



SIIA Strategic & Financial Investment Conference

Presented by Neil Wessan, CIT
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I. CIT Overview

- Corporate Finance

II. Market Overview

- Loan Market Update

III. Lending to the Software and Information Sector

- Lending Parameters for Software Deals
- Recently syndicated transactions



I. CIT Overview

CIT Provides the Full Spectrum of Middle Market Services

CIT Group provides financial products and advisory services to a wide variety of middle-market industries

- Founded in 1908
- Publicly traded on NYSE (CIT)
- \$40Bn of managed assets
- Market capitalization over \$7.0Bn



- 3,500+ employees
- 200+ offices in 50+ countries
- Fully Chartered Bank (Utah)

Corporate Finance (Managed Assets: \$7.4Bn)

- Lending and advisory services
- Focus on the middle-market
- Deep financial sponsor relationships

Financing Services:

- Cash Flow Lending
- Asset-based Lending
- Private Placements
- Real Estate Finance
- Equipment Finance
- Small Business Lending
- Capital Markets

Advisory Products:

- M&A/Strategic Advisory
- Fairness Opinions
- Equity Private Placements

Vendor Finance (Managed Assets: \$5.1Bn)

- Lending and leasing services
- Focus on manufacturing and distribution companies
- Global presence in 30 countries
- Specific industry focus:
 - Information Technology
 - Telecommunications
 - Office Products

Trade Finance (Managed Assets: \$2.4Bn)

- Factoring, receivable and collection and secured financing
- Primarily provides services to companies in the retail supply chain
- Largest factoring company in the U.S.
- Services include:
 - Factoring
 - Credit Protection
 - Outsourcing Services
 - Software License Financing Program
 - Bulk Receivables Purchasing
 - Retail Supply Chain Services
 - Letter of Credit Programs
 - Import/Export Financing

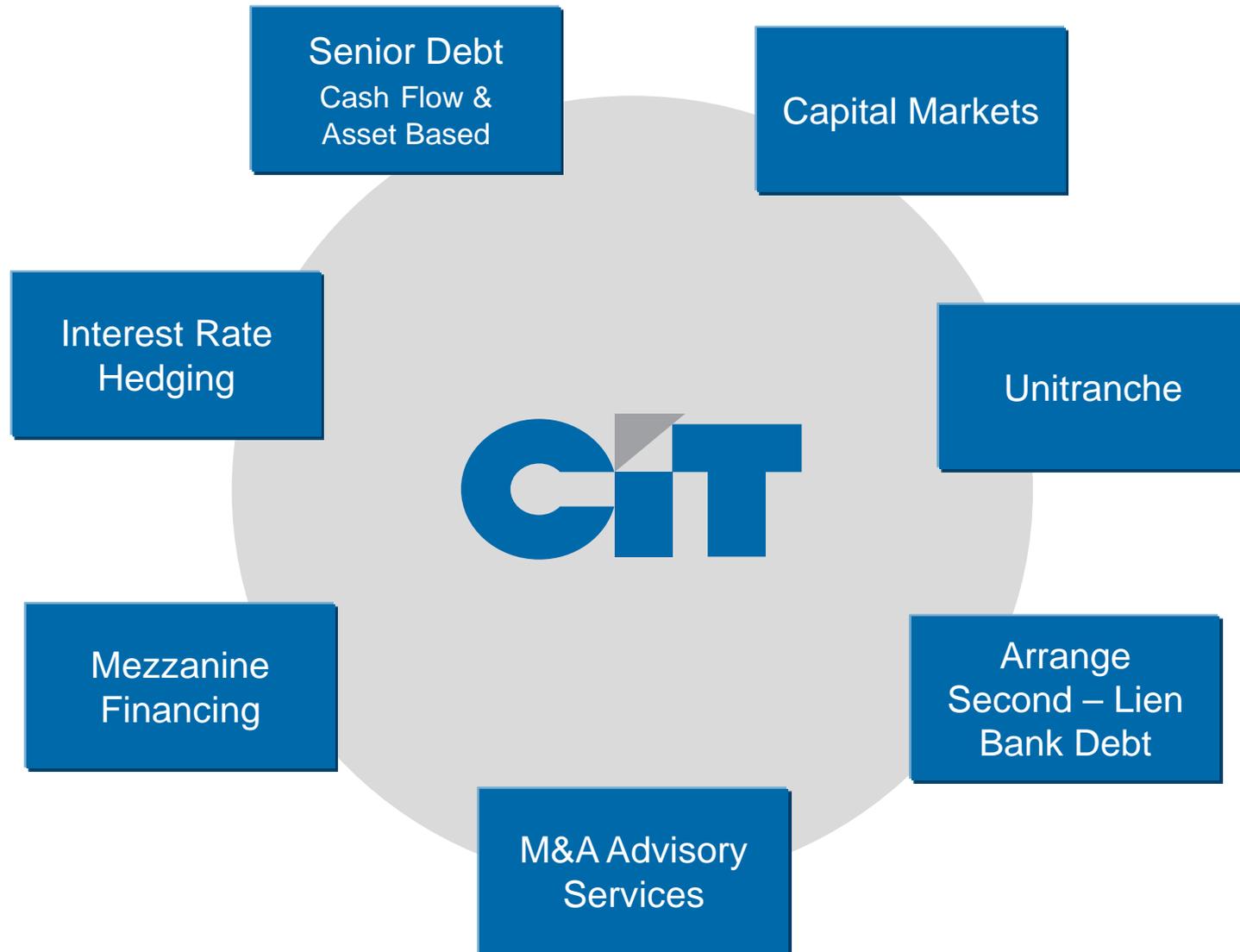
Transportation Finance (Managed Assets: \$13.5Bn)

- Lending, leasing and advisory
- Primary focus on aerospace and rail
- Global presence in 50 countries
- Services include:
 - Aerospace:
 - Aircraft (~250)
 - Business Aircraft financing
 - \$7Bn leasing portfolio
 - Rail:
 - Locomotives (~400)
 - Rail Cars (100,000+)
 - Surface Transportation

Note: Managed assets data as of 3/31/2012; total managed assets exclude consumer segment with portfolio assets of \$5.7B.



Corporate Finance Capabilities



Industry Knowledge + Product Expertise + Deep Experience = Superior Execution





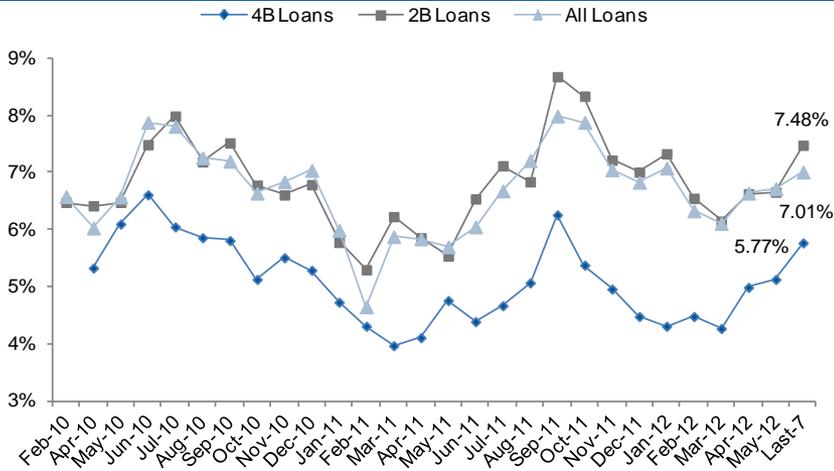
II. Market Overview

Current State of the Leveraged Loan Market

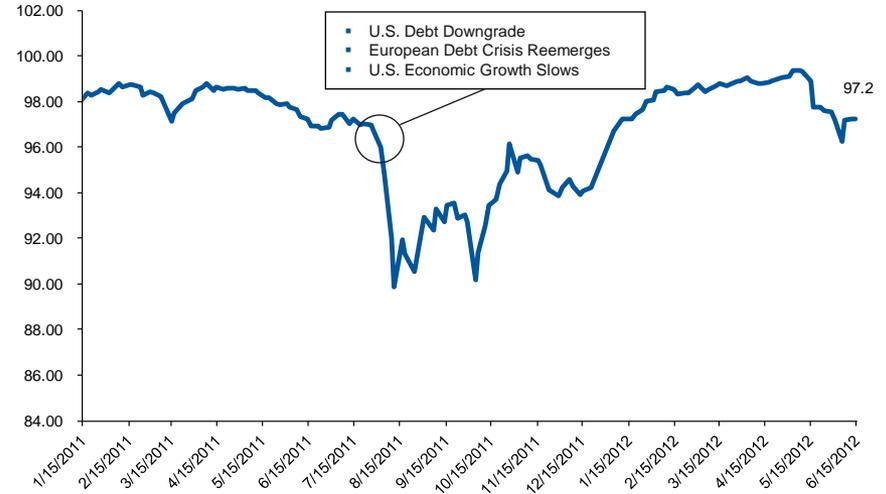
Commentary

- In 2012, the leveraged loan market has experienced generally favorable conditions, with improving sentiment pushing pricing down
- In the last month, market tone has softened amid heightened macro-economic concerns
- The loan market remains open for new business, though issuers have lost some leverage to push aggressive structures and pricing
- In the middle market, deals are pricing with an all-in yield of ~7% to 8%, with pricing being comprised of several components:
 - LIBOR spread (typically in the L+400-600 range)
 - LIBOR floor (typically in the 1.25% - 1.75% range)
 - Original issue discount (typically in the 99-98 range)
- Leverage for middle market deals has been pushed up to 3.5x on a senior basis and 5.0x on a total basis

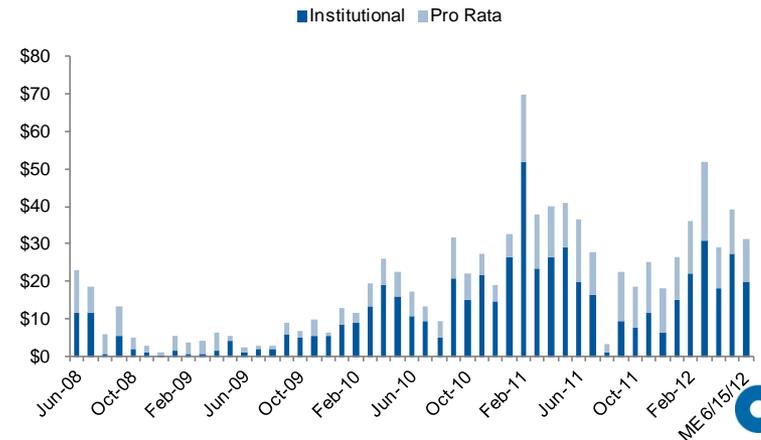
Average New-Issue Pricing



Selected Large Institutional Flow Loans



Monthly New Issue Volume (\$ in billions)

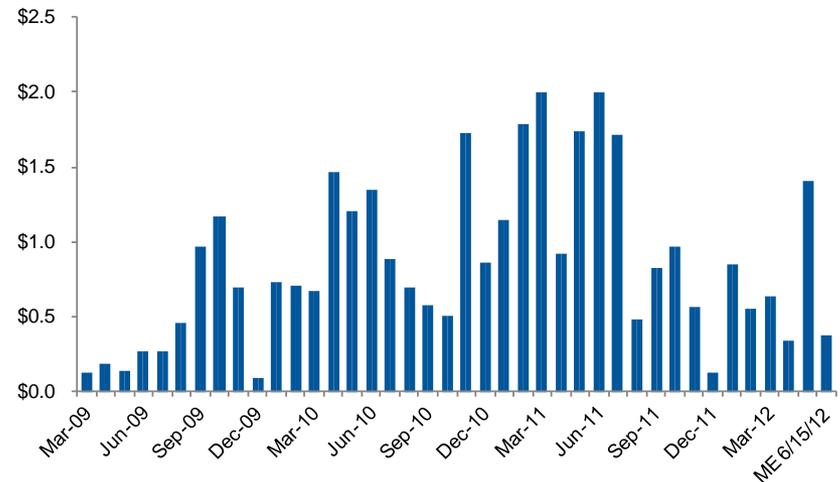


Source: S&P's Leveraged Commentary & Data, Thomson Reuters LPC

Middle Market Landscape

- The middle market has exhibited remarkable stability, particularly amid the volatility in the broader capital markets over the last year. Factors:
 - Middle market is primarily comprised of banks, which have relatively stable funding sources
 - Cost of deposit funding not highly correlated to changes in the capital markets
 - Bank balance sheets are healthier than they have been in years
- In certain cases, middle market deals have priced at a significant discount to the broader market
- YTD 2012, supply / demand gap in the middle market has become particularly pronounced due to a declining trajectory in syndicated loan volume:
 - M&A activity is light
 - Unitranche product gaining share
 - Transactions increasingly getting clubbed by sponsors

Middle Market Leveraged Loan Market (\$ in billions)



Market Outlook

- The broader loan market will likely remain volatile throughout the remainder of the year
 - Overall sentiment and tone likely to be tied to headlines coming out of Europe, Asia, and the Middle East
- Middle market to remain a haven of relative stability
- Expected pickup in M&A activity in the latter part of the year due to:
 - Uncertainty over future treatment of capital gains taxes
 - Healthy M&A backlog

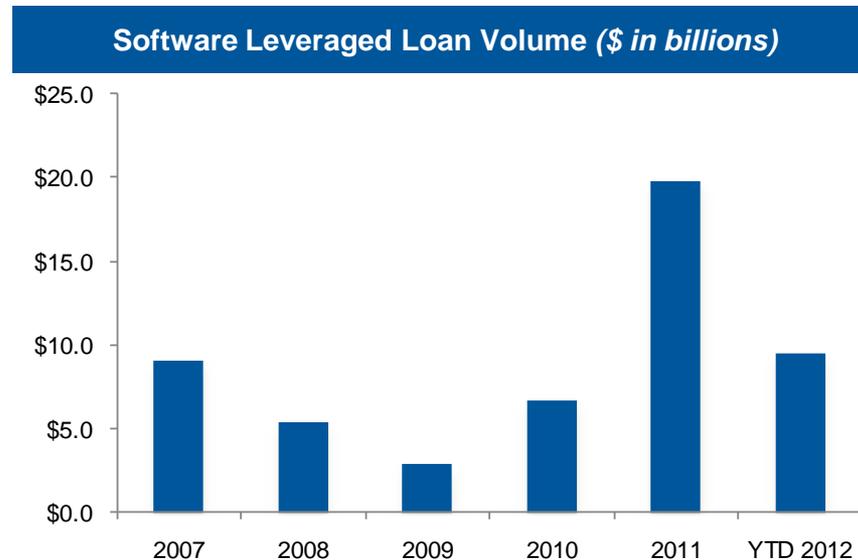
III. Lending to the Software and Information Sector

Lending Themes in the Software and Information Sector

- CIT has been a lender to the Software Services & Information sector since 2006, leading and participating in more than \$1.5 billion in transactions
- Software and Information businesses are well suited for leveraged loans
 - Revenue models are highly recurring, supported by subscription and maintenance contracts
 - Mission critical systems and data
 - Sticky product – significant integration with other systems and / or customer facing
 - Customer retention and churn metrics are highly predictable
 - High quality and diverse installed base of customers
 - Low capital expenditures
 - Favorable working capital dynamics
 - High free cash flow generation enables rapid de-leveraging via scheduled repayments and EBITDA growth
- The Software sector in general proved to be a resilient business model through the business cycle
- Active M&A market – with both financial sponsors and strategics vying to expand addressable market (new verticals or customers) or products features and capabilities – has supported strong valuation comps (10-12x)
- Recent deal flow reflects trend towards higher mobility, storage, and security requirements

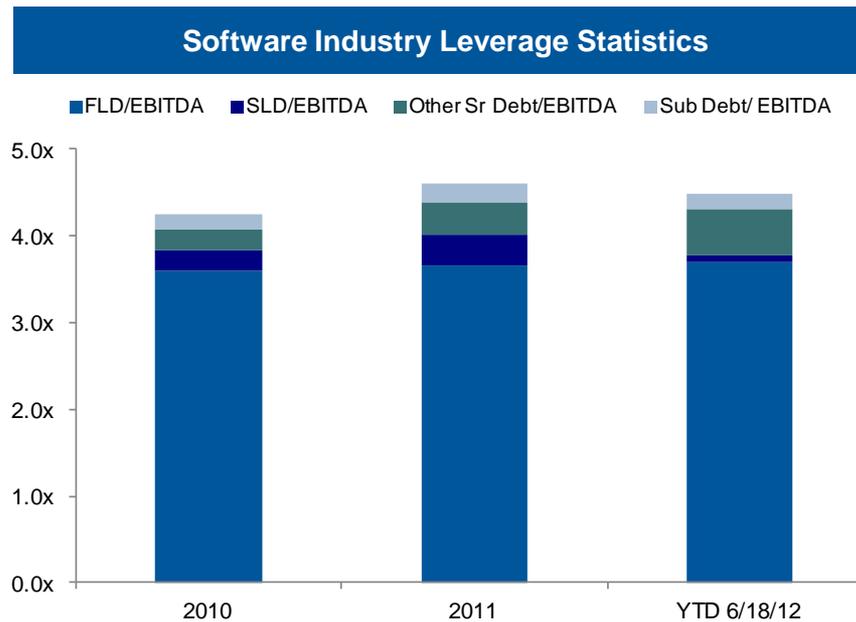
Lending Themes in the Software and Information Sector

- Companies in the Software Services, Information Services and Digital Content & Media sectors have successfully tapped the Leveraged Loan Market for M&A, general growth, and dividend financing over the last three years
- Over the past five years, ~\$50 billion has been raised in the Leveraged Loan Market to support software and information transactions



Lending Themes in the Software and Information Sector

- Since 2011, first-lien / total leverage has stayed in the 3.7x / 4.5x range, up from 3.6x / 4.2x in 2010:



- Smaller EBITDA (<\$10-15 million) companies are able to execute successfully in the leveraged loan market, albeit at lower leverage multiples, more equity, lower LTV, and priced somewhat at a premium. There is a limited universe of lenders who can serve the market.

Deal Snapshot: SS&C Technologies

Company Overview:

- SS&C Technologies (“SS&C”) provides software products and services to financial services providers, such as alternative asset managers and insurance and pension funds
 - SS&C’s software products are comprised of management/accounting, trading, treasury operations, financial modeling, etc.
 - These products allow clients to automate and integrate front-, middle-, and back-office functions
- Issuer is rated BB-/Ba3

Facility Overview:

- Deal is comprised of:
 - \$100 million RC – L+275
 - \$325 million TLA – L+275
 - \$800 million TLB – L+400 with 1.0% floor (AIY:5.30%)
 - \$142 million 364-day Bridge Loan – L+275
- Leverage is 4.1x (net)
- Proceeds back the purchase of U.K. based hedge fund administrator, GlobeOp Financial Services, and the refinancing of existing debt

Profile of Recently Completed Deals: LANDesk Software

Deal Snapshot: LANDesk Software

Company Overview:

- ✓ LANDesk Software (“LANDesk”) offers system lifecycle and endpoint security management
 - LANDesk products include cloud-enabled management solutions
- ✓ LANDesk is a portfolio company of Thoma Bravo
- ✓ Issuer is rated B2

Facility Overview:

- ✓ Deal is comprised of:
 - \$15 million RC
 - \$205 million TL
 - Pricing : L+575 with a 1.25% floor (AIY:7.65%)
- ✓ Leverage is 4x (all senior)
- ✓ Proceeds were used to purchase Wavelink Corporation and refinance existing senior debt