FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-08-02** | Period of Report: **1994-06-30**
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CIT GROUP HOLDINGS INC /DE/
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SIC: **6153** Short-term business credit institutions

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

(Mark One)

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended JUNE 30, 1994

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number
1-1861

THE CIT GROUP HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	13-2994534
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1211 AVENUE OF THE AMERICAS, NEW YORK, NEW YORK	10036
(Address of principal executive offices)	(Zip Code)

(212) 536-1950
(Registrant's telephone number, including area code)

NONE

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of August 1, 1994: 1,000 shares.

THE CIT GROUP HOLDINGS, INC.

AND SUBSIDIARIES

(UNAUDITED)

TABLE OF CONTENTS PAGE

PART I. FINANCIAL INFORMATION

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. It is suggested that these condensed financial statements be read in conjunction with the financial statements and notes thereto included in the December 31, 1993 Annual Report on Form 10-K for The CIT Group Holdings, Inc. (the "Corporation").

The Corporation considers that all adjustments (all of which are normal recurring accruals) necessary for a fair statement of the financial position and results of operations for these periods have been made; however, results for such interim periods are subject to year-end audit adjustments. Results for such interim periods are not necessarily indicative of results for a full year. Amounts for 1993 have been reclassified, where necessary, to conform to 1994 presentations.

THE CIT GROUP HOLDINGS, INC.

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(DOLLAR AMOUNTS IN THOUSANDS)

ASSETS	JUNE 30, 1994	DECEMBER 31, 1993
FINANCING AND LEASING ASSETS		
Finance receivables (net of unearned finance income of $1,541,365 and $1,482,069)		
CORPORATE FINANCE		
Capital Equipment Financing	$4,322,804	$4,394,528
Business Credit	1,330,403	1,282,133
Credit Finance	709,059	645,642
	6,362,266	6,322,303
DEALER AND MANUFACTURER FINANCING		
Industrial Financing	3,960,577	3,880,991
Sales Financing and Consumer Finance	1,604,720	1,438,865
	5,565,297	5,319,856
FACTORING		
Commercial Services	1,851,670	981,935
Finance receivables	13,779,233	12,624,094
Reserve for credit losses	(183,112)	(169,378)
Net finance receivables	13,596,121	12,454,716
Equipment under operating lease, net	736,717	751,901
Net financing and leasing assets	14,332,838	13,206,617
CASH AND CASH EQUIVALENTS		
Cash	50,013	101,554
Interest-bearing deposits	24,000	-
Cash and cash equivalents	74,013	101,554
OTHER ASSETS	433,553	420,310
TOTAL ASSETS	$14,840,404	$13,728,481

THE CIT GROUP HOLDINGS, INC.

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(DOLLAR AMOUNTS IN THOUSANDS)

LIABILITIES AND STOCKHOLDERS' EQUITY	JUNE 30, 1994	DECEMBER 31, 1993
DEBT		
Commercial paper	$ 6,227,088	$ 6,516,139
Variable rate notes	2,462,500	1,686,500
Fixed rate notes	2,408,677	2,392,500
Subordinated fixed rate notes	300,000	200,000
Total debt	11,398,265	10,795,139
Credit balances of factoring clients	953,484	521,728
Accrued liabilities and payables	343,604	324,520
Deferred Federal income taxes and investment tax credits	403,286	394,859
Total liabilities	13,098,639	12,036,246
STOCKHOLDERS' EQUITY		
Common stock - authorized, issued and outstanding - 1,000 shares	250,000	250,000
Paid-in capital	408,320	408,320
Retained earnings	1,083,445	1,033,915
Total stockholders' equity	1,741,765	1,692,235
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$14,840,404	$13,728,481

THE CIT GROUP HOLDINGS, INC.

AND SUBSIDIARIES

CONSOLIDATED INCOME STATEMENTS

(DOLLAR AMOUNTS IN THOUSANDS)

	THREE MONTHS ENDED JUNE 30		SIX MONTHS ENDED JUNE 30	
	1994	1993	1994	1993
Interest and fees earned	$340,504	$295,190	$644,414	$582,871
Interest expense	147,255	126,733	276,095	251,419
Net interest and fees	193,249	168,457	368,319	331,452
Gains on asset sales	3,371	2,906	10,996	4,178
Salaries and employee benefits	49,057	36,909	92,307	74,683
Other operating expenses	37,389	31,949	74,688	61,845
Operating expenses before provision for credit losses	86,446	68,858	166,995	136,528
Provision for credit losses	27,411	26,892	52,292	51,193
Total operating expenses	113,857	95,750	219,287	187,721
Income before provision for income taxes	82,763	75,613	160,028	147,909
Provision for income taxes	31,792	29,010	61,022	57,774
Net income	$ 50,971	$ 46,603	$ 99,006	$ 90,135
Ratio of earnings to fixed charges	-	-	1.57	1.58

THE CIT GROUP HOLDINGS, INC.

AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(AMOUNTS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30	
	1994	1993
Balance, January 1	$1,692,235	$1,601,091
Net income	99,006	90,135
Dividends paid	(49,476)	(45,152)
Balance, June 30	$1,741,765	$1,646,074

THE CIT GROUP HOLDINGS, INC.
AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(AMOUNTS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30	
	1994	1993
CASH FLOWS FROM OPERATIONS		
Net income	$ 99,006	$90,135
Adjustments to reconcile net income to net cash flows from operations:		
Provision for credit losses	52,292	51,193
Depreciation and amortization	36,691	21,862
Provision for deferred Federal income taxes	4,427	2,827
Gains on asset sales	(10,996)	(4,178)
Increase in accrued liabilities and payables	23,028	3,652
(Increase) decrease in other assets	(4,160)	20,948
Other	(9,846)	(11,115)
Net cash flows provided by operations	190,442	175,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans extended	(10,784,884)	(9,493,136)
Collections on loans	10,477,918	8,988,939
Purchases of assets to be leased	(306,685)	(458,519)
Collections on lease receivables	262,956	237,126
Net (increase) decrease in short-term factoring receivables	(138,216)	16,320
Acquisition of Barclays Commercial Corp.	(435,630)	-
Proceeds from asset sales	227,831	28,176
Purchases of loan portfolios	(39,002)	(112,915)

Proceeds from sales of assets received in satisfaction of loans	28,074	24,227
Other	(15,605)	(12,384)
Net cash flows used for investing activities	(723,243)	(782,166)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the issuance of variable rate notes	1,306,000	550,000
Proceeds from the issuance of fixed rate notes	300,000	415,000
Repayments of variable and fixed rate term debt	(713,823)	(541,830)
Net (decrease) in commercial paper	(289,051)	(142,021)
Proceeds from nonrecourse leveraged lease debt	5,853	106,424
Repayments of nonrecourse leveraged lease debt	(54,243)	(35,335)
Cash dividends paid	(49,476)	(45,152)
Net cash flows from financing activities	505,260	307,086
Net (decrease) in cash and cash equivalents	(27,541)	(299,756)
Cash and cash equivalents, beginning of year	101,554	699,793
Cash and cash equivalents, end of quarter	$ 74,013	$ 400,037
Supplemental disclosures		
Interest paid	$ 291,408	$ 264,233
Federal and State and local taxes paid	$ 57,787	$ 44,926
Noncash transfer of receivables to other assets	$ 48,381	$ 155,038
Noncash transfers of financing and leasing assets to assets received in satisfaction of loans	$ 29,359	$ 109,217

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

NET INCOME

Net income for the 1994 second quarter totaled $51.0 million, an increase of $4.4 million (9.4%) from $46.6 million reported in the second quarter of 1993. For the six months ended June 30, 1994, net income was $99.0 million, an $8.9 million (9.8%) increase from $90.1 million for the same period of 1993. The results for both 1994 periods were records, principally due to improved fees and other revenue, and increased net interest and fees from higher financing and leasing assets. These improvements benefited from the acquisition of Barclays Commercial Corporation (BCC) on February 28, 1994.

FINANCING AND LEASING ASSETS

Financing and leasing assets increased from both March 31, 1994 and year-end 1993 as presented in the following table.

	June 30, 1994	March 31, 1994	December 31, 1993

		(Amounts In Millions)	
Finance receivables	$13,779.2	$13,590.1	$12,624.1
Equipment under operating lease	736.7	738.7	751.9
Financing and leasing assets	$14,515.9	$14,328.8	$13,376.0

The increase of $1.14 billion (8.5%) in financing and leasing assets from December 31, 1993 to June 30, 1994 is largely due to the acquisition of BCC in the first quarter of 1994. Excluding BCC, financing and leasing assets grew approximately $456 million (3.4%) in 1994. Increased competition, particularly from banks, was evident in underwriting standards (risk) and pricing (reward) throughout the markets served by the Corporation, as new business spreads tightened somewhat. Second quarter growth in financing and leasing assets was relatively modest due to a seasonal decline in sales to retail factoring customers of Commercial Services.

Financing and leasing assets at June 30, 1994 and the changes from December 31, 1993 are discussed below for each business unit.

Corporate Finance

- Capital Equipment Financing - Customized secured equipment financing and leasing for major capital equipment.

  Finance receivables totaled $4.32 billion at June 30, 1994, down $71.7 million (1.6%) from $4.39 billion at December 31, 1993. Equipment under operating lease totaled $553.1 million, down $12.6 million (2.2%) from $565.7 million. In spite of new business volume improving $41.2 million (11.4%) to $403.9 million in the first half of 1994, prepayments resulted in a decline in financing and leasing assets.

- Business Credit - Revolving and term loans, including debtor-in-possession and workout financing, for medium and larger-sized companies secured by accounts receivable, inventory and fixed assets.

  Finance receivables totaled $1.33 billion, an increase of $48.3 million (3.8%) from $1.28 billion, as the pace of customer paydowns slowed during the second quarter.

- Credit Finance - Revolving and term loans, including restructurings, for small and medium-sized companies secured by accounts receivable, inventory and fixed assets.

  Finance receivables totaled $709.1 million, an increase of $63.4 million (9.8%), from $645.6 million, as steady demand for fundings by middle-market companies continued.

Dealer and Manufacturer Financing

- o Industrial Financing - Secured equipment financing and leasing for medium-sized companies, including dealer and manufacturer financing.

  Finance receivables were $3.96 billion, an increase of $79.6 million (2.1%), from $3.88 billion, as funding volume, primarily with middle-market companies, remained at record levels. Equipment under operating lease totaled $183.6 million, down $2.6 million (1.4%) from $186.2 million.

- o Sales Financing - Retail secured financing of recreational vehicles, recreational boats, and manufactured housing through dealers and manufacturers.

  Finance receivables totaled $1.35 billion, an increase of $40.2 million (3.1%) from $1.31 billion after the reclassification of approximately $48.0 million of manufactured housing receivables to other assets at June 30, 1994, in connection with an asset securitization completed in July 1994.

- o Consumer Finance - Loans secured by first or second mortgages on residential real estate, generated primarily through direct marketing.

  Finance receivables totaled $257.0 million, an increase of $125.7 million (95.7%), from $131.3 million, as this de novo operation continued to grow, primarily through the origination of new loans.

Factoring

- o Commercial Services - Factoring of accounts receivables, including credit protection, bookkeeping and collection activities.

  Finance receivables totaled $1.85 billion, an increase of $869.7 million (88.6%) from $981.9 million at year-end. The increase reflects the acquisition of BCC and record new client signings in the first half of the year.

Commercial Airline Industry

Commercial airline finance receivables and equipment under operating lease totaled $1.88 billion or 13.0% of total financing and leasing assets (before the reserve for credit losses) at June 30, 1994, compared with $1.89 billion (14.2%) at December 31, 1993.

The portfolio is secured by commercial aircraft and related equipment and is further described in the following table.

	June 30, 1994	December 31, 1993

(Dollar Amounts In Millions)

Finance Receivables		
Amount outstanding(a)	$1,436.2	$1,437.3
Number of obligors	45	43
Operating Leases		
Net carrying value	$ 442.6	$ 457.6
Number of obligors	20	21
Total	$1,878.8	$1,894.9
Number of obligors(b)	59	58
Number of aircraft	274	276

(a) Includes accrued rents on operating leases of $0.6 million at June 30, 1994 and $1.0 million at December 31, 1993, which were classified in finance receivables in the Consolidated Balance Sheets.
(b) Certain obligors have both finance receivable and operating lease transactions.

The modest $16.1 million decrease in outstandings reflects paydowns and maturities, partially offset by the funding of three transactions during the second quarter. Management continues to monitor closely the investment in this portfolio relative to total financing and leasing assets.

A commercial airline obligor, with outstandings of $77.0 million at June 30, 1994 ($64.2 million at December 31, 1993) was subject to proceedings under Chapter 11 of the Bankruptcy Reform Act of 1978, as amended. During the quarter, one aircraft with a net carrying value of $14.0 million (which came off lease from another airline) was re-leased to this obligor. All contractual obligations between this obligor and the Corporation were current at June 30, 1994.

Highly Leveraged Transactions

Highly leveraged transactions ("HLTs") totaled $459.3 million (3.2% of financing and leasing assets before the reserve for credit losses) at June 30, 1994, compared with $476.6 million (3.6%) at December 31, 1993. The Corporation's HLT outstandings are generally secured by collateral, as distinguished from HLTs that rely primarily on cash flow from operations. Unfunded commitments to lend in secured HLT situations were $164.5 million at June 30, 1994, compared with

$123.1 million at December 31, 1993.

At June 30, 1994, the portfolio consisted of 30 obligors in 13 industry groups located throughout the United States, with the largest regional concentrations in the West (31.3%) and Southeast (25.9%). Total outstandings to HLT accounts classified as nonaccrual increased to $69.7 million (4 accounts) at June 30, 1994 from $34.7 million (3 accounts) at December 31, 1993 as one additional account was placed on nonaccrual.

NET INTEREST AND FEES

Net interest and fees includes interest and rents earned on financing and leasing assets, net of interest expense, as well as noninterest revenues reflecting commissions generated from processing factored accounts receivable invoices in Commercial Services, syndication and other fees earned principally through Business Credit, and various other sources of revenue, including fees not dependent upon the advancement of funds.

Changes in interest and fees earned and interest expense are set forth below:

(Dollar Amounts in Millions)	Three Months Ended June 30, 1994	1993	Increase	
Interest and fees earned	$ 340.5	$ 295.2	$ 45.3	15.4%
Interest expense	147.3	126.7	20.5	16.2%
Net interest and fees	$ 193.2	$ 168.5	$ 24.8	14.7%
AEA	$13,437.7	$12,290.6	$1,147.1	9.3%
Net interest and fees as a % of AEA	5.75%	5.48%		

	Six Months Ended June 30, 1994	1993	Increase	

Interest and fees earned	$ 644.4	$ 582.9	$ 61.5	10.6%
Interest expense	276.1	251.4	24.7	9.8%
Net interest and fees	$ 368.3	$ 331.5	$ 36.9	11.1%
AEA	$13,246.9	$12,069.1	$1,777.8	9.8%
Net interest and fees as a % of AEA	5.56%	5.49%		

The increases in net interest and fees were attributable to growth in financing and leasing assets and to higher noninterest revenue. For the first six months of 1994, average earning assets (AEA) were $13.25 billion, up 9.8% from $12.07 billion in 1993. The improvements in noninterest revenue included four months of incremental BCC factoring commissions and a distribution, in excess of carrying value, from an equity investment of the Corporation's venture capital operation. The improvements in noninterest revenue more than offset the negative impact of increased pricing competition and rising market interest rates.

A comparative analysis of the weighted average interest rates paid on the Corporation's debt, after giving effect to interest rate swaps, is set forth below.

	Three Months Ended June 30, 1994	1993	Six Months Ended June 30, 1994	1993
Floating rate debt	4.04%	3.29%	3.76%	3.35%
Fixed rate debt	6.69%	7.50%	6.69%	7.53%
Composite interest rate	5.11%	4.82%	4.91%	4.87%

Derivative transactions are generally entered into by the Corporation as a hedge against market interest rate fluctuations and are not entered into for trading or speculative purposes.

GAINS ON ASSET SALES

Gains on asset sales for the second quarter of 1994 were $3.4 million, compared with $2.9 million in the comparable 1993 quarter. For the six months ended June 30, 1994, gains on asset sales were $11.0 million, compared to $4.2 million in the 1993 period, primarily due to securitizing $150 million of recreational vehicle receivables in January 1994.

OPERATING EXPENSES

Operating expenses before the provision for credit losses totaled $86.4 million for the 1994 second quarter, an increase of $17.6 million (25.5%) from $68.9 million for the 1993 second quarter. For the six months ended June 30, 1994, operating expenses before the provision for credit losses totaled $167.0 million, an increase of $30.5 million (22.3%), compared with $136.5 million for the comparable 1993 period.

The increases are largely incremental expenses, salaries and benefits of BCC (involving order and invoice processing, bookkeeping and collection of factored receivables for which the Corporation earns a commission) and the expanded Consumer Finance operation, as well as a nonrecurring first quarter charge associated with consolidating Sales Financing's 12 business acquisition centers into five regional business centers. Commercial Services has an integration plan in progress designed to maintain business momentum, provide uninterrupted levels of quality services and generate economies of scale. Management believes that these efforts will, over time, reduce the Corporation's operating expense ratios to levels more comparable with recent periods.

As a percentage of AEA, operating expenses were 2.57% for the 1994 second quarter, compared with 2.24% for 1993, and 2.52% for the current six month period versus 2.26% a year ago.

The following table presents components of net income as a percentage of AEA, along with other selected financial data:

	Six Months Ended June 30,	
(Dollar Amounts In Thousands)	1994	1993
Interest and fees earned*	9.62%	9.51%
Interest expense*	4.06	4.02
Net interest and fees	5.56	5.49
Gains on asset sales	0.17	0.07
Operating expenses before provision for credit losses	2.52	2.26
Net charge-offs**	0.74	0.74
Loss reserve increase	0.05	0.11

Income before provision for income taxes	2.42	2.45
Provision for income taxes	0.92	0.96
Net income	1.50%	1.49%
AEA	$13,246,944	$12,069,068
Average finance receivables	$13,247,293	$12,077,141
Ratio of earnings to fixed charges	1.57	1.58

* Percentage calculated excluding interest income and interest expense relating to short-term interest-bearing deposits.

** Percentage of average finance receivables.

PROVISION AND RESERVE FOR CREDIT LOSSES

The following table summarizes the activity in the reserve for credit losses.

(Dollar Amounts in Millions)	Three Months Ended June 30, 1994	Three Months Ended June 30, 1993	Six Months Ended June 30, 1994	Six Months Ended June 30, 1993
Net charge-offs	$23.1	$22.2	$48.9	$44.6
Reserve change	4.3	4.7	3.4	6.6
Provision for credit losses	$27.4	$26.9	$52.3	$51.2
Net charge-offs as a percent (annualized) of average finance receivables	0.67%	0.72%	0.74%	0.74%

The reserve for credit losses at June 30, 1994 was $183.1 million (1.33% of finance receivables), compared with $169.4 million (1.34%) at year-end 1993. The increased balance from year-end 1993 is largely attributable to acquired credit loss reserves, principally BCC's.

PAST DUE AND NONACCRUAL FINANCE RECEIVABLES

Finance receivables past due 60 days or more declined to $187.8 million (1.36%

of finance receivables before the reserve for credit losses) at June 30, 1994, from $198.2 million (1.46%) at March 31, 1994 and $216.1 million (1.71%) at year-end 1993. Excluding past due loans in Industrial Financing that have dealer or manufacturer recourse provisions, the percentage of finance receivables past due 60 days or more was 1.12% at June 30, 1994 down from 1.16% at March 31, 1994 and 1.47% at December 31, 1993.

Past due finance receivables on nonaccrual status were $117.0 million (0.85% of finance receivables before the reserve for credit losses) at June 30, 1994, up from $105.6 million (0.78%) at March 31, 1994 but improved from $139.9 million (1.11%) at December 31, 1993.

ASSETS RECEIVED IN SATISFACTION OF LOANS

Assets received in satisfaction of loans were $67.6 million at June 30, 1994, down from $79.5 million at March 31, 1994 and $87.0 million at year-end 1993.

INCOME TAXES

The effective income tax rate for the 1994 second quarter was 38.4%, unchanged from the prior year period. For the first six months of 1994, the effective tax rate was 38.1%, compared to 39.1% for the first half of 1993.

LIQUIDITY AND CAPITALIZATION

The Corporation manages liquidity through: (1) principal repayments of existing finance receivables and the generation of cash flow from operations and (2) the borrowing of funds, primarily in the United States money and capital markets. Such cash is used to fund asset growth (including the bulk purchase of receivables and the acquisition of other finance-related businesses) and to meet debt obligations and other commitments on a timely and cost-effective basis.

The following table presents information regarding the Corporation's capital structure.

	June 30, 1994	March 31, 1994	December 31, 1993
		(Dollars In Thousands)	
Commercial Paper	$ 6,227,088	$ 6,202,936	$ 6,516,139
Term Debt	5,171,177	4,872,500	4,279,000
Stockholders' equity	1,741,765	1,715,674	1,692,235
Total Capitalization	$13,140,030	$12,791,110	$12,487,374
Ratios:			
Debt-to-equity	6.54 to 1	6.45 to 1	6.38 to 1
Debt-to-equity plus reserve			

for credit losses	5.92 to 1	5.84 to 1	5.80 to 1

Commercial paper borrowings declined by $289.1 million from year-end, as the Corporation issued $505.0 million of variable rate term debt. Repayments of term debt totaled $206.3 million in the 1994 second quarter, largely variable rate term debt.

At June 30, 1994, commercial paper borrowings were supported by $4.68 billion of credit line facilities, representing 75% of operating commercial paper (commercial paper outstanding less the amount funding short-term interest-bearing deposits). No borrowings have been made under credit lines since 1970.

At June 30, 1994, $5.3 billion of registered but unissued debt securities remained available under shelf registration statements.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES

Under the most restrictive provisions of agreements relating to outstanding term debt, the Corporation may not, without the consent of the holders of such term debt, permit stockholders' equity to be less than $300,000,000.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

On April 14, 1994, DKB and MHC Holdings, by unanimous written consent, re-elected the following ten persons to the Board of Directors to serve until April 30, 1995 or until their successors shall have been elected and qualified:

Messrs. Hisao Kobayashi (Chairman)
Albert R. Gamper, Jr.
Michio Murata
Joseph A. Pollicino
Paul N. Roth
Tomoaki Tanaka
Peter J. Tobin
Toshiji Tokiwa
Keiji Torii
William H. Turner

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibit 12 - Computation of Ratios of Earnings to Fixed Charges.

(b) A Form 8-K report dated April 12, 1994 was filed with the Commission reporting the Corporation's announcement of results for the quarter ended March 31, 1994.

(c) A Form 8-K report dated July 14, 1994 was filed with the Commission reporting the Corporation's announcement of results for the quarter ended June 30,1994.

EXHIBIT 12

THE CIT GROUP HOLDINGS, INC. AND SUBSIDIARIES

COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES

(DOLLAR AMOUNTS IN THOUSANDS)

	SIX MONTHS ENDED JUNE 30, 1994	SIX MONTHS ENDED JUNE 30, 1993
Net Income	$ 99,006	$ 90,135
Provision for income taxes	61,022	57,774
Earnings before provision for income taxes	160,028	147,909
Fixed charges:		
Interest and debt expense on indebtedness	276,095	251,419
Interest factor - one third of rentals on real and personal properties	3,893	3,939
Total fixed charges	279,988	255,358
Total earnings before provision for income taxes and fixed charges	$440,016	$403,267
Ratio of earnings to fixed charges	1.57	1.58

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

The CIT Group Holdings, Inc.

(Registrant)

BY /s/ J. J. Carroll

J. J. Carroll
Executive Vice President and
Chief Financial Officer
(duly authorized and principal
accounting officer)

DATE: August 2, 1994