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CIT GROUP INC DEL
Form 424B1
July 02, 2002

Filed Pursuant to Rule 424(b)(1)
Registration No. 333-86910

200,000,000 SHARES

[CIT LOGO]

CIT GROUP INC.

COMMON STOCK

The shares of common stock being offered by this prospectus are being sold by Tyco Capital Ltd., the selling stockholder, which is a wholly-owned subsidiary of Tyco International Ltd. We are currently a wholly-owned subsidiary of the selling stockholder and, following this offering, the selling stockholder and its affiliates will own none of our shares of common stock. We have granted the underwriters an option to purchase up to 20,000,000 additional shares of our common stock to cover over-allotments. We will not receive any proceeds from the sale of shares by the selling stockholder. However, if the underwriters exercise their over-allotment option, we will receive the proceeds from the sale of shares pursuant to such exercise.

No public market currently exists for our common stock. Our common stock has been approved for listing on the New York Stock Exchange under the symbol "CIT."

INVESTING IN OUR COMMON STOCK INVOLVES RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE 7.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
	-----	-----
Initial public offering price.....	\$23.00	\$4,600,000,0
Underwriting discount.....	\$ 0.92	\$ 184,000,0
Proceeds, before expenses, to selling stockholder.....	\$22.08	\$4,416,000,0

Goldman, Sachs & Co. and Lehman Brothers, on behalf of the underwriters, expect to deliver the shares against payment on July 8, 2002.

JOINT BOOK-RUNNING MANAGERS

GOLDMAN, SACHS & CO.

LEHMAN BROTHERS

JPMORGAN

BANC OF AMERICA SECURITIES LLC

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CREDIT SUISSE FIRST BOSTON

SALOMON SMITH BARNEY

MERRILL LYNCH & CO.

BEAR, STEARNS & CO. INC.

CIBC WORLD MARKETS

DEUTSCHE BANK SECURITIES

UBS WARBURG

WACHOVIA SECURITIES

Prospectus dated July 1, 2002

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You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with different information. We are not making offers to sell the securities in any jurisdiction in which an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to anyone to whom it is unlawful to make an offer or solicitation. The information in this prospectus is accurate as

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of the date on the front cover. You should not assume that the information contained in this prospectus is accurate as of any other date.

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PROSPECTUS SUMMARY

THIS SUMMARY HIGHLIGHTS INFORMATION CONTAINED ELSEWHERE IN THIS PROSPECTUS. THIS SUMMARY IS NOT COMPLETE AND DOES NOT CONTAIN ALL OF THE INFORMATION THAT YOU SHOULD CONSIDER BEFORE INVESTING IN OUR COMMON STOCK. TO BETTER UNDERSTAND THE OFFERING AND THE BUSINESS AND FINANCIAL POSITION OF OUR COMPANY, YOU SHOULD READ THE ENTIRE PROSPECTUS CAREFULLY, ESPECIALLY THE RISKS DISCUSSED UNDER "RISK FACTORS." AS USED IN THIS PROSPECTUS, EXCEPT AS OTHERWISE INDICATED AND UNLESS THE CONTEXT REQUIRES OTHERWISE, "CIT," THE "COMPANY," "WE," "US" OR "OUR" REFERS TO (I) CIT GROUP INC., A NEVADA CORPORATION, AND ITS SUBSIDIARIES AND (II) CIT GROUP INC., A DELAWARE CORPORATION, AFTER THE CONSUMMATION OF THE REORGANIZATION AND THE RENAMING OF CIT GROUP INC. (DEL) TO CIT GROUP INC. AS DESCRIBED UNDER "CORPORATE STRUCTURE AND REORGANIZATION," "TYCO" INCLUDES TYCO INTERNATIONAL LTD. AND ITS SUBSIDIARIES, OTHER THAN CIT AND ITS SUBSIDIARIES, AS OF THE RELEVANT DATE, "TYCO CAPITAL" MEANS TYCO CAPITAL LTD., THE SELLING STOCKHOLDER IN THIS OFFERING, AND "TCH" MEANS TYCO CAPITAL HOLDING, INC., THE IMMEDIATE PARENT OF CIT PRIOR TO THE REORGANIZATION DESCRIBED UNDER "CORPORATE STRUCTURE AND REORGANIZATION."

OUR COMPANY

CIT is a leading global commercial and consumer finance company that has been a consistent provider of financing and leasing capital since 1908. With about \$48 billion of managed assets, we have the financial resources, intellectual capital and product knowledge to serve the needs of our clients across 30 industries. Our clients range from small private companies to many of the world's largest and most respected multinational corporations. Our market leadership, balanced credit and risk management culture, strategies of diversification and specialization, customer oriented financing solutions and experienced management team have delivered consistent net income growth over time.

Our commercial lending and leasing businesses are diverse and provide a wide range of financing and leasing products to small, midsize and larger companies across a wide variety of industries. Our secured lending, leasing and factoring products include direct loans and leases, operating leases, leveraged and single investor leases, secured revolving lines of credit and term loans, credit protection, accounts receivable collection, import and export financing, debtor-in-possession and turnaround financing, and acquisition and expansion financing. Our consumer finance business consists primarily of home equity lending to consumers originated largely through a network of brokers and correspondents. The diversity of our products and markets enhances our ability to manage risk and maintain profitability.

OUR STRENGTHS

BROAD MARKET LEADERSHIP. We have strong franchise businesses with market scale, including leading positions in vendor financing, factoring and construction equipment financing. We are also a market leader in financing and leasing personal computers, telecommunication equipment, office equipment, industrial equipment, rail cars, and commercial and corporate aircraft. In addition, we have significant market presence in providing home equity loans to consumers, asset-based and credit-secured lending and advisory-structured finance. We also have the number one market position in Small Business Administration loans.

BALANCED CREDIT AND RISK MANAGEMENT CULTURE. We value the importance of

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strong risk management as a fundamental attribute to the success of our business. Such management values balance our credit and risk management with continued long-term profitable asset growth, a strong and reliable balance sheet and sensible diversification. Our highly sophisticated risk management systems and procedures are designed to identify and analyze risks, to set appropriate policies and limits and to continually monitor these risks. Our risk management has been tested and refined over several economic cycles.

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DIVERSIFICATION. Our portfolio of finance receivables, leases and operating lease equipment is well diversified by: customer, product, industry, geography, ticket size and equipment. We manage our portfolio to avoid risk concentrations through up-front origination processes and portfolio management.

SPECIALIZATION. Our businesses are focused on specific customers, industries, equipment types, collateral and geographic areas. Our personnel are industry and equipment specialists. They are positioned to deliver their products with quality and consistency to deliver profitable growth.

CUSTOMER-ORIENTED FINANCING SOLUTIONS. We provide financing solutions that are integrated with our customers' order entry and inventory management systems by utilizing a method of seamless origination and processing. Equipment loans, leases, mortgages, factoring arrangements and other financial products are originated, approved and processed under delivery systems that are cost efficient, timely and operate under reliable quality standards. This positioning allows us to provide financing at all points of a product life cycle, including the handling and remarketing of equipment. By linking this integration to a variety of financial structures, we have developed private label, joint venture and other programs. We are a leading provider of such integrated capabilities and structures and are one of only a handful of companies that do so. Our approach to an integrated process has required continuous improvements in process technology, quality and cost against major competitors in the market.

STRONG, PROVEN MANAGEMENT TEAM. We feel CIT is a unique blend of people and assets with a proven 94-year history of consistently meeting our goals and serving our customers' needs through numerous business cycles and changing business environments. Our senior management team, with over 25 years of finance industry experience on average and long tenure with CIT, has demonstrated an ability to profitably grow our business both before and after our acquisition by Tyco and has successfully implemented significant improvements in our operational structure.

OUR BUSINESS STRATEGY

Our business strategy is to be a leading full-service provider of commercial and consumer financing and leasing and related services and products through focused franchise businesses with efficient operating platforms. The principal elements of our business strategy are to:

MAINTAIN AND LEVERAGE OUR EXISTING MARKET LEADERSHIP POSITIONS TO CONTINUE TO EXPAND IN EXISTING MARKETS, INDUSTRIES AND PRODUCTS. We will continue to expand our highly integrated operations of origination, processing, and end of lease activities by building additional relationships, expanding our sales and marketing reach, adding complementary products and solutions and improving our brand recognition in the United States and abroad. We will selectively pursue strategic acquisition opportunities of both businesses and portfolios of assets that we believe will enhance our growth and profitability and that can be integrated into our core franchises.

CONTINUE TO IMPROVE OVERALL EFFICIENCY AND FLEXIBILITY. Since being acquired by Tyco in June 2001, we have reduced annual operating expenses by

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approximately \$150 million, consolidated some of our businesses to improve our operational structure, and divested over \$5 billion of non-core, less profitable assets. These improvements have allowed us to achieve and execute our strategic and financial goals across our operating businesses in a highly effective and flexible manner. We intend to continue to focus on expense control while continuously improving our process and investment in technology.

RESTORE DEBT CREDIT RATINGS TO HIGHER LEVELS. Our strategy is to operate the Company at high credit ratings. While our current long-term debt ratings are BBB+, A2 and BBB for Standard & Poor's, Moody's and Fitch, respectively, we expect to operate the company to achieve A+, A1 and A+ long-term debt ratings and A-1, P-1 and F1 commercial paper ratings in the future.

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OUR RELATIONSHIP WITH TYCO

CIT is currently an indirect, wholly-owned subsidiary of Tyco International Ltd. Tyco has announced that it intends to separate CIT from Tyco, and that it is considering alternative means for the separation, including a sale of CIT to a third party, or through this offering.

After completing this offering, Tyco and its affiliates will no longer hold any of our shares of common stock and will not have representation on our board of directors. In connection with the offering, we will enter into an agreement with Tyco providing for mutual releases of claims for periods prior to the offering and mutual indemnification against third-party claims arising from our respective businesses or the offering. We will also enter into an agreement with Tyco covering certain tax matters. In addition, we plan to enter into an agreement with Tyco under which we may have the opportunity to offer financing and other services to Tyco and Tyco's customers.

CIT maintains its principal executive offices at 1211 Avenue of the Americas, New York, New York 10036. The telephone number is (212) 536-1390.

THE OFFERING

CIT common stock offered by Tyco Capital.....	200,000,000 shares
CIT common stock to be outstanding immediately after this offering(1).....	200,316,302 shares
Over-allotment option.....	20,000,000 shares to be issued by CIT
Voting rights.....	One vote per share
Estimated net proceeds to selling stockholder.....	\$4,412,000,000
Use of proceeds.....	We will not receive any of the proceeds from the sale of our shares of common stock by Tyco Capital; however, if the underwriters exercise their over-allotment option, we will receive the proceeds from the sale of shares pursuant to such exercise. We will use the net proceeds from any such sale of shares by us to the underwriters for general corporate purposes including the repayment of outstanding indebtedness.

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Proposed New York Stock Exchange symbol..... CIT

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- (1) The amount of shares of CIT common stock to be outstanding immediately after this offering includes 200,000,000 shares to be sold by Tyco Capital pursuant to this offering and 316,302 shares of restricted common stock to be issued to CIT officers and employees in substitution for Tyco restricted shares held by such persons. The amount excludes 20,000,000 shares of common stock that are subject to an over-allotment option granted to the underwriters, 15,541,432 shares of common stock that will be subject to options to be granted to CIT officers, directors and employees concurrently with this offering and 27,000,000 shares of common stock reserved for issuance under our employee benefit plans (which includes the 15,541,432 shares that will be subject to options upon completion of the offering).

UNLESS WE SPECIFICALLY STATE OTHERWISE, THE INFORMATION IN THIS PROSPECTUS:

- ASSUMES THAT THE UNDERWRITERS WILL NOT EXERCISE THEIR OVER-ALLOTMENT OPTION; AND
- ASSUMES COMPLETION OF THE REORGANIZATION AND THE RENAMING OF CIT GROUP INC. (DEL) TO CIT GROUP INC. AS DESCRIBED UNDER "CORPORATE STRUCTURE AND REORGANIZATION."

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SUMMARY FINANCIAL DATA

CIT is presently organized as a Nevada corporation (which is referred to in this prospectus as CIT Group Inc. (Nevada)), and is a direct, wholly-owned subsidiary of TCH, a Nevada corporation, which is a direct, wholly-owned subsidiary of Tyco Capital, a Bermuda company. Prior to the closing of this offering, Tyco will effectuate a restructuring whereby CIT Group Inc. (Nevada) will merge with and into TCH, and that combined entity will further merge with and into CIT Group Inc. (Del), a Delaware corporation. In connection with the reorganization, CIT Group Inc. (Del) will be renamed CIT Group Inc. As a result of the reorganization, CIT Group Inc. will be domiciled in Delaware and will be the successor to CIT's business, operations, obligations and SEC registration.

In connection with the reorganization and mergers described above, CIT Group Inc. (Nevada) is reflected in the Consolidated Financial Statements of TCH, as CIT Group Inc. (Nevada) is a wholly-owned subsidiary of TCH. The Delaware company has had no operations and nominal financial activity and will be used solely for the purpose of the reincorporation of CIT Group Inc. (Nevada). TCH was incorporated in October 2000 and its only activity has been in connection with its capacity as the holding company for the acquisition of CIT by Tyco on June 1, 2001. TCH has not acted as an operating company and immediately prior to the reorganization will have nominal assets and liabilities, other than its investment in CIT. TCH's stand-alone historical financial activity is comprised of intercompany debt payable to an affiliate of Tyco and interest expense related to the acquisition of CIT, and TCH also facilitated the delivery of Tyco common shares on redemption of CIT Exchangeco Inc. shares. All of the activity of TCH will be unwound through a capital contribution from Tyco prior to the reorganization discussed above and TCH's balance sheet will have nominal balances. The ongoing operations of the registrant will effectively be comprised of the existing operations of CIT.

On June 1, 2001, CIT, formerly known as Tyco Capital Corporation and

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previously The CIT Group, Inc., was acquired by a wholly-owned subsidiary of Tyco in a purchase business combination (see Note 2 to the "Consolidated Financial Statements" beginning on page F-1). In accordance with the guidelines for accounting for business combinations, the purchase price paid by Tyco for CIT plus related purchase accounting adjustments have been "pushed-down" and recorded in CIT's consolidated financial statements for periods subsequent to June 1, 2001. This resulted in a new basis of accounting reflecting the fair market value of CIT's assets and liabilities for the "successor" period beginning June 2, 2001. Information relating to all "predecessor" periods prior to the acquisition by Tyco is presented using CIT's historical basis of accounting.

The following table sets forth selected consolidated financial information regarding CIT's results of operations and balance sheets. To assist in the comparability of our financial results the financial information in the following table combines the "predecessor period" (January 1 through June 1, 2001) with the "successor period" (June 2 through September 30, 2001) to present "combined" results for the nine months ended September 30, 2001. The data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk" and the "Consolidated Financial Statements" included elsewhere in this prospectus.

RESTATEMENT--The Company has restated its Consolidated Financial Statements for the quarter ended March 31, 2002. The restatement to the financial statements herein reflects an impairment of goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangibles," resulting in an estimated goodwill impairment charge of \$4.51 billion. This restatement has no impact on previously reported operating margin or net cash provided by operations for any periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk" and Note 6, "Accounting Change--Goodwill Amortization" in the

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Company's Consolidated Financial Statements for the quarter ended March 31, 2002 for further information regarding the goodwill impairment.

(\$ IN MILLIONS)	SIX MONTHS ENDED MARCH 31,		NINE MONTHS ENDED SEPTEMBER 30,			Y
	2002 (2)	2001	2001 (1) (2) (3)			2000
	(SUCCESSOR) (RESTATED)	(PREDECESSOR)	(COMBINED)			
RESULTS OF OPERATIONS						
Net finance margin.....	\$ 935.7	\$ 795.3	\$1,318.8			\$1,469.4
Provision for credit losses.....	307.9	132.1	332.5			255.2
Operating margin.....	1,105.0	1,092.1	1,558.9			2,126.2
Salaries and general operating expenses.....	457.4	522.8	784.9			1,035.2
Goodwill impairment (6).....	4,512.7	--	--			--
Net (loss) income.....	(4,116.4)	320.2	333.8			611.6
Pro forma (loss) income per common share:						
Basic (7).....	\$ (20.55)		\$ 1.67			
Diluted (7).....	\$ (20.55)		\$ 1.67			
PROFITABILITY RATIOS						
Return on Average Tangible						

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Shareholder's Equity(8).....	(200.4)%	16.0%	10.8%	16.0%
Return on Average Earning Assets ("AEA") (9).....	(22.18)%	1.54%	1.10%	1.50%

	AT MARCH 31, 2002 (2)	AT SEPTEMBER 30, 2001 (1) (2) (3)	----- 2000	AT D 1999 (4)
	(SUCCESSOR)			(PR
	(RESTATED)			
BALANCE SHEET DATA				
Total finance receivables.....	\$26,297.7	\$31,879.4	\$33,497.5	\$31,007.5
Reserve for credit losses.....	554.9	492.9	468.5	446.5
Operating lease equipment, net.....	6,604.0	6,402.8	7,190.6	6,125.5
Goodwill, net.....	2,383.4	6,547.5	1,964.6	1,850.5
Total assets.....	44,383.5	51,090.1	48,689.8	45,081.5
Total debt.....	33,734.9	35,697.7	37,965.1	35,373.5
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company.....	258.6	260.0	250.0	250.0
Shareholder's equity.....	6,500.0	10,598.0	6,007.2	5,554.5
OTHER				
Total managed assets(10).....	\$48,087.8	\$50,877.1	\$54,900.9	\$51,433.5
CREDIT QUALITY AND LEVERAGE RATIOS				
60+ days contractual delinquency as a percentage of finance receivables.....	3.90%	3.46%	2.98%	2.98%
Reserve for credit losses as a percentage of finance receivables.....	2.11%	1.55%	1.40%	1.40%
Reserve for credit losses as a percentage of 60+ days contractual delinquency.....	47.9%	44.7%	46.9%	53.3%
Total debt (net of overnight deposits) to tangible shareholder's equity(8)(11)....	7.30x	8.20x	8.78x	8.78x
Tangible shareholder's equity(8) to managed assets(10).....	9.1%	8.5%	7.8%	7.8%

(1) In September 2001, CIT changed its fiscal year end from December 31 to September 30 to conform to Tyco's fiscal year end.

(2) On September 30, 2001, we sold certain international subsidiaries, which had assets of \$1.8 billion and liabilities of \$1.5 billion, to a non-U.S. subsidiary of Tyco for a note in the amount of approximately \$295 million. This sale did not affect earnings for the period ended September 30, 2001. On February 11, 2002, we repurchased the international subsidiaries that we had previously sold to an affiliate of Tyco. The summary financial data includes these international operations for all periods presented; as a result, the Balance Sheet Data at September 30, 2001 varies slightly from comparable data reported in CIT's Form 10-K for the period ended September 30, 2001.

(3) Results of operations for the nine months ended September 30, 2001 (combined) include special charges incurred by the predecessor of \$221.6 million (\$158.0 million after tax). See Note 3 to the Consolidated Financial Statements.

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- (4) Includes results of operations of Newcourt Credit Group Inc. from the November 15, 1999 acquisition date.
- (5) Includes a 1997 gain of \$58.0 million on the sale of an equity interest acquired in connection with a loan workout.
- (6) See Note 6, "Accounting Change--Goodwill Amortization" in the Company's Consolidated Financial Statements for the quarter ended March 31, 2002 for further information regarding the goodwill impairment.
- (7) Basic and diluted pro forma (loss) income per common share have been computed by dividing net (loss) income for each period by 200,316,302 common shares, which is the number of common shares expected to be outstanding immediately after this offering. There are no dilutive common share equivalents expected to be issued prior to the closing of the offering.
- (8) Tangible shareholder's equity excludes goodwill and other intangible assets.
- (9) Average Earning Assets is the average of finance receivables, operating lease equipment, finance receivables held for sale and certain investments, less credit balances of factoring clients.
- (10) "Managed assets" are comprised of financing and leasing assets and finance receivables previously securitized and still managed by us.
- (11) Total debt excludes, and tangible shareholder's equity includes, Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company.

TYCO CAPITAL HOLDING, INC.

The consolidated financial statements of TCH included herein reflect the consolidated results of TCH, since its inception on October 13, 2000, plus the results of CIT Group Inc. (Nevada) and its subsidiaries since its acquisition by TCH on June 1, 2001. The following table sets forth summary financial information regarding the consolidated results of operations and balance sheets of TCH and its subsidiaries, including CIT (\$ in millions). No comparative summary financial information is included because activity of TCH for the period ended March 31, 2001 was nominal.

	AT OR FOR THE SIX MONTHS ENDED MARCH 31, 2002	AT OR FOR THE PERIOD FROM INCEPTION THROUGH SEPTEMBER 30, 2001
	----- (RESTATED)	-----
Finance income.....	\$ 2,304.7	\$ 1,676.5
Intercompany interest expense, net.....	382.4	98.8
Goodwill impairment.....	4,512.7	--
Net (loss) income.....	(4,435.6)	181.9
Total assets.....	45,282.9	51,452.4
Intercompany debt payable to Tyco.....	5,600.0	5,000.0
Total debt.....	39,334.9	40,697.7
Shareholder's equity.....	1,798.5	5,947.6

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See "Capitalization" for a presentation of certain financial information concerning TCH and its subsidiaries, including CIT, that excludes the intercompany debt and other activities of TCH that will be unwound prior to the reorganization.

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RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING DISCUSSION OF RISKS, AND THE OTHER INFORMATION PROVIDED IN THIS PROSPECTUS. THE RISKS DESCRIBED BELOW ARE NOT THE ONLY ONES FACING US. ADDITIONAL RISKS THAT ARE PRESENTLY UNKNOWN TO US OR THAT WE CURRENTLY DEEM IMMATERIAL MAY ALSO IMPAIR OUR BUSINESS.

RISKS RELATED TO CIT'S BUSINESS

WE MAY BE ADVERSELY AFFECTED BY A GENERAL DETERIORATION IN ECONOMIC CONDITIONS.

Our business, financial condition and results of operations may be affected by various economic factors, including the level of economic activity in the markets in which we operate. Unfavorable economic conditions may make it more difficult for us to maintain both our new business origination volume and the credit quality of new business at levels previously attained. Our growth depends significantly upon our ability to generate new finance receivables, and in a recession or other adverse economic environment, growth in our finance receivables may be limited by a decrease in demand for consumer or commercial credit or by a decline in collateral values. Delinquencies, foreclosures and credit losses generally increase during economic slowdowns or recessions.

We are also subject to industry-specific economic factors. An economic downturn or slowdown in an industry could reduce demand for the financing we provide for products of that industry. For example, our factoring business could decline if there is a downturn in the retail textile, apparel, furniture or home furnishings markets. At March 31, 2002, 5.1% of our total financing and leasing assets related to obligations of retailers (12.7% including the trade receivables securitized and managed by CIT), 11.6% related to commercial airline obligations and 4.6% related to home equity obligations. Adverse economic conditions in the markets or industries that we serve could have a material adverse effect on our business, financial position or results of operations.

In a recession or under other adverse economic conditions, nonearning assets and writedowns are likely to increase as debtors fail to meet their payment obligations. Although we maintain a consolidated reserve for credit losses in an amount that we believe is sufficient to provide adequate protection against potential writedowns in our portfolio, this allowance could prove to be insufficient. Adverse economic conditions may impair our ability to re-lease or remarket our leased equipment or other collateral securing our finance receivables and realize the value at which we carry our leased assets and/or estimated lease residual values on our books.

A recession or downturn could contribute to a downgrading of our credit ratings. A ratings downgrade likely would increase our funding costs, and could decrease our net finance income, limit our access to the capital markets or result in a decision by the lenders under our existing bank credit facilities not to extend such credit facilities after their expiration.

The broad-based economic slowdown in 2001 led to increases in both past-due loans and non-performing assets. We have experienced increases in our commercial past-due loans and non-performing assets across a wide range of industries, including trucking, construction, retail and technology, as well as manufacturing and machine tools. Continued weak economic conditions have

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recently resulted in higher charge-offs in virtually all of our business segments. Our reserve for credit losses as a percentage of finance receivables has increased significantly as a result of continuing general economic weakness and uncertainty in Argentina. In addition, our new origination volume has recently declined due in part to soft economic conditions. We can provide no assurance regarding when economic conditions will strengthen, or that these trends will improve when the economy begins to grow again.

OUR LIQUIDITY OR ABILITY TO RAISE CAPITAL MAY BE LIMITED.

Our primary funding sources have historically been commercial paper, medium-term notes and asset-backed securities. We also maintain committed bank lines of credit to provide liquidity support of commercial paper borrowings and to support our international operations. An additional source of

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liquidity is cash flow from operations, including loan and lease payments from customers, whole loan sales and syndications.

Following Tyco's announcement on January 22, 2002 of its plans to separate into four independent, publicly-traded companies and other related events, we experienced a downgrade in our credit ratings by Standard & Poor's and Fitch. While we continue to maintain investment-grade ratings, these events limited our access to the commercial paper market.

On February 5, 2002, we drew on our \$8.5 billion in unsecured bank credit facilities, which have historically been maintained as liquidity support for our commercial paper programs. The proceeds from these bank lines are being used to pay down outstanding commercial paper at the scheduled maturities. The cost of the bank loans is higher than the cost of commercial paper, and will adversely affect our future operating results. While we expect to return to the commercial paper market at some point in the future with a dealer-based program, we can provide no assurance that we will be able to access that market on favorable terms in the future or at the levels previously attained. We exercised our one year term-out option on a portion of our unsecured bank credit facilities, which will increase our cost of funds.

We will likely need to effect debt or equity financings in the future. The type, timing and terms of financing selected by us will depend upon our cash needs, the availability of other financing sources and the prevailing conditions in the financial markets. While we have recently accessed the debt markets as described in "Recent Developments," there can be no assurance that any of these sources will be available to us at any given time or that they will be available on favorable terms. On June 7, 2002, Standard & Poor's downgraded our long-term debt rating from A- to BBB+, and on June 10, 2002, Fitch downgraded our long-term debt rating from A- to BBB. There can be no assurance that there will not be a further downgrade in our credit ratings in the future or, if such downgrading does occur, that it will not result in an increase in our interest expense or have an adverse impact on our ability to access the commercial paper market or the public and private debt markets.

SIGNIFICANT INCREASES OR DECREASES IN PREVAILING INTEREST RATES COULD ADVERSELY AFFECT OUR BUSINESS.

Our operating results and cash flow depend to a great extent upon our level of net finance income, which is the difference between total finance income earned on earning assets, such as loans and investments, and total interest expense paid on interest-bearing liabilities, such as borrowings. The amount of net finance income is affected by changes in the volume and mix of earning assets, the rates earned on those assets, the volume of interest-bearing liabilities and the rates paid on those interest-bearing liabilities.

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Although we have an active and comprehensive approach to managing our interest rate risk, including matching the repricing characteristics of our assets with our liabilities, significant increases in market interest rates, or the perception that an increase may occur, could adversely affect both our ability to originate new finance receivables and our ability to grow. Conversely, a decrease in interest rates could result in an acceleration in the prepayment of owned and managed finance receivables. In addition, changes in market interest rates, or in the relationships between short-term and long-term market interest rates, or between different interest rate indices (I.E., basis risk) could affect the interest rates charged on interest-earning assets differently than the interest rates paid on interest-bearing liabilities, which could result in an increase in interest expense relative to finance income. An increase in market interest rates also could adversely impact the ability of our floating-rate borrowers to meet their higher payment obligations, which could result in an increase in nonearning assets and writedowns.

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INVESTMENT IN AND REVENUES FROM OUR FOREIGN OPERATIONS ARE SUBJECT TO THE RISKS ASSOCIATED WITH TRANSACTIONS INVOLVING FOREIGN CURRENCIES.

Foreign currency exchange rate fluctuations can have a material adverse effect on the investment in international operations and the level of international revenues that we generate from international asset-based financing and leasing. Reported results from our operations in foreign countries may fluctuate from period to period due to exchange rate movements in relation to the U.S. dollar, particularly exchange rate movements in the Canadian dollar, which is our largest non-U.S. exposure. In addition, an economic recession or downturn or increased competition in the international markets in which we operate could adversely affect us. Other risks inherent in conducting international business operations generally include political and macro-economic instability, changes in regulatory requirements and taxes, unreliability of judicial processes, financial market instability and illiquidity. There can be no assurance that one or more of these factors will not have a material adverse effect on our business, financial conditions and results of operations. In addition, instability or adverse economic conditions in international markets may adversely affect the businesses of our domestic customers, which could adversely affect such customers' demand for our products.

At March 31, 2002, we had approximately \$180 million of U.S. dollar-denominated loans and assets outstanding to customers located or doing business in Argentina. The Argentine government has recently instituted economic reforms, including the conversion of certain dollar-denominated loans into pesos. We are currently assessing the impact of these government actions on our U.S. dollar-denominated loans and assets and reserve for credit losses. If the Argentine government does not reverse its action, or if the governments of other foreign jurisdictions take any similar actions, it could have an adverse impact on our business, financial condition and results of operations. As of March 31, 2002, our exposure in Argentina was approximately \$180 million and we recorded a \$95.0 million provision to reserve for Argentina-related receivables.

OUR FINANCIAL CONDITION COULD BE ADVERSELY AFFECTED IF WE WERE UNABLE TO COMPLETE SECURITIZATIONS.

We fund most of our assets on our balance sheet using our access to the medium-term note and capital markets. In an effort to broaden our funding sources and to provide an additional source of liquidity, we have in place an array of securitization programs to access both the public and private asset-backed securitization markets. Under a typical asset-backed securitization, we sell a "pool" of secured loans or leases to a special-purpose entity, generally a trust. The special-purpose entity, in turn, typically issues

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certificates and/or notes that are collateralized by the pool and entitle the holders thereof to participate in certain pool cash flows. Several factors will affect our ability to complete securitizations, including:

- conditions in the securities markets, generally;
- conditions in the asset-backed securities markets;
- the credit quality and performance of our financial instruments;
- our ability to obtain third-party credit enhancement;
- our ability to adequately service our financial instruments; and
- the absence of any material downgrading or withdrawal of ratings given to securities previously issued in our securitizations.

In a securitization transaction, a gain on sale and a related retained interest in the securitized pool are recognized when the assets being securitized are sold. The value of the retained interest recognized in a securitization transaction is dependent upon certain assumptions regarding future performance of the securitized portfolio, including the level of credit losses and the rate of prepayments. If actual credit losses or prepayment rates differ from the original assumptions, the value of the retained interest in the securitized pool may increase or decrease materially. The value of the retained interest in the securitized pool may also increase or decrease materially with changes in market interest rates. Also, if

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assets being securitized are not properly hedged, the gain on sale recorded in a securitization transaction may be affected by changes in market interest rates between the time the assets being securitized are originated and the time the assets are sold to the securitization entity.

Changes in the volume of assets securitized or decreases in the value of retained interests in securitizations due to changes in market interest rates or higher than expected credit losses on prepayments could have a material adverse effect on our business, financial condition and results of operations.

WE MAY NOT BE ABLE TO REALIZE OUR ENTIRE INVESTMENT IN THE EQUIPMENT WE LEASE.

We lease various types of equipment to customers through two distinct types of transactions: capital leases and operating leases. A capital lease passes substantially all of the risks and rewards of owning the related equipment to the customer. Lease payments during the initial terms of a capital lease cover approximately 90% of the underlying equipment's cost at the inception of the lease. The realization of unrecovered equipment values (residual values) at the end of the term of a lease is an important element in the leasing business. The duration of an operating lease, however, is substantially shorter relative to the equipment's useful life. We bear greater risk in operating leases as we may not be able to remarket the equipment on terms that will allow us to fully recover our operating lease equipment carrying values.

At the inception of each capital lease, we record a residual value for the leased equipment based on our estimate of the future value of the equipment at the expected disposition date. Residual values are determined by experienced internal equipment management specialists, as well as external consultants. We also record periodic depreciation expense on operating lease equipment based upon estimates of the equipment's useful life and the estimated future value of the equipment at the end of its useful life. A decrease in the market value of leased equipment at a rate greater than the rate we projected, whether due to

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rapid technological or economic obsolescence, unusual wear and tear on, or use of, the equipment or other factors, would adversely affect the residual values of such equipment. Consequently, there can be no assurance that our estimated residual values for equipment will be realized.

CONTINUED WEAKNESS IN THE TELECOMMUNICATIONS INDUSTRY COULD ADVERSELY IMPACT THE VALUE OF OUR TELECOMMUNICATIONS PORTFOLIO.

Our telecommunications portfolio is approximately \$685 million at March 31, 2002, and includes approximately \$294 million of Competitive Local Exchange Carrier (CLEC) accounts. The highly competitive telecommunications industry has experienced over-capacity and substantial decline over the past year, which has resulted in considerable weakness in asset values in the sector. Our CLEC portfolio includes many companies which are in the process of building out their networks and developing their customer bases. Therefore, these companies are more vulnerable to the overall industry decline.

We believe that our loan loss reserves relating to the telecommunications portfolio are adequate. However, continued deterioration in the sector could result in losses beyond current reserve levels.

OUR RESERVE FOR CREDIT LOSSES MAY PROVE INADEQUATE.

Our business depends on the creditworthiness of our customers. We believe that our credit risk management systems are adequate to limit our credit losses to a manageable level. We attempt to mitigate credit risks through the use of a corporate credit risk management group, formal credit management processes implemented by each business unit and automated credit scoring capabilities for small ticket business.

We maintain a consolidated reserve for credit losses on finance receivables. Our consolidated reserve for credit losses reflects management's judgment of losses inherent in the portfolio.

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Management periodically reviews our consolidated reserve for adequacy considering economic conditions and trends, collateral values and credit quality indicators, including past charge-off experience and levels of past due loans and non-performing assets.

The consolidated reserve for credit losses is intended to provide for losses inherent in the portfolio, which requires the application of estimates and significant judgment as to the ultimate outcome of collection efforts and realization of collateral, among other things. We cannot be certain that our consolidated reserve for credit losses will be adequate over time to cover credit losses in our portfolio because of unanticipated adverse changes in the economy or events adversely affecting specific customers, industries or markets. If the credit quality of our customer base materially decreases, or if our reserves for credit losses are not adequate, our business, financial condition and results of operations may suffer.

OUR COMMERCIAL AIRLINE FINANCING BUSINESS COULD BE ADVERSELY AFFECTED BY THE EVENTS OF SEPTEMBER 11, 2001 AND THE WEAK ECONOMY.

A portion of the Capital Finance business within our Equipment Financing and Leasing segment involves providing financing to commercial airlines. The Capital Finance aerospace portfolio includes most of the leading U.S. and foreign commercial airlines, with a fleet of approximately 200 aircraft, with an average age of nine years.

The Capital Finance business may be adversely affected by the challenges

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faced by the airline industry due to a combination of the terrorist attacks on September 11, 2001 and the current worldwide economic slowdown. Airlines face a number of increased costs, including higher insurance premiums and security costs, while also experiencing a reduction in demand. As a result of these circumstances, some airlines have taken aircraft out of service, sought to restructure their fixed costs, including their debt and lease payments, and sought protection from creditors in bankruptcy. Accordingly, we have experienced some rental reductions or disruptions. Our portfolio could be adversely affected by these factors, resulting in, among other effects, declines in the value of aircraft, delays in payments on existing financings and reduced new business origination.

WE MAY NOT BE ABLE TO REALIZE THE ENTIRE BOOK VALUE OF GOODWILL.

We have \$2.4 billion of goodwill, net, at March 31, 2002. We implemented the provisions of Statement of Financial Accounting Standards ("SFAS") No. 142 "Goodwill and Other Intangible Assets" on October 1, 2001. Since adoption, existing goodwill is no longer amortized, but instead will be assessed annually for impairment or sooner if circumstances indicate a possible impairment. We have determined that there was no impact of adopting this standard under the transition provisions of SFAS No. 142.

We have restated our financial statements for the quarter ended March 31, 2002 to reflect an estimated impairment of our goodwill of \$4.51 billion. We will continue with our analysis of goodwill impairment in accordance with SFAS No. 142 during the quarter ending June 30, 2002. In the event that the book value of goodwill, net, is impaired, any such impairment would be charged to earnings in the period of impairment. An impairment by itself does not impact our total tangible capitalization, although our total capitalization as reported is affected by the goodwill impairment.

OUR POTENTIAL ACQUISITION OR DISPOSITION OF BUSINESSES OR ASSET PORTFOLIOS IN THE FUTURE MAY ADVERSELY IMPACT OUR BUSINESS.

As part of our long-term business strategy, we may pursue acquisitions of other companies or asset portfolios. In addition, as we have done recently, we may dispose of non-strategic businesses or asset portfolios. Future acquisitions may result in potentially dilutive issuances of equity securities and the incurrence of additional debt, which could have a material adverse effect on our business, financial condition and results of operations. Future acquisitions could involve numerous additional risks,

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including: difficulties in integrating the operations, services, products and personnel of the acquired company; the diversion of management's attention from other business concerns; entering markets in which we have little or no direct prior experience; and the potential loss of key employees of the acquired company. In addition, acquired businesses and asset portfolios may have credit-related risks arising from substantially different underwriting standards associated with those businesses or assets. In the event of future dispositions of our businesses or asset portfolios, there can be no assurance that we will receive adequate consideration for those businesses or assets at the time of their disposition or will be able to adequately replace the volume associated with the businesses or asset portfolios that we dispose of with higher-yielding businesses or asset portfolios having acceptable risk characteristics. As a result, our future disposition of businesses or asset portfolios could have a material adverse effect on our business, financial condition and results of operations.

WE COMPETE WITH A VARIETY OF FINANCING SOURCES FOR OUR CUSTOMERS.

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Our markets are highly competitive and are characterized by competitive factors that vary based upon product and geographic region. Our competitors include captive and independent finance companies, commercial banks and thrift institutions, industrial banks, leasing companies, manufacturers and vendors with global reach. Substantial financial services networks have been formed by insurance companies and bank holding companies that compete with us. On a local level, community banks and smaller independent finance and mortgage companies are a competitive force.

Competition from both traditional competitors and new market entrants has intensified in recent years due to a strong economy, growing marketplace liquidity and increasing recognition of the attractiveness of the commercial finance markets. In addition, the rapid expansion of the securitization markets is dramatically reducing the difficulty in obtaining access to capital, which is the principal barrier to entry into these markets. This is further intensifying competition in certain market segments, including increasing competition from specialized securitization lenders which offer aggressive pricing terms.

We compete primarily on the basis of pricing, terms and structure. Our competitors seek to compete aggressively on the basis of these factors and we may lose market share to the extent we are unwilling to match our competitors' pricing, terms and structure in order to maintain interest margins and/or credit standards. To the extent that we match competitors' pricing, terms or structure, we may experience decreased interest margins and/or increased risk of credit losses. Many of our competitors are large companies that have substantial capital, technological and marketing resources, and some of these competitors are larger than us and may have access to capital at a lower cost than us. Further, the size and access to capital of certain of our competitors are being enhanced by the continued consolidation activity in the commercial and investment banking industries.

OUR BUSINESS MAY BE AFFECTED ADVERSELY BY THE HIGHLY REGULATED ENVIRONMENT IN WHICH WE OPERATE.

Our domestic operations are subject, in certain instances, to supervision and regulation by state and federal authorities and may be subject to various laws and judicial and administrative decisions imposing various requirements and restrictions. Such regulation and supervision are primarily for the benefit and protection of our customers, and not for the benefit of investors, and could limit our discretion in operating our businesses. For example, state laws often establish maximum allowable finance charges for certain consumer and commercial loans. Noncompliance with applicable statutes or regulations could result in the suspension or revocation of any license or registration at issue, as well as the imposition of civil fines and criminal penalties.

The financial services industry is heavily regulated in many jurisdictions outside the United States. The varying requirements of these jurisdictions may be inconsistent with U.S. rules and may adversely affect our business or limit our ability to expand our international operations. We may not be able to obtain necessary regulatory approvals, or if approvals are obtained, we may not be able to continue to comply with the terms of the approvals or applicable regulations. In addition, in many countries, the

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regulations applicable to the financial services industry are uncertain and evolving, and it may be difficult for us to determine the exact regulatory requirements.

Our inability to remain in compliance with regulatory requirements in a particular jurisdiction could have a material adverse effect on our operations in that market and on our reputation generally. No assurance can be given that

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applicable laws or regulations will not be amended or construed differently, that new laws and regulations will not be adopted or that we will not be prohibited by state laws from raising interest rates above certain desired levels, any of which could adversely affect our business, financial condition or results of operations.

WE HAVE ANTI-TAKEOVER DEFENSES THAT COULD DELAY OR PREVENT AN ACQUISITION OF CIT AND COULD ADVERSELY AFFECT THE PRICE OF OUR SHARES.

Certain provisions of the Delaware General Corporation Law which we did not opt out of and certain provisions of our certificate of incorporation and by-laws may have the effect of discouraging, delaying or preventing hostile takeovers, including those that might result in a premium being paid over the market price of our common stock, and discouraging, delaying or preventing changes in control or management of CIT.

We have not opted out of Section 203 of the Delaware General Corporation Law which prohibits us from engaging in a "business combination" with an "interested stockholder" (generally defined as a stockholder who becomes a beneficial owner of 15% of more of our voting stock) for a three-year period following the date that such stockholder became an interested stockholder, unless the business combination is approved in a manner prescribed under Section 203.

Our certificate of incorporation provides that the approval of certain matters requires the vote of holders of 66 2/3% of our outstanding capital stock entitled to vote in the election of directors. These matters include amending, repealing or adopting of by-laws by the stockholders, removing directors (which is permitted for cause only) and amending, repealing or adopting any provision that is inconsistent with certain provisions of our certificate of incorporation. Further, our certificate of incorporation requires that any action required or permitted to be taken by our stockholders must be effected at a duly called annual or special meeting of our stockholders and may not be effected by a consent in writing. Special meetings of our stockholders may be called only by our board of directors. In addition, our by-laws establish advance notice procedures with respect to stockholder proposals and the nomination of candidates for election as directors. See "Description of Capital Stock--Anti-takeover Effects of Delaware General Corporation Law and Certain Charter Provisions."

RISKS RELATED TO THE OFFERING

THERE HAS NOT BEEN A MARKET FOR OUR COMMON STOCK SINCE TYCO ACQUIRED US IN JUNE 2001, AND THE MARKET PRICE OF OUR SHARES MAY FLUCTUATE.

Our common stock will not be publicly traded prior to the offering date. After the offering date, the public market will establish trading prices for our common stock. We cannot assure you that an active public market for our common stock will develop or be sustained.

The price of our common stock after this offering may fluctuate widely, depending upon many factors, some of which may be beyond our control, including:

- the perceived prospects of our business and the financial services industry in general;
- differences between our actual financial and operating results and those expected by investors and analysts;
- changes in analysts' recommendations or projections;
- actions or announcements by our competitors;

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- regulatory actions;

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- changes in general economic or market conditions; and
- broad market fluctuations.

In addition, stock markets generally experience significant price and volume volatility from time to time which may adversely affect the market price of the common stock for reasons unrelated to our performance.

YOU MAY HAVE DIFFICULTY EVALUATING OUR BUSINESS BECAUSE OUR HISTORICAL CONSOLIDATED FINANCIAL INFORMATION MAY NOT BE REPRESENTATIVE OF OUR RESULTS AS A SEPARATE COMPANY.

The historical consolidated financial information included in this prospectus is not necessarily indicative of our future results of operations, financial position and cash flows. We have not made adjustments to this information to reflect changes that will occur in our cost structure, funding or operations as a result of our separation from Tyco, including changes in our financing and increased costs associated with being a public, stand-alone company. Further, in connection with the reorganization described under "Corporate Structure and Reorganization," CIT Group Inc. (Nevada) is reflected in the consolidated financial statements of TCH as CIT Group Inc. (Nevada) is a wholly-owned subsidiary of TCH. In addition, this prospectus includes separate financial information for CIT Group Inc. (Del) on a stand-alone basis and CIT Group Inc. on a consolidated basis. TCH has not acted as an operating company and immediately prior to the reorganization will have nominal assets and liabilities, other than its investment in CIT Group Inc. (Nevada). However, TCH's financial statements currently reflect an intercompany loan payable to an affiliate of Tyco and interest expense related to the acquisition of CIT, which will be satisfied prior to consummation of the reorganization, and TCH also facilitated the delivery of Tyco common shares on redemption of CIT Exchangeco Inc. shares. As a result, the historical financial information including TCH is not indicative of the future results of operations, financial position and cash flows of CIT following the offering.

EACH OF THE SEPARATION AND THE TAX AGREEMENTS CONTAINS INDEMNIFICATION OBLIGATIONS OF TYCO THAT TYCO MAY NOT BE ABLE TO SATISFY, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON US.

The separation agreement allocates responsibility between Tyco and us for various liabilities and obligations. The separation agreement provides that each party will indemnify the other against third-party claims relating to or arising out of their respective businesses. The tax agreement provides that Tyco will indemnify us against certain income-based tax related liabilities, including any income-based tax liabilities imposed on TCH or CIT Group Inc. (Del) (in each case determined on a non-consolidated basis) for periods or partial periods ending on or prior to the date that CIT Group Inc. (Nevada) merges with TCH and certain income-based tax liabilities imposed as a result of that merger or TCH's merger with us. Tyco will also indemnify us for any penalties imposed on us resulting from the late filing of U.S. federal income tax returns that were prepared by or under the direction of Tyco on our behalf and from late payments related to those returns and any liability for U.S. federal income taxes and income taxes of New York, New Jersey and any other state for which a unitary return was filed resulting from a tax position reflected on any applicable tax return prepared by or under the direction of Tyco on our behalf which was taken by Tyco in a manner inconsistent with our past practices. Tyco will not indemnify us, however, for any tax liability resulting from a claim for refund filed by or on behalf of the predecessor of CIT Group Inc. (Nevada) on May 30, 2002.

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The availability of these indemnities will depend upon the future financial strength of Tyco and us. If Tyco were unable to fund these indemnities if they should arise, our financial condition could be adversely affected.

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THE SALE OR AVAILABILITY FOR SALE OF SUBSTANTIAL AMOUNTS OF OUR COMMON STOCK COULD CAUSE OUR STOCK PRICE TO DECLINE OR IMPAIR OUR ABILITY TO RAISE CAPITAL.

Sales of a substantial number of shares of our common stock after the offering, or the public perception that these sales may occur, could depress the market price of our common stock and could materially impair our ability to raise capital through the sale of additional equity securities. Immediately after the offering, 200,316,302 shares of our common stock will be outstanding (or 220,316,302 shares if the underwriters exercise the over-allotment option in connection with the offering in full). Immediately after the offering, all of the 200,000,000 shares sold in the offering will be freely transferable without restriction or further registration under the Securities Act of 1933, unless held by our "affiliates," as that term is defined by the SEC and, if applicable, subject to the terms of the lock-up agreements described below. Upon completion of this offering, 316,302 shares of CIT restricted stock will be issued in substitution for Tyco restricted shares. In addition, in connection with the offering, we will issue options to purchase an aggregate of 15,541,432 shares of our common stock; of those options, options to purchase 4,002,796 shares will be immediately exercisable upon completion of this offering. We intend to register the issuance of the shares of CIT restricted stock and the shares underlying our options on Form S-8. Accordingly, such shares of CIT restricted stock and shares purchased upon exercise of the options will be available for sale in the public market, subject to the vesting restrictions on the restricted shares, the limitation on the resale of our shares by "affiliates" under Rule 144 and the restrictions imposed under the terms of the lock-up agreements described below.

We have agreed that, without the prior written consent of Goldman, Sachs & Co. and Lehman Brothers Inc., as the representatives of the underwriters, we will not, directly or indirectly, offer, sell or dispose of any common stock or any securities which may be converted into or exchanged for any common stock for a period of 180 days from the date of this prospectus (other than (x) pursuant to any employee benefit plan or stock option plan described in this prospectus, or (y) common stock issued as consideration in acquisitions, provided that the aggregate amount of common stock issued in such acquisitions does not exceed 10% of our shares of common stock outstanding immediately after the closing of this offering and provided further that any recipient of 10% or more of the shares issued as consideration in any single acquisition of a business or entity that is not publicly held shall agree in writing to be bound by the lock-up agreement for the remainder of the 180-day period). All of our executive officers and directors have agreed under lock-up agreements not to, without the prior written consent of the representatives of the underwriters, directly or indirectly, offer, sell or otherwise dispose of any common stock or any securities which may be converted into or exchanged or exercised for any common stock for a period of 180 days from the date of this prospectus. The lock-up agreements described above may be released at any time as to all or any portion of the common stock subject to such agreements at the sole discretion of the representatives of the underwriters.

An aggregate of 27,000,000 shares of our common stock are reserved for issuance under our benefit plans, including the shares described above. We intend to file registration statements on Form S-8 covering the sale of the shares of common stock issued under the benefit plans. Accordingly, shares of common stock registered under any such registration statement will be available for sale in the public market upon issuance of such shares of common stock pursuant to the respective plan, unless such shares of common stock are subject

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to vesting restrictions, subject to limitation on resale by "affiliates" pursuant to Rule 144 or subject to the lock-up agreements described above.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this prospectus are forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. All statements contained herein that are not clearly historical in nature are forward-looking and the words "anticipate," "believe," "expect," "estimate" and similar expressions are generally intended to identify forward-looking statements. Any forward-looking statements contained herein, in press releases, written statements or other documents filed with the SEC or in communications and discussions with investors and analysts in the normal course of business through meetings, webcasts, phone calls and conference calls, concerning our operations, economic performance and financial condition are subject to known and unknown risks, uncertainties and contingencies. Forward-looking statements are included, for example, in the discussions about:

- our liquidity risk management,
- our credit risk management,
- our asset/liability risk management,
- our capital, leverage and credit ratings,
- our operational and legal risks,
- how we may be affected by legal proceedings, and
- our separation from Tyco and our relationship with Tyco following the separation.

All forward-looking statements involve risks and uncertainties, many of which are beyond our control, which may cause actual results, performance or achievements to differ materially from anticipated results, performance or achievements. Also, forward-looking statements are based upon management's estimates of fair values and of future costs, using currently available information. Therefore, actual results may differ materially from those expressed or implied in those statements. Factors that could cause such differences include, but are not limited to:

- the factors described under the heading "Risk Factors" and elsewhere in this prospectus,
- risks of economic slowdown, downturn or recession,
- industry cycles and trends,
- risks inherent in changes in market interest rates,
- funding opportunities and borrowing costs,
- changes in funding markets, including commercial paper, term debt and the asset-backed securitization markets,
- uncertainties associated with risk management, including credit, prepayment, asset/liability, interest rate and currency risks,
- adequacy of reserves for credit losses,

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- risks associated with the value and recoverability of leased equipment and lease residual values,
- risks associated with the potential further impairment of our goodwill,
- changes in regulations governing our business and operations or permissible activities,
- changes in competitive factors, and
- future acquisitions and dispositions of businesses or asset portfolios.

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USE OF PROCEEDS

We will not receive any of the proceeds from the sale of our shares of common stock by Tyco Capital; however, if the underwriters exercise their over-allotment option, we will receive the proceeds from the sale of shares pursuant to such exercise. If the underwriters exercise their over-allotment option in full, we estimate that we will receive approximately \$441,600,000 from the sale of shares pursuant to such exercise after deducting underwriting discounts and commissions. We will use the net proceeds from any such sale of shares by us to the underwriters for general corporate purposes, including the repayment of outstanding indebtedness.

DIVIDEND POLICY

Since Tyco acquired us in June 2001, we have not declared any cash dividends on our common stock. The indentures for our public debt securities were amended in February 2002 to prohibit payments of dividends to Tyco. These provisions do not apply if Tyco owns less than 50% of our common stock as long as at least two-thirds of the members of our board of directors are not affiliated with Tyco. We anticipate that these provisions will not restrict our payment of dividends once the offering is complete since Tyco will no longer have a direct or indirect equity interest in CIT.

Following our initial public offering in November 1997 and prior to the acquisition by Tyco, we paid a quarterly dividend of \$0.10 per share, except for the first quarter of 1998. Our policy will be to pay a modest dividend while retaining a strong capital base. We anticipate that the initial dividend rate will be \$0.12 per share per quarter. The declaration and payment of future dividends are subject to the discretion of our board of directors. Any determination as to the payment of dividends, including the level of dividends, will depend on, among other things, general economic and business conditions, our strategic and operational plans, our financial results and condition, contractual, legal and regulatory restrictions on the payment of dividends by us, and such other factors as the board of directors may consider to be relevant.

CORPORATE STRUCTURE AND REORGANIZATION

CIT is presently organized as a Nevada corporation and is a direct, wholly-owned subsidiary of TCH, a Nevada corporation, which is a direct, wholly-owned subsidiary of Tyco Capital, a Bermuda company. All of these entities are indirect, wholly-owned subsidiaries of Tyco. Prior to the closing of this offering, Tyco will effectuate a restructuring whereby CIT Group Inc. (Nevada) will merge with and into TCH, and that combined entity will further merge with and into CIT Group Inc. (Del), a Delaware corporation. In connection with the reorganization, CIT Group Inc. (Del) will be renamed CIT Group Inc. As a result of the reorganization, CIT Group Inc. will be domiciled in Delaware and

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will be the successor to CIT's business, operations, obligations and SEC registration.

In connection with and effective upon the closing of this offering, Tyco will also cause to be redeemed all of the outstanding exchangeable shares of CIT Exchangeco Inc., presently a subsidiary of CIT. Each exchangeable share of CIT Exchangeco is currently exchangeable for 0.6907 of a Tyco common share, which was the exchange ratio in Tyco's acquisition of CIT. This redemption and the elimination of the CIT Exchangeco structure will be completed pursuant to the terms of the agreements governing CIT Exchangeco. These Exchangeco shares are included in the caption "Tyco Investment" in the capitalization table below. The redemption will not impact CIT's capitalization.

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CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2002:

- on an actual combined basis, reflecting the combined capitalization of CIT Group Inc. (Nevada), TCH and CIT Group Inc. (Del);
- on a pro forma basis to (1) exclude the intercompany debt and other activities of TCH and CIT Group Inc. (Del), as these companies will have nominal assets and liabilities and other balance sheet items prior to their mergers with CIT Group Inc. and (2) reflect issuance of an additional \$2.5 billion in CIT term debt on April 1, 2002, which is assumed to repay a portion of CIT term debt outstanding at March 31, 2002; and
- on an as adjusted basis to reflect the pro forma assumptions described above and (1) the issuance of 200,000,000 shares of our common stock in connection with the offering, (2) the issuance of 316,302 shares of restricted common stock to be issued to CIT officers and employees in substitution for Tyco restricted shares held by such persons and (3) the reorganization described in "Corporate Structure and Reorganization."

This table should be read in conjunction with "Selected Consolidated Historical Financial Data of CIT," our Consolidated Financial Statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures About Market Risk" which are included elsewhere in this prospectus.

	MARCH 31, 2002				
CIT GROUP INC.	TCH	CIT GROUP INC. (DEL)	ACTUAL COMBINED	PRO FORMA COMBINED	
(IN MILLIONS, EXCEPT PER SHARE DATA)					
(RESTATED)					
Commercial paper.....	\$ 709.9	\$ --	\$ --	\$ 709.9	\$ 709.9
Bank credit facilities.....	8,518.4	--	--	8,518.4	8,518.4
Term debt.....	24,506.6	--	--	24,506.6	24,506.6
Intercompany notes payable to Tyco.....	--	5,600.0	--	5,600.0	--
CIT obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of CIT ("Preferred Capital					

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Securities").....	258.6	--	--	258.6	258.6
Shareholder's equity:					
Tyco investment.....	10,422.4	6,110.7	--	6,110.7	10,422.4
Preferred stock, \$0.01 par value, 100,000,000 authorized; none issued and outstanding...	--	--	--	--	--
Common stock, \$0.01 par value, 600,000,000 authorized; 200,316,302 issued and outstanding on an as adjusted basis.....	--	--	--	--	--
Additional paid in capital.....	--	--	--	--	--
Accumulated deficit.....	(3,864.0)	(4,253.8)	--	(4,253.8)	(3,864.0)
Accumulated other comprehensive loss.....	(58.4)	(58.4)	--	(58.4)	(58.4)
Total shareholder's equity.....	6,500.0	1,798.5	--	1,798.5	6,500.0
Total capitalization.....	40,493.5	7,398.5	--	41,392.0	40,493.5
Goodwill and other intangible assets, net.....	(2,403.2)	--	--	(2,403.2)	(2,403.2)
Total tangible capitalization.....	\$38,090.3	\$ 7,398.5	\$ --	\$38,988.8	\$38,090.3
Total tangible shareholder's equity.....	\$ 4,096.8	\$ 1,798.5	\$ --	\$ (604.7)	\$4,096.8
Pro forma net tangible book value per share(2).....	\$ 20.45	\$ 8.98	\$ --	\$ (3.02)	\$ 20.45

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(1) Excludes (1) 15,541,432 shares of common stock that will be subject to options to be granted to CIT officers, directors and employees concurrent with this offering and (2) 20,000,000 shares of common stock issuable by us upon exercise of the underwriters' over-allotment option.

(2) This pro forma calculation was derived using the 200,316,302 common shares expected to be outstanding immediately after this offering.

CIT has estimated the incremental increase to interest expense relating to funding transactions occurring during the quarter ended March 31, 2002 and the April 1, 2002 funding transaction presented in the pro forma capitalization table as follows. These estimates are based on current facts and circumstances, including market interest rates and the following events:

- The \$2.5 billion debt issuance on April 1, 2002 and the planned repayment of maturing fixed-rate debt outstanding.
- The \$8.5 billion draw of our bank facilities on February 5, 2002 and the subsequent repayment of maturing commercial paper.
- Incremental costs associated with the \$2.2 billion in securitization facilities completed during February and March 2002.

If the above transactions had been consummated on April 1, 2001, the impact on interest expense for the twelve months ended March 31, 2002 would have been an increase of approximately \$50 million after tax.

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This pro forma estimate was calculated assuming that at January 1, 2001 the proceeds of the April 2002 \$2.5 billion debt issuance were used to refinance an equal amount of fixed-rate debt next maturing following the April 2002 issuance. Such maturing notes had a weighted average interest rate of approximately 6.60%. The pro forma estimate also includes (1) approximately 40 basis points of incremental annual interest expense in connection with the bank facility draw relative to the interest expense associated with the commercial paper paid with the proceeds of such draw and (2) incremental costs associated with the above-mentioned securitization facilities.

The actual increase in costs will depend upon numerous factors, including the actual amounts borrowed, future market interest rates, hedging strategies and other initiatives, including the Company's plans to re-access the commercial paper market, as well as the excess liquidity that is maintained during this transition period. For additional information regarding our liquidity, see "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk--Quarters and Six Months Ended March 31, 2002 and 2001--CIT Group Inc.--Overview," "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk--Quarters and Six Months Ended March 31, 2002 and 2001--CIT Group Inc.--Liquidity Risk Management" and "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk--Fiscal Year Ended September 30, 2001 and Calendar Years Ended December 31, 2000 and 1999--CIT Group Inc.--Risk Management--Market Risk Management--Liquidity Risk Management."

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RECENT DEVELOPMENTS

On April 1, 2002, CIT completed a \$2.5 billion debt offering. CIT sold \$1.25 billion aggregate principal amount of 7.375% senior notes due April 2, 2007 and \$1.25 billion aggregate principal amount of 7.750% senior notes due April 2, 2012. CIT has determined that the proceeds will be used to repay a portion of existing term debt at maturity.

On June 3, 2002, Tyco announced that L. Dennis Kozlowski had resigned as Chairman, Chief Executive Officer and President of Tyco. Tyco announced that at the request of Tyco's Board, John F. Fort, III would assume primary executive responsibilities during an interim period while a search for a permanent replacement is completed.

On June 7, 2002, Standard & Poor's downgraded CIT's long-term debt rating from A- to BBB+. Standard & Poor's ratings of CIT's debt remain on watch status with developing implications.

On June 10, 2002, Fitch downgraded CIT's long-term debt rating from A- to BBB. All of the Company's Fitch ratings remain on watch status.

Tyco has entered into an agreement to acquire McGrath RentCorp ("McGrath"), a rental provider of modular offices and classrooms and electronic test equipment, in a transaction in which the consideration would be a combination of cash and Tyco common shares. Prior to developing the plan to separate CIT from Tyco, Tyco intended to integrate McGrath's business with CIT's business. However, if the acquisition is completed pursuant to the acquisition agreement, Tyco currently would expect to retain McGrath as a part of its business.

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SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF CIT

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CIT is presently organized as a Nevada corporation (which is referred to in this prospectus as CIT Group Inc. (Nevada)) and is a direct, wholly-owned subsidiary of TCH, a Nevada corporation, which is a direct, wholly-owned subsidiary of Tyco Capital, a Bermuda company. Prior to the closing of this offering, Tyco will effectuate a restructuring whereby CIT Group Inc. (Nevada) will merge with and into TCH, and that combined entity will further merge with and into CIT Group Inc. (Del), a Delaware corporation. In connection with the reorganization, CIT Group Inc. (Del) will be renamed CIT Group Inc. As a result of the reorganization, CIT Group Inc. will be domiciled in Delaware and will be the successor to CIT's business, operations, obligations and SEC registration.

In connection with the reorganization and mergers described above, CIT Group Inc. (Nevada) is reflected in the Consolidated Financial Statements of TCH, as CIT Group Inc. (Nevada) is a wholly-owned subsidiary of TCH. The Delaware company has had no operations and nominal financial activity and will be used solely for the purpose of the reincorporation of CIT Group Inc. (Nevada). TCH was incorporated in October 2000 and its only activity has been in connection with its capacity as the holding company for the acquisition of CIT by Tyco on June 1, 2001. TCH has not acted as an operating company and immediately prior to the reorganization will have nominal assets and liabilities, other than its investment in CIT. TCH's stand-alone historical financial activity is comprised of intercompany debt payable to an affiliate of Tyco and interest expense related to the acquisition of CIT, and TCH also facilitated the delivery of Tyco common shares on redemption of CIT Exchangeco Inc. shares. All of the activity of TCH will be unwound through a capital contribution from Tyco prior to the reorganization discussed above and TCH's balance sheet will have nominal balances. The ongoing operations of the registrant will effectively be comprised of the existing operations of CIT.

On June 1, 2001, CIT, formerly known as Tyco Capital Corporation and previously The CIT Group, Inc., was acquired by a wholly-owned subsidiary of Tyco in a purchase business combination (see Note 2 to the "Consolidated Financial Statements" beginning on page F-1). In accordance with the guidelines for accounting for business combinations, the purchase price paid by Tyco for CIT plus related purchase accounting adjustments have been "pushed-down" and recorded in CIT's consolidated financial statements for periods subsequent to June 1, 2001. This resulted in a new basis of accounting reflecting the fair market value of CIT's assets and liabilities for the "successor" period beginning June 2, 2001. Information relating to all "predecessor" periods prior to the acquisition by Tyco is presented using CIT's historical basis of accounting.

The following tables set forth selected consolidated financial information regarding CIT's results of operations and balance sheets. The financial data at and for the six months ended March 31, 2002 and 2001 were derived from the unaudited Consolidated Financial Statements of CIT included elsewhere in this prospectus. The financial data at September 30, 2001 and December 31, 2000, for the nine months ended September 30, 2001 and for each of the two years in the period ended December 31, 2000 were derived from the audited Consolidated Financial Statements of CIT included elsewhere in this prospectus. The financial data at December 31, 1999, 1998 and 1997 and for each of the two years in the period ended December 31, 1998 were derived from audited financial statements not presented in this prospectus. To assist in the comparability of our financial results the financial information in the following tables combines the "predecessor period" (January 1 through June 1, 2001) with the "successor period" (June 2 through September 30, 2001) to present "combined" results for the nine months ended September 30, 2001. The data presented below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk" below and the "Consolidated Financial Statements" included elsewhere in this prospectus.

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RESTATEMENT--The Company has restated its Consolidated Financial Statements for the quarter ended March 31, 2002. The restatement to the financial statements herein reflects an impairment of

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goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangibles," resulting in an estimated goodwill impairment charge of \$4.51 billion. This restatement has no impact on previously reported operating margin or net cash provided by operations for any periods. See "Management's Discussion and Analysis of Financial Condition and Results of Operations and Qualitative and Quantitative Disclosures about Market Risk" and Note 6, "Accounting Change--Goodwill Amortization" in the Company's Consolidated Financial Statements for the quarter ended March 31, 2002 for further information regarding the goodwill impairment.

(\$ IN MILLIONS, EXCEPT PER SHARE DATA)	SIX MONTHS ENDED MARCH 31,		NINE MONTHS ENDED
	-----		SEPTEMBER 30,
	2002	2001	2001 (1) (2) (3)
	(SUCCESSOR)	(PREDECESSOR)	(COMBINED)
	(RESTATED)		
RESULTS OF OPERATIONS			
Net finance margin.....	\$ 935.7	\$ 795.3	\$1,318.8
Provision for credit losses...	307.9	132.1	332.5
Other revenue.....	477.2	428.9	572.6
Operating margin.....	1,105.0	1,092.1	1,558.9
Salaries and general operating expenses.....	457.4	522.8	784.9
Goodwill amortization...	--	45.0	97.6
Goodwill impairment....	4,512.7 (6)	--	--
Net (loss) income.....	(4,116.4)	320.2	333.8
Pro forma (loss) income per common share:			
Basic(7).....	\$ (20.55)		\$ 1.67
Diluted(7).....	\$ (20.55)		\$ 1.67
Cash dividends per common share..		See (8) below	

(\$ IN MILLIONS, EXCEPT PER SHARE DATA)	YEARS ENDED DECEMBER 31,			

	2000	1999 (4)	1998	1997
	(PREDECESSOR)			
RESULTS OF OPERATIONS				
Net finance margin.....	\$1,469.4	\$ 917.4	\$804.8	\$740.7
Provision for credit losses...	255.2	110.3	99.4	113.7
Other revenue.....	912.0	350.8	255.4	247.8
Operating margin.....	2,126.2	1,157.9	960.8	932.8 (5)
Salaries and general operating expenses.....	1,035.2	516.0	407.7	420.0
Goodwill amortization...	86.3	25.7	10.1	8.4
Goodwill impairment....	--	--	--	--
Net (loss) income.....	611.6	389.4	338.8	310.1
Pro forma (loss) income per common share:				
Basic(7).....				

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Diluted(7).....
Cash dividends per common share..

(\$ IN MILLIONS)	AT MARCH 31,	AT SEPTEMBER 30,
	2002	2001 (1) (2) (3)

	(SUCCESSOR)	
	(RESTATED)	
BALANCE SHEET DATA		
Total finance receivables.....	\$26,297.7	\$31,879.4
Reserve for credit losses.....	554.9	492.9
Operating lease equipment, net.....	6,604.0	6,402.8
Goodwill, net.....	2,383.4	6,547.5
Total assets.....	44,383.5	51,090.1
Commercial paper.....	709.9	8,869.2
Variable-rate bank credit facilities.....	8,518.4	--
Variable-rate senior notes....	8,700.5	9,614.6
Fixed-rate senior notes.....	15,806.1	17,113.9
Subordinated fixed-rate notes.....	--	100.0
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company...	258.6	260.0
Shareholder's equity.....	6,500.0	10,598.0
Tangible shareholder's equity.....	4,096.8	4,028.5

(\$ IN MILLIONS)	AT DECEMBER 31,			
	2000	1999 (4)	1998	1997 (8)

	(PREDECESSOR)			
BALANCE SHEET DATA				
Total finance receivables.....	\$33,497.5	\$31,007.1	\$19,856.0	\$17,719.7
Reserve for credit losses.....	468.5	446.9	263.7	235.6
Operating lease equipment, net.....	7,190.6	6,125.9	2,774.1	1,905.6
Goodwill, net.....	1,964.6	1,850.5	216.5	134.6
Total assets.....	48,689.8	45,081.1	24,303.1	20,464.1
Commercial paper.....	9,063.5	8,974.0	6,144.1	5,559.6
Variable-rate bank credit facilities.....	--	--	--	--
Variable-rate senior notes....	11,130.5	7,147.2	4,275.0	2,861.5
Fixed-rate senior notes.....	17,571.1	19,052.3	8,032.3	6,593.8
Subordinated fixed-rate notes.....	200.0	200.0	200.0	300.0
Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company...	250.0	250.0	250.0	250.0

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Shareholder's equity.....	6,007.2	5,554.4	2,701.6	2,432.9
Tangible shareholder's equity.....	4,042.6	3,703.9	2,485.1	2,298.3

- (1) In September 2001, CIT changed its fiscal year end from December 31 to September 30 to conform to Tyco's fiscal year end.
- (2) On September 30, 2001, we sold certain international subsidiaries, which had assets of \$1.8 billion and liabilities of \$1.5 billion, to a non-U.S. subsidiary of Tyco for a note in the amount of the net book value of approximately \$295 million. This sale did not affect earnings for the period ended September 30, 2001. On February 11, 2002, we repurchased the international subsidiaries that we had previously sold to an affiliate of Tyco for a purchase price equal to the net book value. The selected financial data includes these international operations for all periods presented; as a result, the Balance Sheet Data at September 30, 2001 varies slightly from comparable data reported in CIT's Form 10-K for the period ended September 30, 2001.
- (3) Results of operations for the nine months ended September 30, 2001 (combined) include special charges incurred by the predecessor of \$221.6 million (\$158.0 million after tax). See Note 3 to the Consolidated Financial Statements.
- (4) Includes results of operations of Newcourt Credit Group Inc. from the November 15, 1999 acquisition date.
- (5) Includes a 1997 gain of \$58.0 million on the sale of an equity interest acquired in connection with a loan workout.

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- (6) During the quarter ended March 31, 2002, we recorded an initial estimate of goodwill impairment of \$4.51 billion in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The Company has restated its Consolidated Financial Statements to reflect this impairment. This impairment is discussed further under "Management's Discussion and Analysis of Financial Condition and Results of Operations and Quantitative and Qualitative Disclosures about Market Risk--Quarters and Six Months Ended March 31, 2002 and 2001--CIT Group Inc.--Goodwill and Other Intangible Assets Amortization."
- (7) Basic and diluted pro forma (loss) income per common share have been computed by dividing net (loss) income for each period by 200,316,302 shares of common stock, which is the number of common shares expected to be outstanding immediately after this offering. There are no dilutive common share equivalents expected to be issued prior to the closing of the offering.
- (8) Prior to the acquisition by Tyco on June 1, 2001, CIT paid a quarterly dividend of \$0.10 per share for each quarter from and including the second quarter of 1998. In the year ended December 31, 1997, and prior to CIT's initial public offering, CIT paid \$79.3 million to its principal stockholders under a dividend policy that terminated in connection with its initial public offering. See the description of CIT's dividend policy under "Dividend Policy" elsewhere in this prospectus.

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(\$ IN MILLIONS)	AT OR FOR SIX MONTHS ENDED MARCH 31,		AT OR FOR THE NINE MONTHS ENDED	AT OR ENDED	
	2002 (9)	2001	SEPTEMBER 30, 2001 (9)	2000	1999
	(SUCCESSOR) (RESTATED)	(PREDECESSOR)	(COMBINED)		(PR
SELECTED DATA AND RATIOS					
PROFITABILITY					
Net finance margin as a percentage of average earning assets ("AEA") (1)...	5.04%	3.82%	4.34%	3.61%	3.
Return on average tangible shareholder's equity(2).....	(200.4)%	16.0%	10.8%(10)	16.0%	14
Return on AEA(1).....	(22.18)%	1.54%	1.10%(10)	1.50%	1.
Ratio of earnings to fixed charges(3).....	(4)	1.40x	1.37x(10)	1.39x	1.
OTHER OPERATING RATIOS					
Salaries and general operating expenses (excluding goodwill amortization) as a percentage of average managed assets ("AMA") (5)...	1.92%	2.00%	2.21%(10)	2.01%	1.
Efficiency ratio (excluding goodwill amortization) (6)...	32.4%	43.0%	44.7%(10)	43.8%	41
CREDIT QUALITY					
60+ days contractual delinquency as a percentage of finance receivables.....	3.90%	3.25%	3.46%	2.98%	2.
Net credit losses as a percentage of average finance receivables.....	1.49%	0.75%	1.20%(10)	0.71%	0.
Reserve for credit losses as a percentage of finance receivables.....	2.11%	1.39%	1.55%	1.40%	1.
Reserve for credit losses as a percentage of 60+ days contractual delinquency.....	47.9%	42.7%	44.7%	46.9%	53
LEVERAGE					
Total debt (net of overnight deposits) to tangible shareholder's equity(2) (7)..	7.30x	8.41x	8.20x	8.78x	8.
Tangible shareholder's equity(2) to managed assets(8) (9).....	9.1%	8.2%	8.5%	7.8%	7
OTHER					
Total managed assets(8) (9)....	\$48,087.8	\$53,993.4	\$50,877.1	\$54,900.9	\$51,43
Employees.....	6,235	7,475	6,785	7,355	8,

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

(2) Tangible shareholder's equity excludes goodwill and other intangible

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assets.

- (3) For purposes of determining the ratio of earnings to fixed charges, earnings consist of income before income taxes and fixed charges. Fixed charges consist of interest on indebtedness, minority interest in subsidiary trust holding solely debentures of the Company and one-third of rent expense which is deemed representative of an interest factor.
- (4) Earnings were insufficient to cover fixed charges by \$3,873.1 million in the six months ended March 31, 2002. Earnings for the six months ended March 31, 2002 included a non-cash goodwill estimated impairment charge of \$4,512.7 million in accordance with SFAS No. 142, "Goodwill and Other Intangible Assets." The ratio of earnings to fixed charges includes total fixed charges of \$737.2 million and a loss before provision for income taxes of \$3,873.1 million resulting in a total loss before provision for income taxes and fixed charges of (\$3,135.9) million.
- (5) "AMA" means average managed assets, which is average earning assets plus the average of finance receivables previously securitized and still managed by us.
- (6) Efficiency ratio is the ratio of salaries and general operating expenses to operating margin excluding the provision for credit losses.
- (7) Total debt excludes, and tangible shareholder's equity includes, Company-obligated mandatorily redeemable preferred securities of subsidiary trust holding solely debentures of the Company.
- (8) "Managed assets" are comprised of financing and leasing assets and finance receivables previously securitized and still managed by us.
- (9) Approximately \$1.8 billion of international assets were sold to a subsidiary of Tyco on September 30, 2001, with no effect on earnings for the nine months ended September 30, 2001. We repurchased our international assets on February 11, 2002 at net book value. The selected financial data includes the international operations for all periods presented; as a result, the Balance Sheet Data at September 30, 2001 varies slightly from comparable data reported in CIT's Form 10-K for the period ended September 30, 2001.
- (10) Excluding special charges of \$221.6 million (\$158.0 million after tax) for the nine months ended September 30, 2001, (i) the return on average tangible shareholder's equity would have been 15.8%, (ii) the return on AEA would have been 1.62%, (iii) the ratio of earnings to fixed charges would have been 1.51x, (iv) the salaries and general operating expenses as a

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percentage of AMA would have been 2.07%, (v) the efficiency ratio would have been 40.2% and (vi) net credit losses as a percentage of average finance receivables would have been 0.87%.

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

TYCO CAPITAL HOLDING, INC.

The consolidated financial statements of TCH included herein reflect the

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consolidated results of TCH, since its inception on October 13, 2000, plus the results of CIT Group Inc. (Nevada) and its subsidiaries since its acquisition by TCH on June 1, 2001. The following table sets forth selected financial information regarding the consolidated results of operations and balance sheets of TCH and its subsidiaries, including CIT (\$ in millions). No comparative selected financial information is included because activity of TCH for the period ended March 31, 2001 was nominal.

	AT OR FOR THE SIX MONTHS ENDED MARCH 31, 2002	AT OR FOR THE PERIOD FROM INCEPTION THROUGH SEPTEMBER 30, 2001
	----- (RESTATED)	-----
Finance income.....	\$ 2,304.7	\$ 1,676.5
Intercompany interest expense, net.....	382.4	98.8
Goodwill impairment.....	4,512.7	--
Net (loss) income.....	(4,435.6)	181.9
Total assets.....	45,282.9	51,452.4
Intercompany debt payable to Tyco.....	5,600.0	5,000.0
Total debt.....	39,334.9	40,697.7
Shareholder's equity.....	1,798.5	5,947.6

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS
AND
QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

INTRODUCTION

The accompanying Consolidated Financial Statements include the results of CIT, formerly known as Tyco Capital Corporation and previously The CIT Group, Inc. On June 1, 2001, The CIT Group, Inc. was acquired by a wholly-owned subsidiary of Tyco, a diversified manufacturing and service company, in a purchase business combination. In accordance with the guidelines for accounting for business combinations, the purchase price paid by Tyco plus related purchase accounting adjustments have been "pushed down" and recorded in CIT's financial statements, resulting in a new basis of accounting for the "successor" period beginning June 2, 2001. As of the acquisition date, assets and liabilities were recorded at estimated fair value in the CIT financial statements. Information relating to all "predecessor" periods prior to the acquisition is presented using CIT's historical basis of accounting. In September 2001, CIT changed its fiscal year end from December 31 to September 30 to conform to Tyco's fiscal year end.

CIT is presently organized as a Nevada corporation and is a direct, wholly-owned subsidiary of TCH, a Nevada corporation, which is a direct, wholly-owned subsidiary of Tyco Capital, a Bermuda company. Prior to the closing of this offering, Tyco will effectuate a restructuring whereby CIT will merge with and into TCH, and that combined entity will further merge with and into CIT Group Inc. (Del), a Delaware corporation. In connection with the reorganization, CIT Group Inc. (Del) will be renamed CIT Group Inc. As a result of the reorganization, CIT Group Inc. will be domiciled in Delaware and will be the successor to CIT's business, operations, obligations and SEC registration.

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In connection with the reorganization and mergers described above, CIT Group Inc. (Nevada) is reflected in the Consolidated Financial Statements of TCH, as CIT Group Inc. (Nevada) is a wholly-owned subsidiary of TCH. The Delaware company has had no operations and nominal financial activity and will be used solely for the purpose of the reincorporation of CIT Group Inc. (Nevada). TCH was incorporated in October 2000 and its only activity has been in connection with its capacity as the holding company for the acquisition of CIT by Tyco on June 1, 2001. TCH has not acted as an operating company and immediately prior to the reorganization will have nominal assets and liabilities, other than its investment in CIT. TCH's stand-alone historical financial activity is comprised of intercompany debt payable to an affiliate of Tyco and interest expense related to the acquisition of CIT, and TCH also facilitated the delivery of Tyco common shares on redemption of CIT Exchangeco Inc. shares. All of the activity of TCH will be unwound through a capital contribution from Tyco prior to the reorganization discussed above and TCH's balance sheet will have nominal balances. The ongoing operations of the registrant will effectively be comprised of the existing operations of CIT.

The following discussion and analysis provides information that management believes to be relevant to understanding our consolidated financial condition and results of operations. This discussion should be read in conjunction with the "Consolidated Financial Statements" and the related notes thereto which are included elsewhere in this prospectus. The following discussion includes certain forward-looking statements. For a discussion of important factors that may cause actual results to differ materially from such forward-looking statements, see "Risk Factors" and "Forward-Looking Statements." See also "--Fiscal Year Ended September 30, 2001 and Calendar Years Ended December 31, 2000 and 1999--CIT Group Inc.--Risk Management" for certain factors that have in the past and may in the future affect our financial performance.

We are engaged in the commercial and consumer finance businesses, providing secured financing and leasing products on both a fixed and floating interest rate basis. Our commercial segments include equipment financing and leasing, factoring, commercial finance and structured finance. Our consumer

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business primarily consists of home equity lending. Our revenues principally consist of finance income and fees and other income, which include factoring commissions, commitment, facility, servicing, letter of credit and syndication fees, and gains and losses from sales of equipment and other investments and sales and securitization of finance receivables. Our primary expenses are (i) interest expense related to funding our finance receivables and operating lease equipment, (ii) salaries and general operating expenses, (iii) provision for credit losses and (iv) depreciation on operating lease equipment. Comparability of results among quarterly periods may be affected by the timing of several events, including equipment sales, securitizations, the sales of venture capital investments, dispositions of non-strategic assets and the effects of new-basis of accounting as of June 1, 2001. Our business requires significant funds to originate finance receivables and purchase leasing equipment, and we consequently require substantial liquidity to finance our operations. See "--Quarters and Six Months Ended March 31, 2002 and 2001--CIT Group Inc.--Liquidity Risk Management" and "--Fiscal Year Ended September 30, 2001 and Calendar Years Ended December 31, 2000 and 1999--CIT Group Inc.--Risk Management--Market Risk Management--Liquidity Risk Management."

RESTATEMENT--The Company has restated its Consolidated Financial Statements for the quarter ended March 31, 2002. The restatement to the financial statements herein reflects an impairment of goodwill in accordance with SFAS No. 142, "Goodwill and Other Intangibles," resulting in an estimated goodwill impairment charge of \$4.51 billion. This restatement has no impact on previously reported operating margin or net cash provided by operations for any periods.

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See "---Quarters and Six Months Ended March 31, 2002 and 2001--CIT Group Inc." and Note 6, "Accounting Change--Goodwill Amortization" in the Company's Consolidated Financial Statements for the quarter ended March 31, 2002 for further information regarding the goodwill impairment.

QUARTERS AND SIX MONTHS ENDED MARCH 31, 2002 AND 2001

CIT GROUP INC.

OVERVIEW

The accompanying unaudited Consolidated Financial Statements include the results of CIT Group Inc., a Nevada corporation ("we," "CIT" or the "Company"), formerly known as Tyco Capital Corporation and previously The CIT Group, Inc. On June 1, 2001, The CIT Group, Inc. was acquired by a wholly-owned subsidiary of Tyco International Ltd. ("Tyco"), a diversified manufacturing and service company, in a purchase business combination. In accordance with the guidelines for accounting for business combinations, the purchase price paid by Tyco plus related purchase accounting adjustments have been "pushed down" and recorded in CIT's financial statements, resulting in a new basis of accounting for the "successor" period beginning June 2, 2001. As of the acquisition date, assets and liabilities were recorded at estimated fair value in the CIT financial statements. Information relating to all "predecessor" periods prior to the acquisition is presented using CIT's historical basis of accounting. In September 2001, CIT changed its fiscal year end from December 31 to September 30 to conform to Tyco's fiscal year end. On February 8, 2002, we changed our name from Tyco Capital Corporation to CIT Group Inc.

On February 11, 2002, CIT repurchased certain international subsidiaries that had previously been sold to an affiliate of Tyco on September 30, 2001. The reacquisition of these subsidiaries has been accounted for as a merger of entities under common control. Accordingly, the balances contained within the financial statements, footnotes and throughout this document include the results of operations, financial position and cash flows of the international subsidiaries repurchased from Tyco for all periods presented and, as a result, will vary slightly from comparable information reported in our Form 10-K for the transition period ended September 30, 2001.

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The following table summarizes our net (loss) income and related data (\$ in millions).

	QUARTER ENDED MARCH 31,		SIX MONTHS MARCH
	2002	2001	2002
	(SUCCESSOR) (RESTATED)	(PREDECESSOR)	(SUCCESSOR) (RESTATED)
Net (loss) income.....	\$(4,355.4)	\$160.1	\$(4,116.4)
Return on average tangible shareholder's equity.....	(426.5)%	15.6%	(200.4)%
Return on average earning assets ("AEA").....	(48.38)%	1.54%	(22.18)%

The current quarter net loss of \$4,355.4 million includes a \$4,512.7 million charge for the estimated impairment of goodwill and a \$58.9 million, after tax, provision to establish reserves relating to the

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economic reforms instituted by the Argentine government that converted dollar-denominated receivables into the peso. Partially offsetting the decrease in net income was stronger risk-adjusted net interest margin, higher other revenues and reduced operating expenses. The current period's results also include the sale and liquidation of low-yielding, non-strategic assets, lower market interest rates and funding costs, the effects of fair value adjustments in new basis accounting on net interest margin and lower leverage. Current quarter operating expenses reflected our adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets" on October 1, 2001. As a result of the adoption, there was no goodwill amortization for the current quarter, whereas we had \$19.9 million of goodwill amortization (after tax) in the quarter ended March 31, 2001.

During the quarter ended March 31, 2002, we recorded an initial estimate of goodwill impairment of \$4.51 billion. The estimated impairment at March 31, 2002 by reporting unit was \$1.74 billion for Equipment Financing and Leasing, \$1.62 billion for Specialty Finance, \$1.08 billion for Commercial Finance and \$66 million for Structured Finance. This estimated goodwill impairment reflects the estimated fair value of each of CIT's reporting units at March 31, 2002 based on each reporting unit's projected earnings and market factors expected to be used by market participants in ascribing value to each of these reporting units in the planned separation of CIT from Tyco. We are continuing with our analysis of goodwill impairment in accordance with SFAS No. 142. If actual proceeds of an initial public offering are less than the \$6.5 billion estimate used to calculate the initial impairment and/or the market capitalization of CIT is less than the carrying value after the offering, then these events would be an indication of a potential further impairment. Tyco will receive estimated proceeds of \$4.6 billion, before underwriting discounts and commissions, from the sale of 100% of CIT's common stock. This impairment is discussed further under "--Goodwill and Other Intangible Assets Amortization."

Net income declined from \$239.0 million in the quarter ended December 31, 2001 due to the estimated goodwill impairment charge and the Argentina-related provision, in addition to lower risk-adjusted margins, reflecting higher cost of funds on bank borrowings and increased liquidity, and lower fee income.

The events surrounding our increased cost of funds, which negatively impacted the current quarter margin, and our actions taken to address the related liquidity issues include the following:

- January 22, 2002--Tyco announced a plan to dispose of CIT.
 - February 5, 2002--In connection with Tyco and CIT credit rating downgrades, CIT drew down on its \$8.5 billion unsecured bank credit facilities in order to pay down commercial paper at the scheduled maturities.
 - February 14, 2002--CIT amended its public indenture agreements to prohibit or restrict transactions with Tyco.
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- February 20, 2002--CIT completed a \$1.2 billion conduit financing backed by trade accounts receivable in order to broaden funding access and repay term debt at the scheduled maturities.
 - March 4, 2002--CIT completed a \$1.0 billion securitization facility backed by home equity loans in order to broaden funding access and repay term debt at the scheduled maturities.
 - April 1, 2002--CIT completed a \$2.5 billion debt offering, comprised of \$1.25 billion of 7.375% senior notes due April 2, 2007, and \$1.25 billion

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of 7.750% senior notes due April 2, 2012.

The events above resulted in an increased cost of funds due to the alternative sources of financing being more expensive than our historic financing sources, and due to the Company maintaining excess cash liquidity levels for the payment of debt. Management expects that the current margin and earnings trends, which began in the middle of the quarter ended March 31, 2002, will continue for the foreseeable future. Results in prospective quarters will reflect the impact of the more expensive funding sources and excess liquidity as described above for a full quarter, as well as the impact of the \$2.5 billion debt offering completed on April 1, 2002. Further, management expects that new business volumes will continue to be similarly constrained by these items. Upon separation from Tyco, we expect to have our ratings reviewed by the rating agencies to regain more cost effective access to the commercial paper and public term debt markets.

NET FINANCE MARGIN

A comparison of net finance income and net finance margin for the three and six months ended March 31, 2002 and 2001 is set forth in the table below (\$ in millions):

	QUARTER ENDED MARCH 31,		INCREASE (DECREASE) AMOUNT	IN (DE) PE
	2002 ----- (SUCCESSOR)	2001 ----- (PREDECESSOR)		
Finance income.....	\$ 1,106.7	\$ 1,376.8	\$ (270.1)	
Interest expense.....	348.3	625.7	(277.4)	
Net finance income.....	758.4	751.1	7.3	
Depreciation on operating lease equipment.....	310.2	346.4	(36.2)	
Net finance margin.....	\$ 448.2	\$ 404.7	\$ 43.5	
Average earning assets(1) ("AEA").....	\$36,006.6	\$41,635.3	\$ (5,628.7)	
As a % of AEA:				
Finance income.....	12.30%	13.23%		
Interest expense.....	3.87%	6.01%		
Net finance income.....	8.43%	7.22%		
Depreciation on operating lease equipment.....	3.45%	3.33%		
Net finance margin.....	4.98%	3.89%		

	SIX MONTHS ENDED MARCH 31,		INCREASE (DECREASE) AMOUNT	IN (DE) PE
	2002 -----	2001 -----		

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	(SUCCESSOR)	(PREDECESSOR)	
Finance income.....	\$ 2,305.7	\$ 2,768.0	\$ (462.3)
Interest expense.....	721.3	1,277.9	(556.6)
	-----	-----	-----
Net finance income.....	1,584.4	1,490.1	94.3
Depreciation on operating lease equipment.....	648.7	694.8	(46.1)
	-----	-----	-----
Net finance margin.....	\$ 935.7	\$ 795.3	\$ 140.4
	=====	=====	=====
Average earning assets(1) ("AEA").....	\$37,114.1	\$41,652.2	\$ (4,538.1)
As a % of AEA:			
Finance income.....	12.43%	13.29%	
Interest expense.....	3.89%	6.14%	
	-----	-----	
Net finance income.....	8.54%	7.15%	
Depreciation on operating lease equipment.....	3.50%	3.33%	