Bell Atlantic-Washington, D.C. from 1994 to 1998, and in a number of other executive and management positions at Verizon since 1974. Mr. Freeman was a founder and co-owner of Synthesis Security LLC, a closely held telecommunications company. Mr. Freeman currently serves, or during the preceding five years served, on the Board of Trustees of Drew University, and as a director of Value Added Holdings, Inc., a privately held communications company and is the Executive Chairman and majority shareholder of Oh Daddy LLC, a privately held beverage marketing and distribution company and Chairman of Celadon Global Inc., a privately held mergers

and acquisitions research firm.

Qualifications: Mr. Freeman provides the Board with extensive experience in managing organizations of various sizes and extensive experience in the telecommunications industry, a key market for CIT s lending products.

David M. Moffett Age: 59	**Board Committees:** Audit	**Other Public Directorships:** eBay Inc.
Director Since: July 2010	**Prior Senior Leadership Positions:** Chief Executive Officer of Federal Home Loan Mortgage Corporation (Freddie Mac) Senior Advisor with the Carlyle Group LLC Director of Building Materials Holding Corp. Vice Chairman and Chief Financial Officer of U.S. Bancorp Director of MBIA Inc. Director of E.W. Scripps Company	**Senior Leadership Positions:** Trustee of University of Oklahoma Foundation Trustee of Columbia Atlantic Mutual Funds

Mr. Moffett has served as a director of CIT since July 2010. Mr. Moffett is the former Chief Executive Officer of Federal Home Loan Mortgage Corporation (Freddie Mac), in which capacity he had served from September 2008 to March 2009. Prior to this position, Mr. Moffett served as a Senior Advisor with the Carlyle Group LLC. Mr. Moffett also served as Vice Chairman and Chief Financial Officer of U.S. Bancorp from 2001 to 2007, and has held senior positions with a number of other banking institutions, including Star Banc Corporation, Firstar Corporation, Bank of America, Security Pacific, Sooner Federal Bank & Trust Co., and First National Bank & Trust Co. of Tulsa. Mr. Moffett has served on the Board of Directors of

eBay Inc. since May 2007, and previously served on the Board of Directors of each of MBIA Inc., E.W. Scripps Company and Building Materials Holding Corp.

Qualifications: Mr. Moffett provides the Board with more than 30 years of strategic finance, risk management and operational experience in commercial banking, and experience in retail banking and management in a regulated environment. His experience as Chief Financial Officer of a major bank holding company provides the Board with insight into the financial, accounting and risk management issues of, and communicating with investors in, a bank holding company.

R. Brad Oates Age: 58	**Board Committees:** Risk Management	**Other Public Directorships:** None
Director Since: December 2009	**Prior Senior Leadership Positions:** Chairman of the Board of Directors of NFC Global,	**Senior Leadership Positions:** Chairman and Managing Partner of Stone Advisors, LP

LLC		Director of GearingStone, LLC
President and Chief Operating Officer of Bluebonnet Savings Bank FSB		

Mr. Oates has served as a director of CIT since December 2009. He currently serves as Chairman and Managing Partner of Stone Advisors, LP, a strategic advisory firm specializing in distressed asset situations, which is currently engaged as a contractor by the Federal Deposit Insurance Corporation (**FDIC**) to assist in resolving bank receiverships. Prior to joining Stone Advisors, Mr. Oates served from 1988 until 2003

as President and Chief Operating Officer of Bluebonnet Savings Bank FSB, responsible for bank operations and strategic planning in a bank turnaround situation, and as Executive Vice President of Stone Holdings, Inc., the holding company for Bluebonnet Savings Bank and a private investment company specializing in banking, information services, risk management and emerging technologies.

Mr. Oates currently serves, or during the preceding five years served, as Chairman of the Board of Directors of NFC Global, LLC and as a director of GearingStone, LLC, a special servicing company for distressed bank assets.

Qualifications: Mr. Oates provides the Board with in-depth experience in successfully managing the turnaround of

troubled financial institutions and a strong background in operating regulated commercial banks and strategic planning. His extensive experience in interacting with the FDIC and other bank regulators during his career provides the Board with insight into bank regulatory matters and supervisory expectations and communications. He also has experience in information technology and risk management.

Marianne Miller Parrs	**Board Committees:**	**Other Public Directorships:**
Age: 67	Audit (Chair)	Stanley Black & Decker, Inc.
	Special Compliance	Signet Jewelers Limited
Director Since: January 2003	**Prior Senior Leadership Positions:**	**Senior Leadership Positions:**
	Executive Vice President and Chief Financial Officer of International Paper Company	Board Member, United Way of the Mid-South

Ms. Parrs has served as a director of CIT since January 2003. Ms. Parrs retired at the end of 2007 from International Paper Company where she had served as Executive Vice President and Chief Financial Officer since November 2005 and as interim Chief Financial Officer since May 2005. Ms. Parrs also has served as Executive Vice President with responsibility for Information Technology, Global Sourcing, Global Supply Chain Delivery, a major supply chain project, and Investor Relations since 1999. From 1995 to 1999, Ms. Parrs served as Senior Vice President and Chief Financial Officer of International Paper Company. Previously, she served in a number of other executive and management positions at International Paper Company since 1974, and was a security analyst at a number of firms prior to joining International Paper Company. Ms. Parrs currently serves, or during the preceding five years served, on the Board of United Way of the Mid-South, the Board of Rise Foundation in Memphis, Tennessee,

the Board of the Leadership Academy, Memphis, the Board, the Audit Committee and the Finance Committee of Stanley Black & Decker, Inc., the Board, the Audit Committee and the Nomination & Corporate Governance Committee of Signet Jewelers Limited, and is on the Board and is Treasurer of Josephines Circle, Memphis.

Qualifications: Ms. Parrs provides the Board with financial and operational expertise as a result of her significant experience in those roles in industry, particularly in her roles as Chief Financial Officer and as the senior executive in charge of information technology and global supply chain management at a major industrial company, which provide a valuable perspective on financial and accounting issues and on processes and technology. She also has extensive audit committee experience and is an Audit Committee Financial Expert , as defined by the SEC.

Gerald Rosenfeld Age: 65	**Board Committees:** Risk Management (Chair)	**Other Public Directorships:** None
Director Since: January 2010	**Prior Senior Leadership Positions:** Deputy Chairman of Rothschild North America President of G Rosenfeld & Co LLC Head of Investment Banking and a member of the Management Committee of Lazard Freres	**Senior Leadership Positions:** Vice Chairman of U.S. Investment Banking of Lazard Ltd. Director of Continental Grain Company Board of Overseers, New York University Stern School of Business Board Member, American Academy of Arts and Sciences Board Member, Catalist LLC

Mr. Rosenfeld has served as a director of CIT since January 2010. Mr. Rosenfeld re-joined Lazard Ltd. as Vice Chairman of United States investment banking effective March 1, 2011. He was Deputy Chairman of Rothschild North America from 2007 to 2011 and served as its Chief Executive Officer from 1999 to 2007. Prior to joining Rothschild, he was President of G Rosenfeld & Co LLC, an investment banking firm. Prior to

founding G Rosenfeld & Co LLC in 1998, he was Head of Investment Banking and a member of the Management Committee of Lazard Freres & Co. LLC. Mr. Rosenfeld joined Lazard in 1992 after holding significant management positions at Bankers Trust Company, Salomon Inc. and its Salomon Brothers subsidiary and McKinsey & Company. Prior to joining McKinsey, Mr. Rosenfeld was a member of the faculty

of the City College of New York, New York University and the University of Maryland. Mr. Rosenfeld currently serves, or during the preceding five years served, as a member of the Board of Directors of Continental Grain Company, on the Board of Overseers of New York University s Stern School of Business, where he also serves as an Adjunct Professor of Finance, and on the Boards of the American Academy of Arts and Sciences and Catalist LLC.

Qualifications: Mr. Rosenfeld provides the Board with extensive experience and expertise in risk management and sophisticated financial matters gained by both practical experience in a regulated environment and through research and teaching finance-related courses at several prominent universities. He also has management experience as a senior executive in commercial banking, investment banking and capital markets.

Vice Admiral John R. Ryan Age: 66	**Board Committees:** Compensation Nominating & Governance	**Other Public Directorships:** Cablevision Systems Corp.
Director Since: July 2003 Lead Director: since May 2008	**Prior Senior Leadership Positions:** Chancellor of the State University of New York Superintendent of the U.S. Naval Academy Commander of the Fleet Air Mediterranean, U.S. Navy Commander of the Patrol Wings for the U.S. Pacific Fleet, U.S. Navy Director of Logistics for the U.S. Pacific Command, U.S. Navy President of the State University of New York Maritime College	**Senior Leadership Positions:** President and Chief Executive Officer of the Center for Creative Leadership Chairman of the Board of Directors of the U.S. Naval Academy Foundation

Vice Admiral Ryan has served as a director of CIT since July 2003 and was appointed lead director (**Lead Director**) by the Board in May 2008. Mr. Ryan has been President and Chief Executive Officer of the Center for Creative Leadership in Greensboro, North Carolina since May 2007. Previously, Mr. Ryan served as Chancellor of the State University of New York from June 2005 to June 2007. Mr. Ryan also served as President of the State University of New York Maritime College from June 2002 until June 2005 while also serving as the Interim President of the State University of New York at Albany from February 2004 until February 2005. From 1998 to 2002, Mr. Ryan was Superintendent of the U.S. Naval Academy, Annapolis, Maryland. Mr. Ryan served in the U.S. Navy from 1967 to July 2002, including as Commander of the Fleet Air Mediterranean in Naples, Italy from 1995 to 1998, Commander of the Patrol Wings for the U.S. Pacific Fleet in

Pearl Harbor from 1993 to 1995, and Director of Logistics for the U.S. Pacific Command in Aiea, Hawaii from 1991 to 1993. Mr. Ryan currently serves as a director of Cablevision Systems Corp., President and Chief Executive Officer of the Center for Creative Leadership, and as Chairman of the Board of the U.S. Naval Academy Foundation.

Qualifications: Vice Admiral Ryan provides the Board with experienced leadership and an expertise in managing large complex organizations, primarily in academia and the military. In addition, Mr. Ryan provides the Board with extensive experience in logistics, talent development and succession planning. His tenure as a director, and more recently as Lead Director, of CIT enables him to provide the Board with valuable experience in overseeing CIT s business and providing leadership to the Board.

Seymour Sternberg Age: 68	**Board Committees:** Compensation (Chair)	**Other Public Directorships:** Express Scripts Inc.
Director Since: December 2005	**Prior Senior Leadership Positions:** Chairman of the Board of Directors & CEO of New York Life Insurance Company	**Senior Leadership Positions:** Board of Trustees, Hackley School Chairman of Board of Trustees of Northeastern University

Board of Directors, U.S. Chamber of Commerce	Board of Trustees, Columbia-Presbyterian Hospital

Mr. Sternberg has served as a director of CIT since December 2005. Mr. Sternberg served as Chairman of the Board of Directors & CEO of New York Life Insurance Company from April 1997 until June 2009. Mr. Sternberg joined New York Life as a Senior Vice President in 1989, and held positions of increasing responsibility, including Executive Vice President, Vice Chairman, President, Chief Operating Officer and Chief Executive Officer. Mr. Sternberg serves on the Board of Directors of Express Scripts, Inc., a pharmacy benefits manager. He is a member of the Council on Foreign Relations. Mr. Sternberg currently serves, or during the preceding five years served, on the boards of the U.S. Chamber of Commerce,

Columbia-Presbyterian Hospital, Northeastern University, the Hackley School, Big Brothers/Big Sisters, New York City Partnership, the New York City Leadership Academy, and the Kennedy Center Corporate Fund.

Qualifications: Mr. Sternberg provides the Board with extensive experience in managing a large regulated institution from his experience in the insurance industry. Based on his experience in multiple areas during his career, Mr. Sternberg provides the Board with insight into funding, financial management, risk management, and operations issues.

Peter J. Tobin	**Board Committees:**	**Other Public Directorships:**
Age: 67	Special Compliance (Chair) Risk Management	AllianceBernstein Corporation
Director Since: July 2002	**Prior Senior Leadership Positions:**	
	Interim Chief Executive Officer of CIT Group Inc. Dean of the Peter J. Tobin College of Business at St. John s University Director of H.W. Wilson	Director of AXA Financial Director of Rock Valley Tool Chief Financial Officer of The Chase Manhattan Corporation

Mr. Tobin has served as a director of CIT since July 1, 2002, and previously from May 1984 to June 1, 2001. Mr. Tobin served as CIT s Interim Chief Executive Officer from January 19, 2010 through February 7, 2010. He retired from St. John s University in May 2005, after serving as Special Assistant in Corporate Relations and Development to the President of St. John s University since September 2003, and previously as Dean of the Peter J. Tobin College of Business at St. John s University since August 1998. From March 1996 to December 1997, Mr. Tobin was Chief Financial Officer of The Chase Manhattan Corporation. From January 1992 to March 1996, Mr. Tobin served as Chief Financial Officer of Chemical Banking Corporation, a predecessor of The Chase Manhattan Corporation, and prior to that he served in a number of executive positions at Manufacturers Hanover Corporation,

a predecessor of Chemical Banking Corporation. Mr. Tobin currently serves, or during the preceding five years served, as a director of AXA Financial, AllianceBernstein Corporation, a subsidiary of AXA Financial that manages mutual funds, H.W. Wilson, a publishing company, and as an officer and director of Rock Valley Tool.

Qualifications: Mr. Tobin provides the Board with expertise and experience on various financial and accounting issues as a former Chief Financial Officer with several large and diverse commercial banking institutions. He is also a certified public accountant. In addition, Mr. Tobin provides the Board with insight from a customer s perspective as an officer and/or director of two privately held companies.

Laura S. Unger
Age: 51

Director Since: January 2010

Board Committees:

Nominating & Governance (Chair)

Special Compliance

Other Public Directorships:

Ambac Financial Group Inc.

CA, Inc.

Prior Senior Leadership Positions:

Acting Chairperson of the U.S. Securities and Exchange Commission

Commissioner of the U.S. Securities and Exchange Commission

Counsel to the United States Senate Committee on Banking, Housing and Urban Affairs

Director of MBNA Corporation

Board Member, Children s National Medical Center Foundation

Ms. Unger has served as a director of CIT since January 2010. She served as Commissioner of the SEC from November 1997 to February 2002, including Acting Chairperson of the SEC from February to August 2001. Subsequently, she served as a Regulatory Expert for CNBC. Before being appointed to the SEC, Ms. Unger served as Counsel to the United States Senate Committee on Banking, Housing and Urban Affairs. Prior to working on Capitol Hill, she was an attorney with the Enforcement Division of the SEC. Ms. Unger currently serves, or during the preceding five years served, as a director of Ambac Financial Group, Inc., the IQ Funds Complex, CA, Inc., MBNA Corp. and Children s National Medical Center Foundation. She also acts or has acted as an Independent

Consultant to JP Morgan Chase for the Global Analyst Conflict Settlement and the Marwood Group, a healthcare-focused strategic advisory and financial services firm.

Qualifications: Ms. Unger provides the Board with insight into dealing with regulators and operating in a regulatory environment, based on her experience as both a former Commissioner and a former enforcement attorney with the SEC. In addition, Ms. Unger provides the Board with insight into the legislative process, based on her experience as a staff counsel in the U.S. Senate. She also has significant corporate governance expertise.

Director Qualifications and Experience

The table below includes the qualifications and experience of each director that assisted the Board in determining the directors are qualified to serve on the Board and that the Board is composed of directors with diverse backgrounds and experiences.

Summary of Director Qualifications and Experience	Michael Embler	William Freeman	David Moffett	R. Brad Oates	Marianne Parrs	Gerald Rosenfeld	John Ryan	Seymour Sternberg	Peter Tobin	Laura Unger	John Thain
Business Head/Administration experience is important as directors with such	X	X	X	X	X	X	X	X	X		X

Summary of Director Qualifications and Experience	Michael Embler	William Freeman	David Moffett	R. Brad Oates	Marianne Parrs	Gerald Rosenfeld	John Ryan	Seymour Sternberg	Peter Tobin	Laura Unger	John Thain
experience typically possess strong leadership qualities and the ability to identify and develop those qualities in others.											
Business Operations experience gives directors a practical understanding of developing, implementing and assessing our operating and business strategy.	X	X	X	X	X	X		X	X		X
Corporate Governance experience supports our goals of strong Board and management accountability, transparency and protection of shareholder interests.	X	X	X	X	X	X	X	X	X	X	X
Finance/Capital Allocation experience is important in evaluating our financial statements and capital structure.	X		X	X	X	X		X	X		X
Banking Expertise is important because it assists our directors in understanding and overseeing our banking activities, regulatory requirements and environment and financial reporting and internal controls.			X	X					X		
Financial Services Industry experience is important in understanding and reviewing our business strategy and financial statements.	X		X	X		X		X	X		X
Government/Public Policy experience is relevant to CIT as it operates in a regulated industry that is directly affected by governmental actions.							X			X	
International experience is important in understanding and reviewing our international businesses.						X	X	X			X
Risk Management experience is critical to the Board s role in overseeing the risks facing CIT.	X		X	X	X	X		X	X		X
Marketing/Sales experience is relevant to CIT as it seeks to identify and develop new markets for its products and services and new products and services for its customers.		X						X			
Technology Systems experience is relevant to CIT as it looks for ways to enhance CIT s customer experience and retention and internal operating efficiencies and controls.				X	X			X			X
Academia/Education experience brings perspective regarding organizational management relevant to our business.		X				X	X	X	X	X	X

CORPORATE GOVERNANCE

CIT is committed to the values of effective corporate governance and high ethical standards. Our Board believes that these values promote long-term performance and reevaluates our governance policies on an ongoing basis to ensure they sufficiently meet CIT s needs and our stockholders interests. Listed below are some of the significant corporate governance practices and policies we have adopted.

Majority voting in director elections. In accordance with CIT s By-Laws, except in the case of a contested election, each of our director-nominees have agreed to tender his or her irrevocable contingent resignation which becomes effective if he or she is not elected by a majority of the votes cast by stockholders and our Board accepts the resignation. If a director-nominee is not elected by a majority of the votes cast, our Governance Committee will promptly consider the director s resignation and recommend to our Board whether to accept or reject the resignation. Our Board will act on the Governance Committee s recommendation within 90 days of the applicable stockholder meeting and will then publicly disclose its decision, the process by which the decision was reached, and, if applicable, the rationale behind its decision to reject a tendered resignation.

Lead Director. Our Corporate Governance Guidelines establish the role of an independent lead director who is elected annually by a majority vote of the independent directors. More information about the role of the lead director and our Board structure may be found in this Proxy Statement under the heading Board Leadership Structure .

Related Person Transactions Policy. Our Governance Committee is responsible for approving or ratifying transactions involving CIT and related persons and determining if the transaction is in, or not inconsistent with, the best interests of CIT and our stockholders. More information about our Related Person Transactions Policy may be found below under the heading Related Person Transactions Policy .

Executive Sessions. Our Board meets regularly in executive sessions without the presence of management, including our Chairman. These sessions are led by our Lead Director.

Limitations on Participation on Other Boards. To ensure that our directors have sufficient time to devote proper attention to their responsibilities as directors of CIT, unless otherwise approved by the Governance Committee, employed directors are limited to service on two boards of other publicly traded companies, while other directors may not serve on the boards of more than four other public companies.

Absence of a Stockholder Rights Plan. We do not have a stockholder rights plan and are not currently considering adopting one.

Stock Ownership Requirements. Both our directors and senior executive officers are required to own a minimum amount of CIT s common stock at all times while they remain with CIT.

Additional information is provided below regarding these and certain other key corporate governance policies which we believe enable us to manage our business in accordance with the highest standards of business practices and in the best interests of our stockholders. Investors can find a copy of CIT s Corporate Governance Guidelines and other governance policies on our website at http://www.cit.com/about-cit/corporate-governance/index.htm. Information contained on the CIT website does not constitute part of this Proxy Statement.

Director Independence

Our Corporate Governance Guidelines require that a substantial majority of the Board be composed of directors who meet the independence criteria established by the NYSE. For a director to be considered independent, the Board must affirmatively determine that neither the director nor any of such director s immediate family has a material relationship with CIT (either directly or as a partner, stockholder, or officer of an organization that has a relationship with CIT). In making its determination, the Board considers all relevant facts and circumstances, both with respect to the director and with respect to any persons or organizations with which the director has an affiliation, including immediate family members. The Board also considers the specific independence criteria for directors as defined by the NYSE.

In furtherance of our Board s commitment to maintain the independence of our independent directors, the Board implemented a charitable contributions policy. The policy requires that if any charitable contribution proposed to be made by CIT to an organization in which a director is affiliated exceeds the lesser of (i) $25,000 or (ii) 2% of the charitable organization s most recently reported annual consolidated gross revenues, such contribution is subject to the approval of the Governance Committee. In determining whether to approve any such contribution, the Governance Committee considers whether the donation would impair the director s independence.

Based on the foregoing considerations, the Board has determined that, except for Mr. Thain, our CEO, all of CIT s directors are independent and each of the Board Committees are composed solely of independent directors. In making this

determination, the Board considered the transactions described below under the heading Related Person Transactions Policy .

Related Person Transactions Policy

The Board has adopted a Related Person Transactions Policy for the review and approval of related person transactions, which is defined under such policy as any transaction, arrangement or relationship, or any series of similar transactions, arrangements or relationships, in which CIT was or is to be a participant, the amount involved exceeds or is expected to exceed $120,000 in a single calendar year, and an executive officer, director, director nominee, or a 5% beneficial owner of any class of CIT s voting securities (or any of their respective immediate family members) had or will have a direct or indirect material interest, other than the following:

- interests arising solely from the related person s position as a director or limited partner, or from the direct or indirect ownership by the related person, and all other related persons, in the aggregate of less than a 10% equity interest in another corporation or organization that is a participant in the transaction;

- amounts due from related persons to CIT for purchases of goods and services subject to usual trade terms, for ordinary business travel and expense payments, and for other indebtedness transactions in the ordinary course of business;

- interests arising solely from the ownership of a class of CIT s equity securities, if all holders of that class of equity securities receive the same benefit on a *pro rata* basis;

- transactions where price is determined by competitive bid, or where the service is rendered as a common carrier or public utility at rates fixed pursuant to law;

- transactions that involve compensation to a director, or compensation to executive officers, approved by the Board;

- interests arising solely from the related person s position as an executive officer or director of another entity that is a participant in the transaction, where (a) the related person and his or her immediate family members own in the aggregate less than a 5% equity interest in such entity, (b) the related person and his or her immediate family members are not involved in the negotiation of the terms of the transaction, and (c) the amount involved in the transaction equals less than 2% of the annual gross revenues of each of CIT and the other entity that is a participant in the transaction.

Under this written policy, any proposed related person transaction will be considered at the next meeting of the Governance Committee, but if it is not desirable for CIT to wait until the next meeting, the transaction will be submitted to the Chairperson of the Governance Committee for approval, subject to reporting any such approval at the next Governance Committee meeting. In either case, the benefits to CIT, the availability of other sources of comparable products or services, the terms of the transaction, the terms available to unrelated third parties, and whether the transaction was undertaken in the ordinary course of business, will be considered. The Governance Committee will approve only those related person transactions that are in, or are not inconsistent with, the best interests of CIT and its stockholders, as the Governance Committee determines in good faith. In certain circumstances, if the Chief Executive Officer, Chief Financial Officer or General Counsel of CIT becomes aware of a related person transaction that has not been previously approved or ratified under the policy, the Governance Committee will determine if rescission of the transaction is appropriate, and will request that the Chief Financial Officer evaluate CIT s controls and procedures to ascertain the reason the transaction was not submitted to the Governance Committee or its Chairperson for prior approval.

We have in the past and may in the future enter into certain transactions with affiliates, other than directors and executive officers. Such transactions have been, and it is anticipated that such transactions will continue to be, entered into on an arm s length basis at a fair market value for the transaction.

Following is a description of a series of transactions reviewed by the Governance Committee under the Related Persons Transactions Policy:

Daniel A. Ninivaggi, a former director and former Chairperson of our Governance Committee who decided not to stand for re-election at the 2011 Annual Meeting due to his other commitments, served as the principal executive officer of Icahn Enterprises L.P. (**Icahn Enterprises**), a publicly traded company. CIT has historically had and continues to have various business dealings with affiliates of Icahn Enterprises. Among other things, CIT has purchased and continues to purchase railcars and related services from American Railcar Industries (**ARI**), a manufacturing company acquired by Icahn Enterprises in early 2010 from another company controlled by Mr. Icahn (payments with respect to these purchases and services totaled approximately $26 million in 2010, $175 million in 2009, and $370 million in 2008). In February 2011, CIT entered into an agreement to purchase approximately 3,500 railcars from ARI (the **2011 Purchases**). The purchase price for the railcars is dependent on a number of factors, including the type of car and delivery date, but could exceed $250 million. In addition to the railcar purchases and related services, certain other consolidated subsidiaries of Icahn Enterprises have historical lending and

leasing relationships with CIT. As of December 31, 2010, there were approximately $650,000 in outstanding equipment leases to such subsidiaries originated by our Vendor Finance business segment as well as a $50 million line of credit with our Trade Finance business segment, of which $0 was outstanding as of February 2011. In determining that Mr. Ninivaggi was independent, the Board considered these transactions with affiliates of Icahn Enterprises and concluded that they were not material because (i) a majority of these transactions had been (and continue to be) conducted on an arm s-length basis on customary market terms, (ii) the transactions are ordinary course transactions, most of which occurred prior to Mr. Ninivaggi joining Icahn Enterprises in 2010 and prior to Icahn Enterprises acquiring ARI, (iii) the transactions represented only a small portion of the revenues of Icahn Enterprises in each of the three calendar years prior to the 2011 Purchases, (iv) Mr. Ninivaggi was not involved in the transactions, and (v) Mr. Ninivaggi did not have a material interest in the transactions.

Appointment of Directors

Each of CIT s eleven nominees for director are standing for re-election.

Diversity of Directors

Under our Corporate Governance Guidelines, the Board has adopted a diversity policy and seeks diversity in its members with respect to background, skills and expertise, industry knowledge, and experience. Our Corporate Governance Guidelines set forth general criteria for nomination and renomination to the Board, including:

- judgment, integrity, commitment, and candor;
- leadership and decision-making experience in complex organizations, including corporations, banking and financial institutions and government, education, and military institutions;
- expertise, knowledge, and skills useful for overseeing our business; and
- diversity of background, perspectives, skills and experience.

When considering directors for re-nomination, the Governance Committee also considers attendance, preparedness, participation and candor.

The Governance Committee reviews with the Board the skills, characteristics and diversity of background appropriate for CIT s directors. When seeking to fill Board vacancies, the Governance Committee evaluates the skills and characteristics of the existing directors, including the diversity of background, perspectives, and experience of the directors, to identify any gaps that should be filled. The Governance Committee then utilizes that information to guide its search for new director nominees.

Majority Voting for Directors

Under our By-Laws and Corporate Governance Guidelines, if the nominees are all nominated by CIT, a nominee for director is elected if the votes cast for such nominee s election exceed the votes cast against such nominee s election; however, directors are elected by a plurality of the votes cast at any meeting of stockholders for which (i) the Corporate Secretary of CIT receives a notice that a stockholder has nominated a person for election to the Board in compliance with the advance notice requirements for stockholder nominees set forth in our By-Laws, and (ii) such nomination has not been withdrawn by such stockholder on or before the tenth day before CIT first mails its notice of meeting for such meeting to the stockholders. If directors are to be elected by a plurality of the votes cast, as permitted under Delaware law and our By-Laws, stockholders shall not be permitted to vote against a nominee. Votes cast shall not include abstentions with respect to the election of directors. Under our Corporate Governance Guidelines, if a majority vote is required, any nominee who fails to receive the required vote for his or her election or re-election must promptly tender his or her resignation to the Chairman of the Board. If an incumbent director fails to receive the required vote for re-election, the Governance Committee will promptly consider the resignation submitted by such director and will recommend to the full Board whether to accept such resignation. The Governance Committee will consider all factors that it deems relevant in making its recommendation, including any stated reasons why stockholders voted against the director, the length of service and qualifications of the director, the director s contributions to CIT and CIT s Corporate Governance Guidelines.

The Board will act on the recommendation of the Governance Committee no later than 90 days following the date of the stockholders meeting at which the election occurred. The Board will review the factors considered by the Governance Committee and such other information and factors as the Board deems relevant. We will promptly disclose the Board s decision whether to accept the resignation as tendered, and provide a full explanation of the process by which the decision was reached and, if applicable, the reasons the Board rejected the tendered resignation, in a Form 8-K filed with the SEC.

If one or more directors resignations are accepted by the Board, the Governance Committee will recommend to the Board whether to fill such vacancy or vacancies or to reduce the size of the Board.

Board Leadership Structure

The positions of Chief Executive Officer and Chairman are held by one person, currently John A. Thain. In deciding to continue CIT s practice of combining the Chief Executive Officer and Chairman positions, the primary factors considered by the Board were the importance of a unified strategic and operating focus, the benefits of clarity in the management structure of the organization, and the need for consistent communications to stockholders, customers,

regulators and other constituencies. This structure also best assures that Mr. Thain is able to use his in-depth knowledge and perspective gained from running CIT to effectively and efficiently guide our Board. By being closely connected with both CIT s senior level managers and the Board, Mr. Thain is better able to appreciate and balance the perspectives of both groups.

To establish a liaison between the non-management directors and the Chairman and Chief Executive Officer and foster effective communication between them, the independent directors on CIT s Board also appoint a Lead Director who is independent of management. This position is currently held by Vice Admiral John R. Ryan. The Board has structured the role of our independent Lead Director to strike an appropriate balance to the combined Chairman and Chief Executive Officer role and to fulfill the important requirements of independent leadership on the Board. As Lead Director, Mr. Ryan:

- presides over all meetings of the Board at which the Chairman is not present;
- presides at executive sessions of the Board;
- approves meeting agendas for the Board to ensure that management is addressing all matters of concern or interest to the Board and that sufficient time for discussion is allocated for each matter; and
- serves as a liaison between the Chairman and the independent directors.

The Board s Role in Risk Oversight

The Board believes that evaluating how CIT s executive team manages the various risks confronting CIT is one of the most important areas of its oversight responsibilities and that effectively balancing risk and return is critical to the long term success of CIT. CIT has a comprehensive enterprise risk management program that governs the policies and procedures used by management to monitor, evaluate and manage the risks we assume in conducting our business activities. Our Board s oversight of this risk management process is conducted primarily by our Audit Committee and our Risk Management Committee; however, each of the other Board Committees also considers risk within its area of responsibility.

Audit Committee

The duties of the Audit Committee include reviewing and discussing with the appropriate members of management CIT s major financial risk exposures, including interest rate, liquidity, foreign currency exposure, cash investment, funding, swap-counterparty, and asset-liability management risks, as well as overseeing CIT s internal controls over financial reporting. In addition, the Audit Committee is responsible for the oversight of, and receives regular reports regarding, CIT s internal audit and compliance functions and risks related to

litigation, compliance and legal matters as well as enterprise, operations and market risks. The Audit Committee and Risk Management Committee meet together quarterly in joint sessions to ensure appropriate communications regarding areas of overlap in overseeing risk.

Risk Management Committee

The duties of the Risk Management Committee include overseeing CIT s risk management functions and processes, including (a) reviewing and recommending to the Board an annual risk appetite statement, (b) ensuring that management has established processes and an enterprise risk management framework and governance structures designed to identify, bring to the Board s and/or the Risk Management Committee s attention, and appropriately manage, monitor, control and report exposures to the major risks affecting CIT, (c) monitoring the performance, quality and trends associated with CIT s credit portfolio, (d) assessing, jointly with the Audit Committee, the adequacy of CIT s allowance for credit losses and management s methodology for determining such allowance, and (e) receiving, jointly with the Compensation Committee, management s assessment of the effectiveness of the design and operation of CIT s incentive compensation programs. The Risk Management Committee also oversees CIT s loan review function, information security processes, business continuity planning, and the use of insurance to manage certain of CIT s risks.

Compensation Committee

The duties of the Compensation Committee include regularly assessing risks related to our compensation programs, including our executive compensation practices. Management provides information on a regular basis to the Compensation Committee regarding compensation elements and features that could mitigate or encourage excessive risk-taking. In assessing compensation related risks, the Compensation Committee, together with the Risk Management Committee, considers the balance between annual and longer-term performance incentives, performance measures that motivate sustained performance while prudently managing risk, stock ownership guidelines that align executives interests with those of our stockholders, and our clawback policy to recoup compensation.

Nominating & Governance Committee

The duties of the Governance Committee include reviewing and minimizing risks by ensuring appropriate policies and practices exist and are implemented to avoid or manage conflicts of interest by and among CIT, its executive officers, directors, director nominees and stockholders, overseeing an effective succession planning process, and adopting prudent governance policies. For more information, see Corporate Governance Related Person Transactions Policy in this Proxy Statement.

Succession Planning

The Board is actively engaged and involved in talent management. The Board reviews the Company s human resources strategy in support of its business strategy at least annually. This process includes a detailed discussion of the Company s leadership bench strength and succession plans with a focus on key positions at the senior officer level. In addition, the Board Committees regularly discuss the talent depth for specific critical roles. High potential leaders are given exposure and visibility to Board members through formal presentations and informal events. For more information on CIT s Board Committees, see Corporate Governance Board Committees immediately below this section.

Director and Senior Executive Officer Stock Ownership Policy

CIT believes that significant stock ownership by its directors and senior executive officers further aligns their and CIT stockholders interests. Accordingly, under our Corporate Governance Guidelines, within a specified period of time, directors are required to own shares of CIT s common stock at least equal in value to five times the amount of the directors annual retainer fee. Value is generally calculated as the number of shares owned multiplied by the greater of (i) the current stock price or (ii) the 3-year average stock price of CIT s common stock. This minimum stock ownership must be maintained for as long as both (a) such director remains on the Board and (b) CIT s common stock is publicly traded on a national securities exchange. Senior executive officers of CIT are also required to own a minimum amount of CIT shares as further described in the Compensation Discussion and Analysis portion of this Proxy Statement under the heading Structure of Our Executive Compensation Program for 2011 Equity Ownership and Retention .

Board Committees

During 2011, our Board maintained an Audit Committee, a Compensation Committee, a Governance Committee and a Risk Management Committee as standing committees. Our Board also maintained a Special Compliance Committee, as an *ad hoc* committee required by the terms of our Written Agreement, dated August 12, 2009, between the Federal Reserve Bank of New York and CIT (**Written Agreement**). Each of the Board Committees is currently comprised of three directors. Each director serving on the Audit Committee, the Compensation Committee, the Governance Committee, the Risk Management Committee, and the Special Compliance Committee is independent as defined by the NYSE and applicable law. Each Board Committee has a separate chair and operates under a written charter. The current version of the written charter of each standing Board Committee is available on our website at http://www.cit.com/about-cit/corporate-governance/board-committees/index.htm.

Board Committee Assignments

Director	Audit Committee	Compensation Committee	Nominating & Governance Committee	Risk Management Committee	Special Compliance Committee
Michael J. Embler					
William M. Freeman					
David M. Moffett					
R. Brad Oates					
Marianne M. Parrs	CHAIR				
Gerald Rosenfeld				CHAIR	
Vice Admiral John R. Ryan					
Seymour Sternberg		CHAIR			
Peter J. Tobin					CHAIR
Laura S. Unger			CHAIR		
2011 Meetings	18	7	5	8	12

Board Committee Duties, Generally

Each Board Committee:

- conducts its duties consistent with its written charter, which it reviews and updates (if appropriate) at least annually;
- conducts a self-evaluation annually;
- cooperates and coordinates with the other Board Committees on areas where the substance of their activities overlap; and
- regularly reports to the Board.

Audit Committee

The Audit Committee s duties include:

- monitoring the quality and integrity of our financial reporting process, financial statements and systems of internal controls regarding finance and accounting;
- monitoring compliance with our Code of Business Conduct , other compliance policies, and legal and regulatory requirements;
- reviewing the budget, plan and activities of the Internal Audit Department and the appointment, performance and replacement of the Chief Auditor;
- retaining, determining the compensation of, and monitoring the qualifications, independence and performance of the independent auditors, including approving in advance all audit and non-audit engagements; and
- overseeing the management of our financial, litigation and compliance risks.

The Board has determined that Ms. Parrs meets the standard of Audit Committee Financial Expert , as defined by the rules of the SEC, and that each member of the Audit Committee is independent from management and financially literate, as defined by the NYSE listing standards.

Compensation Committee

The Compensation Committee evaluates, oversees and approves the compensation and benefits for our executive officers and other employees, and is responsible for the following:

- oversight, review and approval of the overall goals and purposes of CIT s incentive compensation programs for all employees, to ensure that such programs appropriately balance risk and financial results and do not encourage excessive risk taking;
- reviewing and recommending to the Board for approval the corporate goals and objectives relevant to CEO compensation;
- recommending to the Board the compensation and benefits for the CEO considering CIT s and his performance relative to financial, strategic and other goals and objectives approved by the Board and the value of compensation granted to CEO s at comparable or peer companies;
- approving the compensation for our executive officers and reviewing the compensation for all employees other than our executive officers whose annual compensation exceeds US$1 million;
- meeting at least annually to discuss and evaluate employee compensation plans with CIT s Chief Risk Officer in light of an assessment of any risk posed to CIT, to ensure that such plans do not encourage employees to take unnecessary and excessive risks and to ensure that such plans do not encourage the manipulation of CIT s reported earnings to enhance the compensation of any of CIT s employees;
- receiving and reviewing, jointly with the Risk Management Committee, management s assessment of the effectiveness of the design and operation of CIT s incentive compensation programs in providing risk-taking incentives that are consistent with the safety and soundness of CIT;
- maintaining compensation practices that are consistent with applicable market standards and compliant with applicable regulatory requirements;
- approving significant amendments to the retirement, severance and other compensation and benefit plans in which our executive officers participate;
- discussing, reviewing with management and approving the disclosure regarding compensation and benefit matters and the Compensation Discussion and Analysis in CIT s annual proxy statement; and
- approving the Compensation Committee Report for inclusion in our annual proxy statement.

The Compensation Committee may form and delegate authority to subcommittees comprised of one or more members of the Compensation Committee. It may also delegate to CIT s employee benefits committee the responsibility to review and recommend material revisions to retirement plans, severance plans, plans permitting deferral of compensation, or any other benefit plan in which the executive officers are participants. The Compensation Committee also has the authority to engage such consultants and independent counsel as it determines is appropriate to assist it in the performance of its responsibilities.

In 2011, the Compensation Committee engaged the independent, external consulting firm Pay Governance LLC (**Pay Governance**) to advise the Compensation Committee on all matters relating to the compensation of our executive officers. The Compensation Committee directly retained Pay Governance independently from CIT management, and CIT does not utilize Pay Governance for any other purpose.

Nominating & Governance Committee

The Governance Committee oversees CIT s governance policies and processes for nominating directors, which duties include:

- identifying and recommending qualified candidates to fill positions on the Board and its Board Committees;

- reviewing and recommending to the Board the compensation and benefits for directors (other than directors who are also employees of CIT);
- overseeing the evaluation of the structure, duties, size, membership and functions of the Board and its Board Committees;
- overseeing the self-evaluation of the Board and its Board Committees;
- overseeing Corporate Governance Guidelines and related policies;
- overseeing the succession planning process for CIT s Chief Executive Officer, executive officers and senior managers; and
- reviewing disclosures in CIT s annual proxy statement regarding the Governance Committee and the director nominating process, as well as any stockholder proposals and statements in opposition.

The Governance Committee considers and evaluates all director candidates recommended by our stockholders in accordance with the procedures set forth in our Corporate Governance Guidelines. Stockholders may propose qualified nominees for consideration by the Governance Committee by submitting the names and supporting information in writing to: Office of the General Counsel, CIT Group Inc., One CIT Drive, Livingston, New Jersey 07039. Such supporting information shall include (1) a statement containing the notarized signature of the nominee whereby such nominee consents to being nominated to serve as a director of CIT and to serving as a director if elected by the stockholders; (2) information in support of the nominee s qualifications to serve on the Board and the nominee s independence from management; (3) the name or names of the stockholders who are submitting such proposal, the number of shares of CIT common stock held by each such stockholder, and the length of time such shares have been beneficially owned by such stockholders; and (4) any other information that the stockholder believes to be pertinent. To be considered for nomination, any such nominees shall be proposed as described above no later than December 15th of the calendar year immediately preceding the applicable annual stockholders meeting.

Risk Management Committee

The Risk Management Committee oversees CIT s risk management functions and processes. It assists our Board in fulfilling its responsibilities for overseeing many of the major risks inherent to CIT s business, including credit risk, market risk, reputation risk, business continuity, and operational risk and is responsible for the following:

- overseeing our enterprise risk management functions and processes, including reviewing and recommending to the Board an annual risk appetite statement, overseeing CIT s risk monitoring programs and processes, and monitoring the performance and quality of CIT s credit portfolio, reviewing and assessing CIT s risk grading methodology, and confirming that sufficient and appropriate resources are dedicated to risk management;

reviewing the plan, budget, activities, organizational structure, staffing, scope of authority and qualifications of the loan review organization responsible for auditing compliance with CIT s credit policies and practices;

reviewing and ensuring the adequacy of CIT s business continuity and disaster recovery plans, training programs, and threat analysis;

reviewing and ensuring the adequacy of CIT s information security policies and technology risk management program; and

reviewing CIT s corporate insurance program at least annually.

Special Compliance Committee

On August 12, 2009, the Board established an *ad hoc* Special Compliance Committee to monitor and coordinate CIT s compliance with the Written Agreement. The Special Compliance Committee is responsible for reviewing and approving certain plans required by the terms of the Written Agreement, including (i) a corporate governance plan, focusing on strengthening internal audit, risk management, and other control functions, (ii) a credit risk management plan, (iii) a written program to review and revise, as appropriate, its program for determining, documenting and recording the allowance for loan and lease losses, (iv) a capital plan for CIT and CIT Bank, (v) a liquidity plan, including meeting short term funding needs and longer term funding, and (vi) business plans. The Special Compliance Committee is also responsible for monitoring CIT s efforts to implement the action items described in each of the Plans submitted to the Federal Reserve Bank of New York.

Stockholder Communications with the Board

Any person who has a concern about CIT s governance, corporate conduct, business ethics or financial practices may communicate that concern to the non-management directors. In addition, CIT s stockholders may communicate with the Board regarding any topic of current relevance to CIT s business. Any of the foregoing communications should be submitted in writing to the Lead Director, the Audit Committee, or the non-management directors as a group by writing to them, c/o CIT s General Counsel and Secretary, One CIT Drive, Livingston, New Jersey 07039, or by email to directors@cit.com. Concerns and stockholder communications may also be directed to the Board by calling the CIT Hotline in the U.S. or Canada at 1-877-530-5287. To place calls from other countries in which CIT has operations, individuals may call the toll free numbers listed in our Code of Business Conduct, which is available on our website at http://www.cit.com/about-cit/corporate-governance/index.htm. These concerns can be reported confidentially or anonymously.

Concerns and issues communicated to the Board will be addressed through CIT s regular procedures:

depending on the nature of the concern or issue, your communication may be referred to CIT s Chief Auditor, General Counsel, Head of Human Resources or other appropriate executive for processing, investigation, and follow-up action;

concerns relating to CIT s accounting, internal accounting controls or auditing matters will be referred to the Audit Committee; and

other concerns may be referred to either CIT s Lead Director or to one or more non-management members or Board Committee.

CIT s General Counsel reserves the right not to forward to Board members any abusive, threatening or otherwise inappropriate materials or any other communications intended solely to market services or products to directors or CIT.

Compensation Committee Interlocks, Insider Participation and Banking Interlocks

There are no interlocking relationships between any member of our Compensation Committee and any of our executive officers that would require disclosure under SEC rules. No member of our Compensation Committee is a current or former officer or employee of CIT. No member of our Board and none of our senior executive officers (as defined in 12 C.F.R. §303.101) is a management official of an unaffiliated depository organization. Mr. Oates has advised CIT that he is the proposed Chairman and CEO of Stone Bank FSB, a proposed federal savings bank that is being formed to acquire failed banks from the FDIC in government assisted transactions. However, Stone Bank FSB has not yet been chartered.

Legal Proceedings

On November 7, 2011, Dynegy Holdings Inc. and four of its subsidiaries filed for Chapter 11 bankruptcy protection with the United States Bankruptcy Court for the Southern District of New York. Mr. Embler has served on the board of directors of Dynegy, Inc., which is the parent company of Dynegy Holdings Inc., since May 2011. There are no other known legal proceedings or events in the past ten years that are material to an evaluation of any director, executive officer, or person nominated to become a director or executive officer of CIT, other than CIT s bankruptcy in 2009.

DIRECTOR COMPENSATION

The Governance Committee recommends to the Board the compensation and benefits for CIT s non-employee directors. The objectives of the director compensation program are to attract highly qualified individuals to serve on the Board and to align their interests with our stockholders. Employee directors do not receive compensation for their services as a director.

CIT s director compensation plan (the **Director Compensation Plan**), which was effective as of May 11, 2011, is described below. Directors compensation is earned for each twelve-month period beginning in May and ending in April, but is disclosed in the annual proxy statement on a fiscal year basis. Effective May 2011, CIT amended its Director Compensation Plan to change its director equity-based awards

from a uniform amount to a variable amount as described below under the heading Annual Compensation .

Initial Equity Awards

A one-time grant of restricted stock units (**RSUs**) valued at $100,000 at the time of grant is awarded to directors in connection with their appointment to the Board, subject to applicable black-out periods and applicable vesting terms.

Annual Compensation

The following table outlines the elements of compensation paid annually to directors for each twelve-month period beginning in May and ending in April of the following calendar year, and determined by each director s role on the Board, pursuant to the Director Compensation Plan.

	Lead Director, Risk, Board Committee Chairs and Directors Serving on more than one Board Committee (1)	All Other Directors
Cash Retainer	$ 60,000	$ 60,000
Equity-Based Award	$ 105,000 to 145,000	$ 95,000
Total	$ 165,000 to 205,000	$155,000

(1) Effective May 2011, our Director Compensation Plan was amended to provide for director equity-based awards as follows: $25,000 for serving as Audit Committee Chair, $15,000 for serving as Risk Management, Compensation or Special Compliance Committee Chair, $10,000 for serving as Governance Committee Chair, $15,000 for serving as Lead Director and $10,000 for serving on more than one Board Committee. The amounts listed in the Equity-Based Award and Total rows above represent the range of minimum to maximum such amounts. The maximum amounts therein presume that a director serves as Audit Committee Chair and Lead Director and serves on more

than one Board Committee.

Annual Cash Retainer

An annual cash retainer of $60,000 is payable semi-annually in May and October of each year. Alternatively, directors may elect to receive their cash retainer in any combination of cash and RSUs that settle 100% in shares of CIT stock. RSUs granted in lieu of cash as part of the annual retainer vest in full on the first anniversary of the grant date.

Annual Equity Awards

Directors equity-based awards are granted in May of each year in the form of RSUs that settle 50% in cash and 50% in shares and vest in three equal installments beginning on the first anniversary of the date of the grant. Directors may elect to receive 100% of vested RSUs in shares of CIT stock.

Pro-Ration Upon Joining the Board

Annual cash retainers and the value of annual equity-based awards payable to directors with respect to the compensation year during which they are named to the Board are prorated, based on the number of months remaining in the compensation year at the time they are appointed to the Board divided by twelve.

Meeting Fees

No additional fees are paid for attendance at Board or Board Committee meetings.

Out-of-Pocket Expenses

Directors are reimbursed for reasonable out-of-pocket expenses incurred in attending Board or Board Committee meetings and functions and for continuing education related to serving as a director of CIT.

DIRECTOR COMPENSATION TABLE

Name	Fees Earned or Paid in Cash (3) ($)	Stock Awards (4)(5) ($)	Total ($)
(a)	(b)	(c)	(h)
John A. Thain (1)	$	$	$
Michael J. Embler	$60,000	$105,000	$165,000
William M. Freeman	$60,000	$95,000	$155,000
David M. Moffett	$60,000	$95,000	$155,000
Marianne Miller Parrs	$60,000	$130,000	$190,000
Daniel A. Ninivaggi (2)	$	$	$
R. Brad Oates	$60,000	$95,000	$155,000
Gerald Rosenfeld	$60,000	$110,000	$170,000
Vice Admiral John R. Ryan	$60,000	$120,000	$180,000
Seymour Sternberg	$60,000	$110,000	$170,000
Peter J. Tobin	$60,000	$120,000	$180,000

Name	Fees Earned or Paid in Cash (3) ($)	Stock Awards (4)(5) ($)	Total ($)
Laura S. Unger	$60,000	$115,000	$175,000

(1) Mr. Thain s compensation during 2011 was based solely on his role as CEO of CIT, as disclosed in the Summary Compensation Table and discussed in the Compensation Discussion and Analysis section of this Proxy Statement.

(2) Mr. Ninivaggi did not receive any payments or equity-based grants during 2011 for service as a director. Mr. Ninivaggi received retainer payments during 2010 that covered his services through his resignation from the Board in May 2011.

(3) During 2011, directors received an annual retainer of $60,000, which was payable in cash or converted to a number of RSUs at each director s election. The grant date fair value of RSUs received at each director s election did not exceed the value of the foregone cash retainer, and no amount related to such awards is therefore included in the Stock Awards column. RSUs received at each director s

election during 2011 as part of their retainer are itemized as follows:

	Annual Retainer	
	Cash	RSUs
Mr. Rosenfeld	$	$60,000
Mr. Sternberg	$30,000	$30,000

RSUs received at each director s election were converted to a number of units based on the closing price of CIT common stock on each grant date and are scheduled to vest 100% on the first anniversary of the date of the award. The number of RSUs granted and the grant date fair value of awards granted at each director s election, corresponding to the values above, are as follows:

	Grant Date	# RSUs	Grant Date Fair Value
Mr. Rosenfeld	5/10/11	694	$30,000
	10/26/11	843	$30,000
Mr. Sternberg	5/10/11	347	$15,000
	10/26/11	422	$15,000

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(4) Represents the aggregate grant date fair value of RSUs granted during 2011 for each director, other than for RSUs granted as part of the annual retainer and described in footnote 3 above. These amounts do not represent the actual value realized by each director. The grant date fair value is determined in accordance with FASB ASC 718 (**ASC 718**) based on the closing price of CIT common stock on the date of grant. The number of RSUs granted during 2011 was determined based on the closing price of CIT common stock on each grant date and are scheduled to vest in equal installments on the first, second, and third anniversaries of the date of the award. The number of RSUs and grant date fair value of awards are as follows:

	Grant Date	# RSUs	Grant Date Fair Value
Mr. Embler	5/10/11	2,428	$105,000
Messrs. Freeman, Moffett and Oates	5/10/11	2,197	$ 95,000
Ms. Miller Parrs	5/10/11	2,428	$105,000
	7/27/11	620	$ 25,000
Messrs. Rosenfeld	5/10/11	2,428	$105,000
and Sternberg	7/27/11	124	$ 5,000
Messrs. Ryan and	5/10/11	2,428	$105,000
Tobin	7/27/11	372	$ 15,000
Ms. Unger	5/10/11	2,428	$105,000
	7/27/11	248	$ 10,000

The RSUs listed above are scheduled to either settle 50% in cash and 50% in shares, or 100% in shares based on director elections.

(5) The following table sets forth the aggregate number of equity-based awards outstanding at December 31, 2011.

	Stock Options	Restricted Stock Shares	RSUs
Mr. Embler	7,506	869	4,244
Mr. Freeman	4,558	1,014	3,839
Mr. Moffett			5,471
Ms. Miller Parrs	4,558	1,014	4,864
Mr. Ninivaggi	7,805		
Mr. Oates	7,506	835	3,839
Mr. Rosenfeld	7,870	1,294	5,905
Mr. Ryan	4,558	1,014	4,616
Mr. Sternberg	5,217	1,014	5,136
Mr. Tobin	4,902	1,090	4,616
Ms. Unger	5,815	1,294	4,492

RSUs were the only form of equity-based awards granted to directors during 2011. The use of stock options and restricted stock shares was discontinued in April 2010.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Security Ownership of Certain Beneficial Owners

The following table shows the name and address of each person or company known to CIT that beneficially owns in excess of 5% of any class of voting stock. Information in this table is as

of December 31, 2011, based upon reports on Schedule 13G filed with the SEC on or before February 14, 2012.

Title of Class of Stock	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Common Stock
Common Stock	Fairholme CapitalManagement, L.L.C.(1) 4400 Biscayne Boulevard, 9th Floor Miami, FL 33137	(2) 18,616,669	9.30%
Common Stock	OppenheimerFunds, Inc. Two World Financial Center 225 Liberty Street New York, NY 10281	(3) 12,835,841	6.40%

(1) Fairholme Capital Management, L.L.C. reports on behalf of itself, Bruce R. Berkowitz, and Fairholme Funds, Inc.

(2) Fairholme Capital Management, L.L.C. reports shared voting power over 17,447,629 shares and shared dispositive power over 18,616,669 shares.

(3) OppenheimerFunds, Inc. reports shared voting power over 12,835,841 shares and shared dispositive power over 12,835,841 shares.

Security Ownership of Directors and Executive Officers

The table below shows, as of March 1, 2012, the number of shares of CIT common stock owned by each director, by the named executive officers, and by the directors and executive officers as a group.

Name of Individual	Amount and Nature of Beneficial Ownership (CIT Common Stock and Exchangeable Shares) (1)(2)(3)(4)(5)(6)(7)	Percentage of Class

Name of Individual	Amount and Nature of Beneficial Ownership (CIT Common Stock and Exchangeable Shares) (1)(2)(3)(4)(5)(6)(7)	Percentage of Class
John A. Thain	166,414	*
Michael J. Embler	11,507	*
William M. Freeman	4,968	*
David M. Moffett	1,274	*
R. Brad Oates	7,914	*
Marianne Miller Parrs	5,011	*
Gerald Rosenfeld	8,808	*
John R. Ryan	5,011	*
Seymour Sternberg	19,088	*
Peter J. Tobin	5,719	*
Laura S. Unger	6,267	*
Nelson J. Chai	20,881	*
Peter J. Connolly	6,558	*
James L. Hudak	5,878	*
C. Jeffrey Knittel	10,422	*
Scott T. Parker	18,626	*
All Directors and Executive Officers as a group (24 persons)	348,116	*

* Represents less than 1% of our total outstanding Common Stock.

(1) Includes RSUs awarded to Mr. Thain that are fully vested, including 69,578 that are subject to a three year holding period, none of which have voting rights, and 56,836 that have voting rights due to the expiration of RSU holding period and settlement in stock (less shares withheld to cover tax obligations).

(2) Includes RSUs awarded under our equity compensation plans which have voting rights due to the expiration of the holding period and their settlement in stock (less shares withheld to cover tax obligations), in the following amounts: Mr. Thain 56,836, Mr. Embler 453, Mr. Freeman 410, Mr. Moffett 1,274, Mr. Oates 410, Ms. Parrs 453, Mr. Rosenfeld 453, Mr. Ryan 453, Mr. Sternberg 453, Mr. Tobin 45 Ms. Unger 453, Mr. Chai 20,881, Mr. Connolly 6,558, Mr. Hudak 5,878, Mr. Knittel 10,442, Mr. Parker 18,626, and 43,770 to all other executive officers as a group.

(3) Includes shares of restricted stock issued under our equity compensation plans, for which the holders have voting rights, but for which ownership has not vested, in the following amounts: Mr. Embler 852 shares, Mr. Freeman 507 shares, Mr. Oates 835 shares, Ms. Parrs 507 shares, Mr. Rosenfeld 648 shares, Mr. Ryan 507 shares, Mr. Sternberg 507 shares, Mr. Tobin 545 shares, and Ms. Unger 648 shares.

(4) Includes shares of CIT common stock issuable pursuant to stock options awarded under our equity compensation plan that have vested or are scheduled to vest within 60 days after February 16, 2011 in the following amounts: Mr. Embler 5,003, Mr. Freeman 3,038, Mr. Oates 5,003, Ms. Parrs 3,038, Mr. Rosenfeld 5,831, Mr. Ryan 3,038, Mr. Sternberg 3,697, Mr. Tobin 3,267, and Ms. Unger 3,875.

(5) Excludes RSUs issued under our equity compensation plans, for which the holders do not have voting rights, and for which ownership has not vested, in the following amounts: Mr. Thain 123,698, Mr. Moffett 1,827, Mr. Rosenfeld 1,537, Mr. Sternberg 768, Mr. Chai 94,283, Mr. Connolly 33,378, Mr. Hudak 33,394, Mr. Knittel 66,543, Mr. Parker 78,917, and 197,458 to all other executive officers as a group.

(6) Excludes RSUs issued under our equity compensation plans, for which the holders do not have voting rights, for which ownership has not vested, and for which settlement shall be made 50% in cash and 50% in stock, in the following amounts: Mr. Embler 4,244 (2,428 of which Mr. Embler elected to settle 100% in stock), Mr. Freeman 3,839, Mr. Moffett 3,644 (2,197 of which Mr. Moffett elected to settle 100% in stock), Mr. Oates 3,839 (2,197 of which Mr. Oates elected to settle 100% in stock), Ms. Parrs 4,864, Mr. Rosenfeld 4,368 (2,552 of which Mr. Rosenfeld elected to settle 100% in stock), Mr. Ryan 4,616 (2,800 of which Mr. Ryan elected to

settle 100% in stock), Mr. Sternberg 4,368, Mr. Tobin 4,616 (2,800 of which Mr. Tobin elected to settle 100% in stock), and Ms. Unger 4,492.

(7) Includes 5,221 shares of CIT common stock held in a GRAT trust for which Mr. Sternberg has disclaimed beneficial ownership.

Hedging

CIT s directors and employees are prohibited from entering into financial transactions to hedge their ownership interest in CIT s securities, including trading in publicly traded options, puts, calls, or other derivative instruments related to CIT s stock or debt.

EXECUTIVE OFFICERS

The following table sets forth certain information as of February 15, 2012 regarding CIT s executive officers. The executive officers were appointed by and hold office at the discretion of the Board. No family relationship exists among CIT s executive officers or with any director. The executive officers, like all directors and employees, are subject to CIT s

Code of Business Conduct, which is available on our website at http://www.cit.com/about-cit/corporate-governance/code-of-conduct/index.htm. Certain executive officers may also be directors or trustees of privately held or not-for-profit organizations that are not referred to below.

Name	Age	Position
John A. Thain (1)	56	Chairman of the Board and Chief Executive Officer of CIT
Ron Arrington	50	President, Global Vendor Finance
Nelson J. Chai	46	President
Peter Connolly	46	Co-President, Corporate Finance
John F. Daly	63	President, Trade Finance
Carol Hayles	51	Executive Vice President and Controller
James L. Hudak	48	Co-President, Corporate Finance
Robert J. Ingato	51	Executive Vice President, General Counsel and Secretary
C. Jeffrey Knittel	53	President, Transportation Finance
Scott T. Parker	44	Executive Vice President and Chief Financial Officer
Lisa K. Polsky	54	Executive Vice President and Chief Risk Officer
Raymond J. Quinlan	59	Executive Vice President Banking
Margaret D. Tutwiler	60	Executive Vice President Communications and Government Relations
Lisa D. Zonino	50	Executive Vice President Human Resources

(1) See Directors Nominees in this Proxy Statement for Mr. Thain s biographical information.

Ron Arrington has served as President of CIT Global Vendor Finance since August 2009. Previously, Mr. Arrington served as President of CIT Vendor Finance, Americas since September 2008, President of CIT US Vendor Finance since April 2006, President of Technology Financing Services since July 2001, Executive Vice President of Consumer Finance since April 1996, and in various positions of increasing responsibility in areas of sales, credit and operations since beginning his career with CIT in January 1984.

Nelson J. Chai has served as President since August 2011. Previously, Mr. Chai served as Executive Vice President, Chief Administrative Officer and Head of Strategy from June 2010 to August 2011. Prior to joining CIT, Mr. Chai served as President Asia-Pacific for Bank of America Inc. from December 2008 to February 2009, as a result of the merger between Bank of America Inc. and Merrill Lynch & Co., Inc. From December 2007 to December 2008, Mr. Chai was Executive Vice President and Chief Financial Officer of Merrill Lynch & Co., Inc. From January 2006 to December 2007, Mr. Chai was Executive Vice President and Chief Financial Officer of NYSE Euronext and its predecessor company NYSE Group, Inc. and, from 2005, he was Chief Financial Officer of Archipelago Holdings, a predecessor

to NYSE Group, Inc., where he was responsible for Finance, Strategy, Human Resources, and Marketing functions since first joining Archipelago in June 2000. Mr. Chai serves as a director of Thermo Fisher Scientific since December 2010, serving on its audit and nominating & governance committees, and a director for the US Fund for UNICEF since 2005, serving as chair of its finance committee and a member of its executive committee.

Peter Connolly has served as Co-President of Corporate Finance since October 2008. Previously, Mr. Connolly served as Managing Director of the Syndicated Loan Group since March 2006. Prior to joining CIT, from 2004 to March 2006, he led GE Corporate Finance Services Distressed Debt business, overseeing a 20-member team, and held a number of senior-level positions in Capital Markets, Corporate Finance and Structured Finance since joining GE Capital in 1994. Before GE, Mr. Connolly held a management role in the audit practice of Arthur Andersen.

John F. Daly has served as President of Trade Finance since 1999. Previously, Mr. Daly was Executive Vice President and Senior Credit Officer of CIT Trade Finance since 1996 and served

in various other senior management positions since joining CIT in 1987. Prior to joining CIT, Mr. Daly was employed by Manufacturers Hanover Commercial Corporation since 1973.

Carol Hayles has served as Executive Vice President and Controller since July 2010. Prior to joining CIT, Ms. Hayles served as Deputy Controller of Citigroup, Inc. since January 2008. Previously, she served as Chief Operating Officer of Citigroup Commercial Business since August 2007, in Investor Relations for Citigroup from January 2005 to August 2007, and in various finance roles of increasing responsibility since 1986, including as Chief Financial Officer of Citibank s e-Business, Chief Financial Officer of Citigroup s Global Relationship Bank, Chief Financial Officer of Citibank Canada and in various internal audit positions. Ms. Hayles began her career at PricewaterhouseCoopers LLP.

James L. Hudak has served as Co-President of Corporate Finance since October 2008. Previously, Mr. Hudak was President of CIT s Communications, Media and Entertainment business since 2001. In 1994 he co-founded the Telecom Financing Group at AT&T Capital, a predecessor of CIT. Mr. Hudak originally joined AT&T Capital in 1991 in its Capital Markets Division, focusing on large project financings and leveraged leases. He started his career at Philadelphia National Bank, completing a formal bank training program and initially concentrated on commercial real estate projects, and thereafter had roles at both Merrill Lynch and Citibank, where he worked in the Leveraged Finance division.

Robert J. Ingato has served as Executive Vice President and General Counsel since June 2001, and as Secretary since August 14, 2002. Previously, Mr. Ingato served as Executive Vice President and Deputy General Counsel since November 1999. Mr. Ingato also served as Executive Vice President of Newcourt Credit Group Inc., which was acquired by CIT, since January 1998, as Executive Vice President, General Counsel and Secretary of AT&T Capital Corporation, which was acquired by Newcourt, since 1996, and in a number of other legal positions with AT&T Capital since 1988.

C. Jeffrey Knittel has served as President of Transportation Finance since April 2007 and CIT Aerospace since 1998. Previously, Mr. Knittel served as Executive Vice President of CIT Group/Capital Finance since 1992, and in several other senior management positions within CIT Group/Capital Finance since 1986. Mr. Knittel also served in various senior management positions with Manufacturers Hanover Leasing Corporation since 1982 and Cessna Finance since 1980.

Scott T. Parker has served as Executive Vice President and Chief Financial Officer since July 2010. Prior to joining CIT, Mr. Parker served as Chief Operating Officer and Chief Financial Officer of Cerberus Operations and Advisory Company LLC, an affiliate of Cerberus Capital Management, L.P. from 2006 to 2010. Before joining Cerberus, he served as Chief Financial Officer of GE Capital Solutions from 2005 to 2006, as Chief Financial Officer of GE Corporate Financial

Services from 2003 to 2005, and in various other financial roles within General Electric Company since 1989.

Lisa K. Polsky has served as Executive Vice President and Chief Risk Officer since May 2010. Prior to joining CIT, from 2009 to May 2010, Ms. Polsky was at Jane Street Capital, a quantitative proprietary trading firm. She joined Jane Street from Duff Capital Advisors, where she was a Partner and Head of Risk & Investment Solutions from 2008 to 2009. Prior to joining Duff, from 2002 to 2008, Ms. Polsky managed her own consulting firm, specializing in portfolio solutions, risk management and valuation policy. Before founding her consulting firm, Ms. Polsky served as Managing Director and Head of Client Financing Services with Merrill Lynch & Co., Inc. from 2000 to 2002, and as Managing Director and Chief Risk Officer at Morgan Stanley from 1995 to 2000. Ms. Polsky also served as Head of the Hedge Fund Business and Head of Derivatives in the US and Europe at Bankers Trust Company from 1990 to 1995. She began her career at Citibank NA in 1980, where she started the FX Options business and later Co-Headed Citibank s Derivative Business in North America. Since 2007, Ms. Polsky has served on the board of directors of Piper Jaffray Companies.

Raymond J. Quinlan has served as Executive Vice President Banking since December 2010. Prior to joining CIT, Mr. Quinlan served as the Executive Chairman of Coastal South Bancshares, Inc., a bank holding company based in South Carolina, and as a director of Coastal States Bank, Islandsbanki, based in Reykjavik, Iceland, and Doral Financial Company and Doral Bank, based in Puerto Rico. Previously, he was a Business Manager at Goldman Sachs from 2007 to 2008. From 2005 to 2007, Mr. Quinlan was Chief Executive Officer, Retail Division North America, for Citigroup including all bank branches in the U.S., Canada and Puerto Rico and its online banking, Managing Director of M&A Execution for Citigroup Inc. from 2002 to 2005, Chief Executive Officer of International Cards Division for Citigroup, Inc. from 2000 to 2002, and various other roles since beginning his career with Citigroup in 1977.

Margaret D. Tutwiler has served as Executive Vice President and Head of Communications and Government Relations since August 2010. Prior to joining CIT, Ms. Tutwiler served as Senior Vice President and Head of Global Communications and Public Affairs of Merrill Lynch and Bank of America Corporation from December 2007 to February 2009. Before that she was Head of Global Communications and Government Relations of NYSE Euronext (NYSE: NYX) and its predecessor company NYSE Group, Inc. from 2004 to December 2007. Ms. Tutwiler has also spent 16 years in government service, including various senior level positions in the Reagan and both Bush Administrations.

Lisa D. Zonino has served as Executive Vice President and Global Head of Human Resources since July 2010. Immediately prior to joining CIT, Ms. Zonino led the Global Risk Practice for Egon Zehnder International, a global executive search firm, where she was responsible for recruiting and talent assessment in the financial services sector. Ms. Zonino served as Chief Operating Officer for the Credit Department at Morgan

Stanley from 2005 to 2007, and in various senior administrative and operating roles in the risk and finance functions at Morgan Stanley since 1998. Ms. Zonino began her career at Bankers Trust Company where she held various business management roles in Risk Advisory, Capital Markets and Private Wealth Management from 1985 to 1998.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934, as amended (**Exchange Act**), requires CIT s officers and

directors, and persons who own more than 10% of a registered class of CIT s equity securities, to file reports of securities ownership and changes in such ownership with the SEC. Officers, directors and greater than 10% stockholders also are required by SEC rules to furnish CIT with copies of all Section 16(a) forms they file.

Based solely upon a review of the copies of such forms furnished to CIT or written representations that no Form 5 s were required, CIT believes that all Section 16(a) filing requirements were timely met during 2011.

EXECUTIVE COMPENSATION

COMPENSATION DISCUSSION AND ANALYSIS

The Compensation Committee of the Board (the **Compensation Committee**), composed entirely of independent directors as determined under the criteria established by NYSE and CIT s Corporate Governance Guidelines, oversees our executive compensation program and administers certain aspects of the program. Information about our Compensation Committee and our executive officers who participate in executive compensation decisions can be found in this Proxy Statement under the heading Corporate Governance Compensation Committee .

This Compensation Discussion and Analysis (**CD&A**) describes the material components of our compensation programs for our named executive officers (**NEOs**) and the basis for

decisions regarding their compensation for 2011, along with certain compensation decisions for 2012. The determination of NEOs, as well as the compensation information presented in the tables following this discussion, is made in accordance with SEC rules. Pursuant to these rules, NEOs may vary from year to year. While not mandated by SEC rules, we have voluntarily elected to disclose the compensation of Mr. Chai, who would not otherwise be considered an NEO for 2011, because of his role as President. Our NEOs for 2011 (inclusive of Mr. Chai), each of whom is a member of our executive management committee (**Executive Management Committee**), include:

John A. Thain	Chairman & Chief Executive Officer
Nelson J. Chai	President
Scott T. Parker	Chief Financial Officer
C. Jeffrey Knittel	President, Transportation Finance
Peter Connolly	Co-President, Corporate Finance
James L. Hudak	Co-President, Corporate Finance

EXECUTIVE SUMMARY

2011 Business Highlights

We made significant progress during 2011 advancing our strategic goals and priorities. New business activity increased and we continued to lower our cost of funds through the reduction of high cost debt, expansion of CIT Bank s deposit taking capabilities and other funding sources. Key accomplishments included:

§ Pre-tax Income Excluding Fresh Start Accounting (**FSA**) Net Accretion and Debt Related Costs[1] improved from a $575 million loss in 2010 to $302 million of income in 2011. This measure is generally more comparable with the results of other financial institutions, given the ongoing impact of FSA on CIT s reported pre-tax income.

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[1] Pre-tax Income Excluding FSA Net Accretion and Debt Related Costs is a non-GAAP measure. The following table presents pre-tax results as reported, and adjusts for FSA accretion and debt related transaction costs.

(dollars in millions)	Years Ended December 31, 2011	2010
Pre-tax Income/(Loss) Reported	190.2	779.1
Net FSA Accretion (excluding debt related acceleration)	(416.9)	(1,406.1)

(dollars in millions)	Years Ended December 31,	
Accelerated FSA Net Discount/(Premium) on Debt Extinguishments and Repurchases	279.2	(85.8)
Pre-tax Income (Loss) Excluding Net FSA Accretion	52.5	(712.8)
Debt Related Prepayment Penalties	114.2	137.9
Debt Related Loss on Debt Extinguishments	134.8	
Pre-tax Income (Loss) Excluding FSA Net Accretion & Debt Related Costs	301.5	(574.9)

See Non-GAAP Financial Measurements and Fresh Start Accounting in our Annual Report on Form 10-K filed with the SEC on February 29, 2012 for additional information.

§ Funded new business commercial loan and lease volume increased 73% from $4.5 billion in 2010 to $7.8 billion in 2011.

§ Since January 2010, including redemptions completed in the first quarter of 2012, CIT has eliminated or refinanced approximately $22 billion of high cost debt, including $7.5 billion of first lien debt, its entire $12.3 billion of Series A Second-Priority Secured Notes (**Series A Notes**) and its entire $2.1 billion of Series B Second-Priority Secured Notes.

§ During 2011 we also completed over $7.5 billion of secured financings, including a $2 billion revolving credit facility, and exchanged $8.8 billion of Series A Notes into Series C Notes during 2011.

§ Refinancing activities described above, in conjunction with net deposit growth of $1.7 billion, reduced our weighted average coupon rates on outstanding deposits and long-term borrowings from 5.31% at December 31, 2010 to 4.71% at December 31, 2011. Including the $3.25 billion Series C Notes offering in February 2012 and $6.5 billion of Series A Notes redemptions completed in the first quarter of 2012, the weighted average coupon rates on outstanding deposits and long-term borrowings would have been 4.28% at December 31, 2011.

§ Portfolio credit quality improved. Net charge-offs of $265 million declined from $465 million in 2010 with the majority of the improvement in Vendor Finance. For the commercial segments, net charge-offs as a percentage of finance receivables improved from 2.04% in 2010 to 1.68% in 2011. The provision for credit losses was $270 million, down from $820 million in 2010.

2011 Executive Compensation Highlights

During 2011, the Compensation Committee determined to take the following major compensation actions, as more fully described later in this CD&A:

§ Established specific goals and weightings to gauge Company and CEO performance for 2011;

§ Maintained 2011 base salaries for executives at a maximum, set at $500,000;

§ Transitioned Mr. Thain from a compensation structure consistent with the restrictions of the Troubled Asset Relief Program (TARP) on incentives to one that is performance-based and consistent with a strong risk-management framework;

§ Awarded annual and long-term incentive awards with respect to 2011 performance consistent with our 2011 business results;

§ Each of our NEOs received no less than 60% of his 2011 variable compensation in the form of RSUs that vest and settle over a period of three years;

§ Identified a specific group of peer companies for comparison purposes to the competitive market; and

§ Introduced minimum stock ownership guidelines for executives determined as a multiple of salary, to supplement the existing 50% retention requirement.

Executive Compensation Highlights for 2012

For 2012, CIT has introduced the following changes to our executive compensation program, including elements to further balance risk and reward. A more complete description of these items is included later in this CD&A under the heading Compensation Decisions for 2012 :

§ Established total compensation targets for each executive officer, with short-term incentive targets linked with specific goals and objectives that may result in payouts that range between 0% to 200% of target;

§ Introduced a new long-term component in the form of Performance Share Units (**PSUs**) that will be based on explicit growth and margin measures over a three-year period, and include explicit risk-based clawback triggers; and

§ Implemented a tiered salary structure to better align the mix between fixed and variable elements of total compensation.

COMPENSATION PHILOSOPHY AND KEY PRINCIPLES

The principles that guide our executive compensation programs and philosophy are:

1. **Attract, retain and motivate high quality executives and staff** compensation structure and levels should be prudent and aligned with performance, and competitive with the market.

2. **Pay for performance/meritocracy** reward executives and employees based on a combination of company, business and individual performance, using external competitive market data and trends as a reference.

3. **Reinforce long term view of CIT performance and value creation** through the significant use of deferred equity-based awards and long term equity ownership requirements, provide alignment with shareholders over an extended three-year performance period.

4. **Make compensation decisions in accordance with strong governance, oversight, and risk management** evaluate performance over relevant performance cycles, and ensure incentive compensation does not encourage unnecessary and excessive risk; fixed and variable components should be appropriate for the roles and responsibilities of individuals or groups of employees.

The principles above are applicable to all of our employees, including our executive officers. Our executive compensation and benefits programs are structured around these principles and are comprised of the components that follow below. Our annual compensation decisions focus on the sum of each NEO s base salary, annual cash incentive and annual long-term equity incentive, to which we refer as total compensation.

STRUCTURE OF OUR EXECUTIVE COMPENSATION PROGRAM FOR 2011

Base Salary

Base Salary forms a fixed part of total compensation and is meant to provide a level of predictable income that reflects each executive s level of responsibility, expertise and experience. A significant portion of each executive s compensation opportunity is structured to be variable, reflecting the impact and influence these individuals have on the Company s financial performance.

The maximum salary of $500,000 was maintained for executives during 2011. However, the base salaries for Messrs. Thain and Chai have been adjusted prospectively for 2012 to better align the fixed and variable components of our pay structure as described more fully below under the heading Compensation Decisions for 2012 .

Annual Cash and Long-Term Equity Incentives

Incentive awards, including both cash and long-term equity-based components, vary with our financial and operating performance and are determined annually based on a combination of quantitative and qualitative goals. Executive compensation levels will generally be higher when performance meets or exceeds objectives, or be lower when performance objectives are not met.

Equity-based awards for 2011 were granted in the form of RSUs and deferred over a period of three years. The RSUs increase or decrease in value in connection with the price of CIT s common stock, and are scheduled to vest in equal installments on the first, second and third anniversaries of the date of grant. Annual incentives for all employees, including our executive officers other than our CEO, were subject to the same formulaic weighting between cash and RSUs, which allocates an increasingly larger portion to RSUs at higher annual incentive values, subject to a minimum of 50% for our executive officers, which we established in anticipation of the implementation of the rules currently proposed under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the **Dodd-Frank Act**). This weighting helps to both align compensation over several years with the creation of value for shareholders and to balance incentive compensation with prudent risk management. For performance year 2012,

long-term equity incentives will be comprised of a mix of RSUs and PSUs, as described more fully below under the heading Compensation Decisions for 2012 .

Unvested RSU awards are subject to forfeiture in the event of a restatement of CIT s financial results. CIT may also cancel unvested awards when an employee engages in misconduct that has caused or reasonably may be expected to cause material injury to the Company. Additionally, unvested awards may be forfeited in the event a participant solicits clients and/or other CIT employees within one year following termination of employment.

In the event of a Change of Control (as defined in the applicable award agreements), unvested awards will be accelerated only in the event a participant is involuntarily terminated, generally without Cause (as defined in the applicable award agreements), within two years of the Change of Control (double trigger).

Timing of Long-Term Equity Incentive Grants

Since 2006, CIT has maintained a written Equity Compensation Award Policy that governs the timing for granting all equity-based awards, which may be approved at any regularly scheduled meeting of the Compensation Committee or the Board. Grants approved at any quarterly meeting of the Compensation Committee or the Board (i.e., January, April, July or October meeting) shall be granted effective as of the close of trading on the NYSE on the 2nd trading day after CIT publicly announces its earnings for the prior quarter.

Equity-based awards may also be granted to employees other than executive officers in connection with the applicable employees hiring. Such grants are generally made on the first day of employment of the recipient of such equity award provided such date does not occur during a securities trading black-out period; in such cases, the grant shall be made on the day on which the applicable black-out period expires.

Equity Ownership and Retention

Our Executive Equity Ownership and Retention Policy was revised during 2011 to reinforce the connection between our executive compensation programs and shareholder value and interests. The revised policy strengthens our former equity retention policy by requiring executives to own a minimum level of CIT stock which satisfies the *greater of*: (1) a specific multiple of base salary 6x for the CEO, 3x for proxy NEOs, and 1x for other executives; and (2) at least 50% of the shares received upon vesting or exercise of CIT equity-based awards for the duration of his/her employment with CIT, after any shares withheld to cover income tax withholding obligations.

The value of stock owned is calculated using the greater of: (1) the closing price of CIT common stock and (2) a calculated per-share value based on the 3-year average closing price of CIT common stock (or the average stock price for such shorter period of time that CIT s common stock has been continuously publicly traded on a national securities exchange) on any given measurement date.

The policy applies to a broad group of senior executives, including all of our executive officers. Executives have five years to meet the minimum ownership requirement. Each of our executive officers, including our NEOs, meets the requirements of this policy or is expected to meet the requirements of this policy within the next year.

Other Benefits

Our benefits programs are comparable to the programs provided generally by companies in our peer group and in the financial services industry. Executives participate in CIT s benefits plans on the same basis as other employees, including healthcare coverage, life and accident insurance and disability coverage. CIT also maintains retirement arrangements which are further described in the Narrative Information Relating to Retirement Arrangements for NEOs following the Pension Benefits table that appears later in this Proxy Statement. Mr. Knittel is the only one of our NEOs for 2011 who participates in the Executive Retirement Plan, which has been closed to new participants since 2006.

Since 2010, executive perquisites, such as financial planning, executive physicals and benefits programs have not been made available to executives. Other than a company-provided car and driver for Mr. Thain, no perquisites are provided to executives as part of the executive compensation program.

Severance and Change of Control Arrangements

In the event of a qualifying termination of employment, our NEOs, other than Mr. Knittel, are all eligible to receive severance on the same basis as other employees. Mr. Knittel is the only one of our NEOs who is party to an employment agreement with CIT that includes provisions for enhanced severance and Change of Control protections. The principal provisions of Mr. Knittel s employment agreement, which is subject to annual review and renewal by the Compensation Committee, are described in this Proxy Statement under the heading Narrative Information Relating to Potential Payments Upon Termination or Change of Control .

CIT remains subject to certain restrictions on severance payments of Section 18(k) of the Federal Deposit Insurance Act and Part 359 of the FDIC s regulations (the **FDIC Regulations**) pursuant to the Written Agreement. The FDIC Regulations prohibit paying excessive severance and making certain other payments that are triggered by a separation of employment.

Tax Deductibility of Compensation Expense

Section 162(m) of the U.S. Internal Revenue Code (the **Tax Code**) limits the tax deduction for compensation in excess of $1 million paid to the Company s CEO and to each of the other three highest paid executive officers, not including the Company s chief financial officer. However, the $1 million deduction limit generally does not apply to compensation that is performance-based and provided under a shareholder-approved plan. The Compensation Committee considers the tax deductibility of compensation an important factor in determining annual and long-term incentives, but retains the flexibility to grant awards consistent with the principles above, even if a portion of total compensation is not deductible for tax purposes.

COMPENSATION DECISION PROCESS

Role of the Compensation Committee

The Compensation Committee is composed entirely of independent directors, as determined under the criteria established by the NYSE and CIT corporate governance structure. The Compensation Committee oversees compensation and benefits policies for our executive officers and other employees, the performance and compensation of CIT s executive officers, and succession planning. A key function of Compensation Committee oversight is to ensure, together with the Risk Management Committee, that such programs appropriately balance risk and financial results and do not encourage excessive risk taking. The responsibilities of the Compensation Committee are outlined in the Compensation Committee s charter, which can be found on CIT s website at http://www.cit.com/about-cit/corporate-governance/board-committees/index.htm.

Compensation recommendations for our NEOs, other than for the CEO, are made by our CEO to the Compensation Committee. These recommendations reflect his assessment of each executive based on business or functional results, as well as the achievement of strategic corporate priorities and overall company results. The role of management in supporting the CEO in making such recommendations is more fully described below under the heading Role of Management . The Compensation Committee reviews the recommendations of the CEO and approves all compensation changes affecting our executive officers in its sole discretion.

The Compensation Committee separately considers the performance of our CEO, and following a review and discussion, submits a compensation recommendation to the full Board for approval.

Role of Independent Compensation Advisors

The Compensation Committee engages the independent, external consulting firm Pay Governance to advise it on all matters relating to the compensation and benefits of our

executive officers, including the determination of annual NEO compensation described above. The Compensation Committee directly retains Pay Governance independently from CIT management, and CIT does not utilize Pay Governance or any of its affiliates for any other purpose. No specific instructions or directions were provided to Pay Governance by CIT regarding the performance of their duties. Representatives from Pay Governance attend the Compensation Committee meetings regularly and conduct studies of compensation issues related to the design of our executive officer compensation programs at the request of the Compensation Committee.

The Compensation Committee has authorized Pay Governance to interact with CIT s management to obtain or confirm information, as needed, on behalf of the Compensation Committee. During 2011, CIT did not engage any other external consulting firm to support management in generating data and analysis for its presentations and recommendations to the Compensation Committee related to total compensation decisions for our executive officers. However, data from multiple third-party competitive market surveys, including McLagan, along with publicly available information from proxy statements for our peer group companies (as described below), was reviewed by the Compensation Committee along with historical compensation data for executive officers, to provide a frame of reference based on each executive officer s role.

Role of Management

The recommendation for overall 2011 discretionary annual incentive funding was made by our CEO, President, CFO, and Global Head of Human Resources. Business segment and corporate function pool allocations were recommended based on management s assessment of performance against 2011 goals and objectives, along with market competitiveness. Overall incentive funding and pool allocations were both approved by the Compensation Committee. Members of the Executive Management Committee, as well as other senior managers, are responsible for making discretionary incentive recommendations for eligible employees. The annual recommendation process is coordinated by the corporate Compensation Department and Human Resources personnel for major business segments and corporate groups.

Risk Assessment

Since 2009, CIT has conducted an assessment of the risks associated with our incentive compensation arrangements. For the past two years, prior to finalizing incentive recommendations as described above, the Global Head of Human Resources has solicited input on a confidential basis from each of the senior risk management and senior finance executives aligned with each major business segment to ascertain whether any employees: (1) failed to show due regard for the risk inherent in their business activity; (2) failed to balance risk with financial results; or (3) exposed the firm to

imprudent risks. For 2011, our Chief Risk Officer and the head of Enterprise Risk Management independently determined that none of CIT s incentive compensation plans encourage unnecessary or excessive risk and presented their findings to a joint meeting of the Compensation and Risk Management Committees prior to the finalization of the discretionary annual incentive pools.

CIT and the Compensation and Risk Management Committees have reviewed CIT s compensation policies and plans as they apply to all employees across all business segments to determine whether CIT s employee compensation plans encourage excessive risk-taking that may expose CIT to material business risks. After such review, the Compensation and Risk Management Committees concluded that CIT s compensation plans for employees do not encourage risk-taking that is reasonably likely to have a material adverse effect on CIT.

Shareholder Advisory Vote on Compensation of NEOs

During 2011, pursuant to the compensation disclosure rules of the SEC, and implemented in connection with the Dodd-Frank Act, our shareholders determined that the Company should hold a non-binding advisory vote on the compensation of the Company s NEOs (**Say on Pay Vote**) every year, consistent with the recommendation by management. Our next Say on Pay Vote will be held at the Annual Meeting.

While such votes are not binding on CIT, the Compensation Committee values the opinions of shareholders and will continue to consider the voting results, along with other relevant factors including corporate governance best practices and research, when making future compensation decisions for NEOs and other executive officers. At the Company s annual meeting of shareholders held in May 2011, approximately 80% of the votes cast on the Say on Pay Vote at that meeting were voted in favor of the proposal. The compensation decisions for 2011 and 2012 described below reflect the results of the Say on Pay Vote, as well as direct feedback provided to the Company by shareholders, such as: disclosure of annual goals and objectives; the identification of a specific peer group for the purpose of benchmarking executive compensation; and executive equity ownership guidelines.

Peer Companies and Benchmarking

With the assistance of Pay Governance, the Compensation Committee identified a group of peer companies, listed below, to use for benchmarking purposes for 2011. This group of companies represents a cross section of U.S.-based, publicly traded financial services companies with a generally non-proprietary focus, *i.e.*, whose primary business is to serve institutional and/or retail clients. Due to the varied nature of CIT s businesses, not all of the peer companies are designated as Regional Banks (CIT s classification) under the Global Industry Classification Standard broadly used in the financial

community. To assess the competitiveness of our executive compensation program, we analyze compensation data for peer companies as it is presented in annual proxy materials, as well as multiple third-party competitive market surveys provided by compensation consulting firms such as McLagan and Towers Watson (market data). Both the median and 75th percentiles of competitive market data are referenced with respect to the proposed total compensation for each executive. Total compensation levels for our NEOs generally fall within this range. In addition to referencing market data, as described above, the Compensation Committee considered current year performance, prior year compensation history and compensation levels of other Company executives to provide context for 2011 compensation recommendations. The following seventeen companies are included in our list of peer companies for 2011:

§ Ameriprise Financial Inc.

§ BB&T Corporation

§ City National Corp.

§ Comerica Incorporated

§ Discover Financial Services

§ Fifth Third Bancorp

§ First Horizon National Corporation

§ Fiserv, Inc.

§ Genworth Financial Inc.

§ Hudson City Bancorp, Inc.

§ Huntington Bancshares Incorporated

§ KeyCorp

§ M&T Bank Corporation

§ New York Community Bancorp Inc.

§ Northern Trust Corporation

§ NYSE Euronext, Inc.

§ Regions Financial Corp.

COMPENSATION DECISIONS FOR 2011

2011 Incentive Awards for NEOs

During January 2012, the Compensation Committee reviewed and approved funding of an annual incentive pool for 2011 performance consisting of cash and equity-based incentive awards for all eligible employees. Individual incentive awards, including those for our NEOs, are determined and allocated from the pool on a discretionary basis.

For purposes of evaluating the funding of an annual incentive pool, as well as CEO compensation, the Compensation Committee established the following financial, operational and strategic goals, as well as appropriate weighting, at the start of 2011.

Goal	Weight	Assessment
§ Significantly reduce the cost of capital, and shift funding mix toward bank deposits;	15%	Exceeds
§ Make substantial progress on all of the open items in the Written Agreement, and obtain a termination of the Cease & Desist Orders imposed on CIT Bank;	20%	Meets

Goal	Weight	Assessment

statements.

In May 2003, the FASB issued SFAS No. 150, Accounting for Certain Financial Instruments with Characteristics of both Liabilities and Equity. This Statement would require that certain financial instruments with characteristics of both liabilities and equity be classified on the consolidated balance sheets as liabilities. The Statement is effective for financial instruments entered into or modified after May 31, 2003, and otherwise is effective at the beginning of the first interim period beginning after June 15, 2003. We do not expect that the adoption of this Statement will have a material impact on our consolidated financial statements.

Goal	Weight	Assessment

Average Balance Sheet

The following tables set forth certain information relating to the Bank for the three and six months ended June 30, 2003 and 2002, respectively. The average yields and costs are derived by dividing income or expense by the average balance of interest-earning assets or interest-bearing liabilities, respectively, for the periods shown and reflect annualized yields and costs. Average balances are derived from average monthly balances. The yields and costs include fees, which are considered adjustments to yields. Tax exempt income has been calculated on a tax equivalent basis using a tax rate of 34% and amounted to $200,000 and $175,000 for the three months ended June 30, 2003 and 2002, and $414,000 and $346,000 for the six months ended June 30, 2003 and 2002, respectively.

	Three Months Ended June 30, 2003			Three Months Ended June 30, 2002		
(in thousands)	Average Balance	Interest	Yield/Cost	Average Balance	Interest	Yield/Cost
Assets:						
Interest earning assets:						
Short-term deposits and FHLB stock	$ 36,898	184	2.00%	34,243	176	2.06%
Investment securities	91,951	1,290	5.61%	71,311	1,202	6.74%
Mortgage-backed securities	14,839	135	3.63%	11,556	168	5.80%
Mortgage loans	538,990	8,576	6.36%	486,124	8,598	7.07%
Other loans	107,253	1,589	5.92%	77,556	1,237	6.38%
Total interest earning assets	789,931	11,774	5.96%	680,790	11,381	6.69%
Noninterest earning assets	45,628			38,902		
Total assets	$ 835,559			719,692		
Liabilities and stockholders equity						
Interest-bearing liabilities						
Deposits:						
Money market accounts	$ 145,926	707	1.94%	115,058	851	2.96%
Passbook savings accounts	116,922	479	1.64%	103,800	630	2.43%
NOW Accounts	35,325	64	0.73%	32,582	85	1.05%
Certificates of deposit	217,776	1,803	3.31%	181,667	1,855	4.08%
Total deposits	515,949	3,053	2.37%	433,107	3,421	3.16%
FHLB Advances	188,367	2,305	4.90%	171,700	2,299	5.36%
Total interest-bearing liabilities	704,316	5,358	3.04%	604,807	5,720	3.78%
Noninterest-bearing liabilities	54,988			43,698		

Goal					Weight	Assessment
Total liabilities	759,304		648,505			
Total stockholders equity	76,255		71,187			
Total liabilities and stockholders equity	$ 835,559		719,692			
Net interest income before provision for loan losses		6,416		5,661		
Interest rate spread		2.92%		2.91%		
Net interest margin as a percent of interest earning assets		3.25%		3.33%		
Ratio of interest-earning assets to interest-bearing liabilities		112.16%		112.56%		

Goal	Weight	Assessment

(in thousands)	Six Months Ended June 30, 2003 Average Balance	Interest	Yield/Cost	Six Months Ended June 30, 2002 Average Balance	Interest	Yield/Cost
Assets:						
Interest earning assets:						
Short-term deposits and FHLB stock	$ 35,511	334	1.88%	33,255	334	2.01%
Investment securities	89,701	2,594	5.78%	70,165	2,292	6.53%
Mortgage-backed securities	15,826	308	3.90%	12,179	353	5.80%
Mortgage loans	531,767	17,190	6.47%	481,438	17,278	7.18%
Other loans	100,595	2,987	5.94%	74,247	2,422	6.53%
Total interest earning assets	773,400	23,413	6.05%	671,284	22,679	6.76%
Noninterest earning assets	43,774			36,518		
Total assets	$ 817,174			707,802		
Liabilities and stockholders equity						
Interest-bearing liabilities						
Deposits:						
Money market accounts	$ 145,731	1,461	2.01%	112,693	1,641	2.91%
Passbook savings accounts	112,493	957	1.70%	99,780	1,200	2.40%
NOW Accounts	34,520	143	0.82%	31,360	157	1.00%
Certificates of deposit	215,444	3,660	3.40%	178,568	3,786	4.24%
Total deposits	508,188	6,221	2.45%	422,401	6,784	3.21%
FHLB Advances	181,367	4,578	5.05%	174,283	4,623	5.31%
Total interest-bearing liabilities	689,555	10,799	3.13%	596,684	11,407	3.82%
Noninterest-bearing liabilities	52,123			40,684		
Total liabilities	741,678			637,368		
Total stockholders equity	75,496			70,434		
Total liabilities and stockholders equity	$ 817,174			707,802		
Net interest income before provision for loan losses		12,614			11,272	
Interest rate spread			2.92%			2.94%
Net interest margin as a percent of interest earning assets			3.26%			3.36%
Ratio of interest-earning assets to interest-bearing liabilities			112.16%			112.50%

Goal	Weight	Assessment

Goal	**Weight**	**Assessment**

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

The Bank s interest rate sensitivity is monitored by management through the use of a Net Portfolio Value Model which generates estimates of the change in the Bank s net portfolio value (NPV) over a range of interest rate scenarios. NPV is the present value of expected cash flows from assets, liabilities, and off-balance sheet contracts. The NPV ratio, under any interest rate scenario, is defined as the NPV in that scenario divided by the market value of assets in the same scenario. The model assumes estimated prepayment rates, reinvestment rates and deposit decay rates. The Sensitivity Measure is the decline in the NPV ratio, in basis points, caused by a 2% increase or decrease in rates, whichever produces a larger decline. The higher the institution s Sensitivity Ratio, the greater its exposure to interest rate risk is considered to be. The following NPV Table sets forth the Bank s NPV as of June 30, 2003.

Change in Interest Rates in Basis Points (Rate Shock)	**Net Portfolio Value**			**NPV as% of Portfolio Value of Assets**	
	Amount	**$ Change**	**% Change**	**NPV Ratio**	**% Change**
	(In thousands)				
+300	$ 54,726	$ (39,839)	(42.13)%	6.54%	(38.94)%
+200	69,020	(25,545)	(27.01)	8.10	(24.37)
+100	84,762	(9,803)	(10.37)	9.76	(8.87)
Static	94,565			10.71	
-100	96,853	2,288	2.42	10.84	1.21
-200	92,859	(1,706)	(1.80)	10.34	(3.45)
-300	86,996	(7,569)	(8.00)	9.65	(9.90)

Certain shortcomings are inherent in the methodology used in the above interest rate risk measurements. Modeling changes in NPV require the making of certain assumptions which may or may not reflect the manner in which actual yields and costs respond to changes in market interest rates. In this regard, the NPV Table presented assumes that the composition of the Bank s interest sensitive assets and liabilities existing at the beginning of a period remains constant over the period being measured and also assumes that a particular change in interest rates is reflected uniformly across the yield curve regardless of the duration to maturity or repricing of specific assets and liabilities. Accordingly, although the NPV Table provides an indication of the Bank s interest rate risk exposure at a particular point in time, such measurements are not intended to and do not provide a precise forecast of the effect of changes in market interest rates on the Bank s net interest income and may differ from actual results.

Item 4. Controls and Procedures

Goal	Weight	Assessment

(a) Evaluation of disclosure controls and procedures. The Company maintains controls and procedures designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the

Goal	Weight	Assessment

Securities and Exchange Commission. Based upon their evaluation of those controls and procedures performed within 90 days of the filing date of this report, the chief executive officer and the chief financial officer of the Company concluded that the Company s disclosure controls and procedures were adequate.

(b) Changes in internal controls. The Company made no significant changes in its internal controls or in other factors that could significantly affect these controls subsequent to the date of the evaluation of those controls by the chief executive officer and chief financial officer.

Goal	Weight	Assessment

PART II. OTHER INFORMATION

Item 1. Legal Proceedings.

The Company is not involved in any pending legal proceedings other than routine legal proceedings occurring in the ordinary course of business. Such routine legal proceedings, in the aggregate, are believed by management to be immaterial to the Company s financial condition, results of operations and cash flows.

Item 2. Changes in Securities and Use of Proceeds.

None.

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information.

None.

Item 6. Exhibits and Reports on Form 8-K.

Goal	Weight	Assessment

(a) Exhibits

3.1	Certificate of Incorporation of EFC Bancorp, Inc. *
3.2	Bylaws of EFC Bancorp, Inc. *
4.0	Specimen Stock Certificate of EFC Bancorp, Inc. *
11.0	Statement re: Computation of Per Share Earnings Incorporated herein by reference to Footnote 3 on page 5 of this document.
31.1	Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K

None.

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* Incorporated herein by reference from the Exhibits filed with the Registration Statement on Form S-1 and any amendments thereto.Registration Statement No. 333-38637 filed with the Securities and Exchange Commission (SEC) on October 24, 1997.

Goal	Weight	Assessment

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

EFC BANCORP, INC.

Dated:	August 12, 2003	By: /s/ Barrett J. O Connor Barrett J. O Connor President and Chief Executive Officer (Principal executive officer)
Dated:	August 12, 2003	By: /s/ James J. Kovac James J. Kovac Executive Vice President and Chief Financial Officer (Principal financial and accounting officer)