



# NGFA Ag Transportation Symposium

## Outlook & Issues Confronting Private Rail Cars

Kansas City, Missouri  
May 12, 2009

Jeff Lytle  
Senior Vice President



## Railcar Leasing – *Fun With Numbers . . .*

**460,000**                      *Estimated # cars stored in North America, ~30% of fleet*

**Oct 31, 2008**                      *VeraSun files for Ch. 11 bankruptcy protection*

**Jan 6, 2009**                      *LyondellBasell files for Ch. 11 bankruptcy protection*

**Apr 7, 2009**                      *Aventine files for Ch. 11 bankruptcy protection*

**51%**                              *1Q09 renewal rate achieved by major lessor*

# Agenda

- **About CIT Rail**
- Supply & Demand
- Capital Markets
- A Look Ahead . . .

# CIT Fast Facts<sup>1</sup>

<b>Founded:</b>	1908 in St. Louis, MO
<b>NYSE Ticker Symbol:</b>	CIT
<b>Global Headquarters:</b>	New York, NY
<b>Employees:</b>	4,995
<b>Finance and Leasing Assets:</b>	More than \$60 billion
<b>Approximate Market Capitalization:</b>	\$1 billion <sup>2</sup>
<b>2008 Net Income:</b>	(\$709 million) <sup>3</sup>
<b><i>Fortune</i> 500 Rank:</b>	306
<b>Customers Served:</b>	More than one million; more than half of the <i>Fortune</i> 1000
<b>Industries Served:</b>	30
<b>Country Presence:</b>	50
<b>Market Leader In:</b>	Aerospace, Equipment and Rail Leasing, Small Business and Middle Market Lending, Vendor Finance and Retail Finance.

<sup>1</sup>As of 12/31/08. <sup>2</sup>As of market close 3/24/09. <sup>3</sup>Reflects results from continuing operations, after preferred dividends.



# Commercial Segments

## Corporate Finance

Provides lending, leasing and other financial and advisory services to small and middle market companies, with a focus on specific industries, including healthcare, energy, communications, media and entertainment.

## Trade Finance

Provides factoring, lending, credit protection, receivables management and other trade finance services to companies that sell into retail channels of distribution.

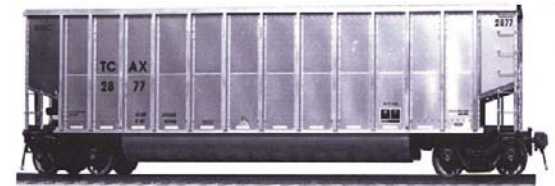
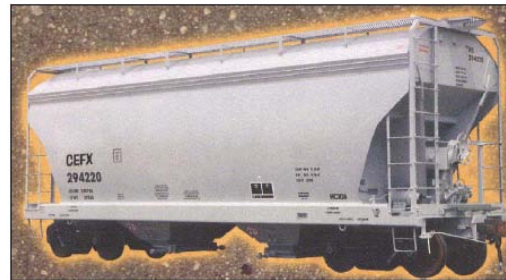
## Transportation Finance

Provides lending, leasing, and advisory services to the transportation industry, principally aerospace and rail.

## Vendor Finance

Provides innovative customer financing and leasing solutions that support global, regional and local manufacturers and distributors in technology, office products, diversified industries, telecommunications and healthcare.

# CIT RAIL



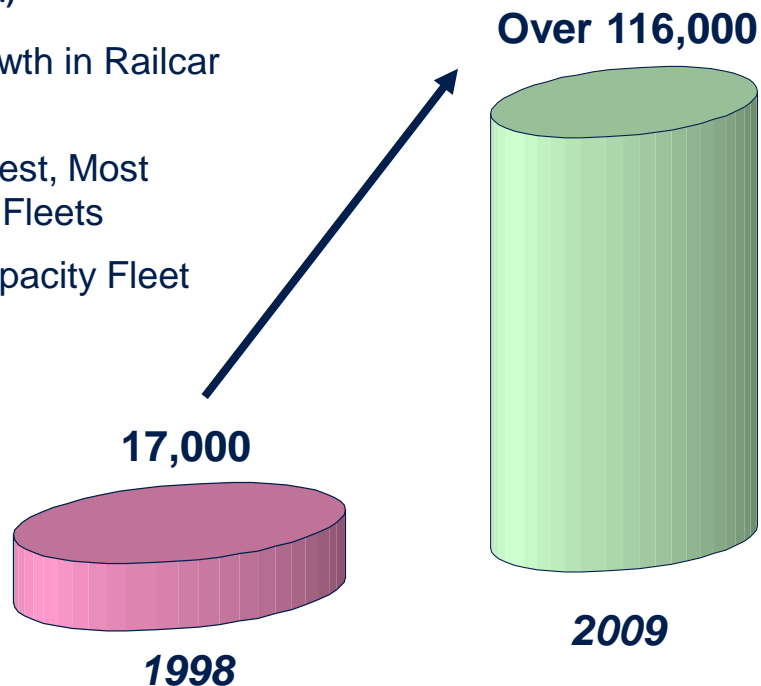
# CIT RAIL – GROWTH STORY

*One of leading lessors in North America*

## Railcar Fleet

(Owned & Managed)

- Aggressive Growth in Railcar Operating Fleet
- One of the Largest, Most Diverse Railcar Fleets
- Young, High Capacity Fleet



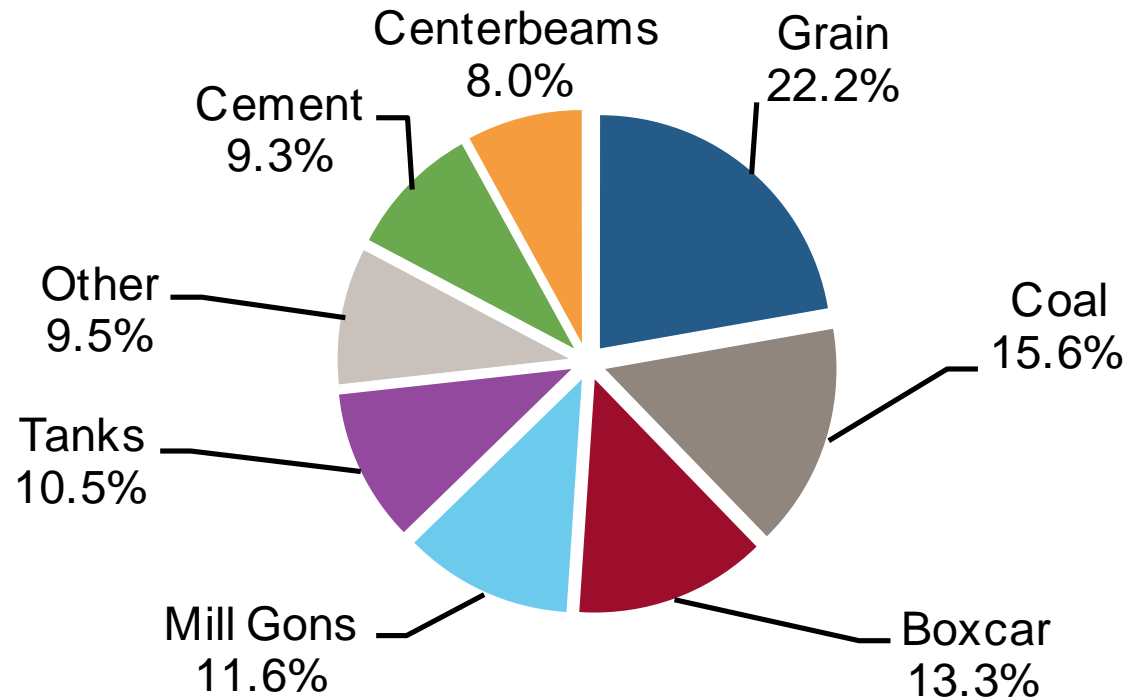
- Both Fleet Acquisitions and New Car Purchases from Manufacturers
- Market Coverage:
  - Automotive
  - Agriculture/Grain
  - Cement/Aggregates
  - Coal/Biofuels
  - Lumber
  - Oil/Gas
  - Paper
  - Plastics
  - Steel
  - Waste/Scrap

# Fleet Diversity

## CIT Rail has built a young, well diversified fleet

- Broad diversification among rail equipment types allows CIT Rail to meet the needs of customers across multiple industries.

Equipment type

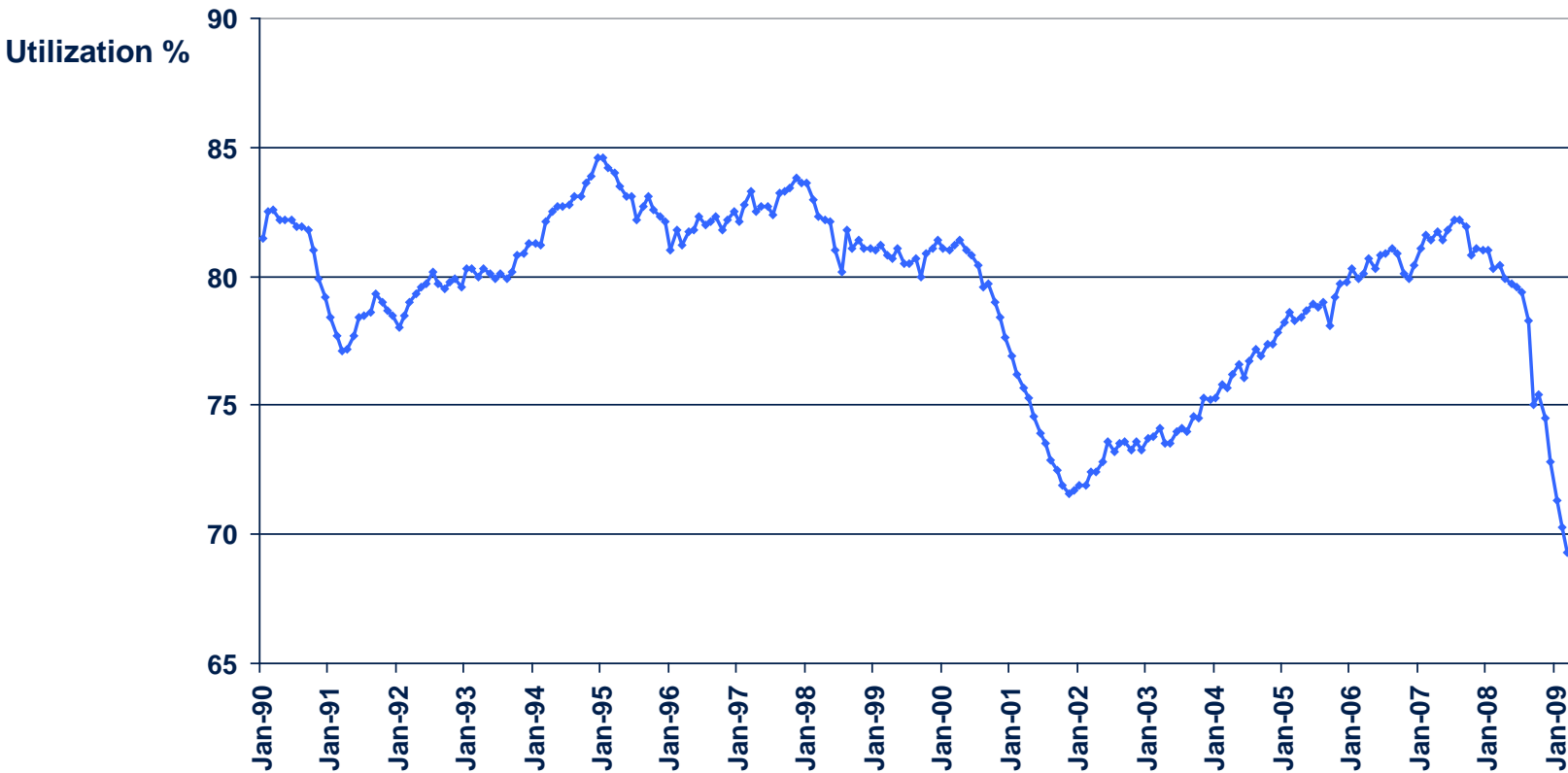


- About CIT Rail
- **Supply & Demand**
- Capital Markets
- A Look Ahead . . .

# CIT Rail – Macroeconomic Trends

## Capacity Utilization

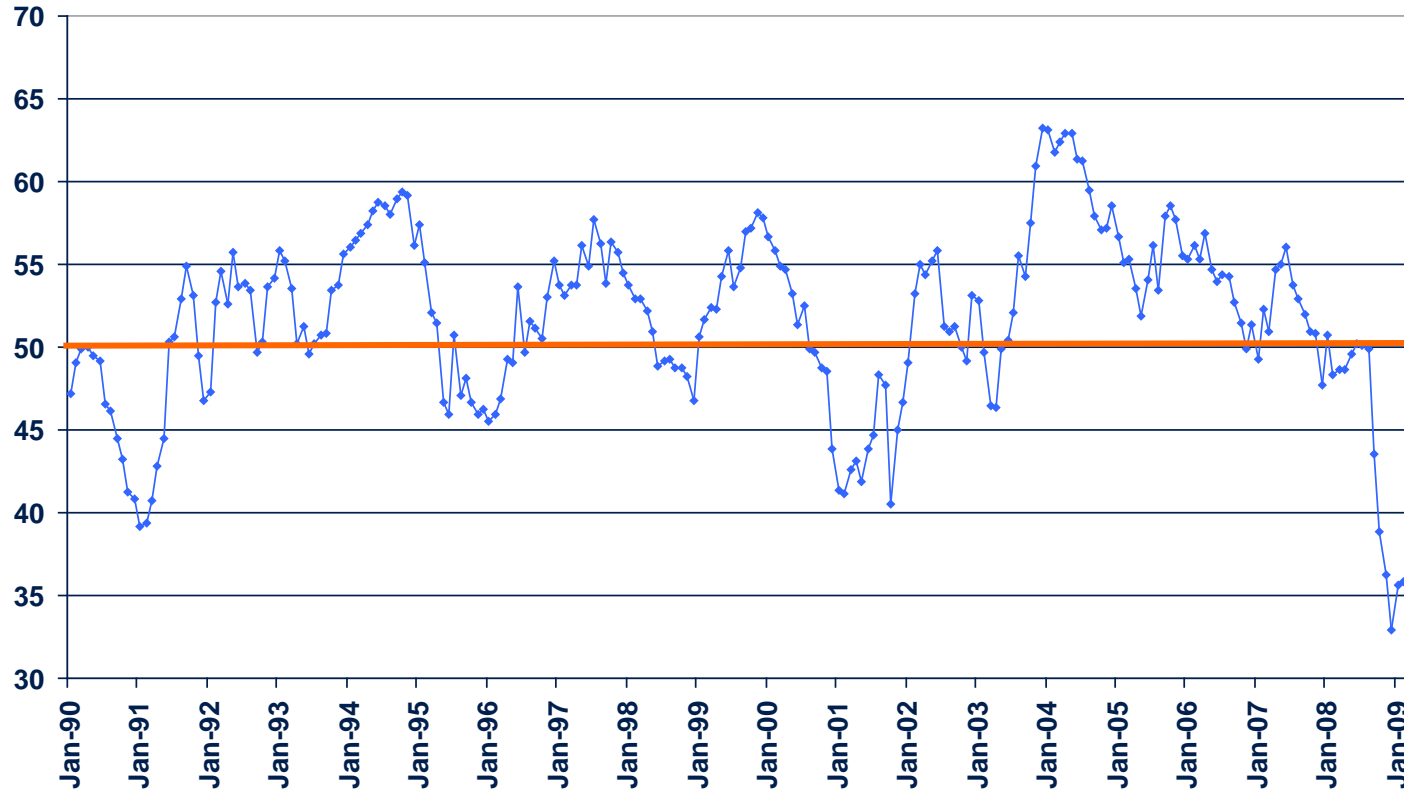
1990-2009



# CIT Rail – Macroeconomic Trends

## Global Manufacturing PMI (Purchasing Manager's Index)

1990-2009



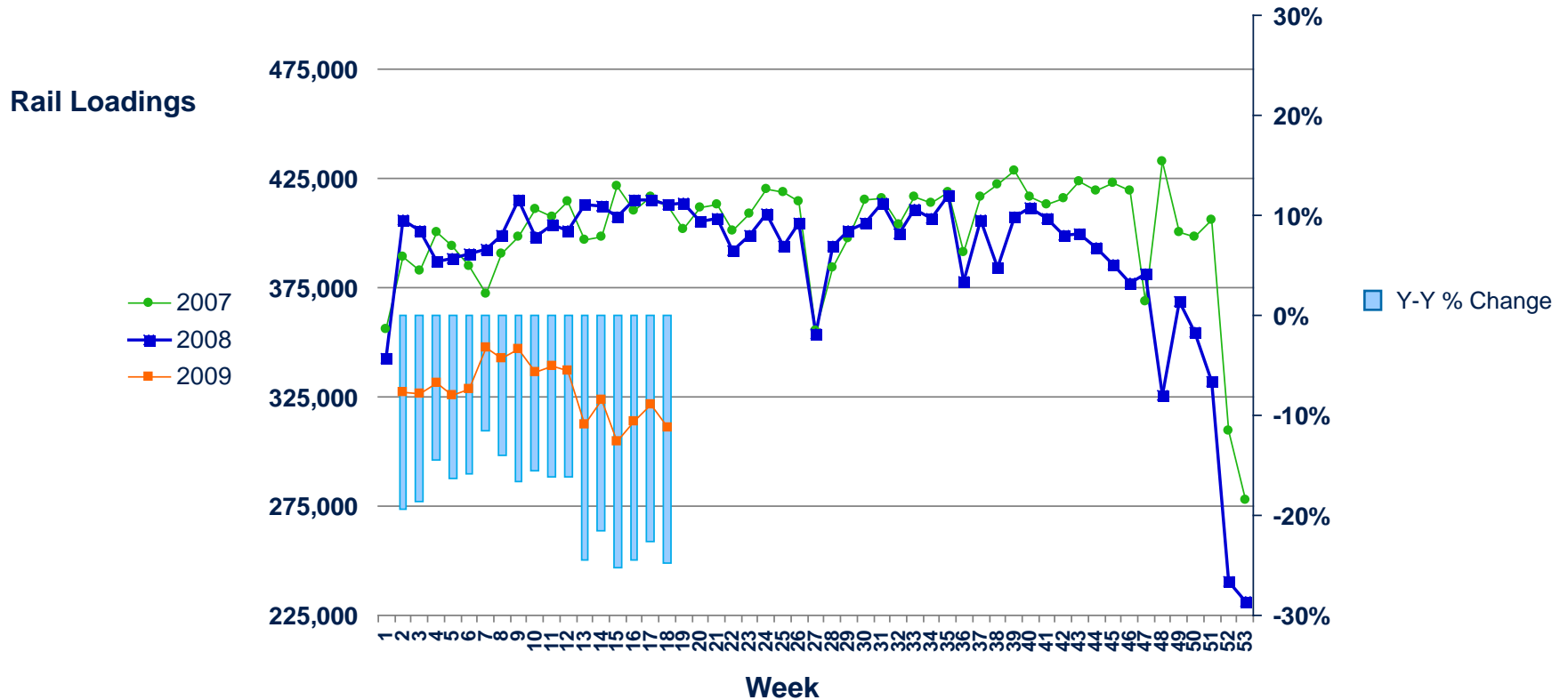
> 50: Market is Expanding

< 50: Market is Contracting



# CIT Rail --Rail Industry Trends

## U.S. & Canadian Rail Loadings



2008 YTD: 6,864,265    2009 YTD: 5,576,421

YTD% Change: -18.8%

Excludes Intermodal

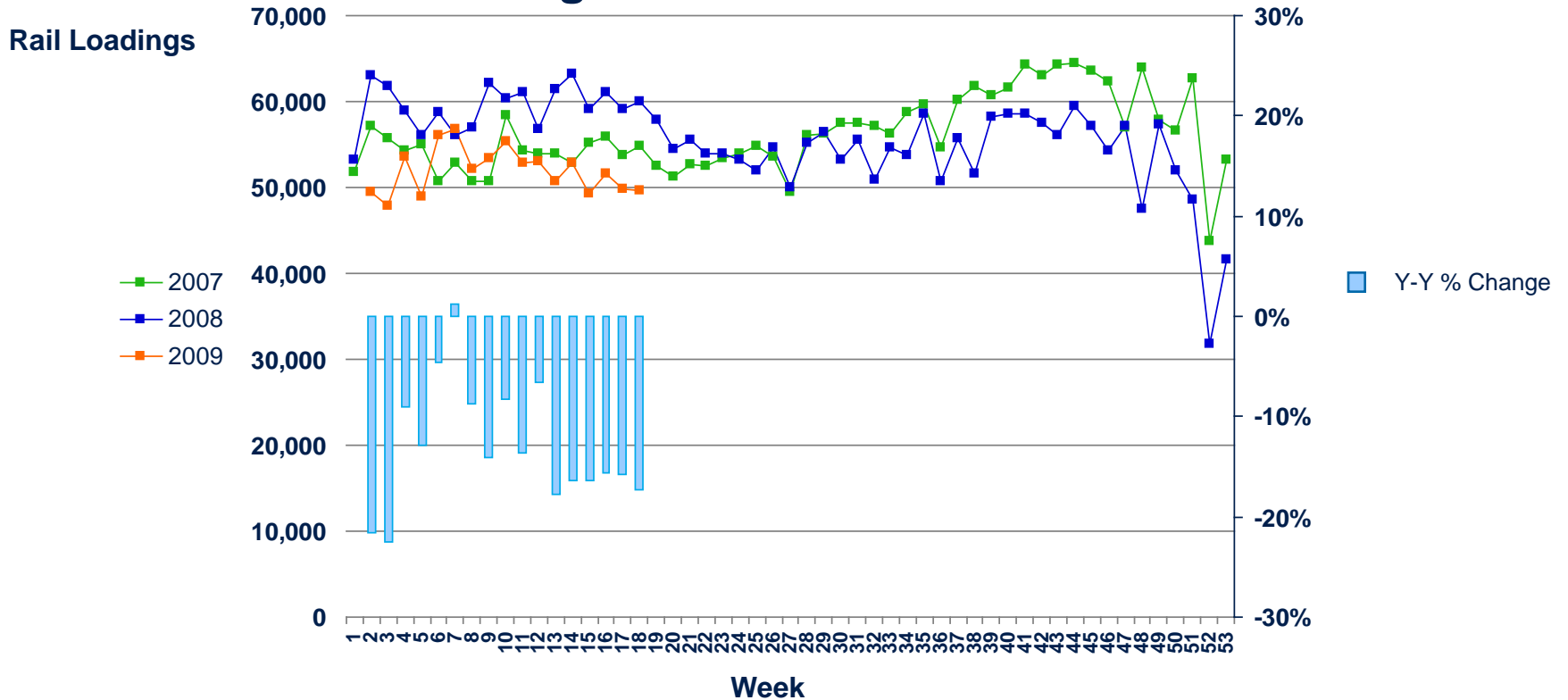


Source: AAR (Updated: 5.07.09)

# CIT Rail -- Rail Industry Trends

## U.S. & Canadian Rail Loadings

### Agricultural Products



2008 YTD: 1,016,252    2009 YTD: 833,166

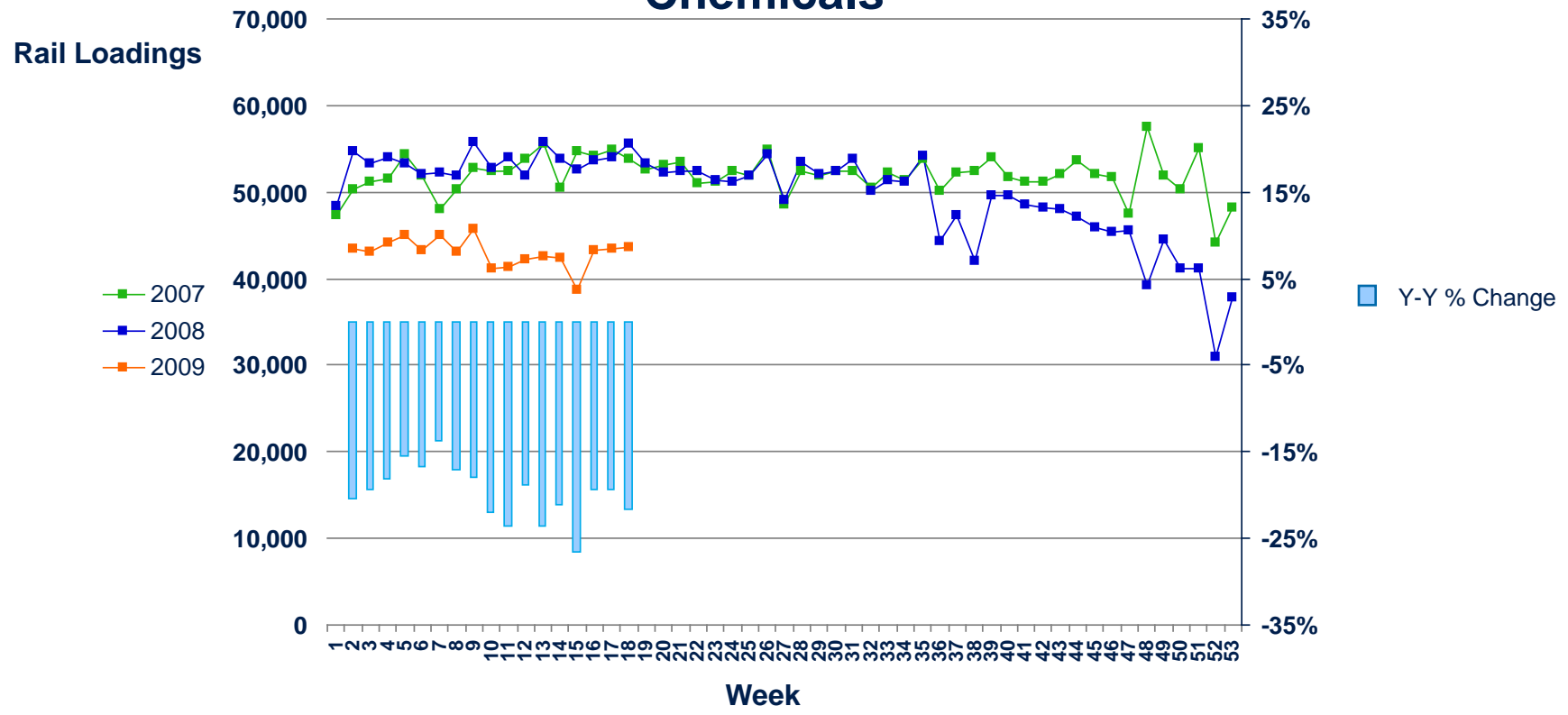
YTD% Change: -13.1%



# CIT Rail -- Rail Industry Trends

## U.S. & Canadian Rail Loadings

### Chemicals



2008 YTD: 911,311    2009 YTD: 731,705

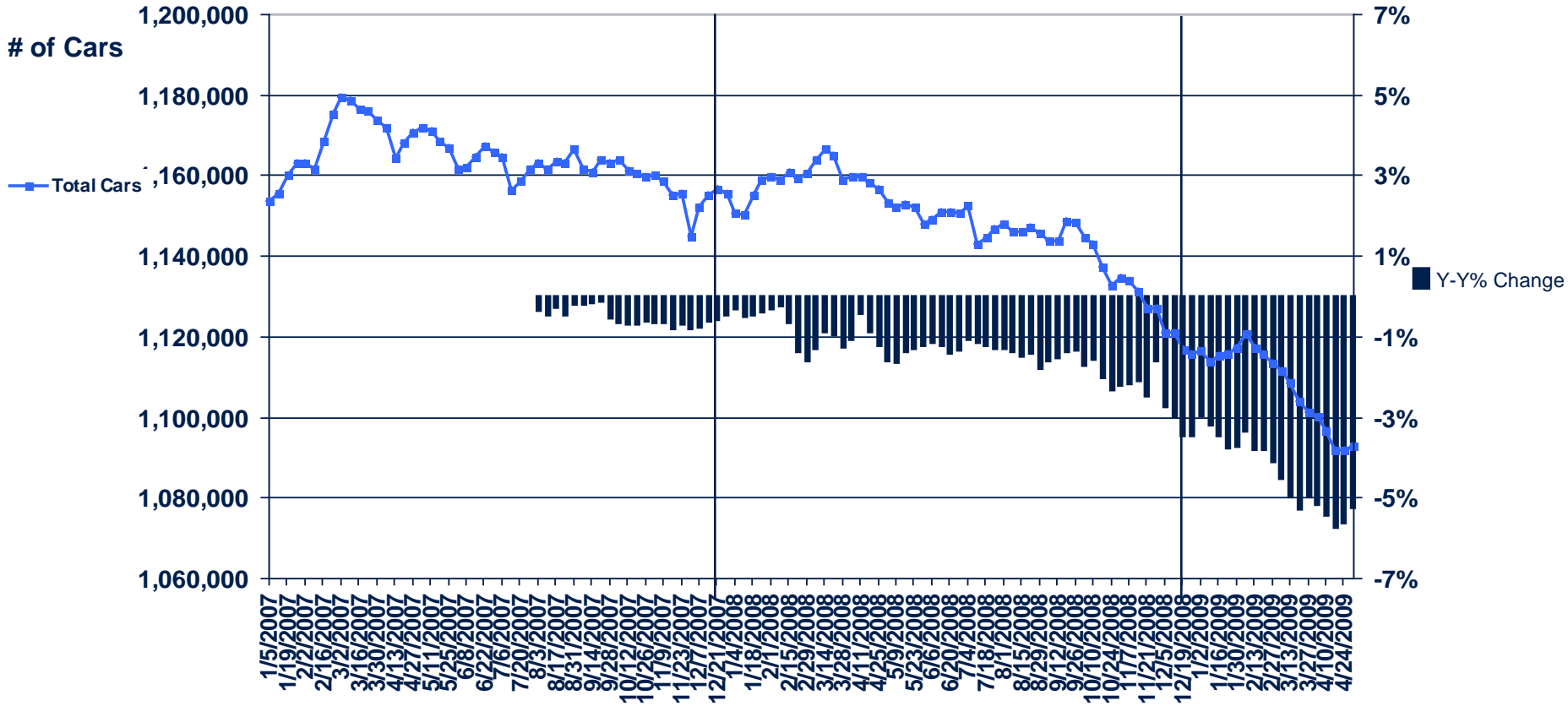
YTD% Change: -19.7%



# CIT Rail-- Rail Industry Trends

## Total Cars On Line

1/05/07-5/01/09



5/02/08: 1,153,429 5/01/09: 1,093,087

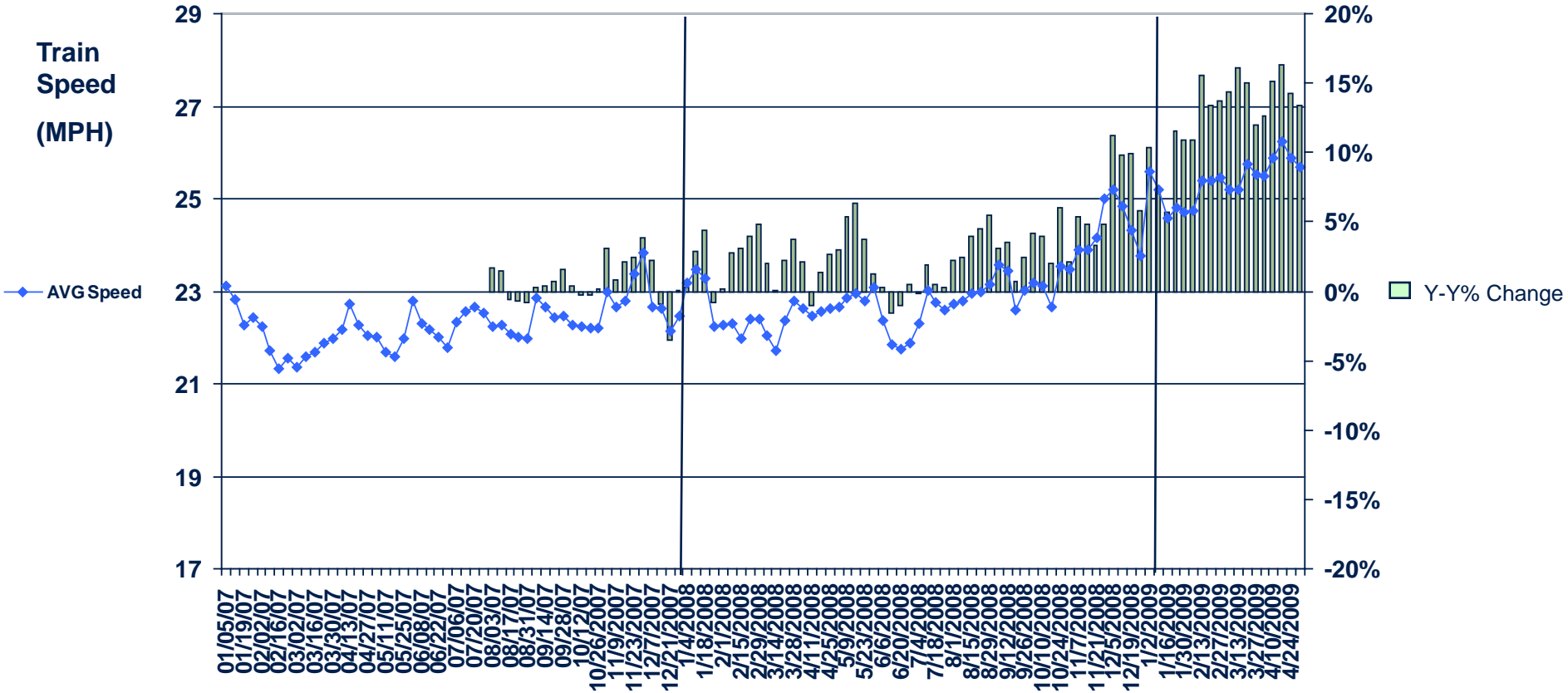
% Change: -5.2%



# CIT Rail-- Rail Industry Trends

## Average Railcar Speed

1/05/07-5/01/09



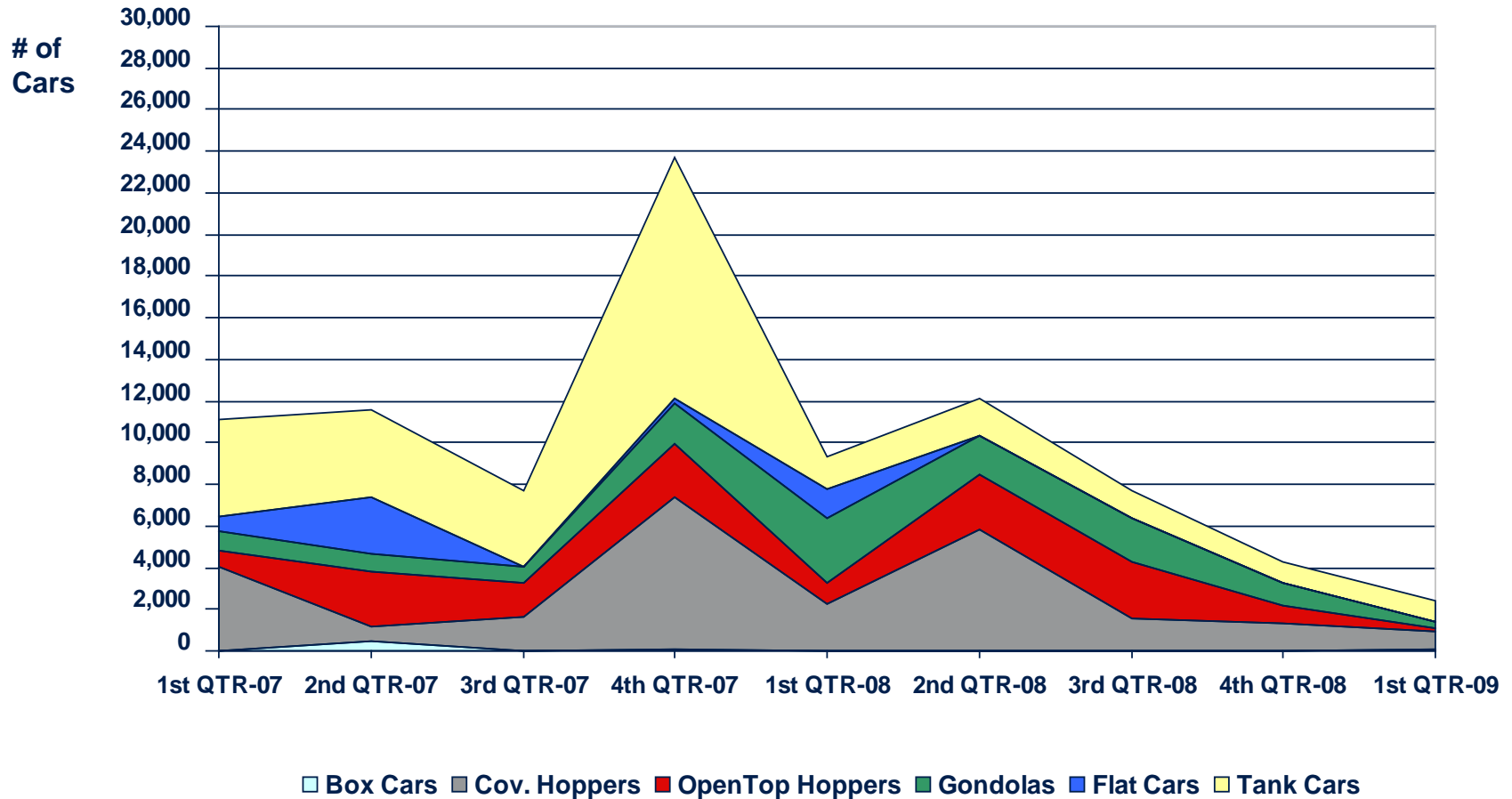
5/02/08: 22.66 5/01/09: 25.69

% Change: 13.4%



# CIT Rail -- Rail Industry Trends

## 2007-2009 Freight Car Orders



## Supply & Demand Themes

- Economic contraction over the prior 18 months
- 60,000 cars taken off-line in last 12 months
- Train speeds up 13.4% YOY
- New car activity light

- About CIT Rail
- Supply & Demand
- **Capital Markets**
- A Look Ahead . . .

# Capital Markets – Macro Lessor Perspective

## Current State

Capital continues to be limited across **ALL** industries

Debt parameters – shorter terms, higher pricing & lower advance rates

Equity investments slowing

Asset Valuations

Further asset declines

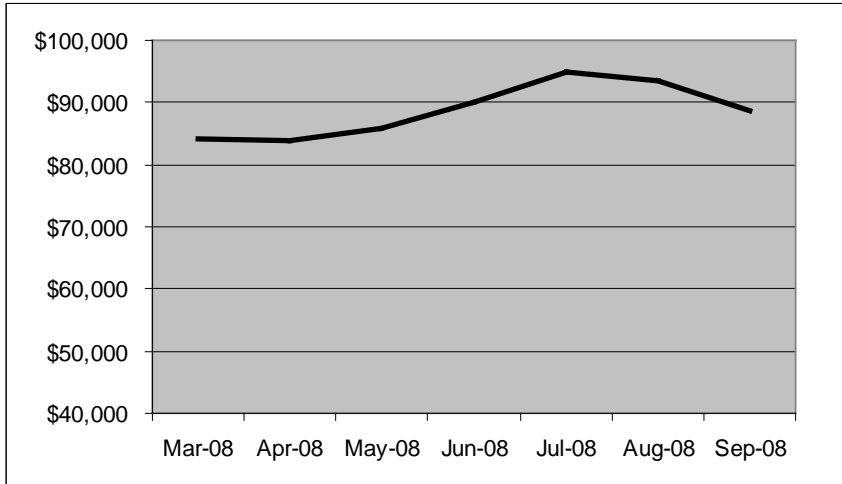
## Key Drivers

- Funding costs
- Risk/Return (pricing)
- Supply/Demand
- Alternate investment options

## Rail

Resilient asset class that continues to be attractive investment for debt capital

# Capital Markets – Impact on Pricing



- New Money vs Legacy Deal (sunk cost)
- Asset Considerations
- 'Access' and 'Appetite'

## Net Leasing Scenarios

**.95%**

**.85%**

**.75%**

\$85,000	\$808	\$85,000	\$723	\$85,000	\$638
\$90,000	\$855	\$90,000	\$765	\$90,000	\$675
\$95,000	\$903	\$95,000	\$808	\$95,000	\$713

# Summary

- Supply & Demand
  - Uncertainty is certain
  - Absorption required – how long?
- Capital Markets
  - Tough macro environment – rail is resilient
  - Access vs appetite

- About CIT Rail
- Supply & Demand
- Capital Markets
- **A Look Ahead . . .**

## Looking Ahead . . .

### Crude

*Oil headed to \$60+, gas \$2.50 Chicago...\$3.00 West Coast  
Demand in China & India is up  
OPEC taken production down*

Source: FBN, May 6, 2009



*\$930 MM bridge project – Stimulus at work  
Equipment on site 11 days after approval  
Caterpillar's excavator sales back to record levels*

Source: WSJ, April 30, 2009



*US government – now a growth partner  
Stimulus spending – how fast will it move?  
Will the industry be ready to support growth?*