CIT GROUP INC
Form 10-Q
November 09, 2010

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

|X| Quarterly Report Pursuant to Section 13 or 15(d) or of the Securities Exchange Act of 1934 *For the quarterly period ended September 30, 2010*	| | Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Commission File Number: 001-31369

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

Delaware (State or other jurisdiction of incorporation or organization)	**65-1051192** (IRS Employer Identification Number)
505 Fifth Avenue, New York, New York (Address of Registrant s principal executive offices)	**10017** (Zip Code)
(212) 771-0505 (Registrant s telephone number)	

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes |X| No |_|

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. Large accelerated filer |X| Accelerated filer |_| Non-accelerated filer |_| Smaller reporting company |_|.

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

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13, or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes |X| No |_|

As of October 31, 2010 there were 200,250,036 shares of the registrant s common stock outstanding.

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Part One Financial Information

ITEM 1. Consolidated Financial Statements

CIT GROUP INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (Unaudited) (dollars in millions except share data)

	September 30, 2010	December 31, 2009
		Revised
Assets		
Cash and due from banks	$ 714.2	$ 1,289.5
Interest bearing deposits, including restricted balances of $1,588.1 at September 30, 2010 and $1,420.7 at December 31, 2009[1]	10,463.8	8,536.4
Trading assets at fair value - derivatives	45.2	44.1
Assets held for sale[1]	887.7	343.8
Loans (see Note 4 for amounts pledged)	26,753.4	34,879.1
Allowance for loan losses	(397.1)	
Total loans, net of allowance for loan losses[1]	26,356.3	34,879.1
Operating lease equipment, net (see Note 4 for amounts pledged)[1]	10,964.5	10,910.0
Unsecured counterparty receivable	682.5	1,094.5
Goodwill	255.1	255.1
Intangible assets, net	136.3	225.1
Other assets	2,476.4	2,451.5
Total Assets	**$ 52,982.0**	**$ 60,029.1**
Liabilities		
Deposits	$ 4,788.6	$ 5,218.6
Trading liabilities at fair value - derivatives	123.0	41.9
Credit balances of factoring clients	959.2	892.9
Other liabilities	2,339.7	2,211.3
Long-term borrowings, including $3,942.9 and $4,629.5 contractually due within twelve months at September 30, 2010 and December 31, 2009, respectively	35,940.7	43,263.0
Total Liabilities	**44,151.2**	**51,627.7**
Stockholders Equity		
Common stock: $0.01 par value, 600,000,000 authorized		
Issued: 200,374,631 at September 30, 2010 and 200,035,561 December 31,	2.0	2.0

2009 Outstanding: 200,250,036 at September 30, 2010 and 200,035,561 at December 31, 2009		
Paid-in capital	8,426.6	8,398.0
Retained earnings	403.9	
Accumulated other comprehensive income	1.1	
Treasury stock: 124,595 shares at September 30, 2010 at cost	(4.0)	
Total Common Stockholders Equity	**8,829.6**	**8,400.0**
Noncontrolling minority interests	1.2	1.4
Total Equity	**8,830.8**	**8,401.4**
Total Liabilities and Equity	**$ 52,982.0**	**$ 60,029.1**

[1] The following table presents information on assets and liabilities related to Variable Interest Entities (VIEs) that are consolidated by the Company. The difference between total VIE assets and liabilities represents the Company s interests in those entities, which were eliminated in consolidation. The assets of the consolidated VIEs will be used to settle the liabilities of those entities and, except for the Company s interest in the VIEs, are not available to the creditors of CIT or any affiliates of CIT.

Assets		
Interest bearing deposits, restricted	$ 772.4	$ 655.3
Assets held for sale	321.3	6.6
Total loans, net of allowance for loan losses (see Note 4 for amounts pledged)	12,661.1	13,501.9
Operating lease equipment, net	2,754.4	3,689.8
Total Assets	**$ 16,509.2**	**$ 17,853.6**
Liabilities		
Beneficial interests issued by consolidated VIEs (long-term borrowings)	$ 11,350.3	$ 13,662.7
Total Liabilities	**$ 11,350.3**	**$ 13,662.7**

See Notes to Consolidated Financial Statements.

CIT GROUP INC. AND SUBSIDIARIES

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

	Quarters Ended September 30,		Nine Months Ended September 30,	
	CIT 2010	**Predecessor CIT 2009**	**CIT 2010**	**Predecessor CIT 2009**
Interest income				
Interest and fees on loans	$ 809.5	$ 549.6	$ 2,884.7	$ 1,784.7
Interest and dividends on investments	6.2	7.0	18.0	26.0
Interest income	815.7	556.6	2,902.7	1,810.7
Interest expense				
Interest on long-term borrowings	(706.9)	(648.0)	(2,300.2)	(1,876.9)
Interest on deposits	(25.3)	(45.8)	(77.5)	(107.6)
Interest expense	(732.2)	(693.8)	(2,377.7)	(1,984.5)
Net interest revenue	83.5	(137.2)	525.0	(173.8)
Provision for credit losses	(165.2)	(701.8)	(636.0)	(1,825.7)
Net interest revenue, after credit provision	(81.7)	(839.0)	(111.0)	(1,999.5)
Other income				
Rental income on operating leases	398.4	471.7	1,236.3	1,420.4
Other	269.4	(166.8)	760.3	(177.6)
Total other income	667.8	304.9	1,996.6	1,242.8
Total revenue, net of interest expense and credit provision	**586.1**	**(534.1)**	**1,885.6**	**(756.7)**
Other expenses				
Depreciation on operating lease equipment	(161.7)	(282.6)	(512.9)	(851.2)
Operating expenses	(228.8)	(249.7)	(767.2)	(706.2)
Goodwill and intangible assets impairment charges				(692.4)
Total other expenses	(390.5)	(532.3)	(1,280.1)	(2,249.8)

Income before provision for income taxes	195.6	(1,066.4)	605.5	(3,006.5)
Provision for income taxes	(64.2)	33.1	(187.2)	12.4
Net income (loss) before preferred stock dividends	131.4	(1,033.3)	418.3	(2,994.1)
Preferred stock dividends and amortization of discount		(41.2)		(163.2)
Net income before attribution of noncontrolling interests	131.4	(1,074.5)	418.3	(3,157.3)
Net (income) loss attributable to noncontrolling interests, after tax	0.1			0.2
Net income (loss) available (attributable) to common shareholders	$ 131.5	$ (1,074.5)	$ 418.3	$ (3,157.1)
Basic earnings per common share	$ 0.66	$ (2.74)	$ 2.09	$ (8.08)
Diluted earnings per common share	$ 0.66	$ (2.74)	$ 2.09	$ (8.08)
Average number of common shares - basic (thousands)	200,323	392,195	200,147	390,614
Average number of common shares - diluted (thousands)	200,668	392,195	200,464	390,614
Cash dividends per common share				0.02

See Notes to Consolidated Financial Statements.

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CIT GROUP INC. AND SUBSIDIARIES

Consolidated Statement of Stockholders Equity (Unaudited) (dollars in millions)

	Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income / (Loss)	Treasury Stock	Noncontrolling Interest in Subsidiaries	Total Stockholders Equity
December 31, 2009	$ 2.0	$ 8,398.0	$	$	$	$ 1.4	$ 8,401.4
Adoption of new accounting pronouncement			(14.4)				(14.4)
Net income			418.3				418.3
Foreign currency translation adjustments				0.6			0.6
Unrealized gain on available for sale equity investments, net				0.8			0.8
Minimum pension liability adjustment				(0.3)			(0.3)
Total comprehensive income							419.4
Restricted stock and stock option expenses		28.6			(4.0)		24.6
Distribution of earnings and capital						(0.2)	(0.2)
September 30, 2010	$ 2.0	$ 8,426.6	$ 403.9	$ 1.1	$ (4.0)	$ 1.2	$ 8,830.8

See Notes to Consolidated Financial Statements.

CIT GROUP INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited) (dollars in millions)

	Nine Months Ended September 30,	
	CIT 2010	**Predecessor CIT 2009**
Cash Flows From Operations		
Net income (loss) before preferred stock dividends	$ 418.3	$ (2,993.9)
Adjustments to reconcile net income (loss) to net cash flows from operations:		
Provision for credit losses	636.0	1,825.7
Net depreciation, amortization and (accretion)	(366.8)	1,055.5
Goodwill and intangible assets impairment charges		692.4
(Gains) loss on equipment, receivable and investment sales	(331.0)	514.3
Provision (benefit) for deferred income taxes	109.2	(2.9)
Decrease in finance receivables held for sale	13.1	19.4
Warrant fair value adjustment		(70.6)
Gain on debt and debt-related derivative extinguishments		(207.2)
Increase in other assets	(355.2)	(1.2)
Increase in accrued liabilities and payables	157.6	560.4
Net cash flows provided by operations	281.2	1,391.9
Cash Flows From Investing Activities		
Finance receivables extended and purchased	(13,791.5)	(21,457.7)
Principal collections of finance receivables and investments	19,439.7	23,633.0
Proceeds from asset and receivable sales	3,912.5	1,850.0
Purchases of assets to be leased and other equipment	(867.6)	(1,177.3)
Net decrease (increase) in short-term factoring receivables	346.4	(120.5)
Change in restricted cash	(167.4)	1,198.4
Net proceeds from sale of discontinued operation		44.2
Net cash flows provided by investing activities	8,872.1	3,970.1
Cash Flows From Financing Activities		
Proceeds from the issuance of term debt	2,662.9	7,966.7
Repayments of term debt	(10,266.3)	(17,181.9)
Net (decrease) increase in deposits	(401.9)	2,606.9
Net repayments of non-recourse leveraged lease debt	(17.7)	(28.6)
Collection of security deposits and maintenance funds	542.2	700.1
Repayment of security deposits and maintenance funds	(487.8)	(637.3)
Cash dividends paid		(91.3)

Other				(53.3)
Net cash flows used in financing activities		(7,968.6)		(6,718.7)
Increase (decrease) in unrestricted cash and cash equivalents		1,184.7		(1,356.7)
Unrestricted cash and cash equivalents, beginning of period		8,405.2		6,263.3
Unrestricted cash and cash equivalents, end of period	**$**	**9,589.9**	**$**	**4,906.6**
Supplementary Cash Flow Disclosure				
Interest paid	$	2,092.4	$	1,820.0
Federal, foreign, state and local income taxes collected, net	$	3.1	$	(75.9)
Supplementary Non Cash Flow Disclosure				
Net transfer of finance receivables from held for investment to held for sale	$	2,082.7	$	458.3

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

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CIT GROUP INC. AND SUBSIDIARIES NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation and Basis of Presentation

The accompanying consolidated financial statements include financial information related to CIT Group Inc. and its majority owned subsidiaries, including CIT Bank (collectively, CIT or the Company), and those variable interest entities (VIEs) where the Company is primary beneficiary. CIT is a bank holding company and provides commercial financing and leasing products and other services to small and middle market companies in a wide variety of industries.

On November 1, 2009, CIT Group Inc. (Predecessor CIT) and CIT Group Funding Company of Delaware LLC (Delaware Funding and together with Predecessor CIT, the Debtors) filed voluntary petitions for relief under Chapter 11 of the U.S. Bankruptcy Code (the Bankruptcy Code). As a result of the Debtors emergence from bankruptcy and implementation of the Modified Second Amended Prepackaged Reorganization Plan of Debtors (the Plan) on December 10, 2009 (the Emergence Date), CIT Group Inc. (Successor CIT) became a new reporting entity for financial reporting purposes, effective December 31, 2009 (the Convenience Date), with a new basis in identifiable assets and liabilities assumed, a new capital structure and no retained earnings or accumulated losses. Predecessor CIT s Consolidated Statements of Operation for the quarter and nine months ended September 30, 2009 and Cash Flows for the nine months ended September 30, 2009 are not comparable to the consolidated financial statements for the respective 2010 periods and are presented separately from Successor CIT. See the Company s Annual Report on Form 10-K for the year ended December 31, 2009 (Form 10-K), Note 1 and Note 2 for additional Fresh Start Accounting (FSA) and reorganization information.

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

The consolidated financial statements include effects of adopting FSA upon emergence from bankruptcy, as required by generally accepted accounting principles in the United States of America (GAAP). In applying FSA, the Company designated December 31, 2009 as a convenience date (the (Convenience Date) for recording fair value adjustments to assets, liabilities and equity. Accretion and amortization of certain FSA adjustments are included in the Statement of Operations for the quarter and nine months ended September 30, 2010.

These consolidated financial statements, which have been prepared in accordance with the instructions to Form 10-Q, do not include all information and note disclosures required by GAAP. The financial statements in this Form 10-Q have not been audited by an independent registered public accounting firm in accordance with standards of the Public Company Accounting Oversight Board (U.S.), but in the opinion of management include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of CIT s financial position, results of operations and cash flows in accordance with GAAP. These consolidated financial statements should be read in conjunction with our Form 10-K.

On January 1, 2010, the Company implemented new consolidation accounting guidance related to VIEs. The new guidance eliminated the concept of qualified special purpose entities (QSPEs) that were previously exempt from consolidation, and introduced a new framework for determining the primary beneficiary of a VIE. The primary beneficiary of a VIE is required to consolidate the assets and liabilities of the VIE. Under the new guidance, the primary beneficiary is the party that has both (1) the power to direct the activities of an entity that most significantly impact the VIE s economic performance; and (2) through its interests in the VIE, the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. Consolidation eliminated the retained interest and increased Cash ($105 million), Loans ($821 million), Allowance for loan losses ($40 million), Long-term borrowings ($738 million), and Other liabilities ($17 million) as of January 1, 2010. Equity decreased by approximately $14 million as of January 1, 2010.

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All significant inter-company accounts and transactions have been eliminated. Assets held in an agency or fiduciary capacity are not included in the consolidated financial statements. The Company accounts for investments in companies for which it owns a voting interest of 20 percent to 50 percent and for which it has an ability to exercise significant influence over operations and financial decisions using the equity method of accounting. These investments are included in Other Assets and the Company s proportionate share of net income or loss is included in Other Income.

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

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

On August 12, 2009, CIT entered into a Written Agreement with the Federal Reserve Bank of New York. The Company continues to provide required periodic reports relating to: corporate governance, credit risk management, capital, liquidity and funds management, business trends, as appropriate, and the allowance for loan losses methodology.

Accounting Pronouncements

In January 2010, FASB issued Accounting Standards Update 2010-06, *Fair Value Measurements and Disclosures* (Topic 820). This update enhances disclosures about (1) different classes of assets and liabilities measured at fair value, (2) valuation techniques and inputs used, (3) transfers between Levels 1, 2, and 3, and (4) activity in Level 3 fair value measurements. Except for the detailed Level 3 rollforward disclosures, this guidance was adopted and did not have a material impact on the Company s financial statement disclosures. Disclosure of activity in Level 3 fair value measurements is effective for fiscal years and interim periods beginning after December 15, 2010.

In July 2010, the Company adopted *Accounting Standards Update 2010-18, Effect of a Loan Modification When the Loan Is Part of a Pool That Is Accounted for as a Single Asset* (Topic 310) which provides guidance concerning whether an individual loan that is part of a pool of loans accounted for as a single asset should be removed from the pool upon modifications that would otherwise qualify as a troubled debt restructuring. The adoption of this update did not materially impact the Company s financial condition and results of operations.

In July 2010, the FASB issued Accounting Standards Update 2010-20, *Disclosures about the Credit Quality of Financing Receivables and the Allowance for Credit Losses*, which provides guidance that will require enhanced disclosures surrounding the credit characteristics of the Company s loan portfolio. Under the new guidance, the Company will be required to disclose its accounting policies, the methods it uses to determine the components of the allowance for credit losses, and qualitative and quantitative information about the credit risk inherent in the loan portfolio, including additional information on certain types of loan modifications. For the Company, the new disclosures are effective for the 2010 Annual Report on Form 10-K. The new disclosures on the rollforward of the allowance for credit losses and the new disclosures about troubled debt modifications are effective for the first quarter 2011 Form 10-Q. The adoption of this guidance will affect CIT s disclosures of loans and not its financial condition or results of operations.

NOTE 2 PRIOR PERIOD REVISIONS

In preparing the consolidated financial statements for the quarter ended September 30, 2010, the Company discovered and corrected immaterial errors that impacted the 2010 first and second quarter results and had a de minimis impact on the post-emergence December 31, 2009 balance sheet. The net effect of these errors was an understatement of pre-tax income totaling $34.3 million and $22.5 million for the quarters ended June 30 and March 31, 2010, respectively, and goodwill totaling $15.7 million at December 31, 2009. While the adjustments were primarily related to the complexities of FSA and the accounting for the related activity, some other errors were identified as well. While these errors did not, individually or in the aggregate, result in a material misstatement of the Company s previously issued consolidated financial statements, correcting these items in the third quarter would have been material to the third quarter results. Accordingly, management has revised in this filing and will revise in its 2010 Form 10-K and its subsequent quarterly filings on Form 10-Q, its previously reported December 31, 2009 balance sheet and March 31, 2010 and June 30, 2010 Consolidated Statements of Operations. All comparison to those periods and year to date 2010 reflect the revised amounts.

The Consolidated Statement of Operations for the noted quarter and six month periods are revised as follows:

	Quarter Ended June 30, 2010			Quarter Ended March 31, 2010			Six Months Ended June 30, 2010		
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
Interest income									
Interest and fees on loans[1]	$ 987.2	$ 6.4	$ 993.6	$ 1,043.5	$ 38.1	$ 1,081.6	$ 2,030.7	$ 44.5	$ 2,075.2
Interest and dividends on investments	6.3		6.3	5.5		5.5	11.8		11.8
Total interest income	993.5	6.4	999.9	1,049.0	38.1	1,087.1	2,042.5	44.5	2,087.0
Interest expense									
Interest on long-term borrowings[2]	(784.7)	(1.3)	(786.0)	(807.7)	0.4	(807.3)	(1,592.4)	(0.9)	(1,593.3)
Interest on deposits[3]	(28.9)	3.6	(25.3)	(30.1)	3.2	(26.9)	(59.0)	6.8	(52.2)
Total interest expense	(813.6)	2.3	(811.3)	(837.8)	3.6	(834.2)	(1,651.4)	5.9	(1,645.5)
Net interest revenue	179.9	8.7	188.6	211.2	41.7	252.9	391.1	50.4	441.5
Provision for credit losses[4]	(260.7)	16.4	(244.3)	(186.6)	(39.9)	(226.5)	(447.3)	(23.5)	(470.8)
Net interest revenue, after credit provision	(80.8)	25.1	(55.7)	24.6	1.8	26.4	(56.2)	26.9	(29.3)
Other income									
Rental income on operating leases	419.7		419.7	418.2		418.2	837.9		837.9
Other[5],[6]	330.6	8.9	339.5	132.2	19.2	151.4	462.8	28.1	490.9
Total other income	750.3	8.9	759.2	550.4	19.2	569.6	1,300.7	28.1	1,328.8
Other expenses									
Depreciation on operating lease equipment	(179.0)	0.5	(178.5)	(173.5)	0.8	(172.7)	(352.5)	1.3	(351.2)
Operating expenses	(277.0)	(0.2)	(277.2)	(261.9)	0.7	(261.2)	(538.9)	0.5	(538.4)
Total other expenses	(456.0)	0.3	(455.7)	(435.4)	1.5	(433.9)	(891.4)	1.8	(889.6)
Income before provision for income taxes	213.5	34.3	247.8	139.6	22.5	162.1	353.1	56.8	409.9
Provision for income taxes[7]	(71.1)	(5.0)	(76.1)	(42.5)	(4.4)	(46.9)	(113.6)	(9.4)	(123.0)
Net income before attribution of noncontrolling interests	142.4	29.3	171.7	97.1	18.1	115.2	239.5	47.4	286.9

Net (income) loss attributable to noncontrolling interests, after tax	(0.3)		(0.3)	0.2		0.2	(0.1)		(0.1)
Net income	$ 142.1	$ 29.3	$ 171.4	$ 97.3	$ 18.1	$ 115.4	$ 239.4	$ 47.4	$ 286.8
Basic earnings per common share	$ 0.71	$ 0.15	$ 0.86	$ 0.49	$ 0.09	$ 0.58	$ 1.20	$ 0.23	$ 1.43
Average number of common shares - basic (thousands)	200,075		200,075	200,040		200,040	200,057		200,057
Diluted earnings per common share	$ 0.71	$ 0.14	$ 0.85	$ 0.49	$ 0.09	$ 0.58	$ 1.19	$ 0.24	$ 1.43
Average number of common shares - diluted (thousands)	200,644		200,644	200,076		200,076	200,359		200,359

(1) As noted in the Company s June 30, 2010 Form 10-Q, in the 2010 second quarter the Company corrected certain 2010 first quarter accretion-related errors associated with performing loans in the Corporate Finance and Transportation Finance segments. In connection with these revisions, $10.9 million of accretion income that had been incorrectly reported in the second quarter is now correctly reported in the first quarter. In addition, these revisions include corrections of certain other accretion-related errors identified in the quarter ended September 30, 2010, associated with an additional group of Corporate Finance segment loans for which accretion income had not been correctly recorded in the quarters ended March 31 and June 30, 2010.

(2) Interest expense on long-term borrowings has been revised to correct the duplicative recognition of certain interest charges in the quarters ended March 31 and June 30, 2010.

(3) Interest on deposits has been revised to remove amortization of capitalized broker deposit fees that should have been written off at December 31, 2009 in conjunction with the application of FSA.

(4) The Provision for credit losses has been revised principally to correct the inappropriate utilization of approximately $35 million of non-accretable discount in the first quarter of 2010 to offset loan impairments that should have been charged to provision for credit losses in that quarter, as well as reverse approximately $10 million of impairment charges taken in the second quarter of 2010 that should not have been recognized after re-establishing the aforementioned non-accretable discount.

(5) Other income has been revised upward in the first and second quarters of 2010 to record fees earned on a Vendor Finance liquidating portfolio that had been incorrectly deferred.

(6) Other income has been increased in the first quarter of 2010, and decreased in the second quarter, to correct errors in the recording of gains on certain asset sales as well as gains associated with certain derivative financial instruments.

(7) Provision for income taxes was increased as a result of recording these adjustments.

The impact of revising the Consolidated Balance Sheets is as follows:

	At June 30, 2010			At March 31, 2010			At December 31, 2009		
Assets	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
Total cash and deposits	$ 10,666.4	$	$ 10,666.4	$ 10,015.6	$	$ 10,015.6	$ 9,825.9	$	$ 9,825.9
Trading assets at fair value - derivatives	216.1		216.1	93.5		93.5	44.1		44.1
Assets held for sale	572.5		572.5	1,368.8		1,368.8	343.8		343.8
Loans(1)	28,883.2	46.3	28,929.5	32,025.7	31.1	32,056.8	34,865.8	13.3	34,879.1
Allowance for loan losses(2)	(337.8)	10.0	(327.8)	(180.8)	(6.3)	(187.1)			
Total loans, net of allowance for loan losses	28,545.4	56.3	28,601.7	31,844.9	24.8	31,869.7	34,865.8	13.3	34,879.1
Operating lease equipment, net	10,950.7	1.4	10,952.1	10,931.0	0.8	10,931.8	10,910.0		10,910.0
Goodwill and intangible assets, net(3)	407.9	15.7	423.6	440.9	15.7	456.6	464.5	15.7	480.2
Unsecured counterparty receivable	818.7		818.7	914.6		914.6	1,094.5		1,094.5
Other assets(4)	2,739.1	(25.1)	2,714.0	2,451.2	(28.9)	2,422.3	2,480.5	(29.0)	2,451.5
Total assets	$ 54,916.8	$ 48.3	$ 54,965.1	$ 58,060.5	$ 12.4	$ 58,072.9	$ 60,029.1	$	$ 60,029.1
Liabilities									
Deposits	$ 4,708.9	$	$ 4,708.9	$ 4,853.6	$	$ 4,853.6	$ 5,218.6	$	$ 5,218.6
Trading liabilities at fair value - derivatives	46.9		46.9	55.7		55.7	41.9		41.9
Credit balances of factoring clients	877.3		877.3	881.1		881.1	892.9		892.9
Other liabilities	2,373.3	0.9	2,374.2	2,372.0	(1.7)	2,370.3	2,211.3		2,211.3
Total long-term borrowings	38,276.5		38,276.5	41,369.1		41,369.1	43,263.0		43,263.0
Total liabilities	46,282.9	0.9	46,283.8	49,531.5	(1.7)	49,529.8	51,627.7		51,627.7
Equity									
Stockholders equity									

$

Common stock	2.0		2.0	2.0		2.0	2.0		2.0
Paid-in capital	8,419.1		8,419.1	8,403.8		8,403.8	8,398.0		8,398.0
Accumulated earnings(5)	225.0	47.4	272.4	82.9	18.1	101.0			
Accumulated other comprehensive (loss) income	(9.7)		(9.7)	39.2	(4.0)	35.2			
Treasury stock, at cost	(4.0)		(4.0)	(0.1)		(0.1)			
Total common stockholders equity	8,632.4	47.4	8,679.8	8,527.8	14.1	8,541.9	8,400.0		8,400.0
Noncontrolling interests	1.5		1.5	1.2		1.2	1.4		1.4
Total equity	8,633.9	47.4	8,681.3	8,529.0	14.1	8,543.1	8,401.4		8,401.4
Total liabilities and equity	$ 54,916.8	$ 48.3	$ 54,965.1	$ 58,060.5	$ 12.4	$ 58,072.9	$ 60,029.1	$	$ 60,029.1
Book Value Per Common Share									
Book value per common share	$ 43.11	$ 0.23	$ 43.34	$ 42.63	$ 0.07	$ 42.70	$ 41.99	$	$ 41.99
Tangible book value per common share	$ 41.07	$ 0.16	$ 41.23	$ 40.43	$ (0.01)	$ 40.42	$ 39.67	$ (0.08)	$ 39.59

[1] *The outstanding loan balance has been revised principally to correct the understatement of accretion in the first and second quarters of 2010.*

[2] *The allowance for loan losses has been revised to correct the inappropriate utilization of non-accretable discount in the first quarter of 2010, as discussed in footnote 4 to the previous table, revised Consolidated Statement of Operations.*

(3) Revisions to Goodwill correspond to a correction of an understatement of loans at fair value in FSA as well as a correction of erroneously capitalized broker deposit fees that should have been charged off at December 31, 2009. As stockholders' equity was stated at fair value at December 31, 2009, as required by FSA, the net effect of the aforementioned corrections was an adjustment to Goodwill.

These revisions to Goodwill include an additional $12 million correction as compared to the correction described in the Company s October 26, 2010 Earnings Release included in the Current Report on Form 8-K filed that same date.

[4] *Other assets decreased due to the write-off of fees.*

[5] *Accumulated earnings increased due to the adjustment to net income in the first and second quarters.*

There was no impact to the Company s actual cash balances as a result of these adjustments, and the adjustments do not change the net cash flows from operating, investing, or financing activities.

NOTE 3   LOANS AND RESERVE FOR CREDIT LOSSES

The following table presents segment loans and leases held for investment, based on obligor location:

Loans (dollars in millions)

	September 30, 2010			December 31, 2009[1]		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Corporate Finance	$ 7,186.3	$ 2,065.9	$ 9,252.2	$ 9,611.2	$ 2,563.7	$ 12,174.9
Transportation Finance	1,306.4	300.6	1,607.0	1,528.7	325.0	1,853.7
Trade Finance	2,398.3	207.2	2,605.5	2,602.6	388.4	2,991.0
Vendor Finance	2,737.3	2,345.0	5,082.3	4,351.8	3,824.0	8,175.8
Consumer	8,188.4	18.0	8,206.4	9,664.3	19.4	9,683.7
Total	$ 21,816.7	$ 4,936.7	$ 26,753.4	$ 27,758.6	$ 7,120.5	$ 34,879.1

(1) *Certain balances have been revised from previously reported amounts. See Note 2   Prior Period Revisions for details.*

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The following table contains information about impaired finance receivables and the related reserve for credit losses. The Company excludes consumer loans and small-ticket loan and lease receivables that have not been modified in a troubled debt restructuring, as well as short-term factoring receivables, from its impaired finance receivables disclosures as charge-offs are typically determined and recorded for such loans when they are more than 150-180 days past due. For purposes of this presentation, finance receivables that were identified as impaired at the Convenience Date and impaired loans identified in 2010 are presented separately below. The Company is applying the income recognition and disclosure guidance in ASC 310-30 (Loans and Debt Securities Acquired with Deteriorated Credit Quality) to loans considered impaired in FSA. The net investment of loans under the guidance of ASC 310-30 was $1,040.3 million at September 30, 2010.

Impaired Finance Receivables / Reserve for Credit Losses, at or for the Nine Months Ended September 30, 2010 (dollars in millions)

	Total	2010 Impaired Loans	Loans Impaired at December 31, 2009 and prior
Impaired finance receivables	$ 1,978.2	$ 1,051.0	$ 927.2
Impaired finance receivables with specific allowance	269.0	171.6	97.4
Specific allowance for impaired receivables	58.4	31.6	26.8
Impaired finance receivables with no specific allowance	1,709.2	879.4	829.8
Average investment in impaired finance receivables	1,769.5	564.5	1,205.0

The Company s policy is to review finance receivables greater than $500,000 that are placed on non-accrual status for impairment. Consumer loans and small-ticket loan and lease receivables that have not been modified in a troubled debt restructuring, as well as short-term factoring receivables, are excluded from impaired finance receivables in the table above, but are included in reported non-accrual balances. The following table sets forth non-performing assets, which includes non-accrual loans and assets received in satisfaction of loans (repossessed assets). Non-accrual loans include loans greater than $500,000 that are individually evaluated and determined to be impaired, and loans less than $500,000 that are delinquent (generally for more than 90 days). The table excludes approximately $24 million of non-accrual loans that are classified as held for sale.

Non-performing assets (dollars in millions)

	September 30, 2010	December 31, 2009
Non-accrual loans	$ 2,025.3	$ 1,574.4
Assets received in satisfaction of loans	34.4	36.3
Total non-performing assets	$ 2,059.7	$ 1,610.7
Government-guaranteed accruing loans past due 90 days or more	$ 420.5	$ 480.7
Other accruing loans past due 90 days or more	2.7	89.4

Total accruing loans past due 90 days or more	$ 423.2	$ 570.1

At September 30, 2010 and December 31, 2009, there were $19.9 million and $14.8 million, respectively, of commitments to lend additional funds to borrowers whose loan terms have been modified in troubled debt restructurings.

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At September 30, 2010, the remaining principal balance of finance receivables that were considered impaired in FSA was $1,638.9 million. Approximately $1,373 million of these loans are non-accrual at September 30, 2010.

The following table presents the changes to the accretable discount related to loans accounted for under ASC 310-30-5 (loans acquired with deteriorated credit quality) since December 31, 2009.

Accretable discount activity for loans accounted for under ASC 310-30-5 at Emergence Date (dollars in millions):

	Quarter ended September 30, 2010	Nine months ended September 30, 2010
Accretable discount, beginning of the period	$ 223.0	$ 454.8
Accretion	(2.5)	(37.6)
Disposals/transfers	(31.6)	(228.3)
Accretable discount, end of period	$ 188.9	$ 188.9

Changes in Allowance for Loan Losses (dollars in millions)

	Quarters Ended				Nine Months Ended	
	CIT			Predecessor CIT	CIT	Predecessor CIT
	September 30, 2010	**June 30, 2010(1)**	**March 31, 2010(1)**	**September 30, 2009**	**September 30, 2010**	**September 30, 2009**
Balance, beginning of period	$ 327.8	$ 187.1	$	$ 1,538.4	$	$ 1,096.2
Provision for credit losses	165.2	244.3	226.5	701.8	636.0	1,825.7
Change relating to new accounting pronouncement			39.7		39.7	
Changes relating to sales, foreign currency translation, other	4.7	2.7	(3.3)	(0.9)	4.1	(13.6)
Net additions	169.9	247.0	262.9	700.9	679.8	1,812.1
Gross charge-offs	(111.4)	(113.3)	(77.9)	(898.7)	(302.6)	(1,601.7)
Recoveries (2)	10.8	7.0	2.1	22.6	19.9	56.6
Net charge-offs	(100.6)	(106.3)	(75.8)	(876.1)	(282.7)	(1,545.1)
Balance, end of period	$ 397.1	$ 327.8	$ 187.1	$ 1,363.2	$ 397.1	$ 1,363.2

(1) *Certain balances have been revised from previously reported amounts. See Note 2 Prior Period Revisions for details.*

(2) *Recoveries for the three months ended September 30, June 30, and March 31, 2010, respectively do not include $51.8 million, $113.1 million and $44.0 million and for the nine months ended September 30, 2010 do not include$208.9 million of recoveries on accounts that were charged-off pre-FSA, which are included in Other Income.*

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NOTE 4 LONG-TERM BORROWINGS

Outstanding Long-term Borrowings (dollars in millions)

	September 30, 2010			December 31, 2009
	CIT Group Inc.	Subsidiaries	Total	Total
Secured borrowings	$	$ 11,535.1	$ 11,535.1	$ 14,346.5
Secured credit facility and expansion credit facility	198.3	2,845.9	3,044.2	7,716.6
Senior unsecured notes	85.9	123.5	209.4	268.1
Series A Notes	18,959.1		18,959.1	18,733.6
Series B Notes		2,192.9	2,192.9	2,198.2
Total debt	$ 19,243.3	$ 16,697.4	$ 35,940.7	$ 43,263.0

Secured Borrowings

Set forth below are borrowings and pledged assets primarily owned by consolidated special purpose entities. Creditors of these special purpose entities received ownership and/or security interests in the assets. These special purpose entities are intended to be bankruptcy remote so that such assets are not available to creditors of CIT or any affiliates of CIT. These transactions do not meet accounting requirements for sales treatment and are recorded as secured borrowings. Except as otherwise noted, pledged assets listed below are not included in the collateral available to lenders under the Amended First Lien Facility, Series A Notes or Series B Notes described below.

Secured Borrowings and Pledged Assets (dollars in millions)

	September 30, 2010		December 31, 2009	
	Secured Borrowing	Assets Pledged	Secured Borrowing	Assets Pledged
Education trusts and conduits (student loans)	$ 4,435.9	$ 5,648.4	$ 5,864.3	$ 6,864.7
Goldman Sachs TRS[1]	1,850.4	2,769.2	2,552.7	3,429.6
Vendor finance(2)	699.1	934.7	1,120.7	1,589.4
Equipment lease securitizations (Vendor)	915.3	1,015.6	706.0	762.2
Trade Finance	550.0	1,682.6		
Canadian equipment receivables financing	435.3	509.9	543.0	557.6
Corporate finance (energy project finance)(6)			288.9	305.0
Corporate finance (SBL)(2)	247.8	282.7		
Subtotal Finance Receivables	9,133.8	12,843.1	11,075.6	13,508.5
ECA financing (Aero)(3)	1,243.8	1,370.9	1,097.4	1,212.2
Transportation Finance Rail	150.1	146.6	907.4	1,276.7
Goldman Sachs TRS (Aero)	537.1	1,128.7	582.2	1,154.3
Other structures	108.0	131.0	61.2	69.8
Subtotal Equipment under operating leases	2,039.0	2,777.2	2,648.2	3,713.0
Corporate finance (energy project finance)(6)	286.5	319.1		
Vendor finance(4)			469.8	903.3
FHLB borrowings (Consumer)(5)	75.8	133.0	152.9	150.8
Total	$ 11,535.1	$ 16,072.4	$ 14,346.5	$ 18,275.6

(1) *September 30, 2010 Financing is secured by $2.0 billion corporate finance receivables, $0.6 billion student loans, and $0.2 billion small business lending loans.*

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

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

(4) *International facilities collateralized by local assets.*

(5) *Collateralized with Government Debentures and Certificates of Deposit.*

(6) *Finance receivables were transferred to Assets Held for Sale.*

Secured Credit Facility and Expansion Credit Facility

In 2009, CIT entered into the Secured Credit Facility and Expansion Credit Facility (the First Lien Facilities). During 2010 CIT repaid $4.5 billion of the First Lien Facilities. In August 2010, CIT refinanced the remaining $3 billion by amending the First Lien Facilities. The refinanced $3 billion of first lien debt (the Amended First Lien Facility), which was accounted for as a modification, matures in August 2015 and carries an interest rate of LIBOR + 4.50% with a 1.75% LIBOR floor. Interest expense will include amortization of the FSA discount and costs that were capitalized such as the prepayment fees and underwriting expenses that were associated with the debt refinanced, as computed on a level yield method.

The Amended First Lien Facility is generally secured by a first lien on substantially all U.S. assets that are not otherwise pledged to secure the borrowings of special purpose entities as described above under Secured Borrowings , 65% of the voting and 100% of the non-voting stock of first-tier foreign subsidiaries, 100% of the stock of CIT Aerospace International (except one nominee share) and between 44% and 65% of certain other non-U.S., non-regulated subsidiaries.

In conjunction with the August refinancing, certain existing covenants were amended. The Amended First Lien Facility is subject to a collateral coverage covenant (based on CIT s book value in accordance with GAAP) of 2.5x the outstanding loan balance, which is tested quarterly and upon the transfer, disposition or release of certain collateral. The Amended First Lien Facility also contains a number of additional covenants, some of which do not impose restrictions on the Company if CIT continues to maintain a collateral coverage ratio of 2.75x or greater.

Series A and B Notes

The Series A Notes and Series B Notes (Second Lien Notes) are generally secured by second-priority security interests in substantially all the assets securing the Amended First Lien Facility. The Series B Notes are further secured by Delaware Funding s pledge of inter-company notes issued by CIT Financial Ltd., which are the primary assets of CIT Group Funding Company of Delaware LLC (Delaware Funding).

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

In late October and early November 2010, CIT redeemed the $1.4 billion of the 10.25% Series B Second Lien Notes that mature from 2013 through 2016 at a redemption price of 103.5% of the aggregate principal amount redeemed. After these redemptions, approximately $0.8 billion of Series B Notes maturing in 2017 remain outstanding.

Further information on Long-term Borrowings can be found in the Company s 2009 Form 10-K.

NOTE 5 DERIVATIVE FINANCIAL INSTRUMENTS

The hedge strategy currently employed by the Company relates to currency risk management of investments in foreign operations. The Company utilizes cross-currency swaps and foreign currency forward contracts to effectively convert U.S. dollar denominated debt to a foreign currency. These transactions are classified as either foreign currency net investment hedges, or foreign currency cash flow hedges, with resulting gains and losses reflected in accumulated other comprehensive income, a separate component of equity. For hedges of foreign currency net investment positions the forward method is applied whereby effectiveness is assessed and measured based on the amounts and currencies of the individual hedged net investments versus the notional amounts and underlying currencies of the derivative contract. For those hedging relationships where the critical terms of the entire debt instrument and the derivative are identical, and the credit-worthiness of the counterparty to the hedging instrument remains sound, there is an expectation of no hedge ineffectiveness so long as those conditions continue to be met. The net interest differential is recognized on an accrual basis as an adjustment to other income or as interest expense to correspond with the hedged position.

See the Company s Form 10-K Note 1 for a further description of its derivative transaction policies.

Due to the reorganization (see Note 1) none of the Company s derivatives entered into prior to December 31, 2009 qualify for hedge accounting. The Company continues to reassess hedge requirements and is reestablishing counterparty relationships to facilitate hedging where economically appropriate. New derivative instruments are cash collateralized.

The following table presents fair values and notional values of derivative financial instruments:

Fair and Notional Values of Derivative Financial Instruments (dollars in millions)

	September 30, 2010			December 31, 2009		
Qualifying Hedges	**Notional Amount**	**Asset Fair Value**	**Liability Fair Value**	**Notional Amount**	**Asset Fair Value**	**Liability Fair Value**
Cross currency swaps	$ 404.5	$ 0.2	$ (1.6)	$	$	$
Foreign currency forward exchange cash flow hedges	139.3		(5.4)			
Foreign currency forward exchange net investment hedges	1,436.1	0.6	(42.5)			
Total Qualifying Hedges	$ 1,979.9	$ 0.8	$ (49.5)	$	$	$
Non-Qualifying Hedges						
Cross currency swaps	$ 1,635.1	$ 30.8	$ (22.7)	$ 646.7	$	$ (8.8)
Interest rate swaps	1,145.1	5.9	(55.9)	3,165.9	23.4	(25.7)
Written options	504.8			1,009.8		(0.1)
Purchased options	1,374.0	3.0		1,524.1	18.4	
Foreign currency forward exchange contracts	2,126.0	5.5	(44.4)	1,055.1	2.3	(7.3)
TRS	471.5			107.9		
Total Non-qualifying Hedges	$ 7,256.5	$ 45.2	$ (123.0)	$ 7,509.5	$ 44.1	$ (41.9)

A financing facility with Goldman Sachs International (GSI) is structured as a total return swap (TRS), under which amounts available for advances are accounted for as a derivative. Estimated fair value of the derivative is based on a hypothetical transfer value, considering current market conditions and other factors. At September 30, 2010 and December 31, 2009, the estimated fair value was not significant.

The following table presents the impact of derivatives on the statement of operations:

Derivative Instrument Gains and Losses (dollars in millions)

Derivative Instruments	**Gain / (Loss) Recognized**	**Quarter Ended September 30, 2010**	**Nine Months Ended September 30, 2010**
Qualifying Hedges			
Foreign currency exchange rate fluctuations cash flow hedges	Other income	$ (10.7)	$ (1.4)
Total Qualifying Hedges		$ (10.7)	$ (1.4)
Non Qualifying Hedges			
Cross currency swaps	Other income	$ (89.0)	$ 24.1
Interest rate swaps	Other income	(18.4)	(68.5)
Foreign currency forward exchange contracts	Other income	(92.7)	72.1
Total return swap [(1)]	Other income		
Total Non-qualifying Hedges		$ (200.1)	$ 27.7
Total derivatives-income statement impact		**$ (210.8)**	**$ 26.3**

		Quarter Ended September 30, 2009	**Nine Months Ended September 30, 2009**
Qualifying Hedges		**Predecessor CIT**	
Ineffectiveness of derivative instruments designated as hedging instruments			
Interest rate swaps cash flow hedges	Other income	$	$ 3.9
Cross currency swaps fair value hedges	Interest expense	7.1	(6.2)
Foreign currency forward exchange cash flow hedges	Other income		
Total		$ 7.1	$ (2.3)
Discontinuance of cash flow and fair value hedge accounting			
Interest rate swaps cash flow hedges	Other income	$ (32.3)	$ (32.3)
Interest rate swaps fair value hedges	Interest expense	63.9	63.9

Cross currency swaps fair value hedges	Interest expense	21.7	21.7
Total		$ 53.3	$ 53.3
Reclassification of accumulated other comprehensive loss to earnings for cash flow hedges			
Interest rate swaps cash flow hedges	Interest expense	(53.9)	(53.9)
Total qualifying hedges		$ 6.5	$ (2.9)
Non Qualifying Hedges			
Cross currency swaps	Other income	$ (1.1)	$ (42.3)
Interest rate swaps	Other income	35.4	67.3
Foreign currency forward exchange contracts	Other income	3.5	5.0
Total return swap (1)	Other income	(285.0)	(285.0)
Warrant	Other income		70.6
Total Non-qualifying Hedges		$ (247.2)	$ (184.4)
Total derivatives-income statement impact		**$ (240.7)**	**$ (187.3)**

(1) *Effect of change in valuation of derivative related to GSI facility*

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The gains and (losses) on qualifying and non-qualifying hedges recorded in Other Income are partially offset by the impact of foreign currency changes.

NOTE 6 FAIR VALUE

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The fair value of financial instruments required to be valued on a recurring basis based on priority ranking of valuation inputs are presented in the following tables:

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

September 30, 2010	**Total**	**Level 1**	**Level 2**	**Level 3**
Assets				
Securities available for sale	$ 12.9	$ 12.9	$	$
Trading assets at fair value - derivatives	45.2		45.2	
Derivative counterparty assets at fair value (1)	0.8		0.8	
Total Assets	$ 58.9	$ 12.9	$ 46.0	$
Liabilities				
Trading liabilities at fair value - derivatives	$ (123.0)	$	$ (122.7)	$ (0.3)
Derivative counterparty liabilities at fair value	(49.5)		(49.5)	
Total Liabilities	$ (172.5)	$	$ (172.2)	$ (0.3)
December 31, 2009				
Assets				
Retained interests securitizations	$ 139.7	$	$	$ 139.7
Trading assets at fair value - derivatives	44.1		44.1	
Total Assets	$ 183.8	$	$ 44.1	$ 139.7
Liabilities				
Trading liabilities at fair value - derivatives	$ (41.9)	$	$ (40.4)	$ (1.5)

(1) *Includes the GSI TRS for which estimated Level 3 fair value was not significant.*

Level 3 Gains and Losses

The tables below set forth changes in Level 3 estimated fair value of financial instruments:

Level 3 Gains and Losses (dollars in millions)

CIT	Total	Retained Interests in Securitizations	Derivatives
June 30, 2010	$ (0.6)	$	$ (0.6)
Gains or (losses) realized/unrealized			
Included in Other income	0.3		0.3
September 30, 2010	$ (0.3)	$	$ (0.3)
December 31, 2009	$ 138.2	$ 139.7	$ (1.5)
Gains or (losses) realized/unrealized			
Included in Other income	1.2		1.2
Included in Other comprehensive income			
Other (retained interest)[(1)]	(139.7)	(139.7)	
September 30, 2010	$ (0.3)	$	$ (0.3)
Predecessor CIT			
June 30, 2009	$ 153.9	$ 169.5	$ (15.6)
Gains or (losses) realized/unrealized			
Included in Other income	(274.3)	2.9	(277.2)
Included in Other comprehensive income	(0.8)	(0.8)	
Other (retained interest)	(6.3)	(6.3)	
September 30, 2009	$ (127.5)	$ 165.3	$ (292.8)
December 31, 2008	$ 224.6	$ 229.4	$ (4.8)
Gains or (losses) realized/unrealized			
Included in Other income	(314.6)	(10.0)	(304.6)
Included in Other comprehensive income	14.1	(2.5)	16.6
Other (retained interest)	(51.6)	(51.6)	
September 30, 2009	$ (127.5)	$ 165.3	$ (292.8)

(1) *The change in the retained interest in 2010 is attributed to a new accounting pronouncement effective January 1, 2010.*

Assets and Liabilities Measured at Fair Value on a Non-recurring Basis

The following tables present financial instruments for which a non-recurring change in fair value has been recorded:

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

September 30, 2010	Total	Level 1	Level 2	Level 3	Net Losses[1]
Assets					
Assets held for sale	$ 476.2	$	$	$ 476.2	$ (18.8)
Impaired loans	58.4			58.4	
Total	$ 534.6	$	$	$ 534.6	$ (18.8)

[1] Reflects pretax amounts recorded in provision for loan losses (Impaired loans) in the Statements of Operation for declines in fair values.

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The Company remeasured assets and liabilities as of December 31, 2009 in FSA. See Form 10-K, Note 12, for complete listing of non-recurring changes in fair value as of December 31, 2009.

The carrying and estimated fair values of financial instruments presented below exclude leases and certain other assets, which are not required for disclosure:

Financial Instruments at Carrying and Fair Values (dollars in millions)

	September 30, 2010		December 31, 2009[1]	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
Assets				
Trading assets at fair value - derivatives	$ 45.2	$ 45.2	$ 44.1	$ 44.1
Derivative counterparty assets at fair value	0.8	$ 0.8		
Investments - retained interest in securitizations			139.7	139.7
Assets held for sale	887.7	887.7	343.8	343.8
Loans (excluding leases)	20,206.6	20,916.0	27,279.3	27,279.3
Other assets and unsecured counterparty receivable[2]	2,109.1	2,109.1	2,336.2	2,336.2
Liabilities				
Deposits[3]	$ (4,827.6)	$ (4,878.7)	$ (5,253.1)	$ (5,253.1)
Trading liabilities at fair value - derivatives	(123.0)	(123.0)	(41.9)	(41.9)
Derivative counterparty liabilities at fair value	(49.5)	(49.5)		
Long-term borrowings[3]	(36,200.6)	(38,275.0)	(43,441.5)	(43,441.5)
Other liabilities[4]	(1,650.4)	(1,650.4)	(1,701.7)	(1,701.7)

(1) Revision to December 2009 Loans and other assets subject to fair value disclosure are not presented as the revision was immaterial. See Note 2 - Prior Period Revisions for details.

(2) Other assets subject to fair value disclosure include accrued interest receivable, certain investment securities, servicing assets and miscellaneous other assets. The carrying amount of accrued interest receivable approximates fair value.

(3) Deposits and long-term borrowings include accrued interest.

(4) Other liabilities include accrued liabilities and deferred federal income taxes. Accrued liabilities have a fair value that approximates carrying value.

Assumptions used in valuing financial instruments as of September 30, 2010 are the same as disclosed in Note 12 of Form 10-K.

The net carrying value of lease finance receivables not subject to fair value disclosure totaled $5.2 billion at September 30, 2010.

NOTE 7 INCOME TAXES

CIT s tax provision of $64.2 million for the quarter and $187.2 million for the nine months ended September 30, 2010, equated to 32.9% and 30.9% effective tax rates, respectively, compared with 3.1% and 0.4% for the respective 2009 periods. The effective tax rate is primarily reflective of expenses recognized as income from certain international operations and valuation allowances recorded against U.S. losses.

Included in the third quarter and year to date 2010 tax provisions are $7.7 million and $31.2 million of tax expense related primarily to changes in liabilities for uncertain tax positions and valuation allowances against international deferred tax assets recorded in the previous quarters of 2010. The Company anticipates that it is reasonably possible that the total unrecognized tax benefits will decrease due to the settlement of audits and the expiration of statutes of limitation prior to September 30, 2011 in the range of $10-25 million.

As of December 31, 2009, we had federal net operating losses (NOL s) of $7.2 billion prior to cancellation of indebtedness income. As a result of the Company s emergence from bankruptcy, federal NOL carry forwards were reduced due to cancellation of indebtedness income to approximately $2.6 billion, which will expire from 2027 through 2029. The Company has not finalized its assessment of the tax effects of bankruptcy emergence, and estimates are subject to revision. Based on the disclosures made with the 2009 consolidated federal income tax return, the Company could have significant future benefits, which have not been recorded in the financial statements and would represent an uncertain tax position.

CIT s reorganization in 2009 constituted an ownership change under Section 382 of the Code, which places an annual dollar limit on the use of NOL carry forwards. There are two relief provisions for limitations on NOL usage in Chapter 11 bankruptcy. Under one relief provision, Sec. 382(l)(5), the Company would not have had any limitation on our use of NOL carry forwards, but the amount of the NOL would have been calculated without taking into account deductions for certain interest expense with respect to notes that were exchanged for equity, effectively reducing the Company s NOL by more than $1 billion. In addition, if the Company had undergone an ownership change within two years of the reorganization, our remaining NOL carry forwards, if any, would have been entirely eliminated. To reduce this risk, the Company s Certificate of Incorporation had been amended to include restrictions on trading of the Company s Common Stock. Under the second relief provision, Sec. 382(l)(6), the amount of NOL the Company may use annually is limited to the product of a prescribed rate of return applied against the value of equity immediately after any ownership change. Based on an equity value determined by the Company s opening stock price on December 10, 2009, the Company estimates its NOL usage would be limited to $230 million per annum. However, under Sec. 382(l)(6), there is no reduction in the amount of the NOL for certain interest expense and the requirement to eliminate unused NOL carry forwards upon a change of ownership within two years of the reorganization does not apply.

With the filing of the 2009 consolidated federal tax return, CIT elected to apply IRC Sec. 382(l)(6) to the net operating losses and other tax assets that the Company had prior to its emergence from bankruptcy on December 10, 2009. In light of the Company s election to apply Sec. 382(l)(6), the restrictions on trading of the Company s Common Stock included in its Certificate of Incorporation no longer have any force or effect. The election to apply Sec. 382(l)(6) was made to preserve the greatest amount of tax attributes.

Excluding FSA adjustments, which are not included in the calculation of U.S. taxable income, third quarter 2010 U.S. results was a pre-tax loss of approximately $1.1 billion ($ 2.1 billion year to date), which will increase, net of book / tax differences, the Company s total U.S. NOL carry forwards. Net operating losses arising post emergence are not subject to Section 382 limitations.

NOTE 8   STOCKHOLDERS   EQUITY

Total comprehensive income was $142.2 million for the quarter and $419.4 million for the nine months ended September 30, 2010, versus comprehensive losses of $1.0 billion and $2.9 billion before preferred stock dividends in the comparable periods in the prior year. The following table details the components of Accumulated Other Comprehensive Loss, net of tax:

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

	September 30, 2010
$	

Unrealized gain on available for sale equity and securitization investments	$	0.8
Foreign currency translation adjustments		0.6
Minimum pension liability adjustment		(0.3)
Total accumulated other comprehensive income (loss)	$	1.1

NOTE 9 REGULATORY CAPITAL

The Company and CIT Bank are each subject to various regulatory capital requirements administered by the Federal Reserve Bank (FRB) and the Federal Deposit Insurance Corporation (FDIC). See Form 10-K for details on requirements.

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Quantitative measures established by regulation to ensure capital adequacy require that the Company and CIT Bank each maintain minimum amounts and ratios of Total and Tier 1 capital to risk-weighted assets, and of Tier 1 capital to average assets, subject to any agreement with regulators to maintain higher capital levels. In connection with becoming a bank holding company in December 2008, the Company committed to a minimum Total Risk Based Capital Ratio of 13%. In connection with converting to a Utah state bank in December 2008, CIT Bank committed to maintaining for three years a Tier 1 Leverage Ratio of at least 15%.

The calculation of the Company s regulatory capital ratios are subject to review and consultation with the Federal Reserve Bank, which may result in refinements to amounts reported at September 30, 2010.

Tier 1 Capital and Total Capital Components (dollars in millions)

	CIT Group Inc.				CIT Bank			
	September 30, 2010	**June 30, 2010(1)**	**March 31, 2010(1)**	**December 31, 2009(1)**	**September 30, 2010**	**June 30, 2010(1)**	**March 31, 2010(1)**	**December 31, 2009**
Tier 1 Capital								
Total stockholders equity	$ 8,829.6	$ 8,679.8	$ 8,541.9	$ 8,400.0	$ 1,762.5	$ 1,721.4	$ 1,644.5	$ 1,590.1
Effect of certain items in accumulated other comprehensive loss excluded from Tier 1 Capital	(0.5)	(1.7)	(1.4)		(0.2)	(0.2)	(0.1)	
Adjusted total equity	8,829.1	8,678.1	8,540.5	8,400.0	1,762.3	1,721.2	1,644.4	1,590.1
Less: Goodwill	(255.1)	(255.1)	(255.1)	(255.1)				
Disallowed intangible assets	(136.3)	(168.5)	(201.5)	(225.1)				
Investment in certain subsidiaries				(2.8)				
Other Tier 1 components(2)	(88.2)	(88.5)	(93.4)	(98.5)	(139.6)	(147.1)	(184.1)	(196.9)
Tier 1 Capital	8,349.5	8,166.0	7,990.5	7,818.5	1,622.7	1,574.1	1,460.3	1,393.2
Tier 2 Capital								
Qualifying reserve for credit losses	397.1	327.8	187.1		6.0	5.2	5.8	
Other Tier 2 components(3)	0.3	1.0	0.8		0.2	0.1	0.1	
Total qualifying capital	$ 8,746.9	$ 8,494.8	$ 8,178.4	$ 7,818.5	$ 1,628.9	$ 1,579.4	$ 1,466.2	$ 1,393.2
Risk-weighted assets	$ 44,739.2	$ 46,646.9	$ 50,791.4	$ 54,338.3	$ 2,834.0	$ 2,662.9	$ 3,323.7	$ 3,200.5
Total Capital								
(to risk-weighted assets):								
Actual	19.6%	18.2%	16.1%	14.4%	57.5%	59.3%	44.1%	43.5%
Required Ratio for Capital								
Adequacy Purposes	13.0%(4)	13.0%(4)	13.0%(4)	13.0%(4)	8.0%	8.0%	8.0%	8.0%

Tier 1 Capital								
(to risk-weighted assets):								
Actual	18.7%	17.5%	15.7%	14.4%	57.3%	59.1%	43.9%	43.5%
Required Ratio for Capital								
Adequacy Purposes	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Tier 1 Leverage Ratio (to adjusted average assets):								
Actual	15.7%	14.7%	13.7%	11.3%	22.1%	20.6%	17.3%	15.4%
Required Ratio for Capital								
Adequacy Purposes	4.0%	4.0%	4.0%	4.0%	15.0%(4)	15.0%(4)	15.0%(4)	15.0%(4)

(1) Certain balances have been revised from previously reported amounts. See Note 2 Prior Period Revisions for details.

(2) Includes the portion of net deferred tax assets that does not qualify for inclusion in Tier 1 capital based on the capital guidelines and the Tier 1 capital charge for nonfinancial equity investments.

(3) Banking organizations are permitted to include in Tier 2 Capital up to 45% of net unrealized pretax gains on available-for-sale equity securities with readily determinable fair values.

(4) The Company has committed to maintaining capital ratios above regulatory minimum levels.

NOTE 10 COMMITMENTS

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

Commitments (dollars in millions)

	September 30, 2010			December 31, 2009
	Due to Expire			
	Within One Year	After One Year	Total Outstanding	Total Outstanding
Financing Commitments				
Financing and leasing assets	$ 535.8	$ 2,107.3	$ 2,643.1	$ 3,735.8
Vendor receivables				889.1
Letters of credit and acceptances				
Standby letters of credit	114.7	203.7	318.4	539.2
Other letters of credit	93.5	3.1	96.6	139.2
Guarantees				
Deferred purchase credit protection agreements	1,844.2		1,844.2	1,376.4
Guarantees, acceptances and other recourse obligations	12.6	14.0	26.6	20.2
Purchase and Funding Commitments				
Aerospace and other manufacturer purchase commitments	476.6	3,755.0	4,231.6	4,777.3
Other				
Liabilities for uncertain tax positions	10.0	56.8	66.8	50.1

Financing Commitments

Financing commitments, referred to as loan commitments, or lines of credit, are agreements to lend to customers, subject to the customers compliance with contractual obligations. In addition to the amounts in the preceding table, if customers are in compliance with contractual obligations, CIT has committed to fund an additional $1.1 billion as of September 30, 2010. As these commitments are not typically fully drawn, may expire unused, be reduced or cancelled at the customer s request and require the customer to be in compliance with certain conditions, total commitment amounts do not necessarily reflect actual future cash flow requirements.

At September 30, 2010, substantially all financing commitments were senior facilities, with approximately 46% secured by equipment or other assets and the remainder comprised of unsecured facilities relying upon cash-flow or enterprise value. The vast majority of these commitments are syndicated transactions. CIT is lead agent in 36% of the facilities. Most of our undrawn and available financing commitments are in Corporate Finance with an average facility balance of $4.2 million. The top ten undrawn commitments totaled $412 million.

The table above excludes unused cancelable lines of credit to customers in connection with select third-party vendor programs, which may be used solely to finance additional product purchases. These uncommitted lines of credit can be reduced or canceled by CIT at any time without notice. Management s experience indicates that customers related to vendor programs typically exercise their line of credit only when they need to purchase new products from a vendor and do not seek to exercise their entire available line of credit at any point in time.

Letters of Credit

In the normal course of meeting the needs of clients, CIT sometimes enters into agreements to provide financing and letters of credit. Standby letters of credit obligate the issuer of the letter of credit to pay the beneficiary if a client on whose behalf the letter of credit was issued does not meet its obligation. These financial instruments generate fees and involve, to varying degrees, elements of credit risk in excess of amounts recognized in the Consolidated Balance Sheets. To minimize potential credit risk, CIT generally requires collateral and in some cases additional forms of credit support from the client.

Deferred Purchase Agreements

A Deferred Purchase Agreement (DPA or DPAs) is provided in conjunction with factoring, whereby CIT provides a client with credit protection for trade receivables without purchasing the receivables. The trade terms are generally sixty days or less. If the client s customer is unable to pay an undisputed receivable solely as the result of credit risk, then CIT purchases the receivable from the client. The outstanding amount of DPAs is the maximum potential exposure that CIT would be required to pay under all DPAs. This maximum amount would only occur if all receivables subject to DPAs default in the manner described above, thereby requiring CIT to purchase all such receivables from the DPA clients.

The maximum potential exposure amount has increased primarily as the result of the increased seasonal volume of receivables submitted to CIT from clients that have been in DPAs for some time and is generally not the result of CIT s entering into new DPAs with new clients or existing factoring clients. The methodology used to determine the liability recorded for the DPAs is similar to the methodology used to determine the reserve for credit losses associated with the finance receivables, which reflects embedded losses based on various factors, including expected losses reflecting our internal customer and facility credit ratings. CIT had a liability recorded in Other Liabilities related to the DPAs that totaled $5.0 million and $7.8 million at September 30, 2010 and December 31, 2009, respectively.

Purchase and Funding Commitments

CIT s firm purchase commitments relate predominantly to purchases of commercial aircraft and rail equipment. Commitments to purchase new commercial aircraft are with Airbus Industries and The Boeing Company. Aerospace equipment purchases are contracted for specific models, using baseline aircraft specification at fixed prices, which reflect discounts from fair market purchase prices prevailing at the time of commitment. The delivery price of an aircraft may change depending on final specifications. Equipment purchases are recorded at delivery date. Commitment amounts in the preceding table are based on contracted purchase prices less pre-delivery payments to date and exclude buyer furnished equipment selected by the lessee. Pursuant to existing contractual commitments, 77 aircraft remain to be purchased. Lease commitments are in place for the 16 aircraft to be delivered over the next twelve months. Commitments exclude unexercised options to purchase aircraft. Aircraft deliveries are scheduled periodically through 2018. Other manufacturing purchase commitments relate to rail equipment; there were no rail purchase commitments at September 30, 2010.

NOTE 11 CONTINGENCIES

In accordance with ASC 450 (formerly SFAS 5), the Company establishes accruals for litigation and regulatory matters when those matters present loss contingencies that both are probable and can be reasonably estimated. Once established, accruals are adjusted from time to time, as appropriate, in light of additional information. In view of the inherent unpredictability of litigation and regulatory matters, particularly where the damages sought are substantial or indeterminate, the investigations or proceedings are in the early stages, or the matters involve novel legal theories or a large number of parties, the Company does not believe that an aggregate range of reasonably possible losses (defined by the relevant accounting literature to include all potential losses other than those deemed remote) can be determined for asserted and probable unasserted claims as of September 30, 2010. The Company cannot state with certainty the timing or ultimate resolution of litigation and regulatory matters.

Subject to the foregoing, it is the opinion of the Company s management, based on current knowledge, after consultation with counsel, and after taking into account available insurance coverage and its current accruals, that the eventual outcome of such matters would not be likely to have a material adverse effect on the consolidated financial condition of the Company. Nonetheless, given the substantial or indeterminate amounts sought in certain of these matters, and the inherent unpredictability of such matters, an adverse outcome in certain of these matters could, from time to time, have a material adverse effect on the Company s consolidated results of operations or cash flows in particular quarterly or annual periods.

NOTE 12 BUSINESS SEGMENT INFORMATION

Business Segments (dollars in millions)

CIT	Corporate Finance	Transportation Finance	Trade Finance	Vendor Finance	Commercial Segments	Consumer	Total Segments	Corporate and Other	Total
For the quarter ended September 30, 2010									
Total interest income	$ 370.3	$ 51.0	$ 23.2	$ 277.0	$ 721.5	$ 88.8	$ 810.3	$ 5.4	$ 815.7
Total interest expense	(218.3)	(237.6)	(37.7)	(160.8)	(654.4)	(69.3)	(723.7)	(8.5)	(732.2)
Provision for credit losses	(105.6)	(17.2)	(11.4)	(38.5)	(172.7)	(7.5)	(180.2)	15.0	(165.2)
Rental income on operating leases	6.1	308.4		83.9	398.4		398.4		398.4
Other income, excluding rental income	132.5	28.7	44.1	65.8	271.1	(8.3)	262.8	6.6	269.4
Depreciation on operating lease equipment	(3.2)	(82.2)		(76.3)	(161.7)		(161.7)		(161.7)
Other expenses	(69.7)	(36.7)	(30.7)	(69.6)	(206.7)	(19.1)	(225.8)	(3.0)	(228.8)
(Provision) benefit for income taxes and noncontrolling interests, after tax	(24.5)	(4.1)	2.0	(2.4)	(29.0)	0.9	(28.1)	(36.0)	(64.1)
Net income (loss)	$ 87.6	$ 10.3	$ (10.5)	$ 79.1	$ 166.5	$ (14.5)	$ 152.0	$ (20.5)	$ 131.5
Select Period End Balances									
Loans including receivables pledged	$ 9,252.2	$ 1,607.0	$ 2,605.5	$ 5,082.3	$ 18,547.0	$ 8,206.4	$ 26,753.4	$	$ 26,753.4
Credit balances of factoring clients			(959.2)		(959.2)		(959.2)		(959.2)
Assets held for sale	439.3	28.1			467.4	420.3	887.7		887.7
Operating lease equipment, net	98.2	10,324.5		541.8	10,964.5		10,964.5		10,964.5
Predecessor CIT									
For the quarter ended September 30, 2009									
Interest income	$ 229.0	$ 39.6	$ 33.1	$ 184.2	$ 485.9	$ 63.9	$ 549.8	$ 6.8	$ 556.6
Interest expense	(115.4)	(134.5)	(17.4)	(138.3)	(405.6)	(65.3)	(470.9)	(222.9)	(693.8)
Provision for credit losses	(473.4)	(2.2)	(11.4)	(152.6)	(639.6)	(52.1)	(691.7)	(10.1)	(701.8)
Rental income on operating leases	10.4	343.3		118.6	472.3		472.3	(0.6)	471.7
Other income, excluding rental income on operating leases	(31.4)	4.5	50.1	22.8	46.0	2.9	48.9	(215.7)	(166.8)
Depreciation on operating lease equipment	(6.6)	(170.0)		(106.2)	(282.8)		(282.8)	0.2	(282.6)
Goodwill and intangible impairment charges									
Other expenses, excluding depreciation on operating lease equipment	(92.8)	(38.2)	(33.1)	(87.7)	(251.8)	(15.8)	(267.6)	17.9	(249.7)
(Provision) benefit for income taxes and noncontrolling interests, after tax	216.7	0.6	(7.2)	70.8	280.9	24.6	305.5	(272.4)	33.1

Net (loss) income from preferred stock dividends	$ (263.5)	$ 43.1	$ 14.1	$ (88.4)	$ (294.7)	$ (41.8)	$ (336.5)	$ (696.8)	$ (1,033.3)
Select Period End Balances									
Loans including receivables pledged	$ 16,886.3	$ 2,357.7	$ 3,889.2	$ 10,561.1	$ 33,694.3	$ 11,586.6	$ 45,280.9	$	$ 45,280.9
Credit balances of factoring clients			(898.3)		(898.3)		(898.3)		(898.3)
Assets held for sale	365.0	25.0			390.0	46.9	436.9		436.9
Operating lease equipment, net	193.7	12,237.6		802.3	13,233.6		13,233.6		13,233.6
Securitized assets	591.0			389.1	980.1		980.1		980.1

CIT	Corporate Finance	Transportation Finance	Trade Finance	Vendor Finance	Commercial Segments	Consumer	Total Segments	Corporate and Other	Total
Nine months ended September 30, 2010									
Interest income	$ 1,397.3	$ 162.6	$ 78.1	$ 969.8	$ 2,607.8	$ 279.9	$ 2,887.7	$ 15.0	$ 2,902.7
Interest expense	(790.3)	(730.7)	(128.8)	(519.1)	(2,168.9)	(204.4)	(2,373.3)	(4.4)	(2,377.7)
Provision for credit losses	(332.7)	(21.5)	(57.6)	(202.9)	(614.7)	(21.3)	(636.0)		(636.0)
Rental income on operating leases	22.2	924.4		290.8	1,237.4		1,237.4	(1.1)	1,236.3
Other income, excluding rental income on operating leases	443.5	69.1	144.7	137.8	795.1	15.8	810.9	(50.6)	760.3
Depreciation on operating lease equipment	(11.9)	(246.7)		(254.8)	(513.4)		(513.4)	0.5	(512.9)
Other expenses, excluding depreciation on operating lease equipment and goodwill and intangible impairment charges	(238.8)	(121.8)	(95.7)	(242.8)	(699.1)	(63.3)	(762.4)	(4.8)	(767.2)
(Provision) benefit for income taxes and noncontrolling interests, after tax	(65.8)	(8.1)	4.7	(46.8)	(116.0)	0.3	(115.7)	(71.5)	(187.2)
Net income (loss)	$ 423.5	$ 27.3	$ (54.6)	$ 132.0	$ 528.2	$ 7.0	$ 535.2	$ (116.9)	$ 418.3
Predecessor CIT									
Nine months ended September 30, 2009									
Interest income	$ 728.3	$ 124.1	$ 95.5	$ 639.0	$ 1,586.9	$ 199.8	$ 1,786.7	$ 24.0	$ 1,810.7
Interest expense	(391.8)	(410.3)	(46.6)	(423.2)	(1,271.9)	(223.3)	(1,495.2)	(489.3)	(1,984.5)
Provision for credit losses	(1,297.2)	(0.8)	(48.1)	(310.7)	(1,656.8)	(124.7)	(1,781.5)	(44.2)	(1,825.7)
Rental income on operating leases	33.4	1,017.6		371.0	1,422.0		1,422.0	(1.6)	1,420.4
Other income, excluding rental income on operating leases	(265.9)	27.8	160.2	64.3	(13.6)	(9.0)	(22.6)	(155.0)	(177.6)
Depreciation on operating lease equipment	(21.9)	(497.1)		(333.0)	(852.0)		(852.0)	0.8	(851.2)
Goodwill and intangible impairment charges	(316.8)		(363.8)	(11.8)	(692.4)		(692.4)		(692.4)
Other expenses, excluding depreciation on operating lease equipment and goodwill and intangible impairment charges	(293.7)	(113.5)	(102.2)	(259.2)	(768.6)	(52.8)	(821.4)	115.2	(706.2)
(Provision) benefit for income taxes and noncontrolling interests, after tax	658.7	(9.4)	111.9	114.0	875.2	79.3	954.5	(941.9)	12.6
Net (loss) income before preferred stock dividends	$ (1,166.9)	$ 138.4	$ (193.1)	$ (149.6)	$ (1,371.2)	$ (130.7)	$ (1,501.9)	$ (1,492.0)	$ (2,993.9)

The following tables present the impacts of revising prior period segment balances. See *Note 2 Prior Period Revisions* for details. The changes in the provision for income taxes result from the mix of U.S and international earnings and the effect of taxes on international earnings and valuation allowances against losses.

	Quarter Ended June 30, 2010			Quarter Ended March 31, 2010			Six Months Ended June 30, 2010		
	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised	As Reported	Adjustments	As Revised
Corporate Finance									
Total interest income	$ 481.7	$ 5.8	$ 487.5	$ 504.0	$ 35.5	$ 539.5	$ 985.7	$ 41.3	$ 1,027.0
Total interest expense	(273.6)	(1.1)	(274.7)	(297.0)	(0.3)	(297.3)	(570.6)	(1.4)	(572.0)
Provision for credit losses	(109.2)	16.4	(92.8)	(94.4)	(39.9)	(134.3)	(203.6)	(23.5)	(227.1)
Rental income on operating leases	7.3		7.3	8.8		8.8	16.1		16.1
Other income, excluding rental income	205.9	1.5	207.4	103.1	0.5	103.6	309.0	2.0	311.0
Depreciation on operating lease equipment	(5.6)	0.5	(5.1)	(4.4)	0.8	(3.6)	(10.0)	1.3	(8.7)
Other expenses	(89.7)		(89.7)	(79.4)		(79.4)	(169.1)		(169.1)
Income (loss) before provision for income taxes	$ 216.8	$ 23.1	$ 239.9	$ 140.7	$ (3.4)	$ 137.3	$ 357.5	$ 19.7	$ 377.2
Net income (loss)	$ 206.4	$ (3.6)	$ 202.8	$ 128.3	$ 4.8	$ 133.1	$ 334.7	$ 1.2	$ 335.9
Transportation Finance									