1999 ANNUAL REPORT

STRATEGY FOR GROWTH

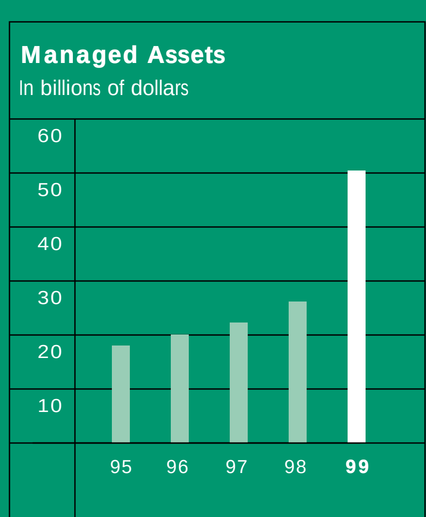
SERVICE

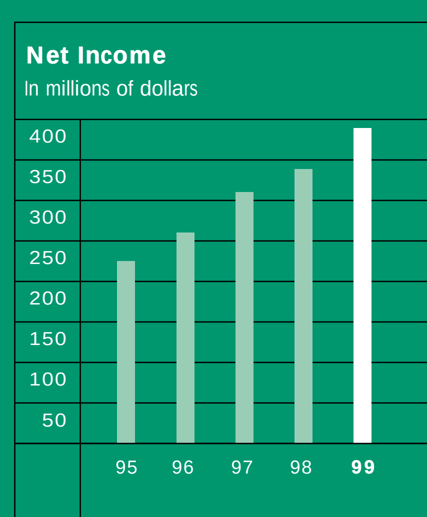
DIVERSITY

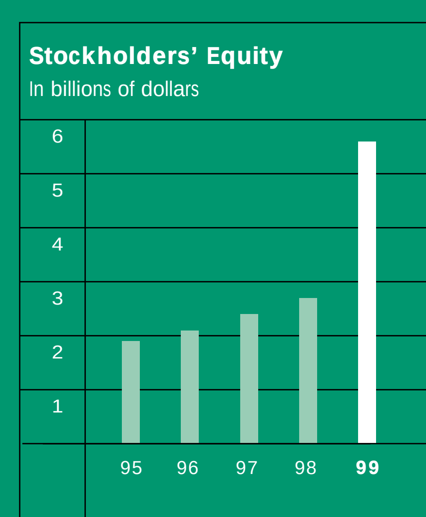
GEOGRAPHY

EXPERIENCE

SCALE







At or for the Years Ended December 31, (Dollars in Millions, except per share amounts)	**1999**	1998	1997
Operating revenue	**$ 1,268**	$ 1,060	$ 1,047
Salaries and general operating expenses	**516**	408	420
Provision for credit losses	**110**	99	114
Goodwill amortization	**26**	10	8
Pre-tax income	**597**	524	488
Net income	**389**	339	310
Net income per diluted share	**$ 2.22**	$ 2.08	$ 1.95
Managed assets	**$ 50,433**	$ 26,216	$ 22,345
FINANCING AND LEASING ASSETS:			
Commercial	**$ 35,551**	$ 18,363	$ 15,960
Consumer	**4,706**	5,254	3,933
Other	**137**	82	66
	$ 40,394	$ 23,699	$ 19,959
CAPITALIZATION:			
Total debt	**$ 35,374**	$ 18,651	$ 15,315
Preferred capital securities	**250**	250	250
Stockholders' equity	**5,554**	2,702	2,433
Reserve for credit losses	**447**	264	236
KEY RATIOS			
Return on average stockholders' equity	**12.0%**	13.2%	14.0%
Return on average earning assets	**1.52%**	1.65%	1.70%
Net credit losses (% of average finance receivables)	**0.42%**	0.42%	0.59%
Efficiency ratio	**41.3%**	39.2%	40.8%
Reserve for credit losses (% of finance receivables)	**1.44%**	1.33%	1.33%
Past due 60+ days (% of finance receivables)	**2.71%**	1.75%	1.67%
Debt (net of overnight deposits) to stockholders' equity and preferred capital securities	**5.96-1**	6.32-1	5.71-1
Employees	**8,255**	3,230	3,025

CHAIRMAN'S LETTER

BUILDING THE FRANCHISE

Last year was a year of *strategic transformation* for CIT *(that's one way of saying we made big changes at CIT)*. We increased our size and scale in a number of key markets, expanded our range of products and services, entered new markets and crossed new borders. Three significant acquisitions, one larger than the next, clearly provided us an opportunity for greater focus. It was a year in which we "built our franchise" in a very significant way. And, in doing so, we positioned ourselves for improved growth, readying CIT for the challenges of the future.

The last year of the century and the 91st year of our Company's existence was another solid year for CIT. Of course, some will argue that the next 91 years are relevant, not the last. While I agree, I also contend that nine decades of experience and success shouldn't be overlooked as our historic, long-term commitment to excellence helps differentiate CIT from its competitors.

After completing the purchases of two prominent factoring businesses and the acquisition of Newcourt Credit Group, we reorganized our operating units into six strategic groups. We earned more than ever before, reached record asset levels and generated record revenues. In the process, CIT has become the largest publicly owned commercial finance company in the world.

I am pleased to say that CIT once again achieved record earnings with net income of $389.4 million, up from $338.8 million the previous year, and $2.22 per diluted share in 1999, versus $2.08 in 1998. This marks our 12th consecutive year of earnings growth and continues a profitability trend established long ago.

Our financial condition is stronger than it has ever been. This past year, we reached a record $50.4 billion in total managed assets compared with $26.2 billion in 1998. The 1999 amounts include acquired Newcourt managed assets of more than $20 billion. At the dawn of a new century, our balance sheet remains strong and CIT's credit ratings continue to be solid.

ENHANCING OUR BREADTH AND DEPTH

Our growth initiative in 1999 enhances the overall breadth and depth of our Company. It is that breadth that gives us access to markets that we never had access to before; depth is exhibited by our increased experience, market share and specialization which blend to give us a level of competitiveness that we never had before. As you read through the balance of this Report—and follow the progress of CIT through the years—you will see these two characteristics gain in importance as their pursuit becomes more intrinsically linked to our success.

Let me discuss, in brief, our reorganized operating units in terms of these two growth characteristics.

Equipment Financing is a perfect example of the expanded strengths of CIT. EF is a broad-based, middle-market lender with significant leadership positions in vital industries, such as construction, transportation, printing, plastics, machine tools, business aircraft, to name only a few of its markets. EF has scale, experience and an array of products and services that meet the needs of a diverse customer base. Added to that mix is a Small Business Lending unit (which ranked first in number of businesses funded in the nation last year) that reaches the foundation of the American economy—the smaller business sector—complementing a unit that is perfectly positioned for substantial growth in the future.

Our ***Vendor Technology Finance*** unit finances technologically driven, leading edge companies that make up what economists refer to as the "new economy." New to CIT, this unit has established a track record as one of the world's leading joint venture financing companies—working with such category leaders as Lucent Technologies, Inc. and Dell Computer Corporation—with a front-end servicing capability that enables CIT to participate in the exciting present and very promising future of one of the fastest growing sectors of the economy.

Capital Finance—with its two industry-leading, big-ticket leasing and financing markets, commercial aircraft and rail—invested heavily in its future with significant equipment purchases in 1999, growing in both scale and breadth. Adding to its already substantial portfolio, CF will be acquiring 40 new aircraft from Airbus and Boeing, starting in 2000, bringing its total aircraft under management to more than 200. At the same time, CF bolstered its railcar portfolio by purchasing 13,500 railcars and locomotives, securing its position as one of the leading private sector suppliers of railcars in the industry. Both CF segments are out ahead of the curve in terms of having the right equipment available to lease to a marketplace with significant equipment demands. This is another CIT business with its eye on the future.

In 1999, we put all of our commercial finance groups together for greater efficiencies, deeper market penetration and increased scale. Two primary businesses reside within the structure of our ***Commercial Finance*** unit. Its factoring operation is the largest in the industry and, in 1999, it significantly increased the depth and breadth of that operation with its purchase of two sizable domestic factoring businesses. Poised for improved growth in the new century, this unit has also combined our Credit Finance and Business Credit units, under the name of the latter, to form a broader and more focused unit specializing in financing fast growing companies and those being restructured or reorganized.

Structured Finance—gained through the acquisition of Newcourt—adds another important dimension to the product/service mix and geographic reach of CIT with its expertise in large-ticket and cross-border leasing, telecommunications financing, international project finance, regional aircraft financing and merchant banking. Known throughout the industry as an innovative financing and financial services advisory company, this new unit produced the *"Infrastructure Deal of the Year"* in 1999 according to the well-respected *Project Finance Yearbook*. Structured Finance followed that acknowledgment in the first quarter with the announcement of a first-of-its-kind €1 billion European Project Finance Fund available for infrastructure financing in Europe. This adds a strong fee generation capacity to CIT's offerings abroad, an example of a specialized capability that helps expand our breadth and depth.

Last year, we also combined the home equity, recreational vehicle and manufactured housing businesses of CIT into one unit—***Consumer Finance***—taking advantage of an in-place, solid servicing platform and generating process efficiencies as a result. Always seeking the competitive edge in a challenging marketplace, this unit will further develop its national broker and dealer network in the coming year with its *BrokerEdge*℠ and other e-commerce initiatives. In addition to its growing home equity lending business, Consumer Finance is a national leader in both the recreational vehicle and manufactured housing markets.

Today, CIT, through its diverse mix of financing and leasing products and services, is uniquely positioned in both the traditional and emerging markets. One thread that weaves its way through the strategic initiatives of each of our business units is the promise and development of *e-commerce*. In 1999, CIT generated more than $18 billion in credit and lease financings via the Internet. Our Vendor Technology Finance Group, with over $3 billion, and Commercial Finance, with more than $15 billion in on-line factored volume, have taken the lead on e-commerce at CIT. In 2000, our Equipment Financing and Consumer Finance groups have set some ambitious goals for customer relationship building via the Internet.

As a rapidly expanding distribution channel, "cyberspace" is fertile territory for CIT. Our time-tested, back-office fulfillment capabilities

Albert R. Gamper, Jr.
Chairman, President
and Chief Executive Officer

give us a distinct advantage in introducing Internet applications to customers and prospects. We are committed to improving our customers' experience on-line by developing useful Internet products and services, and we intend to convert the great potential of the World Wide Web into a substantial business environment for CIT and our customers.

PREPARED TO FACE THE CHALLENGES OF THE FUTURE

The strategic transformation that CIT underwent in 1999 creates a strong growth platform for 2000 and beyond. We enter the new century with a renewed spirit and a strategy for growth… growth through diversity… growth through experience… growth through geographic expansion… growth through service… and growth through scale. The next section of this Report will give you a better idea of how we have structured CIT for growth.

Before I close, I want to acknowledge the retirement of Hisao Kobayashi, Chairman of CIT since 1992 and a Director since 1989. During the past 11 years, Hisao has been a true friend to me and my colleagues at CIT, who will be remembered by all of us for his business acumen, his commitment to success and his desire to help build CIT into the respected franchise that it is today. We are grateful for his guidance and support, and he departs our Company with the knowledge that his contributions to CIT's past have helped position us for greater success in the future.

Just before going to press, we received word that CIT was listed among "America's Most Admired Companies" in the February issue of *Fortune* magazine. All of the employees at CIT can take pride in knowing that their hard work has helped earn this recognition and that our Company is ranked among the elite as a result.

Today, CIT is a Company better prepared to meet the demands of an ever-changing and ever-challenging world. Today, CIT has a number of valuable franchises created by both internal development and acquisition. And, yes, today in the early part of 2000, CIT is positioned to do business in both the "traditional economy" and the "new economy." With such business strengths, we are all disappointed by the market value of CIT's stock. This management team recognizes its job is to successfully deliver its game plan and, in doing so, has rededicated its efforts in maximizing value for all of our shareholders.

Having spent 12 years as Chief Executive Officer of CIT, I am more convinced than ever that the degree of success a company experiences is largely dependent on the attitudes, the efforts and the commitment of its employees. I also know that this is a continuing effort and that we must all work at fostering the environment that brings out the best in our people. To all of those who put forth those efforts in 1999—I say "thank you."

Albert R. Gamper, Jr.
Chairman, President and CEO

STRATEGY FOR GROWTH

SERVICE
DIVERSITY
GEOGRAPHY
EXPERIENCE
SCALE

DIVERSITY: variety; the quality of being made of many different elements

GROWTH THROUGH DIVERSITY

The Vendor Technology Finance team enables Lucent Technologies to offer financing to its customers under the Lucent Technologies Product Finance program.

Diversification—in products, services and markets—has been a strategic initiative at CIT for more than a decade. Expanding our horizons, building our product mix and creating line extensions—we've grown significantly through diversification. The 1999 acquisition of Newcourt broadens CIT dramatically. What was once predominantly a domestic lender now has greater international capabilities; what was once a "traditional" lender is now also a lender with a foothold in the "new economy."

The events of the past year added significantly to the number and kinds of clients we serve. From the small business to the "Fortune 100" company, we've extended our reach to a wider market.

DIVERSITY IN MARKETS AND PRODUCTS

Our Structured Finance Group specializes in large-ticket, tax-advantaged project financing. The group's Project Finance team has completed such wide-ranging deals as financing for a toll road in Israel and a leveraged lease to expand California's Calpine Corporation.

Leveraged lease financing provided by the Structured Finance Group allowed Calpine Corp. to acquire the Calistoga geothermal power plant in Northern California.

The Consumer Finance Group offers a broad spectrum of products including home equity, manufactured housing and recreational vehicles. Within these major product categories, they offer flexible features and financing terms that support their diverse target markets.

CIT's Equipment Financing Group embodies diversity through the industries it serves and the products it offers. Traditionally known as a leading lender to the construction and transportation industries, this unit also provides a wide range of financing options to industrial, service and commercial companies of all sizes. Transactions range from small-ticket vendor programs with an average ticket size under $25,000 to multi-million dollar transactions in a wide variety of industries. The unit finances equipment along every step of the sales channel—from manufacturers, to distributors, to intermediaries and, finally, the end-user. At the opposite end of the spectrum, its small business lending unit finances the nation's small businesses. From the first-time business owner who wants to open a small franchise to an experienced manufacturer who needs to expand his or her plant, CIT's Small Business Lending Corporation is ready to help. From convenience stores to dental practices, from gas stations to veterinary practices, this unit helped over 900 different businesses across the country achieve their goals last year. And while CIT's small business lending experts are busy supporting the nation's entrepreneurs, CIT's merchant banking unit a division of Structured Finance, targets medium-sized corporations such as Scotts Restaurant's, a Kentucky Fried Chicken franchisee with financings for acquisitions, recapitalizations and growth.

Our Vendor Technology Finance Group provides dedicated staff and support services to create entire in-house financing units for global technology leaders such as Dell Computer Corporation and Lucent Technologies, Inc. These capabilities build on CIT's existing strengths in providing leasing and financing support for everything from retail fashions to railcars, construction equipment and aircraft for regional and national markets. Adding jets to a Swiss airline, financing a line of Perry Ellis fashions, investing in new telecommunications and Internet enterprises, CIT supports the growth of companies—large and small—in more industries than ever before.

The Small Business Lending unit helps fund start-ups such as dental practices and convenience stores.

EXPERIENCE: Practical knowledge, skill, or practice derived from direct observation of or participation in events and the length of such participation

GROWTH THROUGH EXPERIENCE

For four generations, the Equipment Financing Group has been supplying loans to customers such as Wright Materials in Robstown, Texas, which makes sand and gravel for road building materials.

Ninety-plus years of experience give CIT unparalleled strength and credibility as a financier. The length of our institutional experience, the depth of our employees' expertise, the ability to create solutions where others have failed; these strengths create bridges between the traditions of the past and our ability to establish ourselves in the industries of the future.

Since CIT's inception, Commercial Services has been purchasing receivables and providing a wide range of other services for a multitude of industries, such as apparel and textiles. Long-standing relationships with our clients have allowed us to help them grow. In 1969, we made a small loan to the founder of Harbor Footwear to help start his business. Thirty years later, we're providing financing to his children who now run what has become a multi-million dollar company. For four generations, the Equipment Financing Group has been supplying construction equipment loans to clients such as Wright Materials of Robstown, Texas, which makes sand and gravel for concrete, mortar and road building materials.

CIT's Commercial Finance Group has been providing financing services to companies like Harbor Footwear for decades.

Industry know-how runs throughout CIT. Mike Terruggi, who works for Capital Finance's Rail Resources Division, is a licensed electrical and mechanical engineer. Terruggi is a member of our motive power team, which had the insight to anticipate the industry's need for new locomotives. Allen Oliver, who oversees aircraft leasing and remarketing for many airlines in developing countries, is a former airline president. When CIT bought a number of new planes from Boeing, we hired experienced engineers to supervise the client specific configurations of our newly purchased aircraft.

The Structured Finance Group is North America's acknowledged leader in financings to Competitive Local Exchange Carriers (CLECs), which were spawned by telecommunications deregulation.

In 1909, CIT began offering consumer loans, thus beginning a history in consumer financing that continues to this day. CIT stands ready to provide funding to individuals, companies and industries. Structured Finance's Communications and Media Finance Division is the acknowledged leader in financing Competitive Local Exchange Carriers. These start-up competitors to telephone and data transmission companies only came into existence with the recent U.S. telecommunications deregulation. The Communications and Media Finance Division, headed by 35-year financing veteran, Charlie Brown was on the ground floor of this business by investing in KMC Telecom, Sigecom, and PaeTec Communications with equity, senior debt, subordinated debt and preferred stock financing.

CIT's Equity Investments and Venture Capital unit is participating in the early years of the Internet revolution by focusing its investment in e-commerce, Internet, software and telecommunications companies. It's helping develop companies such as Buildnet, a business-to-business online marketplace for the home building industry. Sonoma Systems, a developer of customer premise broadband equipment, is also being assisted.

CIT is building on its past to make history in the future.

GEOGRAPHIC REACH: a continuous stretch or expanse across different areas of the earth and sea

GROWTH THROUGH GEOGRAPHIC REACH

Vendor Technology Finance has provided financing to upgrade China's outdated cable system.

CIT now serves all the major regions of the globe—North America, Europe, Asia, the South Pacific, Latin America and the Middle East—often with creative financing options. We are forging new connections across industries and between countries with new sources of financing, vendor alliances and leasing products.

Domestically, the Consumer Finance Group offers a broad array of consumer financing solutions to brokers, bankers and dealers from coast to coast across the United States.

CIT is making its presence felt from the European Union (EU) to China. Structured Finance's European Project Fund will provide an alternative source of financing to the EU's banking and bond markets. The first of its kind, the fund will support major infrastructure projects such as power, water and transportation facilities across the Continent.

Our Capital Finance Aerospace Division offers customized leasing and financing packages for aircraft to over 70 airlines in 36 countries. Traditionally known as a used aircraft lessor, Aerospace recently agreed to purchase 40 brand-new planes from Airbus and Boeing. Its list of customers includes Korea's Asiana Airlines, which leased an A321 with IAE V2500 engines, and Switzerland's Edelweiss Air, which leased an A330-200 with Rolls Royce Trent 772B engines.

Capital Finance's Aerospace Division offers customized leasing and financing to more than 70 airlines in some 36 countries.

In another corner of the world, through a partnership with Lucent Technologies, our Vendor Technology Finance Group is helping upgrade China's fragmented cable system with 1.4 million kilometers of new fiber-optic cable. And CIT's strategic alliance with Dell Computers is providing the Shanghai school system with leading-edge computer technology. In France, an alliance with Intel forged a leasing program for resellers and their commercial customers. Combining industry expertise with a detailed understanding of local laws, languages, regulations and customs, VTF's vendor finance professionals are breaking new ground in cross-border and in-country financings.

CIT's reach extends across many borders.

With the acquisition of Newcourt, CIT expanded the financing it provides in Europe, Asia, the South Pacific, Latin America and the Middle East.

SERVICE: the work performed by one that improves the welfare of another

GROWTH THROUGH SERVICE

Customer service is a CIT hallmark built upon long-standing personal relationships, innovative products and cutting-edge technologies. We build on these strengths to provide convenience, consistency and quality—the ingredients of premium service.

For the second year in a row, CIT topped *Information Week's* list of leading technology innovators. The magazine ranked us fourth among 500 companies for outstanding technological, procedural and organizational innovation.

STAYING A STEP AHEAD

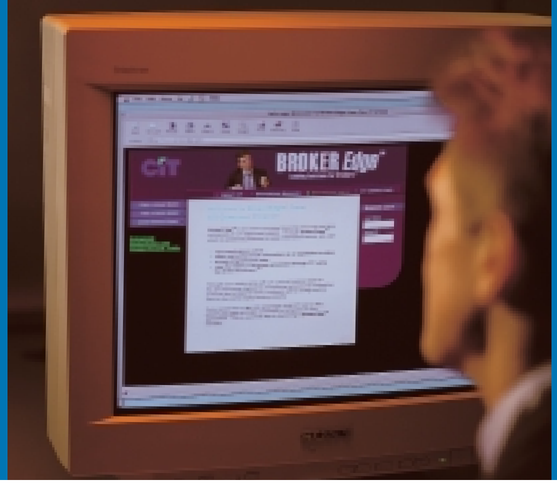
Capital Finance's Rail Resources Division is anticipating clients' needs by purchasing brand-new locomotives—as well as adding to a versatile fleet of railcars. Our experts seized on the fact that many locomotives in use were outdated. Existing engines were wearing out, breaking down, and defeating the purpose of leasing brand-new railcars. Stepping into the breach, CIT bought 90 new fuel-efficient high- and medium-horsepower locomotives for lease to North American Class I and regional railroads.

Capital Finance's railcar division added new locomotives to its versatile fleet of railcars.

AND A CUT ABOVE

CF's Aerospace Division has created our first user-friendly, interactive programs that let clients view the specifics of our available aircraft via CD or online. This saves customers the considerable initial cost of sending inspectors to examine aircraft for potential purchase or lease. The site online offers hyperlinks to information on avionics, interior seating and galley configuration, as well as aircraft and engine maintenance history. Detailed photographs of planes' interiors and exteriors can be enlarged. Clients can also trace the flight history of a plane all the way back to its manufacture for critical engine parts such as compressors and turbine disks.

The Consumer Finance Group, known for superior service capabilities, uses sophisticated technology and computer algorithms to deliver fast decisions. To further enhance service satisfaction, the unit recently introduced BrokerEdge℠, an online resource. Through BrokerEdge℠, mortgage brokers can submit applications, obtain up-to-the-minute information on an application's status, and view programs, rates and customized reports.



The Consumer Finance Group is making it easier for brokers to evaluate and track mortgages and home equity loans through a proprietary online service, BrokerEdge.℠

GOING THE EXTRA MILE

CIT tailors financial solutions for clients in a variety of industries. The Commercial Finance Business Credit unit specializes in customizing solutions for companies in a wide range of industries. We helped Smith & Hawken, a home and garden specialty retailer, maximize its assets by providing inventory financing and a line of credit.

CIT is no stranger to devising out-of-the-ordinary financing solutions where other lenders won't or can't. Structured Finance uses its expertise in private placements and its strong relationships with institutions to create unique revenue sources to service debt on specific projects. CIT uncovered a novel funding source for New Jersey's EZPass toll system; the debt is being partially repaid through a $25 fine levied on drivers who drive through without paying the toll.

Through new technology, intelligence and strong relationships, CIT is growing its client base by making its clients' lives easier.

The Structured Finance Group uncovered a novel funding source for New Jersey's EZPass Toll System.

SCALE: a distinctive relative size, extent, or degree

GROWTH THROUGH SCALE

The Consumer Finance Group has long been a significant presence in the U.S. recreational vehicle market.

FIRST IN FACTORING

CIT's Commercial Services Division has long been ranked the largest factor in North America—if not the world. Two strategic acquisitions have enabled us to further solidify our leadership position, while still providing personalized client service. Commercial Services purchases the receivables of more than 2000 clients in 25 industries. In addition, our superior technology and processing platform enable us to conduct business electronically with our clients and their customers. Scale in the factoring industry is essential for growth.

FIRST IN CONSTRUCTION

CIT's Equipment Financing Group is the leading lender in the North American construction industry. From large excavators to forklifts and skyscraper tower cranes, we help supply the machinery and equipment that make it possible to build highways, bridges, water systems, homes and office buildings. From an asset-based revolving loan inclusive of all assets down to a specific backhoe loan, we finance equipment through every step in the process: heavy machinery manufacturing, equipment distributors and "first-in-the-dirt" building contractors on the job site.

A LEADER IN TRANSPORTATION

CIT is a dominant financier in three distinct aerospace markets: commercial airlines, regional aircraft and corporate jets. We have one of the largest railcar portfolios in North America, and our Consumer Finance Division is a recognized leader in the recreational vehicle industry.

FIRST IN SMALL BUSINESS LENDING

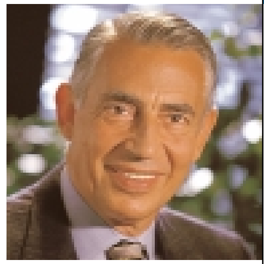
The integration of Newcourt's Small Business Lending unit into CIT's Equipment Financing Group makes CIT one of the country's top small business lenders.

As CIT grows bigger, so does its ability to serve businesses at both ends of the spectrum.

The Commercial Services Division is the country's number one factor, guaranteeing receivables for suppliers to the retail industry.

The Equipment Financing Group is a leading lender in the North American construction industry, supplying loans for equipment to build roads, water systems and bridges.

CAPITAL FINANCE



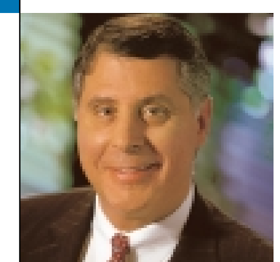
Nikita Zdanow
Group CEO

The Means for Moving People and Products

By land, by sea and by air: the Capital Finance Group provides leasing and financing solutions for the acquisition of equipment that moves people and products around the world. No leasing or lending company has more experience in the rail, aerospace and intermodal industries than Capital Finance, and no other company comes close in offering the range of products specifically geared to the leasing, remarketing and purchase of commercial aircraft, railcars and intermodal containers.

Capital Finance helps make businesses in the transportation industry more efficient and successful. With its considerable asset management skills and expertise in customized leasing and financing packages, including operating leases, sale and leasebacks, structured financings and portfolio acquisitions, Capital Finance gives medium-sized and large corporations a competitive advantage in managing their fleets. Clients count on the experienced staff at Capital Finance, not only for financial advice and assistance, but for their in-depth knowledge of the industries in which they compete.

COMMERCIAL FINANCE



Lawrence A. Marsiello
Group CEO

Financing Business Cycles

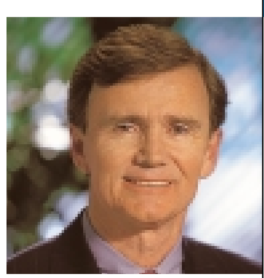
From start-ups to rapidly growing companies, or to those with negative operating trends, CIT's Commercial Finance Group provides financial support to companies in a wide variety of industries through all stages of their business cycles. Our financial strength and credit expertise enable us to develop innovative financing options that address a company's specific needs and help it meet its business goals.

The Commercial Finance Group focuses on manufacturers, distributors, retailers, service companies, importers and exporters and helps maximize their assets through a wide range of customized lending and credit protection services. Through its two operations, Business Credit and Commercial Services, the Commercial Finance Group provides financial solutions that can be customized to fit a company's evolving needs, direction and desired market niche.

Business Credit offers companies revolving and term loans that are secured largely by accounts receivable, inventories and fixed assets. Lines of credit range from $1 million to $500 million. Funding is typically used for high-growth opportunities, acquisition, debt restructuring, turnarounds, debtor-in-possession financing and confirmation plans.

As one of the largest and oldest factoring companies in the United States, Commercial Services offers a full range of domestic and international customized credit protection and asset-based lending services. Our superior technology and processing platform allows us to offer and service a full range of factoring products, including receivable management outsourcing, bulk purchases of accounts receivable, and import and export financing.

CONSUMER FINANCE



Thomas B. Hallman
Group CEO

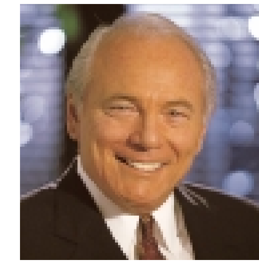
Superior Lending Solutions and Service

The Consumer Finance Group, through its two operations, Consumer Finance and Sales Financing, is a premier source of consumer financing solutions. Through its nationwide relationships with mortgage brokers, bankers and dealers, consumers have access to CIT's broad array of programs including mortgages and home equity loans, as well as manufactured home and recreational vehicle loans.

CIT has a proud history of providing superior service and flexible financing solutions, backed by state-of-the-art technology and in-depth industry expertise. These attributes, combined with a strong commitment to the industry, explain why brokers, bankers and dealers as well as consumers nationwide have grown to recognize CIT as their lender of choice.

Working with financial institutions and intermediaries, CIT also specializes in the areas of portfolio acquisitions, portfolio sales and loan servicing for first and second mortgages, manufactured homes, RVs, and other types of consumer credit. Our team of experts can quickly and thoroughly assess a customer's specific opportunity and develop a targeted strategy.

EQUIPMENT FINANCING



Robert J. Merritt
Group CEO

A Nationwide Network of Industry Specialists

CIT's Equipment Financing Group is one of the nation's leading providers of equipment loans and leases. It also provides Small Business Administration (SBA) loans and SBA construction loans to fuel the growth of small businesses.

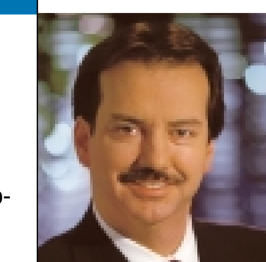
Equipment Financing serves customers through a nationwide network of industry specialists. Since these specialists have an in-depth understanding both of the industries they serve and of the equipment financed, they are able quickly and creatively to structure financial solutions for their customers.

For decades, CIT has worked closely with customers in such diverse industries as automotive, construction, corporate aircraft, energy, entertainment, gaming, graphic arts, healthcare, logging, machine tools, marine, materials handling, media, mining, packaging, plastics, printing, communications and transportation, among others.

This high level of industry experience pays off for manufacturers, distributors, end-users, wholesalers, retailers and service providers. Customers have access to a complete array of financing options including loans, revolving lines of credit, leases, sale and leaseback arrangements, vendor and franchise financing, municipal leasing and small-business lending.

Relationships are the cornerstone of our business. Since we spend the time to understand the business and particular financing needs of our customer, we are able to offer financing options that make the best economic sense.

STRUCTURED FINANCE



David D. McKerroll
Group CEO

Creative Financing Solutions with a Global Focus

In today's global economy, the advantage goes to the organization with experience that crosses borders, spans a multitude of industries and market segments, and reaches into both the public and private sectors. CIT's Structured Finance Group, formerly Newcourt Capital, provides a variety of financing and advisory services that comprise all these features and more.

The Structured Finance Group is a team of experienced, highly qualified investment banking professionals with special expertise in structuring tailored financial solutions that meet client objectives. In the areas of large-ticket domestic and cross-border leasing, infrastructure and project finance, merchant banking, regional aircraft and telecommunications, the expertise of this team gives clients the competitive edge necessary to enhance productivity and profitability. Services offered include acquisition financing, senior and subordinated term debt, tax-based leasing, underwriting, syndication, financial modeling and advisory services.

Clients of all sizes and types in the U.S., Europe and Canada have come to rely on the expertise and financial strength of this unit to finance their local and international business transactions.

VENDOR TECHNOLOGY FINANCE

Bradley D. Nullmeyer
Group CEO

Complex Challenges, Innovative Solutions

As companies develop and master new technologies, they often face financial challenges. In those situations, the unique capabilities of the Vendor Technology Finance Group (VTF) are most valuable.

The Vendor Technology Finance Group, formerly Newcourt Financial, builds alliances with industry-leading vendors and entrepreneurs to deliver customized financing solutions. Clients include manufacturers, dealers and distributors in a variety of emerging and mature industries such as computer hardware and software, communications, office products, electronics and merchant processing. Typical transactions, including loans, leases and customized financial packages, range in value from less than $1,000 to more than $20 million.

The Vendor Technology Finance Group has developed a scalable e-commerce business platform that allows it to grow market presence rapidly in each of its business segments. This strategic e-commerce platform enables VTF to increase financing capabilities and customer service. We have a relationship with more than 300 vendors. Our experienced professionals provide innovative asset management services, efficient loan processing, real-time credit adjudication, accounting and collection services, and data mining. Employing an ethic of true partnership, the Vendor Technology Finance Group has tied its success to the success of its customers. In many cases, it has entered into joint venture programs with clients to maximize efficiencies and profitability.

OVERVIEW

For the year ended December 31, 1999, our net income totaled $389.4 million, increasing from $338.8 million in 1998 and $310.1 million in 1997. The 1999 earnings represented the twelfth consecutive increase in annual earnings, and the ninth consecutive year of record earnings. The 1999 results reflect continued growth in the commercial and equipment finance portfolios, solid fee generation, improved consumer business profitability and continued strong credit quality. Current year net income also includes earnings of $7.5 million for the former Newcourt Credit Group Inc. ("Newcourt") operations from the November 15, 1999 acquisition date through December 31, 1999. The improvements in 1998 over 1997 resulted from stronger revenues from a higher level of financing and leasing assets, lower commercial credit losses and improvements in operating efficiency.

The following table summarizes our net income and related data, excluding the 1997 special items.

Years Ended December 31,	1999	1998	1997
Net income (dollars in millions)	$389.4	$338.8	$287.5
Earnings per diluted share (EPS)	$ 2.22	$ 2.08	$ 1.81
Return on average stockholders' equity (ROE)	12.0%	13.2%	13.1%
Return on average earning assets (ROA)	1.52%	1.65%	1.58%

The 1997 earnings included a one-time $58.0 million pretax gain on the sale of an equity interest acquired in a loan workout partially offset by certain non-recurring expenses principally related to our 1997 fourth quarter IPO. Including these special items, net income was $310.1 million, with EPS of $1.95, ROE of 14.0% and ROA of 1.70%.

Managed assets totaled $50.4 billion in 1999, $26.2 billion in 1998, and $22.3 billion in 1997. The 1999 increase of 92.4% over 1998 reflects primarily the acquisition of over $20 billion in Newcourt managed assets in late 1999. The remainder of the increase reflects strong new business volume and two strategic factoring purchases in the Commercial Finance segment, offset by a drop in consumer assets due to our decision to discontinue certain product lines and liquidate our recreational boat and wholesale inventory finance portfolios. The 1998 increase of 17.3% over 1997 was principally due to record internally generated new business, with strong performance across all 1998 CIT segments. See "Financing and Leasing Assets" for additional information.

NET FINANCE INCOME AND MARGIN

We earn finance income on the loans and leases we provide to our borrowers and equipment users. The interest expense is the cost to us of borrowing funds used to make loans and purchase equipment to lease to customers. The excess of finance income over interest expense is "net finance income." During 1999 our net finance income as a percentage of AEA increased significantly, due to a higher level of operating leases in 1999. Considering this growing proportion of operating leases in the portfolio, we believe that a more meaningful measure of profitability is finance income after depreciation on operating lease equipment or "net finance margin."

A comparison of the components of 1999, 1998 and 1997 net finance income and net finance margin is set forth below.

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Finance income	$ 2,565.9	$ 2,015.1	$ 1,824.7
Interest expense	1,293.4	1,040.8	937.2
Net finance income	1,272.5	974.3	887.5
Depreciation on operating lease equipment	355.1	169.5	146.8
Net finance margin	$ 917.4	$ 804.8	$ 740.7
Average Earning Assets ("AEA")	$25,583.0	$20,495.8	$18,224.5
Net finance income as a % of AEA	4.97%	4.75%	4.87%
Net finance margin as a % of AEA	3.59%	3.93%	4.06%

Net finance margin increased 14.0% in 1999 from 1998, and 8.6% in 1998 from 1997. The increases primarily reflect growth in our loans, leases and operating leases. As a percentage of AEA, net finance margin was 3.59% versus 3.93% and 4.06% in 1998 and 1997, respectively. This downward three year trend primarily reflects the growing operating leasing business which generally has lower net finance margins than finance receivables, but which also generates equipment gains, renewal fees and tax depreciation benefits.

Finance income totaled $2,565.9 million in 1999, $2,015.1 million in 1998 and $1,824.7 million in 1997. As a percentage of AEA (excluding interest income related to short-term interest-bearing deposits), finance income was 9.88% in 1999, 9.69% in 1998 and 9.92% in 1997. The increase in yield in 1999 reflected primarily changes in product mix, while the decline in yield in 1998 was principally due to the 1998 decline in market interest rates and the highly competitive marketplace.

Interest expense totaled $1,293.4 million in 1999, $1,040.8 million in 1998 and $937.2 million in 1997. As a percentage of AEA, interest expense (excluding interest relating to short-term interest-bearing deposits and dividends related to preferred capital securities) was 4.91% in 1999, 4.94% in 1998 and 5.05% in 1997, reflecting lower market interest rates. Although interest expense as a percentage of AEA for the full year 1999 was below the prior year, interest rates escalated during the latter part of 1999. See Note 7—"Debt" for further information regarding interest rates during and as of the years ended 1999, 1998 and 1997. We seek to mitigate interest rate risk by matching the repricing characteristics of our assets with our liabilities, which is in part done through the use of derivative financial instruments, principally interest rate swaps. For further discussion, see "Market Risk Management."

The operating equipment lease portfolio was $6.1 billion at December 31, 1999 versus $2.8 billion and $1.9 billion at December 31, 1998 and December 31, 1997, respectively. As a result, depreciation on operating lease equipment was $355.1 million in 1999, versus

$169.5 million and $146.8 million in 1998 and 1997, respectively. As a percentage of average operating leases, depreciation was 9.51%, 7.66%, and 10.04% in 1999, 1998 and 1997, respectively. The increase in 1999 over 1998 reflects the impact of the former Newcourt portfolio, which includes smaller ticket and shorter term assets than the existing CIT business. This mitigates the impact of an increasing proportion of airline and rail assets with longer depreciable lives from 1997 to 1999 in the Equipment Financing and Leasing segment. See "Financing and Leasing Assets" for further discussion on growth of our operating lease portfolio.

FEES AND OTHER INCOME

Fees and other income improved to $350.8 million during 1999, from $255.4 million during 1998 and $247.8 million during 1997 as set forth in the following table.

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Factoring commissions	$118.7	$ 95.7	$ 95.2
Fees and other income	161.0	90.7	73.8
Gains on sales of leasing equipment	56.4	45.2	30.1
Gains on securitizations	14.7	12.5	32.0
Gains on sales of venture capital investments	—	11.3	16.7
	$350.8	$255.4	$247.8

The 1999 increase reflects primarily an increase in factoring commissions, due in part to the two acquisitions completed during the year, and syndication fees (in fees and other income) from the Newcourt acquisition. The former Newcourt operations contributed $49.3 million in total fees and other income for the period from the acquisition date through December 31, 1999. Included in fees and other income are gains recognized by increased sales of receivables ($38.2 million in 1999 and $6.1 million in 1998). Total fees and other income increased in 1998 from 1997 primarily due to higher fees from servicing and commercial businesses and improved gains on the sale of equipment coming off lease, offset by lower gains on securitizations. We expect this trend of increasing fees and other income to continue in the future given the higher proportion of fee-based business within the former Newcourt and factoring businesses.

1997 GAIN ON SALE OF EQUITY INTEREST ACQUIRED IN LOAN WORKOUT

We originated a loan in the 1980's to a telecommunications company that subsequently went into default. Pursuant to a workout agreement, the stock of that company was transferred to us and a co-lender. In 1991, we received all amounts due and retained an equity interest in such telecommunications company, which we sold in the second quarter of 1997 at a pretax gain of $58.0 million.

SALARIES AND GENERAL OPERATING EXPENSES

Salaries and general operating expenses were $516.0 million in 1999, $407.7 million in 1998, and $420.0 million in 1997. During 1999, core operating expense growth was modest due to consumer business productivity improvements and increased use of electronic data exchange in our factoring business. However, expenses increased in 1999 due to the Newcourt and factoring acquisitions. The largest portion of this increase was in employee costs and facilities expenses. The 1997 expenses included a $10.0 million pretax charge relating to the termination of a long-term incentive plan in connection with the IPO, higher performance based incentive accruals, and a provision for vacant leased space. Without these items, 1997 salaries and general operating expenses would have been $400.0 million.

Our personnel increased to approximately 8,255 at December 31, 1999 from 3,230 at December 31, 1998 and 3,025 at December 31, 1997, primarily reflecting the late 1999 Newcourt acquisition.

We manage expenditures using a comprehensive budgetary process. Expenses are monitored closely by business unit management and are reviewed monthly with our senior management. To ensure overall project cost control, an approval and review procedure is in place for major capital expenditures, such as purchases of computer equipment, including post-implementation evaluations.

Management monitors productivity via the analysis of an efficiency ratio and the ratio of salaries and general operating expenses to AMA. AMA is comprised of average earning assets plus the average of finance receivables previously securitized and currently managed by us. These ratios, excluding goodwill amortization and the 1997 non-recurring pretax gain and expenses previously described, are set forth in the following table.

Years Ended December 31,	1999	1998	1997
Efficiency ratio	41.3%	39.2%	41.1%
Salaries and general operating expenses as a percentage of AMA	1.75%	1.78%	2.01%

The 1999 efficiency ratio includes the results of Newcourt from the November 15, 1999 acquisition date through year-end. Newcourt's efficiency ratio has historically been significantly higher than CIT's. The deterioration in the efficiency ratio in 1999 from 1998 reflects the impact of the Newcourt acquisition, as integration cost savings are not expected to be fully realized until the latter part of year 2000 and beyond. As the former Newcourt operations results are only included for the period from November 15, 1999 to December 31, 1999, the expense ratio will likely increase in the near term before expense savings and efficiency enhancements take effect.

In connection with the acquisition, we established an integration plan which identified activities that would not continue and the associated costs of exiting those activities. The plan identified areas for adjusting the amount of real estate required including the closing of the Newcourt corporate location in New Jersey, reducing corporate office space in Toronto, Canada and eliminating various other operating locations throughout the United States and Canada. The plan also outlined that approximately 850 employees would be involuntarily terminated. Further, additional restructuring activities, which were contemplated in our overall integration plan, may occur in the year 2000.

GOODWILL AMORTIZATION

Goodwill amortization was $25.7 million in 1999 versus $10.1 million and $8.4 million in 1998 and 1997, respectively. This trend reflects the partial year impact of the 1999 acquisitions of Newcourt, the domestic factoring business of Heller Financial Inc. ("Heller") and the factoring assets of Congress Financial Corporation ("Congress"), each of which were accounted for under the purchase method.

RESERVE AND PROVISION FOR CREDIT LOSSES/CREDIT QUALITY

Our consolidated reserve for credit losses increased to $446.9 million (1.44% of finance receivables) at December 31, 1999, from $263.7 million (1.33%) at December 31, 1998 and $235.6 million (1.33%) at December 31, 1997. The 1999 increases in amount and percentage primarily reflect the Newcourt acquisition. The acquired Newcourt portfolio has a higher reserve percentage than CIT's, commensurate with its higher past due loan and charge-off profile. The reserve increases in 1998 and 1997 reflect growth in finance receivables in each year. The ratio of the consolidated reserve for credit losses to non-accrual finance receivables was 87.6% at year end 1999.

Our consolidated reserve for credit losses is periodically reviewed for adequacy considering economic conditions, collateral values and credit quality indicators, including charge-off experience and levels of past due loans and non-performing assets. It is management's judgment that the consolidated reserve for credit losses is adequate to provide for potential credit losses. We review finance receivables periodically to determine the probability of loss, and take charge-offs after considering such factors as the obligor's financial condition and the value of underlying collateral and guarantees. Automatic charge-offs are recorded on consumer finance receivables at intervals beginning at 180 days of contractual delinquency, based upon historical loss severity. The consolidated reserve for credit losses is intended to provide for future events, which by their nature are uncertain. Therefore, changes in economic conditions or other events affecting specific obligors or industries may necessitate additions or deductions to the consolidated reserve for credit losses.

The provision for credit losses was $110.3 million for 1999, $99.4 million for 1998, and $113.7 million for 1997. Net charge-offs were $95.0 million for 1999, $78.8 million for 1998, and $101.0 million for 1997. Our net charge-off experience is provided in the following table.

Years Ended December 31,	1999	1998	1997
Net credit losses as a percentage of average finance receivables excluding finance receivables held for sale:			
Equipment Financing and Leasing	0.16%	0.18%	0.50%
Commercial Finance	0.47%	0.31%	0.41%
Consumer	1.19%	1.18%	1.09%
Total	0.42%	0.42%	0.59%

Charge-offs of the acquired Newcourt portfolio have been historically higher as a percentage of average finance receivables than CIT's experience as shown above. Accordingly, charge-offs as a percentage of average finance receivables will increase in the short term.

The decrease in our Equipment Financing and Leasing segment's net credit losses reflects continued improvement in credit quality in our portfolio and sustained strength of the United States economy. The three year trend in Commercial Finance net credit losses reflects unusually high recoveries in 1998. As a percentage of average managed finance receivables, consumer net credit losses were 1.03% for 1999, 0.92% for 1998, and 0.91% for 1997.

PAST DUE AND NON-PERFORMING ASSETS

The following table sets forth certain information concerning our past due and non-performing assets (and the related percentages of finance receivables) at December 31, 1999, 1998 and 1997. The amounts and ratios below do not reflect various portfolio transfers between the former Newcourt business units and the Equipment Financing and Leasing segment.

At December 31,	1999		1998		1997	
Dollars in Millions						
Finance receivables, past due 60 days or more:						
Equipment Financing and Leasing	$209.6	1.93%	$149.9	1.41%	$127.3	1.30%
Vendor Technology Finance/Structured Finance (formerly Newcourt)	376.4	4.15%	—	—	—	—
Commercial Finance	64.0	0.91%	32.1	0.64%	41.6	0.98%
Consumer	189.1(1)	4.62%(1)	166.0	3.89%	127.7	3.48%
Total	$839.1	2.71%	$348.0	1.75%	$296.6	1.67%
Non-performing assets:						
Equipment Financing and Leasing	$139.9	1.29%	$135.2	1.27%	$ 81.6	0.83%
Vendor Technology Finance/Structured Finance (formerly Newcourt)	309.4	3.41%	—	—	—	—
Commercial Finance	27.6	0.39%	14.5	0.29%	23.9	0.56%
Consumer	158.5(1)	3.87%(1)	129.0	3.02%	101.9	2.78%
Total	$635.4	2.05%	$278.7	1.40%	$207.4	1.17%

(1) For these calculations, certain finance receivables held for sale and the associated past due and non-performing balances are included.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Non-performing assets reflect both finance receivables on non-accrual status and assets received in satisfaction of loans.

The increase in our overall delinquency and non-performing asset ratio was in a large part due to the acquired Newcourt portfolios which carry a higher level of delinquency and non-performing assets. In 1999, Equipment Financing and Leasing past due loans increased, however non-performing assets remained relatively stable at 1.29%. The increase in 1999 Equipment Financing and Leasing past dues included three commercial aircraft that became past due in the fourth quarter. We believe the carrying values are adequately supported by the underlying aircraft collateral.

The 1999 increase in Consumer delinquencies and non-performing assets reflects increases in the manufactured housing portfolio, whereas the increase in Consumer delinquencies and non-performing assets from 1997 to 1998 primarily relates to the seasoning of home equity receivables and the growth and expansion of the wholesale inventory financing product line. During 1998, Equipment Financing and Leasing non-performing assets increased to a more normal level from the particularly low 1997 year-end balance.

INCOME TAXES

The provision for federal, state and local and foreign income taxes totaled $207.6 million in 1999, compared with $185.0 million in 1998, and $178.0 million in 1997. The effective income tax rate for 1999 declined to 34.8%, compared with 35.3% in 1998, and 36.5% in 1997, primarily as a result of lower state and local taxes.

RESULTS BY BUSINESS SEGMENT

Net income for 1999 improved $50.6 million or 14.9% from 1998, as all of our original business segments improved from 1998. Both the Equipment Financing and Leasing and Commercial Finance segments improved approximately 19% from 1998, due to the continuation of strong asset growth. The Commercial Finance segment results also reflected the Heller and Congress acquisitions. The Consumer segment earnings grew by 35% and benefited from improved efficiency and gains on receivable sales. The increased corporate expense in 1999 over 1998 included higher goodwill amortization, higher corporate interest expense and the absence of venture capital investment gains.

The 1998 net income improved $28.7 million, or 9.3% from 1997, as the 18.7% earnings improvement in the Equipment Financing and Leasing segment was mitigated by the more modest earnings growth of 5.6% in the Commercial Finance segment and a $5.3 million reduction in net income from the prior year in the Consumer segment reflecting higher net credit losses. See Note 22—"Business Segment Information" for summarized segment financial data.

FINANCING AND LEASING ASSETS

Our managed assets grew $24.2 billion (92.4%), of which $21.4 billion was acquired in the Newcourt acquisition, to $50.4 billion in 1999, and $3.9 billion (17.3%) to $26.2 billion in 1998. Financing and leasing assets grew $16.7 billion (70.4%) to $40.4 billion in 1999, and grew $3.7 billion (18.7%) to $23.7 billion in 1998. Managed assets include finance receivables, operating lease equipment, finance receivables held for sale, certain investments, and finance receivables previously securitized and still managed by us. In connection with the Newcourt acquisition and business integration, certain receivables were transferred at December 31, 1999 between Vendor Technology Finance (formerly Newcourt Financial) and Equipment Financing, and from Structured Finance (formerly Newcourt Capital) to Capital Finance.

The managed assets of our business segments and the corresponding strategic business units are presented in the following table, including the transfers between business units.

At December 31,	1999	1998	1997	% Change '99 vs. '98	% Change '98 vs. '97
Dollars in Millions					
Equipment Financing:					
Finance receivables(1)	$10,899.3	$ 8,497.6	$ 7,403.4	28.3%	14.8%
Operating lease equipment, net(2)	1,066.2	765.1	623.8	39.4%	22.7%
Total	11,965.5	9,262.7	8,027.2	29.2%	15.4%
Capital Finance:					
Finance receivables(1)	1,838.0	1,655.4	1,755.5	11.0%	(5.7%)
Operating lease equipment, net	2,931.8	1,982.0	1,251.8	47.9%	58.3%
Liquidating portfolio(3)(4)	281.4	466.9	675.2	(39.7%)	(30.9%)
Total	5,051.2	4,104.3	3,682.5	23.1%	11.5%
Total Equipment Financing and Leasing Segment	17,016.7	13,367.0	11,709.7	27.3%	14.2%
Vendor Technology Finance:					
Finance receivables(1)	7,488.9	—	—	—	—
Operating lease equipment, net(2)	2,108.8	—	—	—	—
Total	9,597.7	—	—	—	—
Structured Finance:					
Finance receivables(1)	1,933.9	—	—	—	—
Total Newcourt Segment	11,531.6	—	—	—	—
Commercial Services	4,165.1	2,481.8	2,113.1	67.8%	17.4%
Business Credit	2,837.0	2,514.4	2,137.7	12.8%	17.6%
Total Commercial Finance Segment	7,002.1	4,996.2	4,250.8	40.1%	17.5%
Total Commercial Segments	35,550.4	18,363.2	15,960.5	93.6%	15.1%
Home equity	2,215.4	2,244.4	1,992.3	(1.3%)	12.7%
Manufactured housing	1,666.9	1,417.5	1,125.7	17.6%	25.9%
Recreational vehicles	361.2	744.0	501.9	(51.5%)	48.2%
Liquidating portfolio(5)	462.8	848.4	313.1	(45.5%)	171.0%
Total Consumer Segment	4,706.3	5,254.3	3,933.0	(10.4%)	33.6%
Other—Equity Investments	137.3	81.9	65.8	67.6%	24.5%
Total Financing and Leasing Portfolio Assets	40,394.0	23,699.4	19,959.3	70.4%	18.7%
Finance receivables previously securitized:					
Commercial	7,471.5	—	—	—	—
Consumer	2,567.8	2,516.9	2,385.6	2.0%	5.5%
Total	10,039.3	2,516.9	2,385.6	298.9%	5.5%
Total Managed Assets	$50,433.3	$26,216.3	$22,344.9	92.4%	17.3%

(1) At December 31, 1999, finance receivables of $2,149.4 million were transferred to Equipment Financing from Vendor Technology Finance and $229.4 million were transferred to Vendor Technology Finance from Equipment Financing. Additionally, $231.3 million of finance receivables were transferred to Capital Finance from Structured Finance.
(2) At December 31, 1999, net operating lease equipment of $208.4 million was transferred to Equipment Financing from Vendor Technology Finance and $4.4 million was transferred to Vendor Technology Finance from Equipment Financing.
(3) Consists primarily of ocean going maritime and project finance. We discontinued marketing to these sectors in 1997.
(4) Operating lease equipment, net, of $19.1 million, $27.0 million and $30.0 million are included in the liquidating portfolio for 1999, 1998, and 1997, respectively.
(5) In 1999, we decided to exit the recreational boat and wholesale loan product lines. Prior year balances have been conformed to current year presentation.

Based on strong new business volume plus the Newcourt acquisition, which added $21.4 billion in managed assets, and the Heller and Congress purchases, the Commercial segments' managed assets grew by $24.7 billion in 1999 to $43.0 billion in 1999. Including the Heller and Congress purchases, the Commercial Finance segment grew 40.1% from 1998 to 1999. Excluding the liquidating portfolio and the transfers between business units, the Equipment Financing and Leasing segment grew 11.4% in 1999. Total commercial segments grew 15.1% from 1997 to 1998. Growth in finance receivables was principally due to increases in transportation, construction and the purchase of a telecommunications leasing portfolio.

Consumer managed assets decreased to $7.3 billion in 1999 from $7.8 billion in 1998. This decrease reflects the whole loan sales of certain receivables and our decision to exit two product lines, recreational boat and wholesale financing, to concentrate on our remaining core consumer product lines. The Consumer segment managed assets grew 23.0% in 1998, reflecting strong home equity originations and strong growth in new business volume, particularly in recreational vehicle financing.

CONCENTRATIONS

FINANCING AND LEASING ASSETS COMPOSITION

Our ten largest financing and leasing asset accounts in the aggregate represented 3.7% of our total financing and leasing assets at December 31, 1999, and 4.5% at December 31, 1998. All ten accounts were commercial accounts and were secured by equipment, accounts receivable and/or inventory.

GEOGRAPHIC COMPOSITION

The following table presents our financing and leasing assets by customer location.

At December 31,	1999		1998	
	Amount	**Percent**	Amount	Percent
Dollars in Millions				
United States				
Northeast	**$ 8,145.1**	**20.2%**	$ 5,143.9	21.7%
West	**7,517.2**	**18.6**	5,583.2	23.6
Midwest	**6,966.8**	**17.2**	4,895.3	20.7
Southeast	**5,318.5**	**13.2**	3,492.3	14.7
Southwest	**4,387.0**	**10.9**	2,993.3	12.6
Total United States	**32,334.6**	**80.1**	22,108.0	93.3
Foreign				
Canada	**3,163.4**	**7.8**	100.5	0.4
All other	**4,896.0**	**12.1**	1,490.9	6.3
Total	**$40,394.0**	**100.0%**	$23,699.4	100.0%

Our managed asset geographic diversity does not differ significantly from our owned asset geographic diversity.

Our financing and leasing asset portfolio in the United States is diversified by state. At December 31, 1999, with the exception of California (10.1%), Texas (7.7%), and New York (6.9%), no state represented more than 4.8% of financing and leasing assets. Our 1997 managed and owned asset geographic composition did not significantly differ from our 1998 managed and owned asset geographic composition.

Financing and leasing assets to foreign obligors totaled $8.1 billion at December 31, 1999. After Canada, $3.2 billion (7.83% of financing and leasing assets), the largest foreign exposures were to England, $1.6 billion (4.00%), and Australia, $397.6 million (0.98%). Our remaining foreign exposure was geographically dispersed, with no other individual country exposure greater than 0.77% of financing and leasing assets.

At December 31, 1998, financing and leasing assets to foreign obligors totaled $1.6 billion. The largest exposures at December 31, 1998 were to obligors in Belgium, $142.4 million (0.60% of financing and leasing assets), and France, $136.4 million (0.58%). Our remaining foreign exposure was geographically dispersed, with no other individual country exposure greater than 0.44%.

INDUSTRY COMPOSITION

The following table presents our financing and leasing assets by major industry class.

At December 31,	1999		1998	
	Amount	**Percent**	Amount	Percent
Dollars in Millions				
Manufacturing(1) (none greater than 4.2%)	**$ 8,566.5**	**21.2%**	$ 5,117.0	21.6%
Retail(2)	**5,194.1**	**12.9**	1,882.1	7.9
Transportation(3)	**3,348.2**	**8.3**	1,777.6	7.5
Commercial airlines(4)	**3,091.2**	**7.7**	2,325.4	9.8
Construction equipment	**2,697.0**	**6.7**	1,947.4	8.2
Home mortgage	**2,215.4**	**5.5**	2,244.4	9.5
Manufactured housing	**1,666.9**	**4.1**	1,417.5	6.0
Wholesaling	**1,303.6**	**3.2**	976.5	4.1
Financial institutions	**1,205.3**	**3.0**	316.5	1.4
Other (none greater than 3.0%)	**11,105.8**	**27.4**	5,695.0	24.0
Total	**$40,394.0**	**100.0%**	$23,699.4	100.0%

(1) Includes manufacturers of steel and metal products, textiles and apparel, printing and paper products, and other industries.
(2) Includes retailers of apparel (4.0%) and trade and building materials (3.5%), both increasing from 1998 due to 1999 acquisitions.
(3) Includes rail, bus, and over-the-road trucking industries, and business aircraft.
(4) See "Commercial Airline Industry" for a discussion of the commercial airline portfolio.

Our 1997 managed and owned asset industry composition did not differ significantly from our 1998 managed and owned asset industry composition.

COMMERCIAL AIRLINE INDUSTRY

Commercial airline financing and leasing assets totaled $3.1 billion (7.7% of our total financing and leasing assets) and 264 aircraft at December 31, 1999 compared with $2.3 billion (9.8%) and 206 aircraft in 1998. The acquisition of Newcourt increased our portfolio by approximately $0.4 billion, represented by 71 aircraft. Our portfolio is secured by commercial aircraft and related equipment. From 1992 through mid-1997, we limited the growth of our aerospace portfolio due to weakness in the commercial airline industry, industry overcapacity and declining equipment values. In 1997, we decided to resume growing the aerospace portfolio, but will continue to monitor this growth relative to our total financing and leasing assets. We continue to reduce our Stage II exposure so that 97.6% of our portfolio at December 31, 1999 consists of Stage III aircraft versus 96.6% at December 31, 1998. All of our Stage II aircraft are currently deployed outside the continental United States.

We continue to shift our commercial aircraft product mix from secured financings to operating lease equipment, relying on our strong industry and equipment management and remarketing expertise to compete effectively in commercial aircraft operating lease transactions. Operating lease transactions accounted for 49.4% of the total commercial airline portfolio outstanding at December 31, 1999, 47.1% at December 31, 1998, and 39.6% at December 31, 1997. During 1999, we entered into agreements with both Airbus Industries and the Boeing Company to purchase a total of 40 aircraft, for a total commitment of approximately $2.0 billion, with options to acquire additional units. Deliveries of these new aircraft are scheduled to take place over a five year period starting in the fourth quarter of 2000.

RISK MANAGEMENT

Our business activities contain various elements of risk. We consider the principal types of risk to be credit risk (including credit, collateral and equipment risk) and market risk (including interest rate, foreign currency and liquidity risk).

We consider the management of risk essential to conducting our commercial and consumer businesses and to maintaining profitability. Accordingly, our risk management systems and procedures are designed to identify and analyze risks, to set appropriate policies and limits and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

CREDIT RISK MANAGEMENT

We have developed systems specifically designed to manage credit risk in our Commercial and Consumer business segments. We evaluate financing and leasing assets for credit and collateral risk during the credit granting process and periodically after the advancement of funds.

In response to our growing businesses, a corporate credit risk management group, which reports to the Chief Risk Officer, was formed in the fourth quarter of 1999 to oversee and manage credit risk throughout CIT. This group's structure includes senior credit executive alignment with each of the business units, as well as a senior executive with corporate-wide asset recovery and work-out responsibilities. This group reviews non-traditional transactions and transactions which are outside of established target market definitions and risk acceptance criteria or which exceed the strategic business units' credit authority. In addition, an executive credit committee ("ECC"), which includes the Chairman and Chief Executive Officer, the Chief Risk Officer, the Chief Financial Officer and three members of the corporate credit risk management group, approves credits that are beyond the authority of the business units. The credit risk management group also includes an independent credit audit function, which previously was part of our internal audit group.

Each of our strategic business units has developed and implemented a formal credit management process in accordance with formal uniform guidelines established by the credit risk management group. These guidelines set forth risk acceptance criteria for:

- Acceptable maximum credit line;
- Selected target markets and products;
- Creditworthiness of borrowers, including credit history, financial condition, adequacy of cash flow and quality of management; and
- The type and value of underlying collateral and guarantees (including recourse from dealers and manufacturers.)

We also employ a risk adjusted pricing process where the perceived credit risk is a factor in determining the interest rate and/or fees charged for our financing and leasing products. As economic and market conditions change, credit risk management practices are reviewed and modified, if necessary, to seek to minimize the risk of credit loss.

For small ticket business originated in our Vendor Technology Finance business unit and the Consumer segment, we utilize automated credit scoring capabilities. The Vendor Technology Finance capability, which was acquired in the Newcourt purchase, dates back to the late 1980s. In these proprietary models, we utilize statistical techniques in analyzing customer attributes, including industry and corporate data, trade payment history, and other credit bureau information. Model scores are measured against actual delinquency and loss experience. Modifications are made to the models based upon this monitoring effort as appropriate.

Compliance with established corporate policies and procedures and the credit management processes at each strategic business unit are reviewed by the credit audit group. The credit audit group examines adherence with established credit policies and procedures and tests for inappropriate credit practices, including whether potential problem accounts are being detected and reported on a timely basis. The credit audit group reports to the Chief Risk Officer and to the Audit Committee.

COMMERCIAL

We have developed systems specifically designed to effectively manage credit risk in our Commercial segments. The process starts with the initial evaluation of credit risk and underlying collateral at the time of origination and continues over the life of the finance receivable or operating lease, including collecting past due balances and liquidating underlying collateral.

Credit personnel of the applicable strategic business unit review each potential borrower's financial condition, results of operations, management, industry, customer base, operations, collateral and other data, such as third party credit reports, to thoroughly evaluate the customer's borrowing and repayment ability. Borrowers are graded according to credit quality based upon our uniform credit grading system, which grades both the borrower's financial condition and the underlying collateral. Credit facilities are subject to approval within our overall credit approval and underwriting guidelines and are issued commensurate with the credit evaluation performed on each borrower.

We review and monitor credit exposures on an ongoing basis to identify, as early as possible, those customers that may be experiencing declining creditworthiness or financial difficulty, and periodically evaluate our Commercial segments' finance receivables based upon credit criteria developed under our uniform credit grading system. We monitor concentrations by borrower, industry, geographic region and equipment type and management adjusts limits as conditions warrant to seek to minimize the risk of credit loss.

Our Asset Quality Review committee is comprised of members of senior management, including the Chief Risk Officer, the Executive Vice President—Credit Administration and the Chief Financial Officer. Periodically, this committee will meet with the Chairman and Chief Executive Officer of CIT to review, among other topics, levels of geographic, industry and customer concentrations. In addition, the Committee periodically meets with senior executives of our strategic business units and corporate credit risk management group to review the status of financing and leasing assets greater than $500,000 to obligors with higher risk profiles.

CONSUMER

For consumer loans, our management has developed and implemented proprietary automated credit scoring models for each loan type that include both customer demographics and credit bureau characteristics. The profiles emphasize, among other things, occupancy status, length of residence, length of employment, debt to income ratio (ratio of total installment debt and housing expenses to gross monthly income), bank account references, credit bureau information and combined loan to value ratio. The models are used to assess a potential borrower's credit standing and repayment ability considering the value or adequacy of property offered as collateral. Our credit criteria include reliance on credit scores, including those based upon both our proprietary internal credit scoring model and external credit bureau scoring, combined with judgment. The credit scoring models are regularly reviewed for effectiveness utilizing statistical tools. We regularly evaluate the consumer loan portfolio using past due, vintage curve and other statistical tools to analyze trends and credit performance by loan type, including analysis of specific credit characteristics and other selected subsets of the portfolios. Adjustments to credit scorecards and lending programs are made when deemed appropriate. Individual underwriters are assigned credit authority based upon their experience, performance and understanding of the underwriting policies and procedures of our consumer operations and a credit approval hierarchy exists to ensure that all applications are reviewed by an underwriter with the appropriate level of authority.

See "Reserve and Provision for Credit Losses/Credit Quality."

MARKET RISK MANAGEMENT

Market risk is the risk of loss arising from changes in values of financial instruments including interest rate risk, foreign exchange risk, derivative credit risk and liquidity risk. We engage in transactions, in the normal course of business, that expose us to market risks and we maintain management practices and policies designed to effectively mitigate such risks.

Our Capital Committee sets policies, oversees and guides the interest rate and currency risk management process, including establishment and monitoring of risk metrics, and ensures the implementation of those policies. Other risks monitored by the Capital Committee include derivative credit risk and liquidity risk. The Capital Committee is comprised of members of senior management including the Chairman and Chief Executive Officer, the Chief Financial Officer, the Treasurer, and the Controller. Business unit executives also serve on the Capital Committee on a rotational basis.

We seek to preserve company value by hedging changes in future expected net cash flows and/or by decreasing the cost of capital. Strategies for managing market risks associated with changes in interest rates and foreign exchange rates are an integral part of the process, since those strategies affect our future expected cash flows as well as our cost of capital.

INTEREST RATE AND FOREIGN EXCHANGE RISK MANAGEMENT

We offer a variety of financing products to our customers including fixed and floating rate loans of various maturities and currency denominations, and a variety of leases, including operating leases. Changes in market interest rates, or in the relationships between short-term and long-term market interest rates, or in the relationships between different interest rate indices (i.e., basic risk), can affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities, which can result in an increase in interest expense relative to finance income. We measure our asset/liability position in both economic terms and by its periodic effect on earnings using maturity gap analysis and duration analysis.

A matched position is generally achieved through a combination of on- and off-balance sheet financial instruments, including the issuance of commercial paper and medium and long-term debt, interest rate and currency swaps, foreign exchange contracts, syndication and securitization. We do not speculate on interest rates and foreign exchange rates, but rather seek to mitigate the possible impact of such rate fluctuations encountered in the normal course of business. This is an ongoing process due to prepayments, refinancings, actual payments varying from contractual terms, as well as other portfolio dynamics.

We periodically enter into structured financings (involving both the issuance of debt and an interest rate swap with corresponding notional principal amount and maturity) that not only improve liquidity and reduce interest rate risk, but result in a lower overall funding cost than could be achieved by solely issuing debt.

Interest rate swaps with notional principal amounts of $8.8 billion at December 31, 1999 and $4.3 billion at December 31, 1998 were designated as hedges against outstanding debt and were principally used to convert the interest rate on variable rate debt to a fixed rate that sets our fixed rate term debt borrowing cost over the life of the swap. These hedges reduce our exposure to rising interest rates, but also reduce the benefits from lower interest rates.

A comparative analysis of the weighted average principal outstanding and interest rates paid on our debt before and after the effect of interest rate swaps is shown in the following table.

Before Swaps

Years Ended December 31, Dollars in Millions	1999		1998		1997	
Commercial paper and variable rate senior notes	$11,896.2	5.26%	$ 9,672.6	5.53%	$ 9,574.2	5.61%
Fixed rate senior and subordinated notes	10,115.1	6.47%	7,476.5	6.31%	5,497.6	6.52%
Composite	$22,011.3	5.71%	$17,149.1	5.87%	$15,071.8	5.94%

After Swaps

Years Ended December 31, Dollars in Millions	1999		1998		1997	
Commercial paper and variable rate senior notes	$ 8,977.7	5.32%	$ 7,069.9	5.47%	$ 6,443.2	5.54%
Fixed rate senior and subordinated notes	13,033.6	6.25%	10,079.2	6.39%	8,628.6	6.52%
Composite	$22,011.3	5.87%	$17,149.1	6.01%	$15,071.8	6.10%

The weighted average composite interest rate after swaps in each of the years presented increased from the composite interest rate before swaps primarily because a larger proportion of our debt, after giving effect to interest rate swaps, was subject to a fixed interest rate. However, the weighted average interest rates before swaps do not necessarily reflect the interest expense that would have been incurred had we chosen to manage interest rate risk without the use of such swaps. Derivatives are discussed further in Note 8—"Derivative Financial Instruments."

The acquisition of Newcourt has expanded our global presence, with operations in North America, South America, Europe, Asia and Australia. Our foreign operations are funded through both local currency borrowings and U.S. dollar borrowings which are converted to local currency through the use of foreign exchange forward contracts or cross-currency swaps. At December 31, 1999, $2.9 billion in notional principal amount of foreign exchange forwards and $1.5 billion in notional principal amount of cross-currency swaps were designated as currency-related debt hedges.

We also utilize foreign exchange forward contracts to hedge our net investments in foreign operations. Translation gains and losses of the underlying foreign net investment, as well as offsetting hedge gains or losses on designated hedges, are reflected in other comprehensive income as a separate component of equity in the Consolidated Balance Sheets. As of December 31, 1999, $0.9 billion in notional principal of foreign exchange forwards were designated as hedges of net investments in foreign operations.

We regularly monitor and simulate through computer modeling our degree of interest rate sensitivity by measuring the repricing characteristics of interest-sensitive assets, liabilities, and off-balance sheet derivatives. The Capital Committee reviews the results of this modeling monthly. The interest rate sensitivity modeling techniques employed by us include the creation of prospective twelve month "baseline" and "rate shocked" net interest income simulations. At the date that interest rate sensitivity is modeled, "baseline" net interest income is derived considering the current level of interest-sensitive assets and related run-off (including both contractual repayment and historical prepayment experience), the current level of interest-sensitive liabilities and related maturities and the current level of off-balance sheet derivatives. The "baseline" simulation assumes that, over the next successive twelve months, market interest rates (as of the date of simulation) are held constant and that no new loans are extended. Once the "baseline" net interest income is calculated, market interest rates, which were previously held constant, are raised 100 basis points instantaneously and parallel across the entire yield curve, and a "rate shocked" simulation is run. Interest rate sensitivity is then measured as the difference between calculated "baseline" and "rate shocked" net interest income.

Utilizing our computer modeling, if no new fixed rate loans or leases were extended and no actions to alter the existing interest rate sensitivity were taken subsequent to December 31, 1999, an immediate hypothetical 100 basis point parallel rise in the yield curve on January 1, 2000 would increase net income by an estimated $1.4 million after-tax over the next twelve months. Although management believes that this measure provides a meaningful estimate of our interest rate sensitivity, it does not account for potential changes in the credit quality, size, composition and prepayment characteristics of the balance sheet and other business developments that could affect net income. Accordingly, no assurance can be given that actual results would not differ materially from the potential outcome simulated by our computer modeling. Further, it does not necessarily represent management's current view of future market interest rate movements.

DERIVATIVE RISK MANAGEMENT

We manage our derivative positions so that the exposure to interest rate, credit or foreign exchange risk is in accordance with the overall operating goals established by our Capital Committee. A list of diversified, creditworthy counterparties used for derivative financial instruments, each of whom has specific credit exposure limits, which are based on market value, is maintained. The Capital Committee approves each counterparty and its related market value and credit exposure limit annually, or more frequently if any changes are recommended. Credit exposures for each counterparty are measured based upon market value of the outstanding derivative instruments. Market values are calculated periodically for each type of contract, summarized by counterparty and reported to the Capital Committee.

We assess and manage the risks associated with derivative instruments, which can be categorized as 1) external and 2) internal risks. External risk is defined as those risks outside of our direct control, including counterparty credit risk, liquidity risk, systemic risk and legal risk. Internal risk relates to those operational risks within the management oversight structure, and includes action taken in contravention of CIT policy.

The primary external risk of derivative instruments is counterparty credit exposure, which is the market value of the derivative contract and the ability of the counterparty to perform its payment obligation under the agreement. We control the credit risk of our derivative agreements through credit approvals, exposure limits, and monitoring procedures. All derivative agreements are with major money center financial institutions rated investment grade by nationally recognized rating agencies with the majority of our counterparties being rated "AA" or better.

We maintain a variety of controls to address potential internal risks, with such controls intended to effectively guard against policy violations. Among the internal controls are approved authorization limits and segregation of duties.

LIQUIDITY RISK MANAGEMENT

Liquidity risk refers to the risk of CIT being unable to meet potential cash outflows promptly and cost effectively. Factors that could cause such a risk to arise might be a disruption of a securities market or other source of funds. We actively manage and mitigate liquidity risk by maintaining diversified sources of funding. The primary funding sources are commercial paper (U.S., Canada and Australia), medium-term notes (U.S., Canada and Europe) and asset-backed securities (U.S. and Canada). We also maintain committed bank lines of credit aggregating $8.4 billion to provide back-stop support of commercial paper borrowings and approximately $392 million of local bank lines to support our international operations. Additional sources of liquidity are loan and lease payments from customers and whole loan asset sales and syndications. At December 31, 1999, $21.2 billion of registered, but unissued, debt securities remained available under shelf registration statements, including $2.0 billion of European Medium-Term Notes.

To ensure uninterrupted access to capital, we maintain strong investment grade ratings as outlined below.

	Short Term	Long Term
Moody's	P-1	A1
Standard & Poor's	A-1	A+
Duff & Phelps	D-1+	AA–
Dominion Bond Rating Service	R-1 (mid)	A (mid)

As part of our continuing program of accessing the public and private asset-backed securitization markets as an additional liquidity source, recreational vehicle and general equipment finance receivables of $1.5 billion were securitized during 1999. We securitized recreational vehicle, home equity and recreational boat finance receivables of $866.0 million in 1998. The increase in securitization activity from 1998 to 1999 was primarily due to additional activity from the former Newcourt operations, which have established securitization vehicles and relationships with institutional investors in the U.S. and Canada to insure broad market access. It is our intention to continue this commercial securitization activity, though at a lower level of total funding than done by Newcourt prior to the acquisition.

At December 31, 1999, we had $4.3 billion of registered, but unissued, securities available under shelf registration statements relating to our asset-backed securitization program.

We also target and monitor certain liquidity metrics to ensure both a balanced liability profile and adequate alternate liquidity availability. Among the target ratios are commercial paper as a percentage of total debt and committed bank line coverage of outstanding commercial paper.

CAPITALIZATION

The following table presents information regarding our capital structure.

At December 31,	1999	1998
Dollars in Millions		
Commercial paper	$ 8,974.0	$ 6,144.1
Term debt	26,399.5	12,507.3
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	250.0	250.0
Stockholders' equity	5,554.4	2,701.6
Total capitalization	$41,177.9	$21,603.0
Total debt (excluding overnight deposits) to stockholders' equity and Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	5.96x	6.32x
Total debt (excluding overnight deposits) to tangible stockholders' equity and Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	8.75x	6.82x
Tangible stockholders' equity and Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company to managed assets	7.8%	10.4%

The Company-obligated mandatorily redeemable preferred securities are 7.70% Preferred Capital Securities of CIT Capital Trust I, a wholly-owned subsidiary of ours. CIT Capital Trust I invested the proceeds of that issue in Junior Subordinated Debentures of CIT having identical rates and payment dates.

On November 15, 1999, we issued 76,428,304 shares of CIT common stock and 27,577,082 exchangeable shares of CIT Exchangeco Inc. (exchangeable on a one-for-one basis for shares of CIT common stock) under the terms of the Newcourt acquisition. This issuance reflected an exchange ratio of .70 shares of our common stock for the 148,536,081 outstanding common shares of Newcourt. Canadian resident holders of Newcourt common shares were permitted to elect to receive exchangeable shares issued by CIT Exchangeco in lieu of CIT common stock in order to defer recognizing any taxable gain or loss on the acquisition. Prior to the acquisition, we amended our Certificate of Incorporation to rename and combine our Class A Common Stock and Class B Common Stock as Common Stock, which is now the only class of common stock outstanding. Following the transaction, the former CIT shareholders owned approximately 61% of the combined company, and the former Newcourt shareholders owned approximately 39% of the combined company. At December 31, 1999, DKB, our largest shareholder, owned approximately 26.8% of our outstanding common stock (including the exchangeable shares). CIT also acquired two factoring operations during 1999 for cash. All of these acquisitions were accounted for using the purchase method of accounting. See Note 3—"Acquisitions" for further discussion of 1999 acquisitions.

RECENT ACCOUNTING PRONOUNCEMENTS

During 1999, the Financial Accounting Standards Board ("FASB") issued SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities—Deferral of the Effective Date of FASB Statement No. 133, an amendment of FASB Statement No. 133." SFAS 137 delayed the implementation of SFAS 133, which is now effective for all fiscal quarters of all fiscal years beginning after June 15, 2000. Due to the additional derivative instruments acquired in the Newcourt purchase, we have not yet finalized the evaluation of the impact of SFAS 133.

YEAR 2000 COMPLIANCE

We successfully completed our Year 2000 transition and to date we have not experienced any Year 2000 operational problems in our Information Technology (IT) systems and our non-IT systems. We have not received indications from any material third party or material borrower that they have experienced any Year 2000 problems. Although we do not anticipate that Year 2000 problems will arise in our operations, we may continue to be exposed to Year 2000 risks from third parties.

The total cost, excluding expenses incurred by Newcourt prior to the acquisition, of our Year 2000 project was approximately $6.7 million. This amount included the costs of additional hardware, software and technology consultants, as well as the cost of our systems professionals dedicated to achieving Year 2000 compliance for IT systems.

SELECTED FINANCIAL DATA

At or for the Years Ended December 31,	**1999**	1998	1997	1996	1995
Dollars in Millions, except per share amounts					
RESULTS OF OPERATIONS					
Net finance income	**$ 1,272.5**	$ 974.3	$ 887.5	$ 797.9	$ 697.7
Net finance margin	**917.4**	804.8	740.7	676.2	618.0
Operating revenue	**1,268.2**	1,060.2	1,046.5(1)	920.3	802.7
Salaries and general operating expenses	**516.0**	407.7	420.0	385.3	338.3
Provision for credit losses	**110.3**	99.4	113.7	111.4	91.9
Goodwill amortization	**25.7**	10.1	8.4	7.8	7.4
Net income	**389.4**	338.8	310.1	260.1	225.3
Net income per diluted share	**2.22**	2.08	1.95	1.64	1.43
BALANCE SHEET DATA					
Finance receivables:					
Commercial	**$27,119.2**	$15,589.1	$14,054.9	$13,757.6	$13,451.5
Consumer	**3,887.9**	4,266.9	3,664.8	3,239.0	2,344.0
Total finance receivables	**$31,007.1**	$19,856.0	$17,719.7	$16,996.6	$15,795.5
Reserve for credit losses	**446.9**	263.7	235.6	220.8	206.0
Operating lease equipment, net	**6,125.9**	2,774.1	1,905.6	1,402.1	1,113.0
Goodwill	**1,850.5**	216.5	134.6	129.5	137.3
Total assets	**45,081.1**	24,303.1	20,464.1	18,932.5	17,420.3
Commercial paper	**8,974.0**	6,144.1	5,559.6	5,827.0	6,105.6
Variable rate senior notes	**7,147.2**	4,275.0	2,861.5	3,717.5	3,827.5
Fixed rate senior notes	**19,052.3**	8,032.3	6,593.8	4,761.2	3,337.0
Subordinated fixed rate notes	**200.0**	200.0	300.0	300.0	300.0
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	**250.0**	250.0	250.0	—	—
Stockholders' equity	**5,554.4**	2,701.6	2,432.9	2,075.4	1,914.2

(1) Includes a 1997 gain of $58.0 million on the sale of an equity interest acquired in connection with a loan workout.

At or for the Years Ended December 31,	**1999**	1998	1997	1996	1995
SELECTED DATA AND RATIOS					
PROFITABILITY					
Net finance income as a percentage of average earning assets ("AEA")(1)	**4.97%**	4.75%	4.87%	4.82%	4.54%
Net finance margin as a percentage of AEA	**3.59%**	3.93%	4.06%	4.09%	4.02%
Return on average stockholders' equity	**12.0%**	13.2%	14.0%(4)	13.0%	12.1%
Return on AEA(1)	**1.52%**	1.65%	1.70%(4)	1.57%	1.46%
Ratio of earnings to fixed charges	**1.45x**	1.49x	1.51x	1.49x	1.44x
Salaries and general operating expenses (excludes goodwill amortization) as a percentage of average managed assets ("AMA")(2)	**1.75%**	1.78%	2.11%(4)	2.18%	2.12%
Efficiency ratio (excluding goodwill amortization)(3)	**41.3%**	39.2%	40.8%(4)	41.9%	42.1%
CREDIT QUALITY					
60+ days contractual delinquency as a percentage of finance receivables	**2.71%**	1.75%	1.67%	1.72%	1.67%
Net credit losses as a percentage of average finance receivables	**0.42%**	0.42%	0.59%	0.62%	0.50%
Reserve for credit losses as a percentage of finance receivables	**1.44%**	1.33%	1.33%	1.30%	1.30%
LEVERAGE					
Total debt (net of overnight deposits) to stockholders' equity and Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	**5.96x**	6.32x	5.71x	7.04x	7.09x
Tangible stockholders' equity(5) to managed assets	**7.8%**	10.4%	11.4%	9.7%	9.9%
OTHER					
Total managed assets (dollars in millions)(6)	**$50,433.3**	$26,216.3	$22,344.9	$20,005.4	$17,978.6
Employees	**8,255**	3,230	3,025	2,950	2,750

(1) "AEA" means the average of finance receivables, operating lease equipment, finance receivables held for sale and certain investments, less credit balances of factoring clients.

(2) "AMA" means average earning assets plus the average of finance receivables previously securitized and currently managed by us.

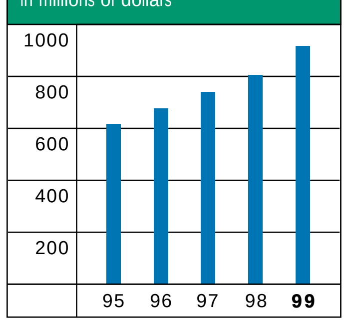
(3) Efficiency ratio reflects the ratio of salaries and general operating expenses to the sum of operating revenue less minority interest in subsidiary trust holding solely debentures of the Company.

(4) Excluding the gain of $58.0 million on the sale of an equity interest acquired in a loan workout and certain non-recurring expenses, for the year ended December 31, 1997, (i) the return on average stockholders' equity would have been 13.1%, (ii) the return on AEA would have been 1.58%, (iii) the efficiency ratio would have been 41.1% and (iv) salaries and general operating expenses as a percentage of AMA would have been 2.01%.

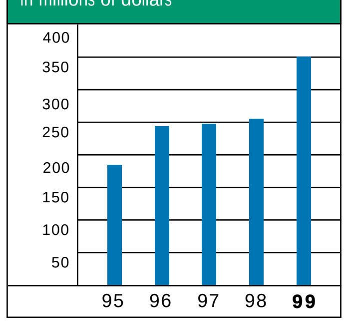
(5) Tangible stockholders' equity excludes goodwill and includes Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company.

(6) "Managed assets" include (i) financing and leasing assets and (ii) off–balance sheet finance receivables previously securitized and currently managed by us.

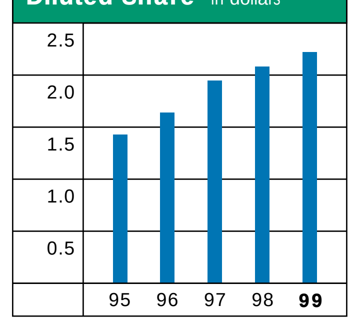
Net Finance Margin
In millions of dollars



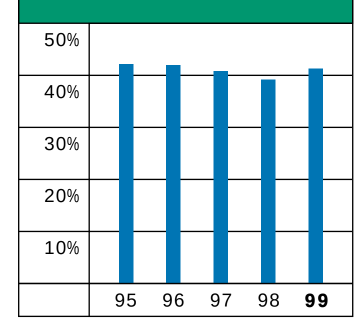
Fees and Other Income
In millions of dollars



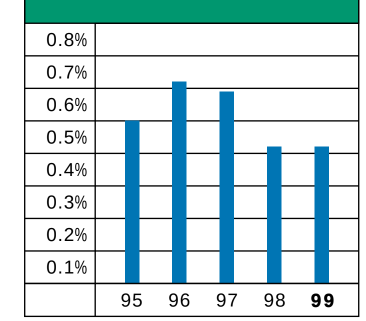
Net Income Per Diluted Share In dollars



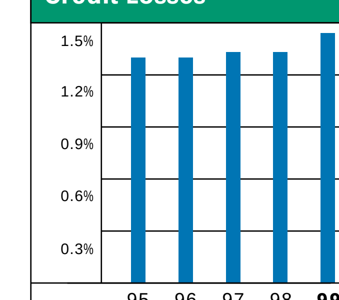
Efficiency Ratio



Net Credit Losses



Reserve for Credit Losses



December 31,	1999	1998
Dollars in Millions		
ASSETS		
Financing and leasing assets		
Loans and leases		
Commercial	$27,119.2	$15,589.1
Consumer	3,887.9	4,266.9
Finance receivables	31,007.1	19,856.0
Reserve for credit losses	(446.9)	(263.7)
Net finance receivables	30,560.2	19,592.3
Operating lease equipment, net	6,125.9	2,774.1
Finance receivables held for sale	3,123.7	987.4
Cash and cash equivalents	1,073.4	73.6
Goodwill	1,850.5	216.5
Other assets	2,347.4	659.2
TOTAL ASSETS	$45,081.1	$24,303.1
LIABILITIES AND STOCKHOLDERS' EQUITY		
Debt		
Commercial paper	$ 8,974.0	$ 6,144.1
Variable rate senior notes	7,147.2	4,275.0
Fixed rate senior notes	19,052.3	8,032.3
Subordinated fixed rate notes	200.0	200.0
TOTAL DEBT	35,373.5	18,651.4
Credit balances of factoring clients	2,200.6	1,302.1
Accrued liabilities and payables	1,191.8	694.3
Deferred federal income taxes	510.8	703.7
TOTAL LIABILITIES	39,276.7	21,351.5
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	250.0	250.0
Stockholders' equity		
Common stock	2.7	1.7
Paid-in capital	3,521.8	952.5
Retained earnings	2,097.6	1,772.8
Accumulated other comprehensive income	2.8	—
Treasury stock at cost	(70.5)	(25.4)
TOTAL STOCKHOLDERS' EQUITY	5,554.4	2,701.6
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$45,081.1	$24,303.1

See accompanying notes to consolidated financial statements.

Years ended December 31,	1999	1998	1997
Dollars in Millions, except per share amounts			
Finance income	$2,565.9	$2,015.1	$1,824.7
Interest expense	1,293.4	1,040.8	937.2
Net finance income	1,272.5	974.3	887.5
Depreciation on operating lease equipment	355.1	169.5	146.8
Net finance margin	917.4	804.8	740.7
Fees and other income	350.8	255.4	247.8
Gain on sale of equity interest acquired in loan workout	—	—	58.0
Operating revenue	1,268.2	1,060.2	1,046.5
Salaries and general operating expenses	516.0	407.7	420.0
Provision for credit losses	110.3	99.4	113.7
Goodwill amortization	25.7	10.1	8.4
Minority interest in subsidiary trust holding solely debentures of the Company	19.2	19.2	16.3
Operating expenses	671.2	536.4	558.4
Income before provision for income taxes	597.0	523.8	488.1
Provision for income taxes	207.6	185.0	178.0
Net income	$ 389.4	$ 338.8	$ 310.1
Net income per basic share	$ 2.24	$ 2.09	$ 1.96
Net income per diluted share	$ 2.22	$ 2.08	$ 1.95

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

The CIT Group, Inc. and Subsidiaries

	Common Stock	Class B Common Stock	Paid-in Capital	Treasury Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Dollars in Millions							
Balance, December 31, 1996	$ 250.0	$ —	$ 573.3	$ —	$1,252.1	$ —	$2,075.4
Net income					310.1		310.1
Cash dividends					(79.3)		(79.3)
Recapitalization to Class B common stock shares	(250.0)	1.6	248.4				—
Twenty percent of Class B common shares bought pursuant to option agreement		(0.3)		(808.0)			(808.3)
Conversion of Class B treasury stock shares to common stock shares and issuance of common stock to the public	0.3			808.0			808.3
Issuance of underwriter's overallotment of common stock shares, net	0.1		117.6				117.7
Restricted common stock grants			9.0				9.0
Balance, December 31, 1997	0.4	1.3	948.3	—	1,482.9	—	2,432.9
Net income					338.8		338.8
Cash dividends					(48.9)		(48.9)
Conversion of Class B common stock to common stock	1.3	(1.3)					—
Repurchase of common stock				(25.4)			(25.4)
Costs relating to common stock offering			(1.0)				(1.0)
Restricted common stock grants			5.2				5.2
Balance, December 31, 1998	1.7	—	952.5	(25.4)	1,772.8	—	2,701.6
Net income					389.4		389.4
Foreign currency translation adjustments						0.3	0.3
Unrealized gain on equity and securitization investments, net						2.5	2.5
Total comprehensive income							392.2
Cash dividends					(64.6)		(64.6)
Repurchase of common stock				(45.1)			(45.1)
Issuance of common stock and exchangeable shares in connection with the Newcourt acquisition	1.0		2,562.7				2,563.7
Restricted common stock grants			6.6				6.6
Balance, December 31, 1999	$ 2.7	$ —	$3,521.8	$ (70.5)	$2,097.6	$2.8	$5,554.4

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

The CIT Group, Inc. and Subsidiaries

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Cash flows from operations			
Net income	$ 389.4	$ 338.8	$ 310.1
Adjustments to reconcile net income to net cash flows from operations:			
Provision for credit losses	110.3	99.4	113.7
Depreciation and amortization	402.8	195.9	168.6
Provision for deferred federal income taxes	163.5	100.2	80.3
Gains on asset and receivable sales	(109.3)	(75.1)	(137.7)
Increase in accrued liabilities and payables	221.2	34.2	66.1
Increase in other assets	(125.6)	(89.2)	(54.0)
Other	33.9	11.0	8.0
Net cash flows provided by operations	1,086.2	615.2	555.1
Cash flows from investing activities			
Loans extended	(39,657.9)	(35,818.9)	(33,332.9)
Collections on loans	34,315.7	32,463.4	31,419.7
Proceeds from asset and receivable sales	3,733.2	1,381.3	1,747.5
Purchases of assets to be leased	(1,633.2)	(1,101.7)	(802.8)
Acquisitions, net of cash acquired	(538.0)	—	—
Purchases of finance receivables portfolios	(492.1)	(600.0)	(176.6)
Net increase in short-term factoring receivables	(242.9)	(255.4)	(238.8)
Other	(36.0)	(19.5)	(12.9)
Net cash flows used for investing activities	(4,551.2)	(3,950.8)	(1,396.8)
Cash flows from financing activities			
Proceeds from the issuance of variable and fixed rate notes	7,700.0	6,863.5	4,532.7
Repayments of variable and fixed rate notes	(5,538.3)	(4,111.5)	(3,556.1)
Net increase (decrease) in commercial paper	2,571.2	584.5	(267.4)
Repayments of nonrecourse leveraged lease debt	(160.4)	(148.7)	(162.3)
Proceeds from nonrecourse leveraged lease debt	3.6	155.3	43.7
Cash dividends paid	(64.6)	(48.9)	(79.3)
Purchase of treasury stock	(45.1)	(25.4)	—
Proceeds from issuance of common stock, net	—	—	926.0
Purchase of Class B common stock pursuant to option agreement	—	—	(808.3)
Proceeds from the issuance of Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company	—	—	250.0
Net cash flows provided by financing activities	4,466.4	3,268.8	879.0
Effect of exchange rate changes on cash	(1.6)	—	—
Net increase (decrease) in cash and cash equivalents	999.8	(66.8)	37.3
Cash and cash equivalents, beginning of year	73.6	140.4	103.1
Cash and cash equivalents, end of year	$ 1,073.4	$ 73.6	$ 140.4
Supplemental cash disclosures			
Interest paid	$ 1,268.9	$ 1,021.3	$ 917.5
Federal and state and local income taxes paid	$ 66.4	$ 81.4	$ 102.1
Supplemental non-cash disclosure			
Stock issued for acquisition	$ 2,563.7	$ —	$ —

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — THE COMPANY

The CIT Group, Inc. (the "Company") is a diversified finance company engaging in vendor, equipment, commercial, consumer and structured financing and leasing activities. The Company operates extensively in the United States and Canada, with strategic locations in Europe, Latin and South Americas and the Pacific Rim.

On November 15, 1999, the Company issued 76,428,304 shares of CIT common stock and 27,577,082 exchangeable shares of CIT Exchangeco Inc. (exchangeable on a one-for-one basis for shares of CIT common stock) under the terms of the acquisition of Newcourt Credit Group Inc. ("Newcourt"). In addition, prior to the acquisition, the Company's Certificate of Incorporation was amended to rename and combine the Class A Common Stock and Class B Common Stock as Common Stock, which is now the only class of common stock outstanding. Following the transaction, the former CIT shareholders owned approximately 61% of the combined company, and the former Newcourt shareholders owned approximately 39% of the combined company. At December 31, 1999, DKB owned approximately 26.8% of the outstanding stock (including the exchangeable shares). The Company also acquired two factoring operations during 1999 for cash. All of these acquisitions were accounted for using the purchase method of accounting. See Note 3 — "Acquisitions" for further discussion of 1999 acquisitions.

In November 1998, CIT's majority stockholder, The Dai-Ichi Kangyo Bank, Limited ("DKB") sold 55,000,000 shares of Class A Common Stock in a secondary public offering (the "Secondary Offering") for which DKB received all the proceeds. Prior to the sale, DKB converted all of its Class B Common Stock into an identical number of shares of Class A Common Stock. DKB owned approximately 94.4% of the combined voting power and 77.2% of the economic interest of all of the Company's outstanding common stock prior to the sale. At December 31, 1998, DKB owned approximately 43.8% of the voting power and economic interest of the Company's outstanding common stock.

In November 1997, the Company issued 36,225,000 shares of Class A Common Stock in an initial public offering (the "IPO"). Prior to the IPO, DKB owned 80% of the Company's issued and outstanding stock, and The Chase Manhattan Corporation ("Chase") owned the remaining 20% of the issued and outstanding stock. DKB had an option expiring December 15, 2000 to purchase the remaining 20% common stock interest from Chase. In November 1997, the Company purchased DKB's option at its fair market value, exercised the option to purchase the stock held by Chase and recapitalized the Company by converting the outstanding common stock to 157,500,000 shares of Class B Common Stock. Twenty percent of the Class B Common Stock shares (which had five votes per share) were converted to Class A Common Stock shares (which had one vote per share) and, in addition to an underwriter's overallotment option, were issued in the IPO. The issuance of Class A Common Stock pursuant to the underwriter's overallotment resulted in an increase to the Company's stockholders' equity of $117.7 million.

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PRESENTATION

The consolidated financial statements and accompanying notes include the accounts of the Company and its subsidiaries. All significant intercompany transactions have been eliminated. Prior period amounts have been reclassified to conform to the current presentation. The 1999 acquisitions were accounted for using the purchase method of accounting. The acquisitions affect the comparability of the consolidated financial statements as the consolidated statement of income reflects results for the acquired operations from the acquisition dates through December 31, 1999.

FINANCING AND LEASING ASSETS

The Company provides funding for a variety of financing arrangements, including term loans, lease financing and operating leases. The amounts outstanding on loans and leases are referred to as finance receivables and, when combined with finance receivables held for sale, net book value of operating lease equipment, and certain investments, represent financing and leasing assets.

INCOME RECOGNITION

Finance income includes interest on loans, the accretion of income on direct financing leases, and rents on operating leases. Related origination and other nonrefundable fees and direct origination costs are deferred and amortized as an adjustment of finance income over the contractual life of the transactions. Income on finance receivables other than leveraged leases is recognized on an accrual basis commencing in the month of origination using methods that generally approximate the interest method. Leveraged lease income is recognized on a basis calculated to achieve a constant after-tax rate of return for periods in which the Company has a positive investment in the transaction, net of related deferred tax liabilities. Rental income on operating leases is recognized on an accrual basis.

The accrual of finance income on commercial finance receivables is generally suspended and an account is placed on non-accrual status when payment of principal or interest is contractually delinquent for 90 days or more, or earlier when, in the opinion of management, full collection of all principal and interest due is doubtful. Given the nature of revolving credit facilities, including those combined with term loan facilities (advances and interest accruals increase revolving loan balances and payments reduce revolving loan balances), the placement of revolving credit facilities on non-accrual status includes the review of other qualitative and quantitative factors, and generally does not result in the reversal of significant amounts of accrued interest. To the extent the estimated fair value of collateral does not satisfy both the principal and accrued income outstanding, accrued but uncollected income at the date an account is placed on non-accrual status is reversed and charged against income, though such amounts are generally not significant. Subsequent income received is applied to the outstanding principal balance until such time as the account is collected, charged-off or returned to accrual status. The accrual of finance income on consumer loans is suspended, and all previously accrued but uncollected income is reversed, when payment of principal and/or interest on consumer finance receivables is contractually delinquent for 90 days or more.

Fees and other income includes: (1) factoring commissions, (2) commitment, facility, letters of credit and syndication fees, (3) servicing fees and (4) gains and losses from the sales of leasing equipment, venture capital investments, and the sales and securitizations of finance receivables.

LEASE FINANCING

Direct financing leases are recorded at the aggregate future minimum lease payments plus estimated residual values less unearned finance income. Operating lease equipment is carried at cost less accumulated depreciation and is depreciated to estimated residual value using the straight-line method over the lease term or projected economic life of the asset. Equipment acquired in satisfaction of loans and subsequently placed on operating lease is recorded at the lower of carrying value or estimated fair value when acquired. Lease receivables include leveraged leases, for which a major portion of the funding is provided by third party lenders on a nonrecourse basis, with the Company providing the balance and acquiring title to the property. Leveraged leases are recorded at the aggregate value of future minimum lease payments plus estimated residual value, less nonrecourse third party debt and unearned finance income. Management performs periodic reviews of the estimated residual values, with other than temporary impairment, if any, being recognized in the current period.

RESERVE FOR CREDIT LOSSES ON FINANCE RECEIVABLES

The consolidated reserve for credit losses is periodically reviewed for adequacy considering economic conditions, collateral values and credit quality indicators, including charge-off experience and levels of past due loans and non-performing assets. It is management's judgment that the consolidated reserve for credit losses is adequate to provide for potential credit losses. The Company reviews finance receivables periodically to determine the probability of loss, and takes charge-offs after considering such factors as the obligor's financial condition and the value of underlying collateral and guarantees. The consolidated reserve for credit losses is intended to provide for future events, which by their nature are uncertain. Therefore, changes in economic conditions or other events affecting specific obligors or industries may necessitate additions or deductions to the consolidated reserve for credit losses.

CHARGE-OFF OF FINANCE RECEIVABLES

Finance receivables are reviewed periodically to determine the probability of loss. Charge-offs are taken after considering such factors as the borrower's financial condition and the value of underlying collateral and guarantees (including recourse to dealers and manufacturers). Such charge-offs are deducted from the carrying value of the related finance receivables. To the extent that an unrecovered balance remains due, a final charge-off is taken at the time collection efforts are no longer deemed useful. Automatic charge-offs are recorded on consumer finance receivables beginning at 180 days of contractual delinquency based upon historical loss severity.

IMPAIRED LOANS

Impaired loans are measured based upon 1) the present value of expected future cash flows discounted at the loan's effective interest rate; or 2) the fair value of the collateral, if the loan is collateral dependent. Impaired loans include any loan transaction on non-accrual status or any troubled debt restructuring, subject to periodic review by the Company's Asset Quality Review Committee ("AQR"). The AQR is comprised of members of senior management, which reviews finance receivables of $500,000 or more meeting certain credit risk grading parameters. Excluded from impaired loans are: 1) certain individual small dollar commercial non-accrual loans (under $500,000) for which the collateral value supports the outstanding balance, 2) consumer loans, which are subject to automatic charge-off procedures, and 3) short-term factoring customer receivables, generally having terms of no more than 30 days. In general, the impaired loans are collateral dependent. Any shortfall between the value and the recorded investment in the loan is recognized by recording a provision for credit losses.

LONG-LIVED ASSETS

A review for impairment of long-lived assets, such as operating lease equipment, is performed whenever events or changes in circumstances indicate that the carrying amount of long-lived assets may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

GOODWILL
Goodwill represents the excess of the purchase price over the estimated fair value of identifiable assets acquired, less the estimated fair value of liabilities assumed from business combinations and is amortized over periods not exceeding 25 years on a straight line basis. Goodwill is reviewed for impairment whenever events indicate the carrying amounts may not be recoverable. If the estimated future cash flows of the Company are projected to be less than the carrying amount of goodwill, an impairment write-down would be recorded as a charge to operations.

SECURITIZATIONS
Included in Other Assets are the Company's retained interest on securitized assets. At the time management decides to proceed with a securitization of loans, such loans are considered available for sale, classified as finance receivables held for sale and carried at the lower of aggregate cost or market value with losses recognized if applicable. Certain loans are originated and sold to independent trusts which, in turn, issue asset-backed securities to investors. The Company retains the servicing rights and participates in certain cash flows from the loans. The present value of expected net cash flows which exceeds the estimated cost of servicing is recorded at the time of sale as "interest-only receivables." The Company, in its estimation of residual cash flows and interest-only receivables, inherently employs a variety of financial assumptions, including loan pool credit losses, prepayment speeds and discount rates. These assumptions are empirically supported by both the Company's historical experience, market trends and anticipated trends relative to the particular products securitized. Subsequent to the recording of interest-only receivables, the Company regularly reviews such assets for valuation impairment. These reviews are performed on a disaggregated basis. Fair values of interest-only receivables are calculated utilizing current and anticipated credit losses, prepayment speeds and discount rates and are then compared to the Company's carrying values. Unrealized gains and losses, representing the difference between carrying value and current fair market value, are recorded as other comprehensive income in a separate component of equity. Declines in value considered to be other than temporary are recognized directly in operations.

OTHER ASSETS
Assets received in satisfaction of loans are carried at the lower of carrying value or estimated fair value less selling costs, with write-downs at the time of receipt recognized by recording a charge-off. Subsequent write-downs of such assets, which may be required due to a decline in estimated fair market value after receipt, are reflected in general operating expenses.

Realized and unrealized gains (losses) on marketable equity securities included in the Company's venture capital investment companies are included directly in operations. Unrealized gains and losses, representing the difference between carrying value and current fair market value for all other debt and marketable equity securities, are recorded as other comprehensive income in a separate component of equity.

Investments in joint ventures are accounted for using the equity method, whereby the investment balance is carried at cost and adjusted for the proportionate share of undistributed earnings or losses.

Fixed assets such as computer equipment, furniture, and leasehold improvements are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are computed principally using the straight-line method over the estimated useful lives of the related assets.

DERIVATIVE FINANCIAL INSTRUMENTS
The Company primarily uses interest rate swaps, as part of its worldwide interest rate risk management. These transactions are entered into as hedges against the effects of future interest and currency fluctuations and, accordingly, are not carried at fair value. The Company does not enter into derivative financial instruments for trading or speculative purposes.

The net interest differential, including premiums paid or received, if any, on interest rate swaps, is recognized on an accrual basis as an adjustment to finance income or as interest expense to correspond with the hedged asset or liability position, respectively. In the event that early termination of a derivative instrument occurs, the net proceeds paid or received are deferred and amortized over the shorter of the remaining original contract life of the interest rate swap or the maturity of the hedged asset or liability position.

The Company uses derivative instruments to hedge the interest rate associated with the anticipated securitization, syndication, or wholeloan sale of financing and leasing assets. Such derivative transactions are designated as hedges against a sale that is probable and for which the significant characteristics and terms have been identified, but for which there is no legally binding obligation. The loans to be sold are considered held for sale and are included in finance receivables held for sale in the accompanying balance sheets. The net interest differential on the derivative instrument, including premium paid or received, if any, is recognized as an adjustment to the basis of the corresponding assets at the time of sale. In the event the anticipated sale does not occur, the related hedge position would be liquidated with any gain or loss recognized in operations at such time, and the related assets would be reclassified to finance receivables.

The Company also uses foreign exchange forward contracts to hedge the net investments in foreign operations. These instruments are designated as hedges and resulting gains and losses are reflected in accumulated other comprehensive income as a separate component of equity.

STOCK-BASED COMPENSATION
Stock option plans are accounted for in accordance with Accounting Principles Board Option 25, "Accounting for Stock Issued to Employees" ("APB 25"). In accordance with APB 25, no compensation expense is recognized for stock options issued. Proforma disclosures, as if the Company applied the "Fair Value Based Method" for stock issued to employees, have been provided in Note 15 to the financial statements. Compensation expense associated with restricted stock awards is recognized over the associated vesting periods.

FOREIGN CURRENCY TRANSLATION
The Company has operations located in Canada and other countries outside the United States. The functional currency for these foreign operations is the local currency. The assets and liabilities of these operations are translated at the rate of exchange in effect at the balance sheet date. Revenue and expense items are translated at the average exchange rate prevailing during the year. The resulting translation adjustments, as well as offsetting gains or losses on hedges of net investments in foreign operations, are reflected in accumulated other comprehensive income as a separate component of stockholders' equity.

INCOME TAXES
Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are determined using enacted tax rates expected to apply in the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities is recognized in income at the time of enactment of a change in tax rates.

CONSOLIDATED STATEMENTS OF CASH FLOWS
Cash and cash equivalents includes cash and interest-bearing deposits, which generally represent overnight money market investments of excess cash borrowed in the commercial paper market and maintained for liquidity purposes. Cash inflows and outflows from commercial paper borrowings and most factoring receivables are presented on a net basis in the Statements of Cash Flows, as their term is generally less than 90 days.

COMPREHENSIVE INCOME
Components of comprehensive income prior to the year ending December 31, 1999 were not material.

USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 — ACQUISITIONS

On November 15, 1999, the Company concluded its acquisition of Newcourt, a publicly-traded non-bank financial services enterprise, which originated, invested in and securitized, syndicated and sold asset-based loans and leases. Newcourt's origination activities focus on the commercial and corporate finance segments of the asset-based financing market. Newcourt, which was headquartered in Toronto, Canada, operates extensively in the United States and Canada, and has strategic locations in Europe, Latin and South America, and the Pacific Rim. The Consolidated Statements of Income reflects Newcourt results from the date of the acquisition through December 31, 1999.

In connection with the acquisition, 76,428,304 shares of CIT common stock and 27,577,082 exchangeable shares of CIT Exchangeco Inc. (exchangeable on a one-for-one basis for shares of CIT common stock), were issued for all Newcourt common stock outstanding. The value of CIT common stock issued in connection with the acquisition (including exchangeable shares), was $2,563.7 million, based upon 148,536,081 outstanding shares of Newcourt at a price of $17.26. The price per share was determined by multiplying the average closing price of CIT common stock for the two-day period both before and after the acquisition announcement on August 5, 1999 by the exchange ratio of .70.

The acquisition of Newcourt has been accounted for using the purchase method. The difference between the purchase price and the estimated fair value of net assets acquired has been allocated to goodwill in the Consolidated Balance Sheets. The goodwill created by the Newcourt acquisition was $1,383.1 million. This goodwill is being amortized on a straight-line basis over twenty-five years.

The purchase accounting adjustments include estimated fair value adjustments relating to certain receivable portfolios that are held for sale. Goodwill may be further adjusted upon the sale of these portfolios to reflect the allocation of goodwill to the cost basis of the assets sold. Further, additional restructuring activities, which were contemplated in the Company's overall integration plan, may occur in the year 2000. Any associated incremental exit costs will also be reflected as goodwill adjustments in 2000 to the extent applicable.

In connection with the acquisition, the Company established an integration plan, which identified activities that would not continue and the associated costs of exiting those activities. The plan identified areas for adjusting the amount of real estate required, including the closing of the Newcourt corporate location in New Jersey, the reduction of corporate office space in Toronto, Canada, and the elimination of various other operating locations throughout the United States and Canada. The plan also identified the number of employees who would be involuntarily terminated, and established the severance levels that employees would receive upon termination. The existence of this plan and the severance levels were communicated to employees during December 1999. Approximately 850 employees, whose functions were eliminated, were impacted by this plan. Of this total, 1% were senior corporate executive officers, 21% were in corporate staff groups, and the remaining 78% were in various operating locations. As of December 31, 1999, approximately 230 employees were paid and terminated under the plan, including former senior executive officers of Newcourt. The facilities closings and employee terminations are expected to be completed by the third quarter of 2000.

Pursuant to this integration plan, restructuring charges were included in the purchase accounting adjustments as summarized in the table below.

December 31,	1999
Dollars in Millions	
Other Assets:	
Leasehold abandonment	$ 21.8
Other	14.7
	36.5
Accrued Liabilities and Payables:	
Severance and other termination payments	102.1
Combined CIT and Newcourt transaction costs for legal, investment banking and accounting	57.9
Leasehold termination costs	24.5
Other	14.7
	199.2
Total Restructuring Charge	$235.7

The following table summarizes the activity in the restructuring liability (dollars in millions).

Restructuring liability at November 15, 1999		$199.2
Cash payments:		
Transaction costs	(38.0)	
Employee termination benefits	(48.1)	(86.1)
Other adjustments		
Settlement of transaction fees in CIT common stock	(14.3)	
Other	(2.5)	(16.8)
Restructuring liability at December 31, 1999		$ 96.3

On April 1, 1999, the Company purchased factoring assets of Congress Financial Corporation ("Congress") from First Union Corporation, and on December 1, 1999, the Company purchased the domestic factoring business of Heller Financial Inc. ("Heller"). Both of these acquisitions were cash purchases and were accounted for using the purchase method of accounting, with the Consolidated Statements of Income reflecting results from the dates of acquisition through December 31, 1999. In total, these two acquisitions added in excess of $1.5 billion in financing and leasing assets. The combined goodwill created at the acquisition dates for Congress and Heller was $270.6 million. This goodwill is being amortized on a straight-line basis over twenty years.

The unaudited pro forma condensed consolidated statements of income for the years ended December 31, 1999, and December 31, 1998 follow. These statements have been prepared assuming that the Newcourt, Congress, and Heller acquisitions had occurred at the beginning of each respective period.

For the Years Ended December 31,	1999	1998
Dollars in Millions, except per share amounts		
Operating revenue	$3,256.9	$3,221.1
Net income	$ 448.1	$ 551.7
Basic earnings per share	$ 1.69	$ 2.11
Diluted earning per share	$ 1.68	$ 2.09

The pro forma results have been prepared for comparative purposes only, and are based on the historical operating results of the acquired companies prior to the acquisitions. The proforma results include certain adjustments, primarily to recognize accretion and amortization based on the allocated purchase price of assets and liabilities. Further, these results do not include cost savings, reduced securitization activity and other initiatives introduced by the Company that management believes will be reflected in the post-acquisition results. Accordingly, management does not believe that these pro forma results are indicative of the actual results that would have occurred had the acquisition closed at the beginning of each period, nor indicative of future results.

NOTE 4—FINANCE RECEIVABLES

The following table presents the breakdown of finance receivables by loans and lease receivables.

December 31,	1999	1998
Dollars in Millions		
Loans:		
Commercial	$16,997.9	$11,415.5
Consumer	3,887.9	4,266.9
Lease receivables	10,121.3	4,173.6
Finance receivables	$31,007.1	$19,856.0

Included in lease receivables at December 31, 1999 and 1998 are leveraged lease receivables of $931.9 million and $792.2 million, respectively. Leveraged lease receivables exclude the portion funded by nonrecourse debt payable to third party lenders of $2.1 billion and $1.9 billion at December 31, 1999 and 1998, respectively.

Commercial and consumer loans are presented net of unearned income of $899.8 million and $557.0 million at December 31, 1999 and 1998, respectively. Lease receivables are presented net of unearned income of $1.8 billion and $1.1 billion at December 31, 1999 and 1998, respectively.

At December 31, 1999 and 1998, finance receivables exclude $10.0 billion and $2.5 billion, respectively, of finance receivables previously securitized and currently managed by the Company.

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

	1999		1998	
At December 31,	Amount	Percent	Amount	Percent
Dollars in Millions				
Due within one year	$11,761.2	37.9%	$ 7,948.8	40.0%
Due within one to two years	5,375.1	17.3	3,146.0	15.9
Due within two to four years	5,789.3	18.7	3,458.3	17.4
Due after four years	8,081.5	26.1	5,302.9	26.7
Total	$31,007.1	100.0%	$19,856.0	100.0%

Information about concentrations of credit risk is set forth in "Concentrations" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

The following table sets forth the information regarding total non-performing assets.

At December 31,	1999	1998
Dollars in Millions		
Non-accrual finance receivables	$510.3	$211.4
Assets received in satisfaction of loans	125.1	67.3
Total non-performing assets	$635.4	$278.7
Percent to finance receivables	2.05%	1.40%

At December 31, 1999 and 1998, the recorded investment in impaired loans, which are generally collateral dependent, totaled $241.5 million and $74.1 million, respectively, with a related specific reserve allocation of $24.9 million and $0.0 million, respectively. The average monthly recorded investment in the impaired loans was $116.9 million, $73.2 million and $71.6 million for the years ended December 31, 1999, 1998 and 1997, respectively. There was no finance income recorded on these loans during 1999, 1998 or 1997 after being classified as impaired. The amount of finance income that would have been recorded under contractual terms for year-end impaired loans would have been $26.9 million, $16.1 million, and $19.9 million in 1999, 1998, and 1997, respectively.

NOTE 5—RESERVE FOR CREDIT LOSSES

The following table presents changes in the reserve for credit losses.

At December 31,	1999	1998	1997
Dollars in Millions			
Balance, January 1	$ 263.7	$ 235.6	$ 220.8
Provision for credit losses	110.3	99.4	113.7
Reserves relating to acquisitions	167.9	7.5	2.1
Additions to the reserve for credit losses	278.2	106.9	115.8
Finance receivables charged-off	(111.1)	(103.7)	(123.5)
Recoveries on finance receivables previously charged-off	16.1	24.9	22.5
Net credit losses	(95.0)	(78.8)	(101.0)
Balance, December 31	$ 446.9	$ 263.7	$ 235.6
Reserve for credit losses as a percentage of finance receivables	1.44%	1.33%	1.33%

NOTE 6—OPERATING LEASE EQUIPMENT

The following table provides an analysis of operating lease equipment by equipment type, net of accumulated depreciation of $719.4 million in 1999 and $457.2 million in 1998.

At December 31,	1999	1998
Dollars in Millions		
Commercial aircraft	$1,528.4	$1,094.7
Railroad equipment	1,398.1	806.0
Information technology	925.1	12.0
Telecommunications	468.7	—
Transportation	428.4	187.0
Business aircraft	334.3	318.7
Manufacturing	258.6	122.0
Machinery and equipment	228.9	25.2
Construction	140.9	95.7
Other	414.5	112.8
Total	$6,125.9	$2,774.1

Included in the preceding table is equipment not currently subject to lease agreements of $235.9 million and $27.2 million at December 31, 1999 and 1998, respectively.

Rental income on operating leases, which is included in finance income, totaled $617.8 million in 1999, $314.1 million in 1998, and $231.8 million in 1997. The following table presents future minimum lease rentals on non-cancelable operating leases as of December 31, 1999. Excluded from this table are variable rentals calculated on the level of asset usage, re-leasing rentals, and expected sales proceeds from remarketing operating lease equipment at lease expiration, all of which are important components of operating lease profitability.

Years Ended December 31,	
Dollars in Millions	
2000	$1,294.7
2001	866.7
2002	502.9
2003	258.3
2004	138.2
Thereafter	269.0
Total	$3,329.8

NOTE 7—DEBT

The following table presents data on commercial paper borrowings.

At December 31,	1999	1998	1997
Dollars in Millions			
Borrowings outstanding	$8,974.0	$6,144.1	$5,559.6
Weighted average interest rate	5.71%	5.35%	5.86%
Weighted average maturity	27 days	38 days	43 days

For the Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Daily average borrowings	$6,694.5	$6,572.1	$6,320.7
Maximum amount outstanding	$9,295.0	$7,655.9	$7,039.4
Weighted average interest rate	5.17%	5.51%	5.56%

The following tables present the contractual maturities of total debt at December 31, 1999 and 1998.

At December 31,	Commercial Paper	Variable Rate Senior Notes	Total 1999	Total 1998
Dollars in Millions				
Due in 1999 (rates ranging from 4.40% to 5.47%)	$ —	$ —	$ —	$ 9,849.1
Due in 2000 (rates ranging from 4.00% to 7.57%)	8,974.0	5,082.2	14,056.2	550.0
Due in 2001 (rates ranging from 6.14% to 6.35%)	—	1,225.0	1,225.0	—
Due in 2002 (rates ranging from 6.47% to 7.93%)	—	820.0	820.0	—
Due in 2003 (rates ranging from 5.81% to 6.04%)	—	20.0	20.0	20.0
Total	$8,974.0	$7,147.2	$16,121.2	$10,419.1

	Fixed Rate Notes			
At December 31,	Senior	Subordinated	Total 1999	Total 1998
Dollars in Millions				
Due in 1999 (rates ranging from 5.38% to 6.63%)	$ —	$ —	$ —	$1,881.0
Due in 2000 (rates ranging from 5.00% to 9.34%)	4,827.2	—	4,827.2	2,222.0
Due in 2001 (rates ranging from 5.50% to 9.25%)	4,478.7	200.0	4,678.7	1,675.0
Due in 2002 (rates ranging from 5.80% to 8.26%)	2,885.0	—	2,885.0	1,050.0
Due in 2003 (rates ranging from 4.90% to 8.26%)	1,268.8	—	1,268.8	755.0
Due in 2004 (rates ranging from 4.41% to 8.26%)	1,766.4	—	1,766.4	80.2
Due after 2004 (rates ranging from 3.35% to 8.26%)	3,670.9	—	3,670.9	578.4
Face amount of maturities	18,897.0	200.0	19,097.0	8,241.6
Purchase accounting adjustment and issue discount	155.3	—	155.3	(9.3)
Total	$19,052.3	$200.0	$19,252.3	$8,232.3

Variable rate senior notes outstanding at December 31, 1999 with interest rates ranging from 5.13% to 7.93% mature at various dates through 2003. The consolidated weighted average interest rates on variable rate senior notes at December 31, 1999 and 1998 were 6.03% and 4.93%, respectively. Fixed rate senior and subordinated debt outstanding at December 31, 1999 matures at various dates through 2028 at interest rates ranging from 3.35% to 9.34%. The consolidated weighted average interest rates on fixed rate senior and subordinated debt at December 31, 1999 and 1998 were 6.61% and 6.11%, respectively.

The following table represents information on unsecured revolving lines of credit with 70 banks that support commercial paper borrowings at December 31, 1999.

Maturity	Amount
Dollars in Millions	
April 2000	$3,962.9
April 2002	3,720.0
April 2003	765.0
Total credit lines	$8,447.9

The credit line agreements contain clauses that allow the Company to extend the termination dates upon written consent from the participating banks.

Certain foreign operations utilize local financial institutions to fund operations. At December 31, 1999, local credit facilities totaled $391.5 million, of which $130.3 million was available.

NOTE 8—DERIVATIVE FINANCIAL INSTRUMENTS

As part of managing the exposure to changes in market interest rates, the Company, as an end-user, enters into various interest rate swap transactions, all of which are transacted in over-the-counter (OTC) markets, with other financial institutions acting as principal counterparties. The Company uses off-balance sheet derivatives for hedging purposes only, and does not enter into derivative financial instruments for trading or speculative purposes. To ensure both appropriate use as a hedge and hedge accounting treatment, all derivatives entered into are designated, according to hedge objective, against commercial paper, a specifically underwritten debt issue or a specific pool of assets. The Company's primary hedge objectives include the conversion of variable rate liabilities to fixed rates, the conversion of fixed rate liabilities to variable rates, the fixing of spreads on variable rate liabilities to various market indices and the elimination of interest rate risk on finance receivables classified as held for sale prior to securitization or syndication. The notional amounts, rates, indices and maturities of the Company's off-balance sheet derivatives are required to closely match the related terms of the Company's hedged assets and liabilities.

The Company utilizes foreign exchange forward contracts or cross-currency swaps to convert U.S. dollar borrowings into local currency to the extent that local borrowings are not cost effective or available. The Company also utilizes foreign exchange forward contracts to hedge its net investment in foreign operations.

The following table presents the notional principal amounts of interest rate swaps by class and the corresponding hedged liability position.

Interest Rate Swaps	Notional Amount	Comments
Notional Amount in Millions		
Floating to fixed rate swaps	$5,873.3	Effectively converts the interest rate on an equivalent amount of commercial paper and variable rate notes to a fixed rate.
Fixed to floating rate swaps	2,906.1	Effectively converts the interest rate on an equivalent amount of fixed rate notes to a variable rate.
Total interest rate swaps	$8,779.4	

The Company's hedging activity increased interest expense by $35.8 million, $23.4 million and $24.2 million in 1999, 1998 and 1997, respectively, over the interest expense that would have been incurred with its debt structure but without the Company's hedging activity. However, this calculation of interest expense does not take into account any actions the Company would have taken to reduce interest rate risk in the absence of hedging activity, such as issuing more fixed rate debt that would also tend to increase interest expense.

The Company is party to cross-currency interest rate swaps with a notional principal amount of $1.5 billion. The swaps have maturities ranging from 2000 to 2019 that correspond with the terms of the debt. The Company entered into foreign currency exchange and bond forward contracts with notional amounts of $3.8 billion and $0.3 billion, respectively, to hedge foreign currency and interest rate risk.

The Company is exposed to credit risk to the extent a counterparty fails to perform under the terms of a derivative instrument. This risk is measured as the market value of interest rate swaps, bond forwards, or foreign exchange forwards with a positive fair value, which totaled $191.0 million at December 31, 1999, reduced by the effects of master netting agreements as presented in Note 19—"Fair Values of Financial Instruments." However, due to the investment grade credit ratings of counterparties and limits on the exposure with any individual counterparty, the Company's actual counterparty credit risk is not considered significant.

The following table presents the notional principal amounts, weighted average interest rates expected to be received or paid and the maturities of U.S. dollar interest rate swaps at December 31, 1999. The data reflects contractual amounts, maturities and rates, and does not include the impact of purchase accounting adjustments.

	Floating to Fixed Rate			Fixed to Floating Rate		
Years Ending December 31,	Notional Amount	Receive Rate	Pay Rate	Notional Amount	Receive Rate	Pay Rate
Notional Amounts in Millions						
2000	$1,328.3	6.34%	6.44%	$ 413.5	7.15%	7.75%
2001	2,349.9	6.40%	6.34%	637.1	6.52%	6.58%
2002	421.4	6.41%	6.44%	198.0	6.88%	6.76%
2003	617.9	6.12%	6.02%	311.0	7.15%	7.99%
2004	112.9	6.51%	5.82%	11.0	7.84%	6.32%
2005-Thereafter	541.0	6.18%	6.82%	1,107.8	7.45%	7.69%
	$5,371.4			$2,678.4		
Weighted average rate		6.33%	6.37%		7.11%	7.40%

In addition, at December 31, 1999, the Company had outstanding interest rate swaps denominated in Canadian dollars and Australian dollars. The Canadian dollar derivatives included instruments with U.S. dollar equivalent notional principal of $230.0 million that converted floating-rate debt to fixed-rate debt at weighted average receive and pay rates of 5.07% and 5.77%, respectively, and instruments with notional principal of U.S. dollar equivalent $227.7 million that converted fixed-rate debt to floating-rate debt at weighted average receive and pay rates of 7.11% and 5.53%, respectively. The Australian dollar derivatives convert U.S. dollar equivalent $163.5 million in floating-rate debt to fixed-rate debt at weighted average receive and pay rates of 5.62% and 5.85%, respectively. The contractual maturities for both the Canadian and Australian derivatives, are predominately between 2000 and 2004. All other foreign currency derivatives had an outstanding notional balance of U.S. dollar equivalent $108.4 million maturing through 2002, at weighted average receive and pay rates of 6.24% and 5.53%, respectively.

All rates were those in effect at December 31, 1999. Variable rates are based on the contractually determined rate or other market rate indices and may change significantly, affecting future cash flows.

The following table presents the notional principal amounts of foreign exchange forwards, cross currency swaps and bond forward at December 31, 1999. The bond forwards are utilized to hedge certain assets held for syndication.

	Foreign Exchange Forwards			Cross-Currency Swaps	Bond Forwards
Years Ending December 31,	Hedges of Debt Notional Amount	Hedges of Net Investments in Foreign Operations Notional Amount	Total Notional Amount	Notional Amount	Notional Amount
Notional Amounts in Millions					
2000	$1,919.6	$646.0	$2,565.6	$ 240.8	$307.4
2001	633.2	258.3	891.5	184.1	—
2002	314.5	26.7	341.2	24.1	—
2003	34.7	—	34.7	122.8	—
2004	3.4	—	3.4	134.6	—
2005-Thereafter	—	—	—	835.8	—
	$2,905.4	$931.0	$3,836.4	$1,542.2	$307.4

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 — PREFERRED CAPITAL SECURITIES

In February 1997, CIT Capital Trust I (the "Trust"), a wholly-owned subsidiary of the Company, issued $250.0 million of 7.70% Preferred Capital Securities (the "Capital Securities") in a private offering. The Trust subsequently invested the offering proceeds in Junior Subordinated Debentures (the "Debentures") of the Company, having identical rates and payment dates. The Debentures of the Company represent the sole assets of the Trust. Holders of the Capital Securities are entitled to receive cumulative distributions at an annual rate of 7.70% through either the redemption date or maturity of the Debentures (February 15, 2027). Both the Capital Securities issued by the Trust and the Debentures of the Company owned by the Trust are redeemable in whole or in part on or after February 15, 2007 or at any time in whole upon changes in specific tax legislation, bank regulatory guidelines or securities law. Distributions by the Trust are guaranteed by the Company to the extent that the Trust has funds available for distribution. The Company records distributions payable on the Capital Securities as an operating expense in the Consolidated Statements of Income.

NOTE 10 — STOCKHOLDERS' EQUITY

Under the most restrictive provisions of agreements relating to outstanding debt, the Company may not, without the consent of the holders of such debt, permit stockholders' equity to be less than $200.0 million.

On July 22, 1999, the Company's Board of Directors renewed and extended the 1998 stock repurchase program by authorizing the purchase of up to 2,000,000 additional shares of its common stock to provide shares for, among other things, its employee compensation programs. Stock repurchases are authorized to take place over a twelve month period ending August 2000, and may be made from time to time in the open market or in privately negotiated transactions.

In 1999, the Class A Common Stock, par value $.01 per share was renamed Common Stock, par value $.01 per share with 1,210,000,000 shares authorized as of December 31, 1999. The following table summarizes activity in the outstanding common stock and exchangeable shares for 1999 and 1998 respectively.

	Common Stock			
	Issued	Less Treasury	Outstanding	Exchangeable Shares
Balance at December 31, 1997	37,173,527	—	37,173,527	—
Shares issued:				—
Conversion of Class B Common Stock	126,000,000	—	126,000,000	—
Restricted shares — net change	(28,648)	—	(28,648)	—
Shares purchased — net	—	(967,930)	(967,930)	—
Balance at December 31, 1998	163,144,879	(967,930)	162,176,949	—
Shares issued:				
Newcourt acquisition	76,428,304	—	76,428,304	27,577,082
Restricted shares — net change	27,997	—	27,997	—
Shares purchased — net	—	(1,777,755)	(1,777,755)	—
Conversion of Exchangeco shares to common shares	2,684,772	—	2,684,772	(2,684,772)
Balance at December 31, 1999	**242,285,952**	**(2,745,685)**	**239,540,267**	**24,892,310**

On November 15, 1999, 27,577,082 exchangeable shares of CIT Exchangeco Inc., par value of $.01 per share, were issued in connection with the acquisition of Newcourt. The holders of Exchangeco shares have dividend, voting and other rights equivalent to those of CIT common stock holders. These shares may be exchanged at any time at the option of the holder on a one-for-one basis for CIT common stock, and in any event must be exchanged no later than November 2004.

NOTE 11—FEES AND OTHER INCOME

The following table sets forth the components of fees and other income.

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Factoring commissions	$118.7	$ 95.7	$ 95.2
Fees and other income	161.0	90.7	73.8
Gains on sales of leasing equipment	56.4	45.2	30.1
Gains on securitizations	14.7	12.5	32.0
Gains on sales of venture capital investments	—	11.3	16.7
Total	$350.8	$255.4	$247.8

NOTE 12—SALARIES AND GENERAL OPERATING EXPENSES

The following table sets forth the components of salaries and general operating expenses.

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Salaries and employee benefits	$309.4	$245.4	$253.5
General operating expenses	206.6	162.3	166.5
Total	$516.0	$407.7	$420.0

NOTE 13—INCOME TAXES

The effective tax rate of the Company varied from the statutory federal corporate income tax rate as follows:

Years Ended December 31,	1999	1998	1997
Percentage of Pretax Income			
Federal income tax rate	35.0%	35.0%	35.0%
Increase (decrease) due to:			
State and local income taxes, net of federal income tax benefit	2.7	3.0	3.7
Other	(2.9)	(2.7)	(2.2)
Effective tax rate	34.8%	35.3%	36.5%

The provision for income taxes is comprised of the following:

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Current federal income tax provision	$ 16.7	$ 60.4	$ 70.0
Deferred federal income tax provision	163.5	100.2	80.3
Total federal income taxes	180.2	160.6	150.3
State and local income taxes	24.4	24.4	27.7
Foreign income taxes	3.0	—	—
Total provision for income taxes	$207.6	$185.0	$178.0

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

At December 31,	1999	1998
Dollars in Millions		
Assets		
Amortization of intangibles	$ (282.1)	$ —
Net operating loss carryforwards	(153.8)	—
Provision for credit loses	(90.1)	(88.9)
Alternative minimum tax	(50.7)	—
Loan origination fees	(22.6)	(11.3)
Other	(81.1)	(24.3)
Total deferred tax assets	(680.4)	(124.5)
Liabilities		
Leasing transactions	932.7	778.3
Market discount income	226.6	33.7
Other	29.7	13.1
Total deferred tax liabilities	1,189.0	825.1
Net deferred tax liability	$ 508.6	$ 700.6

Also, included in deferred federal income taxes on the Consolidated Balance Sheets are unamortized investment tax credits of $2.2 million and $3.1 million at December 31, 1999 and 1998, respectively.

Included in the accrued liabilities and payables caption in the Consolidated Balance Sheets are state and local deferred tax liabilities of $66.8 million and $124.7 million at December 31, 1999 and 1998, respectively, arising from the temporary differences shown in the above tables.

The Company has $591.5 million of non-capital losses available for tax purposes to offset future taxable income arising from the reversal of deferred income tax liabilities. These non-capital tax losses arise principally from temporary differences relating to depreciation and restructuring charges as well as certain other permanent differences. Non-capital losses pertaining to the Canadian operations of $295.3 million will expire at various dates by the year 2005. Net operating losses pertaining to the U.S. operations of $296.2 million will expire at various dates by the year 2019.

The Company had an alternative minimum tax credit carryforward for income tax purposes of $51.2 million at December 31, 1999.

NOTE 14—EARNINGS PER SHARE

Basic EPS is computed by dividing net income by the weighted-average number of common shares outstanding for the period. The diluted EPS computation includes the potential impact of dilutive securities including stock options and restricted stock grants. The dilutive effect of stock options is computed using the treasury stock method, which assumes the repurchase of common shares by the Company at the average market price for the period. Options that have an anti-dilutive effect are not included in the denominator and averaged approximately 2.4 million shares at the year ended December 31, 1999.

The reconciliation of the numerator and denominator of basic EPS with that of diluted EPS is presented for the years ended December 31, 1999 and 1998 and 1997.

Dollars in Millions, except per share amounts	Income (Numerator)	Shares (Denominator)	Per Share Amount
For the Year Ended December 31, 1999			
Basic EPS:			
Income available to common shareholders	$389.4	174,013,063	$ 2.24
Effect of Dilutive Securities:			
Restricted shares	—	1,001,269	(0.02)
Stock options	—	146,753	—
Diluted EPS	$389.4	175,161,085	$ 2.22
For the Year Ended December 31, 1998			
Basic EPS:			
Income available to common shareholders	$338.8	161,987,897	$ 2.09
Effect of Dilutive Securities:			
Restricted shares	—	936,250	(0.01)
Stock options	—	264,592	—
Diluted EPS	$338.8	163,188,739	$ 2.08
For the Year Ended December 31, 1997			
Basic EPS:			
Income available to common shareholders	$310.1	158,134,315	$ 1.96
Effect of Dilutive Securities:			
Restricted shares	—	948,527	(0.01)
Stock options	—	71,440	—
Diluted EPS	$310.1	159,154,282	$ 1.95

NOTE 15—POSTRETIREMENT AND OTHER BENEFIT PLANS

RETIREMENT AND POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFIT PLANS

Certain employees of the Company who have completed one year of service and are 21 years of age or older participate in The CIT Group Holdings, Inc. Retirement Plan (the "Plan"). The retirement benefits under the Plan are based on the employee's age, years of benefit service, and a percentage of qualifying compensation during the final years of employment. Plan assets consist of marketable securities, including common stock and government and corporate debt securities. The Company funds the Plan to the extent it qualifies for an income tax deduction. Such funding is charged to salaries and employee benefits expense.

The Company also provides certain health care and life insurance benefits to eligible retired employees. Salaried participants generally become eligible for retiree health care benefits after reaching age 55 with 10 years of benefit service and 11 years of medical plan participation. Generally, the medical plans pay a stated percentage of most medical expenses reduced by a deductible as well as by payments made by government programs and other group coverage. The plans are funded on a pay as you go basis.

The following tables set forth the change in obligations, plan assets, and funded status of the plans as well as the net periodic benefit cost.

	Retirement Benefits			Postretirement Benefits		
At or for the Years Ended December 31,	1999	1998	1997	1999	1998	1997
Dollars in Millions						
Change in Benefit Obligations						
Benefit obligation at beginning of year	$118.1	$100.4	$ 84.0	$ 37.2	$ 35.0	$34.9
Service cost	7.2	6.3	5.2	1.8	1.5	1.3
Interest cost	7.6	6.9	6.2	2.3	2.3	2.3
Plan amendments	1.3	—	—	—	—	—
Actuarial (gain)/loss	(23.8)	7.0	7.8	(2.8)	1.2	(1.3)
Benefits paid	(2.5)	(2.5)	(2.8)	(1.8)	(2.8)	(2.2)
Benefit obligation at end of year	$107.9	$118.1	$100.4	$ 36.7	$ 37.2	$35.0
Change in Plan Assets						
Fair value of plan assets at beginning of year	$132.8	$128.5		$ —	$ —	
Actual return on plan assets	10.4	6.8		—	—	
Benefits paid	(2.5)	(2.5)		(1.8)	(2.8)	
Employer contributions	—	—		1.8	2.8	
Fair value of plan assets at end of year	$140.7	$132.8		$ —	$ —	
Reconciliation of Funded Status at End of Year						
Funded status	$ 32.8	$14.7		$(36.7)	$(37.2)	
Unrecognized prior service cost	(0.1)	(1.5)		—	—	
Unrecognized net (gain)/loss	(25.8)	(4.7)		(8.4)	(6.2)	
Unrecognized net transition obligation	—	—		21.2	22.9	
Prepaid/(accrued) benefit cost	$ 6.9	$ 8.5		$(23.9)	$(20.5)	
Weighted-average Assumptions						
Discount rate	7.75%	6.50%	7.00%	7.75%	6.50%	7.00%
Rate of compensation increase	4.75%	4.25%	4.50%	4.75%	4.25%	4.50%
Expected return on plan assets	10.00%	10.00%	10.00%	—	—	—
Components of Net Periodic Benefit Cost						
Service cost	$ 7.2	$ 6.3	$ 5.2	$ 1.8	$ 1.5	$ 1.3
Interest cost	7.6	6.9	6.2	2.3	2.3	2.3
Expected return on plan assets	(13.2)	(12.8)	(10.8)	—	—	—
Amortization of prior service cost	—	(0.2)	(0.2)	—	—	—
Amortization of transition obligation	—	—	—	1.6	1.6	1.7
Amortization of gains	—	(0.5)	(0.4)	(0.5)	(0.8)	(0.8)
Total net periodic expense/(benefit)	$ 1.6	$ (0.3)	$ —	$ 5.2	$ 4.6	$ 4.5

For 1999, the assumed health care cost trend rates decline to an ultimate level of 5.50% in 2005 for all retirees; for 1998, 4.50% in 2005 for all retirees; and for 1997, 4.50% in 2004 for employees prior to reaching age 65.

Assumed healthcare cost trend rates have a significant effect on the amounts reported for the healthcare plans. A one-percentage point change in assumed health care cost trend rates would have the following effects:

	Postretirement Benefits	
For the Years Ended December 31,	1999	1998
Dollars in Millions		
Effect of One-Percentage Point Increase on:		
Year-end benefit obligation	$ 2.8	$ 2.6
Total of service and interest cost components	0.4	0.4
Effect of One-Percentage Point Decrease on:		
Year-end benefit obligation	$(2.6)	$(2.4)
Total of service and interest cost components	(0.4)	(0.3)

SAVINGS INCENTIVE PLAN

Certain employees of the Company participate in The CIT Group Holdings, Inc. Savings Incentive Plan. This plan qualifies under section 401(k) of the Internal Revenue Code. The Company's expense is based on specific percentages of employee contributions and plan administrative costs and aggregated $10.4 million, $9.6 million and $9.0 million for 1999, 1998 and 1997, respectively. During 1999, former Newcourt employees participated in the Newcourt Savings and Investment Plan, which also qualifies under section 401(k).

CORPORATE ANNUAL BONUS PLAN

The CIT Group Bonus Plan ("Bonus Plan") is an annual bonus plan covering certain executive officers and other employees. The amount of awards depends on a variety of factors, including corporate performance and individual performance during the calendar year for which awards are made and is subject to approval by the Compensation Committee of the Board of Directors. Certain senior executive officers were permitted to defer up to fifty percent (50%) of their 1999 bonus (in the form of CIT stock units). The deferred portion of the bonus is converted into restricted shares at a 25% premium, based on the closing price of CIT shares on the date of approval. Such restricted shares vest over a three year period. The premium element is subject to forfeiture if the executive voluntarily terminates employment with CIT prior to three years from the date of the award. For the years ended December 31, 1999, 1998 and 1997, expenses for the Bonus Plan amounted to $24.3 million, $18.6 million and $18.5 million, respectively.

LONG-TERM EQUITY COMPENSATION PLAN

The Company sponsors a Long-Term Equity Compensation Plan (the "ECP"). The ECP allows the Company to issue to employees up to 28,900,000 shares of common stock through grants of annual incentive awards, incentive and non-qualified stock options, stock appreciation rights, restricted stock, performance shares and performance units. Common stock issued under the ECP may be either authorized but unissued shares, treasury shares or any combination thereof. All options granted have 10 year terms. Options granted in 1997 vest at various anniversary dates through 2002. Options granted in 1998 and 1999 vest one-third on the first anniversary of the date of grant (1999 and 2000), an additional one-third on the second anniversary of the date of grant (2000 and 2001), and in full on the third anniversary of the date of grant (2001 and 2002).

Data for the stock option plans is summarized as follows:

	1999		1998	
	Shares	Average Option Price Per Share	Shares	Average Option Price Per Share
Outstanding at beginning of year	4,766,109	$27.39	4,038,298	$27.00
Granted	7,556,714	$23.38	892,120	$29.08
Exercised	(27,698)	$27.00	(921)	$27.00
Forfeited	(397,099)	$26.10	(163,388)	$27.01
Converted Newcourt options outstanding at year end	4,653,617	$32.02	—	—
Outstanding at end of year	16,551,643	$26.89	4,766,109	$27.39
Options exercisable at year end	3,060,247	$26.13	903,438	$27.00
Weighted average fair value of options granted (excludes converted Newcourt options) during the year	$6.87		$9.41	

On November 18, 1999, 5,985,714 options were granted to certain employees, including former Newcourt employees, as part of a broad-based program. According to the terms of the purchase agreement, outstanding Newcourt options as of the acquisition date were converted to CIT options by multiplying the number of Newcourt options by the .70 exchange ratio. The converted option price is the original Newcourt option price divided by the exchange ratio, and converted into U.S. dollars from Canadian dollars. The converted CIT options become vested and exercisable in accordance with the original grants.

Fair value of options granted was determined at the date of grant using the Black-Scholes option pricing model which assumed the following:

Option Issuance	Expected Option Life Range	Average Dividend Yield	Expected Volatility Range	Risk Free Interest Rate Range
1999	3-5 years	1.75%	28.93%-34.82%	4.61%-5.92%
1998	3-5 years	1.37%	29.39%-40.93%	4.54%-5.63%

The following table summarizes information about stock options outstanding and options exercisable at December 31, 1999.

	Options Outstanding			Options Exercisable	
Range of Exercise Price	Number Outstanding	Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$12.40-$21.44	6,829,610	9.8 years	$21.13	209,097	$12.57
$25.78-$30.75	8,421,595	8.2 years	$27.86	2,818,958	$26.81
$32.44-$68.22	1,300,438	8.4 years	$50.86	32,192	$54.65
	16,551,643			3,060,247	

EMPLOYEE STOCK PURCHASE PLAN

In 1998, the Company adopted an Employee Stock Purchase Plan (the "ESPP"). Under the ESPP, the Company is authorized to issue up to 1,000,000 shares of common stock to eligible employees. Under the terms of the ESPP, employees can choose to have between 1% and 10% of their base salary withheld to purchase the Company's stock at 85% of the fair market value. During 1999 and 1998, the Company sold 132,084 and 21,214 shares, respectively, to participating employees under the ESPP.

RESTRICTED STOCK AND CIT CAREER INCENTIVE PLAN

In January 1999, the Company issued 68,225 restricted shares in connection with the Bonus Plan and in November 1997, the Company issued 948,527 restricted shares in connection with the termination of the CIT Career Incentive Plan. Such shares were issued at fair market value, which was $32.44 per share in 1999 and $27.00 per share in 1997. The 1999 shares vest one-third on the first anniversary of the grant (2000) and an additional one-third on the second anniversary of the date of grant (2001) and in full on the third anniversary of the date of the grant (2002) whereas the 1997 shares vest on the third anniversary of the date of grant. The holder of restricted stock generally has the rights of a stockholder of the Company, including the right to vote and to receive cash dividends. Restricted shares of 945,606 and 919,879 were outstanding at December 31, 1999 and 1998. For the years ended December 31, 1999, 1998 and 1997, compensation expense recognized in connection with restricted stock was $4.9 million, $5.2 million and $9.0 million, respectively.

In conjunction with the IPO, the Company terminated the CIT Career Incentive Plan as of November 13, 1997 and extinguished all phantom shares of stock, by making a cash payment and granting restricted shares of common stock and stock options. Phantom shares granted under the CIT Career Incentive Plan entitled the participant to receive, at the end of the three year performance period, a specified amount of cash. Following the end of the performance period, one-third of the phantom shares vested immediately and one-third vested at the end of each of the next two years. At the employee's option, all or part of the cash component of the termination could either be paid in 1998 in cash or deferred in up to five annual installments. For the year ended December 31, 1997, amounts charged to expense for the CIT Career Incentive Plan amounted to $20.1 million. All charges relating to the termination of the Career Incentive Plan were included in 1997 expense.

ACCOUNTING FOR STOCK-BASED COMPENSATION PLANS

The Company has elected to apply Accounting Principles Board Opinion 25 ("APB 25") rather than the optional provisions of Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123") in accounting for its stock-based compensation plans. Under APB 25, the Company does not recognize compensation expense on the issuance of its stock options because the option terms are fixed and the exercise price equals the market price of the underlying stock on the grant date. As required by SFAS 123, the Company has determined the pro forma information as if the Company had accounted for stock options granted under the fair value method of SFAS 123. Had the compensation cost of the Company's stock-based compensation plans been determined based on the operational provisions of SFAS 123, the Company's net income for 1999 and net income per diluted share would have been $355.6 million and $2.03, compared to $389.4 million and $2.22, as reported. For 1998, net income and net income per diluted share would have been $333.4 million and $2.04, compared to $338.8 million and $2.08, as reported. For 1997, net income and net income per diluted share would have been $288.7 million and $1.81 compared to $310.1 and $1.95 as reported.

NOTE 16—LEASE COMMITMENTS

The Company has entered into noncancellable long-term lease agreements for premises and equipment. The following table presents future minimum rentals under such noncancellable leases that have initial or remaining terms in excess of one year at December 31, 1999.

Years Ended December 31,	
Dollars in Millions	
2000	$ 54.4
2001	43.9
2002	39.4
2003	40.6
2004	24.2
Thereafter	60.2
Total	$262.7

In addition to fixed lease rentals, leases generally require payment of maintenance expenses and real estate taxes, both of which are subject to escalation provisions. Minimum payments have not been reduced by minimum sublease rentals of $65.7 million due in the future under noncancellable subleases.

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

Years Ended December 31,	1999	1998	1997
Dollars in Millions			
Premises	$24.8	$17.1	$19.6
Equipment	7.1	6.5	6.0
Less sublease income	(1.3)	(1.3)	(1.2)
Total	$30.6	$22.3	$24.4

NOTE 17—LEGAL PROCEEDINGS

In the ordinary course of business, there are various legal proceedings pending against the Company. Management believes that the aggregate liabilities, if any, arising from such actions will not have a material adverse effect on the consolidated financial position, results of operations or liquidity of the Company.

NOTE 18—CREDIT RELATED AND OTHER COMMITMENTS

In the normal course of meeting the financing needs of its customers, the Company enters into various credit-related commitments. These financial instruments generate fees and involve, to varying degrees, elements of credit risk in excess of the amounts recognized in the Consolidated Balance Sheets. To minimize potential credit risk, the Company generally requires collateral and other credit-related terms and conditions from the customer. At the time credit-related commitments are granted, management believes the fair value of the underlying collateral and guarantees approximates or exceeds the contractual amount of the commitment. In the event a customer defaults on the underlying transaction, the maximum potential loss to the Company will be the contractual amount outstanding less the value of all underlying collateral and guarantees.

The accompanying table summarizes the contractual amounts of credit-related commitments.

At December 31,	Due to Expire: Within One Year	After One Year	Total Outstanding 1999	Total Outstanding 1998
Unused commitments to extend credit				
Financing and leasing assets	$2,396.1	$732.0	$3,128.1	$1,876.9
Letters of credit and acceptances				
Standby letters of credit	157.3	11.2	168.5	156.4
Other letters of credit	371.7	2.2	373.9	200.1
Acceptances	12.7	—	12.7	12.2
Guarantees	350.3	0.9	351.2	238.8

During 1999, we entered into agreements with both Airbus Industrie and the Boeing Company to purchase a total of 40 aircraft (at a cost of approximately $2.0 billion), with options to acquire additional units. Deliveries of these new aircraft are scheduled to take place over a five year period starting in the fourth quarter of 2000. Additional commitments to purchase equipment from other manufacturers to be placed on operating lease totaled $224.5 million and $449.9 million at December 31, 1999 and 1998, respectively.

NOTE 19 — FAIR VALUES OF FINANCIAL INSTRUMENTS

Statement of Financial Accounting Standards No. 107 "Disclosures About Fair Value of Financial Instruments" ("SFAS 107") requires disclosure of the estimated fair value of the Company's financial instruments, excluding leasing transactions accounted for under SFAS 13. The fair value estimates are made at a discrete point in time based on relevant market information and information about the financial instrument. Since no established trading market exists for a significant portion of the Company's financial instruments, fair value estimates are based on judgments regarding future expected loss experience, current economic conditions, risk characteristics of various financial instruments, and other factors. These estimates are subjective in nature, involving uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions or estimation methods may significantly affect the estimated fair values. Because of these limitations, management provides no assurance that the estimated fair values presented would necessarily be realized upon disposition or sale.

Actual fair values in the marketplace are affected by other significant factors, such as supply and demand, investment trends and the motivations of buyers and sellers, which are not considered in the methodology used to determine the estimated fair values presented. In addition, fair value estimates are based on existing on-and off-balance sheet financial instruments without attempting to estimate the value of future business transactions and the value of assets and liabilities that are part of the Company's overall value but are not considered financial instruments. Significant assets and liabilities that are not considered financial instruments include customer base, operating lease equipment, premises and equipment, assets received in satisfaction of loans, and deferred tax balances. In addition, tax effects relating to the unrealized gains and losses (differences in estimated fair values and carrying values) have not been considered in these estimates and can have a significant effect on fair value estimates. The carrying amounts for cash and cash equivalents approximate fair value because they have short maturities and do not present significant credit risks. Credit-related commitments, as disclosed in Note 18, are primarily short term floating rate contracts whose terms and conditions are individually negotiated, taking into account the creditworthiness of the customer and the nature, accessibility and quality of the collateral and guarantees. Therefore, the fair value of credit-related commitments, if exercised, would approximate their contractual amounts.

Estimated fair values, recorded carrying values and various assumptions used in valuing the Company's financial instruments at December 31, 1999 and 1998 are set forth below.

	1999		1998	
	Carrying Value Asset (Liability)	Estimated Fair Value Asset (Liability)	Carrying Value Asset (Liability)	Estimated Fair Value Asset (Liability)
Dollars in Millions				
Finance receivables—loans[a]	$ 20,638.1	$ 20,726.4	$15,474.0	$15,772.2
Finance receivables held for sale	3,123.7	3,123.7	987.4	987.4
Other assets[b]	1,728.8	1,746.2	469.3	480.9
Commercial paper[c]	(8,974.0)	(8,974.0)	(6,144.1)	(6,144.1)
Fixed rate senior notes and subordinated fixed rate notes[d]	(19,149.0)	(19,082.7)	(8,232.3)	(8,365.5)
Variable rate notes[d]	(7,147.2)	(7,146.7)	(4,275.0)	(4,272.3)
Credit balances of factoring clients and other liabilities[e]	(3,547.1)	(3,547.1)	(1,833.6)	(1,833.6)
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company[f]	(250.0)	(232.8)	(250.0)	(263.4)
Derivative Financial Instruments[g]				
Interest rate swap assets	32.9	62.5	—	11.6
Interest rate swap liabilities	(158.3)	(196.5)	—	(79.0)
Cross currency assets	14.8	53.2	—	25.6
Cross currency liabilities	(31.3)	(39.4)	—	(2.7)
Foreign exchange assets	37.3	61.8	—	—
Foreign exchange liabilities	(11.9)	(42.7)	—	—
Bond forward assets	13.2	13.5	—	—

(a) The fair value of performing fixed-rate loans was estimated based upon a present value discounted cash flow analysis, using interest rates that were being offered at the end of the year for loans with similar terms to borrowers of similar credit quality. Discount rates used in the present value calculation range from 8.32% to 10.37% for 1999 and 7.59% to 8.67% for 1998. The maturities used represent the average contractual maturities adjusted for prepayments. For floating rate loans that reprice frequently and have no significant change in credit quality, fair value approximates carrying value. The net carrying value of lease finance receivables not subject to fair value disclosure totaled $10.0 billion in 1999 and $4.1 billion in 1998.

(b) Other assets subject to fair value disclosure include accrued interest receivable and investment securities. The carrying amount of accrued interest receivable approximates fair value. Investment securities actively traded in a secondary market were valued using quoted available market prices. Investments not actively traded in a secondary market were valued based upon recent selling price or present value discounted cash flow analysis. The carrying value of other assets not subject to fair value disclosure totaled $618.6 million in 1999 and $406.4 million in 1998.

(c) The estimated fair value of commercial paper approximates carrying value due to the relatively short maturities.

(d) The carrying value of the fixed rate senior notes excludes the net liability carrying value of $103.3 million of derivative financial instruments. Fixed rate notes were valued using a present value discounted cash flow analysis with a discount rate approximating current market rates for issuances by the Company of similar term debt at the end of the year. Discount rates used in the present value calculation ranged from 5.65% to 7.83% in 1999 and 4.83% to 6.04% in 1998. The estimated fair value for variable rate notes differs from carrying value as a result of a foreign denominated issuance.

(e) The estimated fair value of credit balances of factoring clients approximates carrying value due to their short settlement terms. Other liabilities includes accrued liabilities and deferred federal income taxes. Accrued liabilities and payables with no stated maturities have an estimated fair value that approximates carrying value. The carrying value of other liabilities not subject to fair value disclosure totaled $356.1 million in 1999 and $866.5 million in 1998.

(f) Company-obligated mandatorily redeemable preferred capital securities of subsidiary trust holding solely debentures of the Company were valued using a present value discounted cash flow analysis with a discount rate approximating current market rates of similar issuances at the end of the year.

(g) The Company enters into derivative financial instruments for hedging purposes only. The 1999 carrying values represent purchase accounting adjustments associated with the instruments acquired from Newcourt and do not necessarily correlate directly with the presented fair value as the Company has other instruments that are carried only off-balance sheet. The carrying value balances will amortize as the instruments acquired mature. The estimated fair values are obtained from dealer quotes and represent the net amount receivable or payable to terminate the agreement, taking into account current market interest rates and counter-party credit risk. See Note 8—"Derivative Financial Instruments" for notional principal amounts associated with the instruments.

NOTE 20—INVESTMENTS IN DEBT AND EQUITY SECURITIES

At December 31, 1999 and 1998, the Company's investments in debt and equity securities designated as available for sale totaled $1,129.7 million and $238.6 million, respectively.

Included in the Company's investments in debt and equity securities are retained interests in commercial securitized assets of $914.5 million and consumer securitized assets of $194.8 million at December 31, 1999 and consumer securitized assets of $222.8 million at December 31, 1998. Retained interests include interest-only strips, retained subordinated securities, and cash reserve accounts related to securitizations. The carrying value of the retained interests in securitized assets is reviewed periodically for valuation impairment.

Ranges of key economic assumptions used in calculating the fair value of the retained interests in securitized assets by type of product at December 31, 1999 were as follows:

		Consumer	
	Commercial Equipment	Manufactured Housing & Home Equity	Recreational Vehicle & Boat
Prepayment speed(1)	6.0%-11.7%	15.6%-30.2%	21.5%-26.2%
Expected credit losses	0.30%-1.70%	0.25%-1.38%	0.60%-1.52%
Weighted average discount rate	5.3%-11.6%	8.8%-12.1%	8.7%-9.6%

(1) Based upon CPR. CPR expresses prepayments as a function of the declining amount of loans at a compound annual rate.

NOTE 21—CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company has in the past and may in the future enter into certain transactions with affiliates of the Company. It is anticipated that such transactions will be entered into at a fair market value for the transaction.

The Company's interest-bearing deposits generally represent overnight money market investments of excess cash that are maintained for liquidity purposes. From time to time, the Company may maintain such deposits with DKB.

At December 31, 1999 and December 31, 1998, the Company's total credit line coverage totaled $8.4 billion and $5.0 billion, respectively, of committed facilities. At December 31, 1999, DKB was committed under a $1.7 billion revolving credit facility and a $3.7 billion revolving credit facility with commitments of $93.0 million and $210.0 million, respectively. At December 31, 1998, DKB was a committed bank under a $1.2 billion revolving credit facility and a $3.7 billion revolving credit facility with commitments of $67.5 million and $210.0 million, respectively. Additional information regarding these credit lines can be found in Note 7—"Debt."

The Company has entered into interest rate swap and cross currency interest rate swap agreements with financial institutions acting as principal counterparties, including affiliates of DKB. The notional principal amount outstanding on interest rate swap agreements with DKB totaled $220.0 million at both December 31, 1999 and 1998. The notional principal amount outstanding on foreign currency swaps with DKB totaled $168.6 million at year-end 1999 and 1998. The Company has entered into leveraged leasing arrangements with third party loan participants, including affiliates of DKB. Amounts owed to affiliates of DKB are $398.3 million in 1999 and $431.0 million in 1998.

At December 31, 1999 and 1998, the Company had entered into credit-related commitments with DKB in the form of letters of credit totaling $13.4 million and $12.2 million, respectively, equal to the amount of the single lump sum premium necessary to provide group life insurance coverage to certain eligible retired employees and an amount to fund certain overseas finance receivables.

The Company has entered into cash collateral loan agreements with DKB pursuant to which DKB made four loans to separate cash collateral trusts in order to provide additional security for payments on the certificates of the related contract trusts. These contract trusts were formed for the purpose of securitizing certain recreational vehicle and recreational marine finance receivables. During 1998, the Company replaced DKB's position in two cash collateral loan agreements with a total payment made to DKB of $5.9 million. At December 31, 1999 and 1998, the principal amount outstanding on the cash collateral loans with DKB was $15.7 million and $34.3 million, respectively.

NOTE 22—BUSINESS SEGMENT INFORMATION

MANAGEMENT'S POLICY IN IDENTIFYING REPORTABLE SEGMENTS

The Company's reportable segments are comprised of strategic business units aggregated into segments based upon the commonality of their products, customers, distribution methods, operations and servicing, and the nature of their regulatory environment.

TYPES OF PRODUCTS AND SERVICES

CIT has four reportable segments, Equipment Financing and Leasing, Newcourt, Commercial Finance, and Consumer. Equipment Financing and Leasing, and the former Newcourt operations offer secured lending and leasing products to midsize and larger companies across a variety of industries including aerospace, construction, rail, machine tool, business aircraft, technology, manufacturing and transportation. Prospectively, the Company expects to report the operations of Newcourt by its Vendor Technology Finance and Structured Finance segments. However, for 1999 the Company's internal financial information was prepared for the Newcourt segment only due to the short period and the business restructuring which took place as of year-end. The Commercial Finance segment offers secured lending and receivables collection/management products to small and midsize companies. These include secured revolving lines of credit and term loans, credit protection, accounts receivable collection, import and export financing and factoring, debtor-in-possession and turnaround financing. The Company's Consumer segment offers retail installment sale products to consumers focused primarily on home equity and retail sales financing secured by recreational vehicles and manufactured housing.

SEGMENT PROFIT AND ASSETS

The accounting policies of the segments are the same as those described in the Summary of Significant Accounting Policies. Since the Company generates a majority of its revenue from interest, fees, and asset gains, management relies primarily on net revenues to assess the performance of the segment. The Company evaluates segment performance based on profit after income taxes, as well as asset growth, credit risk management and other factors.

The following table presents reportable segment information and the reconciliation of segment balances to the consolidated financial statement total and to the consolidated managed asset total at or as of December 31, 1999, 1998 and 1997.

Dollars in Millions	Equipment Financing and Leasing	Newcourt	Commercial Finance	Consumer Finance	Total Segments	Corporate and Other	Consolidated Total
December 31, 1999							
Operating revenue	$ 504.6	$ 104.1	$ 429.3	$ 243.1	$ 1,281.1	$ (12.9)	$ 1,268.2
Income taxes	108.2	5.5	100.6	37.5	251.8	(44.2)	207.6
Net income	231.5	7.5	141.4	60.0	440.4	(51.0)	389.4
Total managed assets	19,206.1	16,813.7	7,002.1	7,274.1	50,296.0	137.3	50,433.3
December 31, 1998							
Operating revenue	447.3	—	348.7	222.4	1,018.4	41.8	1,060.2
Income taxes	93.3	—	84.7	27.2	205.2	(20.2)	185.0
Net income	193.9	—	119.1	44.3	357.3	(18.5)	338.8
Total managed assets	13,367.0	—	4,996.2	7,771.2	26,134.4	81.9	26,216.3
December 31, 1997							
Operating revenue	414.8	—	343.5	210.9	969.2	77.3	1,046.5
Income taxes	82.9	—	83.4	31.6	197.9	(19.9)	178.0
Net income	163.4	—	112.7	49.6	325.7	(15.6)	310.1
Total managed assets	11,709.7	—	4,250.8	6,318.6	22,279.1	65.8	22,344.9

Revenues derived from United States based financing and leasing assets were $2,641.0 million, $2,129.9 million and $2,001.6 million for the years ending December 31, 1999, 1998 and 1997, respectively. Revenues derived from foreign based financing and leasing assets were $275.7 million, $140.6 million and $128.9 million for the years ending December 31, 1999, 1998 and 1997, respectively.

NOTE 23—SUMMARIZED FINANCIAL INFORMATION OF SUBSIDIARIES

The following table shows summarized consolidated financial information for Newcourt Credit Group Inc. and for AT&T Capital. AT&T Capital was a subsidiary of Newcourt Credit Group Inc. at December 31, 1999. The Company has guaranteed on a full and unconditional basis the existing registered debt securities and certain other indebtedness of these subsidiaries. The Company has not disclosed related financial statements or other information for these subsidiaries on a stand-alone basis because management does not believe that it is material to debt holders due to the guarantee.

The following summarized consolidated financial information reflects results from the November 15, 1999 acquisition date through December 31, 1999.

Period Ended December 31, 1999	Newcourt Credit Group Inc.	AT&T Capital
Dollars in Millions		
Operating revenue	$ 219.4	$ 30.2
Operating expenses	206.4	31.2
Operating income (loss) before taxes	13.0	(1.0)
Net income (loss)	7.5	(0.7)

At December 31, 1999	Newcourt Credit Group Inc.	AT&T Capital
Assets		
Cash and cash equivalents	$ 423.7	$ 179.0
Financing and leasing portfolio assets	14,122.9	5,250.1
Receivables from affiliates and other assets	2,543.5	5,992.2
Total assets	$17,090.1	$11,421.3
Liabilities And Shareholders' Equity		
Liabilities:		
Debt	$11,822.6	$10,050.6
Other	2,327.4	472.3
Total liabilities	14,150.0	10,522.9
Total shareholders' equity	2,940.1	898.4
Total liabilities and shareholders' equity	$17,090.1	$11,421.3

NOTE 24 — SELECTED QUARTERLY FINANCIAL DATA (Unaudited)

	1999				
Dollars in Millions, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Net finance margin	$212.1	$214.4	$218.2	$272.7	$917.4
Fees and other income	64.7	74.8	81.9	129.4	350.8
Salaries and general operating expenses	105.8	108.0	110.2	192.0	516.0
Provision for credit losses	21.9	23.8	32.2	32.4	110.3
Goodwill amortization	3.2	5.0	4.9	12.6	25.7
Minority interest in subsidiary trust holding solely debentures of the Company	4.8	4.8	4.8	4.8	19.2
Provision for income taxes	49.2	51.3	51.1	56.0	207.6
Net income	$ 91.9	$ 96.3	$ 96.9	$104.3	$389.4
Net income per diluted share	$ 0.57	$ 0.59	$ 0.60	$ 0.49	$ 2.22

	1998				
Dollars in Millions, except per share amounts	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
Net finance margin	$189.7	$200.0	$204.1	$211.0	$804.8
Fees and other income	66.4	60.7	69.0	59.3	255.4
Salaries and general operating expenses	99.4	101.7	103.0	103.6	407.7
Provision for credit losses	22.5	21.9	30.6	24.4	99.4
Goodwill amortization	2.3	2.3	2.3	3.2	10.1
Minority interest in subsidiary trust holding solely debentures of the Company	4.8	4.8	4.8	4.8	19.2
Provision for income taxes	45.4	46.3	46.3	47.0	185.0
Net income	$ 81.7	$ 83.7	$ 86.1	$ 87.3	$338.8
Net income per diluted share	$ 0.50	$ 0.51	$ 0.53	$ 0.54	$ 2.08

MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

The management of The CIT Group and its subsidiaries has the responsibility for preparing the accompanying consolidated financial statements and for their integrity and objectivity. The consolidated financial statements were prepared in accordance with generally accepted accounting principles. The consolidated financial statements include amounts that are based on management's best estimates and judgments. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the consolidated financial statements.

The management of The CIT Group and its subsidiaries is also responsible for establishing and maintaining an effective internal control structure and procedures for financial reporting and safeguarding of assets. Management assesses The CIT Group's internal control structure and procedures for financial reporting and safeguarding of assets based on recognized criteria for effective internal control. Based on their assessments, management believes that The CIT Group maintains an effective internal control structure and procedures for financial reporting and safeguarding of assets as of December 31, 1999. There are inherent limitations in the effectiveness of any system of internal control, and accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation.

The Company maintains a strong internal auditing program that independently assesses the effectiveness of the system of internal control and recommends possible improvements thereto. The accounting firm of KPMG LLP has performed an independent audit of the Company's consolidated financial statements. Their audit was made in accordance with generally accepted auditing standards and considered the Company's internal control structure to the extent they deemed necessary to support their independent auditors' report appearing herein.

The Audit Committee of the Board of Directors, comprised entirely of outside directors, reviews the systems of internal control and financial reporting. The Committee meets and consults regularly with management, the internal auditors and the independent accountants to review the scope and results of their work. Unrestricted access to the Audit Committee is provided to KPMG LLP and the internal audit staff, allowing open discussion, without management's presence, of any matters that they believe require attention.

Albert R. Gamper, Jr.
Chairman, President and
Chief Executive Officer

Joseph M. Leone
Executive Vice President
Chief Financial Officer

William J. Taylor
Executive Vice President
Controller

INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors of The CIT Group, Inc.:

We have audited the accompanying consolidated balance sheets of The CIT Group, Inc. and subsidiaries as of December 31, 1999 and 1998, and the related consolidated statements of income, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The CIT Group, Inc. and subsidiaries at December 31, 1999 and 1998, and the results of their operations and cash flows for each of the years in the three-year period ended December 31, 1999 in conformity with generally accepted accounting principles.

KPMG LLP

Short Hills, New Jersey
February 2, 2000

COMMERCIAL PAPER

The CIT Group, Inc. is a direct issuer of commercial paper and therefore is able to design each transaction based on investors' individual requirements. The Company's commercial paper is rated "P-1" by Moody's Investor Services, "D-1+" by Duff & Phelps Rating Company, and "A-1" by Standard & Poor's Corporation.

Interest is quoted on a daily, fixed-rate basis. Notes may be purchased at a discount or at the face amount. Both methods of purchase result in an equal rate of return to the investor. Notes are sold in thousand dollar increments with a minimum denomination of $100,000 and maturities up to 270 days. Delivery and payment for commercial paper transactions are settled with the investor's custody agent through the Depository Trust Company.

Current rates of interest may be obtained and purchases arranged by calling (800) 345-9017. Investors may also place commercial paper orders through the Bloomberg Electronic Trading System.

VARIABLE RATE AND FIXED RATE DEBT

The Company periodically issues variable rate and fixed rate debt in the public market and also places it privately with lending institutions. Publicly issued variable rate and fixed rate senior debt is rated "A1" by Moody's, "AA-" by Duff & Phelps and "A+" by Standard & Poor's. Senior subordinated long term notes and debentures are rated "A2" by Moody's, "A+" by Duff & Phelps, and "A" by Standard & Poor's.

INFORMATION REQUESTS

Upon request, the Company will provide a 1999 Annual Report on Form 10-K and all quarterly reports on Form 10-Q as filed with the Securities and Exchange Commission. There is no charge for these documents. Please direct your request and questions to:

Investor Relations Department
The CIT Group, Inc.
650 CIT Drive
Livingston, New Jersey 07039
Telephone: (888) 857-9598

STOCK EXCHANGE

The CIT Group common stock is listed on the New York Stock Exchange under the ticker symbol "CIT" and on the Toronto Stock Exchange under the ticker "CGN.U". The CIT Group exchangeable shares are listed on the Toronto Exchange only under the ticker "CGX.U".

TRANSFER AGENT AND REGISTRAR

To transfer stock, research lost certificates, change mailing addresses, eliminate duplicate mailings, or for questions regarding payment of dividends:

Address Shareholder Inquiries to:
The Bank of New York
Shareholder Relations Department – 11E
P.O. Box 11258
Church Street Station
New York, New York 10286
Telephone: (800) 524-4458
E-Mail Address: Shareholder-svcs@bankofny.com
Stock Transfer Website: http://stock.bankofny.com

Send Certificates for Transfer and Address Changes To:
The Bank of New York
Receive and Deliver Department – 11W
P.O. Box 11002
Church Street Station
New York, New York 10286

ANALYST INQUIRIES

Research analysts and institutional investors may direct their questions to:

James J. Egan – Executive Vice President
Investor Relations and Corporate Planning

The CIT Group, Inc.
650 CIT Drive
Livingston, New Jersey 07039
Telephone: (973) 535-5911
Fax: (973) 597-2045
E-Mail Address: james.egan@cit.com

CANADIAN RESIDENTS SEEKING TO TRANSFER CERTIFICATES

The Montreal Trust Company of Canada
151 Front Street West — 8th Floor
Toronto, Ontario M5J 2NI
Canada
1-800-663-9097

MEDIA INQUIRIES

Requests for general information or questions from the news media should be directed to:

Michael J. McGowan – Vice President
Communications Services
The CIT Group, Inc.
650 CIT Drive
Livingston, New Jersey 07039
Telephone: (973) 535-3506
Fax: (973) 740-5132
E-Mail Address: michael.mcgowan@cit.com

STOCK PRICE

During 1999, based upon the last reported sale prices for each trading day, the stock price had a high of $34.1875, a low of $17.8125 and closed at $21.125 on December 31, 1999.

DIVIDENDS

Dividends per share paid out on the following dates:
June 1, 1999 – $.10
August 31, 1999 – $.10
November 30, 1999 – $.10
February 28, 2000 – $.10

For more information on The CIT Group, Inc. please visit our website at: http://www.cit.com

BOARD OF DIRECTORS

HISAO KOBAYASHI (1)
Chairman, The CIT Group, Inc. (Retired)
Senior Advisor
The Dai-Ichi Kangyo Bank, Limited
Tokyo

ALBERT R. GAMPER, JR. (2)
Chairman, President
and Chief Executive Officer
The CIT Group, Inc.

DANIEL P. AMOS (3)
President and Chief Executive Officer
AFLAC Inc. and American Family Life
Assurance Company of Columbus

KEIJI TORII (4)
Director and General Manager
The Dai-Ichi Kangyo Bank, Limited
New York Branch

DAVID F. BANKS (5)
Non-Executive Vice Chairman
The CIT Group, Inc.

ANTHEA DISNEY (6)
Executive Vice President – Content
News Corporation

WILLIAM A. FARLINGER (7)
Chairman
Ontario Hydro

GUY HANDS (8)
Managing Director
Principal Finance Group
Nomura International PLC

HON. THOMAS H. KEAN (9)
President, Drew University
Former Governor of New Jersey

PAUL MORTON (10)
President
Security Investment Corp., Ltd.

WILLIAM M. O'GRADY (11)
Executive Vice President and
Chief Administrative Officer
The CIT Group, Inc.

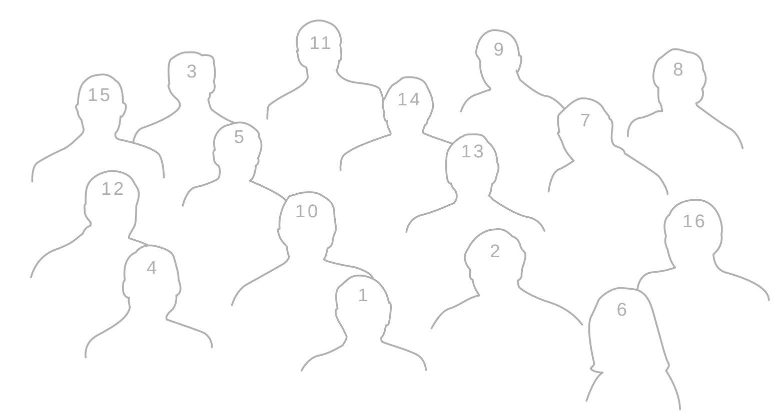
JOSEPH A. POLLICINO (12)
Vice Chairman and
Chief Risk Officer
The CIT Group, Inc.

PAUL N. ROTH (13)
Partner
Schulte Roth & Zabel LLC

PETER J. TOBIN (14)
Dean, College of Business Administration
St. John's University

THEODORE V. WELLS, JR. (15)
Partner
Paul Weiss Rifkind Wharton & Garrison

ALAN F. WHITE (16)
Senior Associate Dean
Massachusetts Institute of Technology
Alfred P. Sloan School of Management



ALBERT R. GAMPER, JR.
Chairman, President and
Chief Executive Officer

JOSEPH A. POLLICINO
Vice Chairman and Chief Risk Officer

THOMAS B. HALLMAN
Group CEO
Consumer Finance

JOSEPH M. LEONE
Executive Vice President
and Chief Financial Officer

LAWRENCE A. MARSIELLO
Group CEO
Commercial Finance

DAVID D. MCKERROLL
Group CEO
Structured Finance

ROBERT J. MERRITT
Group CEO
Equipment Financing

BRADLEY D. NULLMEYER
Group CEO
Vendor Technology Finance

WILLIAM M. O'GRADY
Executive Vice President and
Chief Administrative Officer

ERNEST D. STEIN
Executive Vice President,
General Counsel and Secretary

NIKITA ZDANOW
Group CEO
Capital Finance

The CIT Group, Inc. is composed of six operating groups strategically focused to offer financing and leasing products and services throughout the world to commercial and consumer markets.

CAPITAL FINANCE
1211 Avenue of the Americas
New York, New York 10036

COMMERCIAL FINANCE
1211 Avenue of the Americas
New York, New York 10036

CONSUMER FINANCE
650 CIT Drive
Livingston, New Jersey 07039

EQUIPMENT FINANCING
650 CIT Drive
Livingston, New Jersey 07039

STRUCTURED FINANCE
207 Queen's Quay West
Suite 700
Toronto, Ontario, Canada
M5J 1A7

VENDOR TECHNOLOGY FINANCE
2 Gatehall Drive
Parsippany, New Jersey 07054

SPECIALIZED GROUPS

Equity Investments & Venture Capital
44 Whippany Road
Morristown, New Jersey 07960

Originates and participates in merger and acquisition transactions, purchasing private equity and equity-related securities, and arranging transaction financing. The operations also invest in emerging growth opportunities in selected industries, including information technology, communications and consumer products.

Multi-National Marketing Group
1211 Avenue of the Americas
New York, New York 10036

Markets the services of CIT's business groups to the U.S.-based subsidiaries of foreign corporations in need of asset-based financing. Assists and supports the worldwide investments of U.S. corporations.

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