



CIT Receives Preliminary Approval for \$2.33 B Investment by the U.S. Treasury Pursuant To the Cap Purchase Program; Extends Expiration Date of Notes Exchange Offer

Dow Jones & Company, Inc. -- December 23, 2008

DOW JONES NEWSWIRES

The Treasury Department Tuesday has granted preliminary approval of a \$2.33 billion investment in CIT Group Inc. (CIT) as part of its \$700 billion bailout program for the financial industry.

The company's shares were recently up 12% to \$4.69 in premarket trading.

The approval means CIT, which makes loans to businesses and individuals, has succeeded in its bid to become a bank holding company, a requirement to take part in the government's Troubled Assets Relief Program. The company had applied for as much as \$2.5 billion in aid.

CIT joins the ranks of newly created bank holding companies such as Morgan Stanley (MS) and Goldman Sachs Group Inc. (GS), which earned the status in September.

The company had said it expected the government plan to provide it with greater access to capital, allowing it to continue its current operations and increase its deposit-taking capabilities, which would further stabilize and diversify its business. It said last month it remains committed to providing loans to small and midsize businesses that have been struggling to get loans amid the global credit crunch.

CIT relies on its ability to raise money in the capital markets to pay for the loans it makes to businesses and individuals. But the company's access to funding evaporated in March, prompting the century-old firm to drain a \$7.3 billion credit line. Since then, CIT had been looking to slim down and unloaded its home-lending business in July.

The commissioner of Utah's Department of Financial Institutions also approved the application of CIT's wholly owned unit, CIT Bank, to convert to a Utah state bank from an industrial bank. Holders of such charters can offer many of the same products, including loans and credit cards, as commercial banks but aren't subject to the more stringent regulation of a bank holding company.

CIT also said it is extending the expiration date on its notes exchange to 5 p.m. EST Tuesday. The company was looking to raise \$1.4 billion of regulatory capital, although it has said it expects to generate even more, to support its bank-holding bid.

-By Kerry E. Grace, Dow Jones Newswires; 201-938-5089; kerry.grace@dowjones.com