

**Bloomberg**  
**CIT May Raise Up to \$12 Billion From Sales, Financing (Update2)**  
May 20, 2008

By Joyce Moullakis

May 20 (Bloomberg) -- CIT Group Inc., the business lender that lost money for four straight quarters, may raise as much as \$12 billion more through asset sales and financing, Chief Executive Officer Jeffrey Peek said.

Peek also said at a conference in London today that New York-based CIT, the largest independent lender to U.S. businesses, plans to cut costs by \$100 million this year as it cuts more than 1,000 jobs.

"We will have a smaller balance sheet," said Peek, who joined CIT as chief operating officer from Merrill Lynch & Co. in 2003. CIT "will be pretty much exclusively focused on commercial finance for the middle market."

Peek, 61, has already drawn down \$7.3 billion of emergency credit, announced the sale of more than \$5 billion in assets, raised \$1.5 billion by selling shares and cut the dividend. The moves aimed to quell concern about the 100-year-old company's solvency after bad home and student loans produced a \$249.7 million first-quarter loss, the fourth in a row.

He said the company won't be a "serial issuer" of new shares as it concentrates on selling assets and secured financing to raise between \$8 billion and \$12 billion this year.

"We have adequate cash that takes us into 2009," Peek said. "We have plenty of capacity to evaluate our options, and we are not in a position where we have to respond to fire-sale alternatives."

#### Rail-Car Sale

The company, founded in 1908 as the Commercial Credit and Investment Co., received "preliminary" interest for its rail-car leasing unit that suggests a sale may raise \$3.5 billion, Peek said. CIT also expects to sell about \$500 million of aircraft in the second quarter, he said.

CIT has also been approached by private equity firms, which also have funding constraints, Peek said. "Most of them have their own issues," he said.

Peek said the company's focus on asset sales and secured financing "assumes that the unsecured market stays pretty unattractive for companies like CIT."

The company's consumer mortgage and student loan books are in "liquidation mode," he said, as the company narrows its focus on commercial finance, Peek said.

Peek joined CIT after losing a power struggle in 2001 at Merrill Lynch, where he had been in the running to be president. Since he became CIT's CEO in 2004, the stock has fallen 25 percent.

CIT shares fell 53 cents to \$11.56 at 12:29 p.m. in New York Stock Exchange trading.

CIT was the first company to offer automobile financing, making loans to buyers of Studebaker cars. It diversified into industrial financing and went public in 1924, according to Hoovers Handbook of company histories.

The company spent a year as a unit of Tyco International Ltd., which paid \$9.5 billion to buy CIT in 2001.