

From: Bao Nguyen  
To: ["robert.ingato@cit.com"](mailto:robert.ingato@cit.com)  
Cc: [Adam Cohen](#); [Andrew Hartlage](#)  
Subject: CIT Group's applications to the Board -ZFRSSE-  
Date: Thursday, September 25, 2014 1:07:36 PM

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Dear Mr. Ingato:

This is in reference to the applications filed under section 3 of the Bank Holding Company Act of 1956 ("BHC Act") by CIT Group, Inc. ("CIT Group"), Livingston, New Jersey, the holding company of CIT Bank, Salt Lake City, Utah, and Carbon Merger Sub LLC ("Merger Sub"), New York, New York, to acquire all of the voting securities of IMB Holdco LLC ("IMB") and thereby indirectly acquire OneWest Bank, National Association ("OneWest Bank"), both of Pasadena, California. Based on staff's review of the applications, the following information is requested. Please provide a complete, detailed response to each of the following questions, including the questions in the confidential section. Supporting documentation, as appropriate, should be provided.

1. Discuss in further detail the impact of the proposed acquisition on the convenience and needs of the communities to be served by the CIT Group and IMB organizations, and the public benefits, if any, resulting from the proposal. To the extent not previously provided in the applications, your response should also describe any planned or contemplated changes to the following:
  - a. The products and services currently offered by the two organizations, including by identifying products and services currently available to CIT Group customers that are not currently, but will become, available to IMB customers as a result of the proposed transaction and vice versa; and
  - b. Customers' access to products and services on a pro forma basis, including, for example, changes to business hours, ATM locations (including by closure of locations), etc.
2. Provide a copy of the Oxygen Disclosure Schedule and the Carbon Disclosure Schedule, each as defined in the Agreement and Plan of Merger among CIT Group, IMB, Merger Sub, and the Holders' Representatives ("Merger Agreement"). In addition, to the extent not already provided, provide copies of all other schedules, exhibits, and appendices to the Merger Agreement and any other agreement related to the proposed transactions.
3. Sections 5.2(f)(ii)(A) and (B) of the Merger Agreement provides that IMB must obtain CIT Group's written consent prior to "increas[ing] in any manner the compensation or benefits payable to any current or former director, employee or other service provider of Oxygen or any of its Subsidiaries or pay any amount to any such individual not otherwise due, other than increase in the ordinary course of business consistent with past practice (A) of 2% or less in the aggregate base salaries (and corresponding increases in target bonuses occurring solely as a result of such increases in base salaries) payable to any current employee of Oxygen or its Subsidiaries whose annual target compensation is less than

\$500,000 or (B) of 5% or less in the aggregate base salaries (and corresponding increases in target bonuses occurring solely as a result of such increases in base salaries) payable to any current employee of Oxygen or its Subsidiaries whose annual target compensation is less than \$500,000 in connection with the promotion of such employee in the ordinary course of business consistent with past practice and provided that such increase does not raise such employee's annual target compensation above \$500,000."

- a. Indicate the number of times that IMB has sought CIT Group's prior consent pursuant to sections 5.2(f)(ii)(A) or (B) of the Merger Agreement.
  - b. Confirm or clarify our understanding that under the provisions of sections 5.2(f)(ii)(A) and (B), CIT Group's consent is required before IMB and its subsidiaries may undertake ordinary course of business decisions relating to compensation and benefits. Your response should indicate how the provisions of sections 5.2(f)(ii)(A) and (B) will be implemented so that they do not permit CIT Group to control the ordinary course of business decisions of IMB and its subsidiaries.
4. Section 5.2(f)(vii) of the Merger Agreement provides that IMB must obtain CIT Group's written consent prior to "hir[ing] or terminat[ing] (other than for cause) the employment of any individual with annual target compensation above \$500,000."
  - a. Indicate the number of times that IMB has sought CIT Group's prior consent pursuant to section 5.2(f)(vii) of the Merger Agreement.
  - b. Explain whether the requirement that IMB obtain CIT Group's written consent prior to making employment decisions concerning individuals with annual target compensation above \$500,000 as provided in section 5.2(f)(vii) of the Merger Agreement provides CIT Group with the ability to direct the ordinary course employment decisions of IMB and its subsidiaries prior to approval of the applications. Information supporting your response could include, for example, the number of employees of IMB and its subsidiaries as of the end of a recent period whose annual target compensation was, at that time, in excess of \$500,000.
5. Section 5.2(g) of the Merger Agreement provides that IMB must obtain CIT Group's written consent prior to "commenc[ing], settl[ing] or compromise[ing] any Proceeding, except for (i) any settlement (A) involving only monetary remedies with a value not in excess of \$1 million, with respect to any individual Proceeding or \$5 million, in the aggregate (in excess of, in each case, any settlement payments that are actually recovered from trusts or other third parties or reserves in respect thereof to the extent reflected in the Oxygen Unaudited Financial Statements), subject to prior consultation with Carbon and (B) that is not otherwise reasonably likely to be material to Oxygen or its Subsidiaries (or following the Closing, Carbon and its Subsidiaries)."
  - a. Indicate the number of times that IMB has sought CIT Group's prior consent pursuant to section 5.2(g) of the Merger Agreement.
  - b. Explain whether the requirement that IMB obtain CIT Group's written consent prior to commencing, settling, or compromising any proceeding in excess of the \$1 million individual and \$5 million aggregate amounts as provided in section 5.2(g) of the Merger Agreement provides CIT Group

with the ability to direct the ordinary course litigation decisions of IMB and its subsidiaries prior to approval of the applications. Information supporting your response could include, for example:

- i. The number of proceedings settled by IMB and its subsidiaries and the total amount of the monetary remedies involved in such settlements during a recent period;
- ii. The number and total amount of monetary remedies involved of proceedings settled by IMB and its subsidiaries during a recent period that involved only monetary remedies with a value in excess of \$1 million; and
- iii. The number of proceedings settled by IMB and its subsidiaries during a recent period that did not involve only monetary remedies.

6. Section 5.2(p) of the Merger Agreement provides that IMB must obtain CIT Group's written consent prior to "mak[ing] any capital expenditure in excess of \$2,500,000 individually or \$10,000,000 in the aggregate."
  - a. Indicate the number of times that IMB has sought CIT Group's prior consent pursuant to section 5.2(p) of the Merger Agreement.
  - b. Explain whether the requirement that IMB obtain CIT Group's written consent prior to making capital expenditure in excess of \$2,500,000 individually or \$10,000,000 in the aggregate provided in section 5.2(p) of the Merger Agreement provides CIT Group with the ability to direct the ordinary course capital expenditures of IMB and its subsidiaries prior to approval of the applications. Information supporting your response could include, for example:
    - i. The number and aggregate dollar amount of capital expenditures made by IMB and its subsidiaries during a recent period; and
    - ii. The number and aggregate dollar amount of capital expenditures made by IMB and its subsidiaries during a recent period that were in excess of \$2,500,000 individually.

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If you have any questions regarding this letter please let me know.

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