CNH GLOBAL N V
Form 20-F
February 25, 2010
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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 20-F

¨ **REGISTRATION STATEMENT PURSUANT TO SECTIONS 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**

or

þ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2009

or

¨ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
or

¨ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
Commission File Number 1-14528

CNH GLOBAL N.V.

(Exact name of registrant as specified in its charter)

Kingdom of The Netherlands

(State or other jurisdiction of incorporation or organization)

World Trade Center, Amsterdam Airport

Tower B, 10th Floor

Schiphol Boulevard 217

1118 BH Amsterdam

The Netherlands

(Address of principal executive offices)

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Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, par value 2.25	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer s classes of capital or common stock as of the close of the period covered by the annual report: 237,398,518 Common Shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ¨ No þ

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Act of 1934. Yes ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ¨ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ¨	Accelerated filer þ	Non-accelerated filer ¨

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing: U.S. GAAP þ International Financial Reporting Standards as issued by the International Accounting Standards Board ¨ Other ¨

If Other has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow: Item 17 ¨ or Item 18 ¨.

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).   Yes ¨   No þ

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.   Yes ¨   No ¨

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PRESENTATION OF FINANCIAL AND CERTAIN OTHER INFORMATION

CNH Global N.V. (CNH), is incorporated in and under the laws of The Netherlands. CNH combines the operations of New Holland N.V. (New Holland) and Case Corporation (Case), as a result of their business merger on November 12, 1999. As used in this report, all references to New Holland or Case refer to (1) the pre-merger business and/or operating results of either New Holland or Case (now a part of CNH America LLC (CNH America)) on a stand-alone basis, or (2) the continued use of the New Holland and Case product brands.

We prepare our annual consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements are expressed in U.S. dollars and, unless otherwise indicated, all financial data set forth in this annual report is expressed in U.S. dollars. Our worldwide agricultural equipment and construction equipment operations are collectively referred to as Equipment Operations. Our worldwide financial services operations are collectively referred to as Financial Services.

As of December 31, 2009, Fiat S.p.A. and its subsidiaries (Fiat or the Fiat Group) owned approximately 89% of our outstanding common shares through its direct, wholly-owned subsidiary Fiat Netherlands Holding N.V. (Fiat Netherlands). For information on our share capital, see Item 10. Additional Information B. Memorandum and Articles of Association.

Fiat S.p.A. is a corporation organized under the laws of the Republic of Italy. The Fiat Group performs automotive, manufacturing, and financial service activities through companies located in approximately 50 countries and is engaged in commercial activities with customers in approximately 190 countries. It also manufactures other products and systems, principally automotive-related components, metallurgical products and production systems. In addition, the Fiat Group is involved in certain other activities, including publishing, communications and service companies.

Certain financial information in this report has been presented by geographic area. We use the following geographic designations: (1) North America; (2) Western Europe; (3) Latin America; and (4) Rest of World. As used in this report, the following geographic designations shall have the following meanings:

North America the United States and Canada.

Western Europe Austria, Belgium, Denmark, Finland, France, Germany, Greece, Iceland, Ireland, Italy, Luxembourg, The Netherlands, Norway, Portugal, Spain, Sweden, Switzerland and the United Kingdom.

Latin America Mexico, Central and South America, and the Caribbean Islands.

Rest of World Those areas not included in North America, Western Europe and Latin America.

Certain industry and market share information in this report has been presented on a worldwide basis which includes all countries, with the exception of India. In this report, management estimates of market share information are generally based on retail unit data in North America, on registrations of equipment in most of Europe, Brazil, and various Rest of World markets and on retail and shipment unit data collected by a central information bureau appointed by equipment manufacturers associations including the Association of Equipment Manufacturers (AEM) in North America, the Committee for European Construction Equipment (CECE) in Europe, the Associação Nacional dos Fabricantes de Veículos Automotores (ANFAVEA) in Brazil, the Japan Construction Equipment Manufacturers Association (CEMA) and the Korea Construction Equipment Manufacturers Association (KOCEMA), as well as on other shipment data collected by an independent service bureau. Not all agricultural or construction equipment is registered, and registration data may thus underestimate, perhaps substantially, actual retail industry unit sales demand, particularly for local manufacturers in China, Southeast Asia, Eastern Europe, Russia, Turkey, Brazil and any country where local shipments are not reported. In addition, there may also be a period of time between the shipment, delivery, sale and/or registration of a unit, which must be estimated, in making any adjustments to the shipment, delivery, sale, or registration data to determine our estimates of retail unit data in any period.

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PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. ***Selected Financial Data.***

The following selected consolidated financial data as of December 31, 2009 and 2008, and for each of the years ended December 31, 2009, 2008, and 2007 has been derived from the audited consolidated financial statements included in Item 18. Financial Statements . This data should be read in conjunction with Item 5. Operating and Financial Review and Prospects, and is qualified in its entirety by reference to the audited consolidated financial statements included in Item 18. Financial Statements. Financial data as of December 31, 2007, 2006, and 2005 and for the years ended December 31, 2006, and 2005, has been derived from our previously-published, audited consolidated financial statements which are not included herein.

We calculate basic earnings per share based on the two-class method of computing earnings per share when participating securities are outstanding. The two-class method is an earnings allocation formula that determines earnings per share for common stock and participating securities based upon an allocation of earnings as if all of the earnings for the period had been distributed in accordance with participation rights on undistributed earnings. In 2005, we calculated basic earnings per share using the two-class method as CNH s Series A Preference Shares (Series A Preferred Stock) were outstanding. Subsequent to the conversion of the eight million shares of Series A Preferred Stock into CNH common shares on March 23, 2006, there have been no shares of Series A Preferred Stock outstanding.

In periods when the Series A Preferred Stock was outstanding, undistributed earnings, which represent net income attributable to CNH less dividends paid to common shareholders, were allocated to the Series A Preferred Stock based on the dividend yield of the common shares, which was impacted by the price of our common shares. For purposes of the basic earnings per share calculation, we used the average closing price of our common shares over the last thirty trading days of the period (Average Stock Price). As of December 31, 2005, the Average Stock Price was $17.47 per share. Had the Average Stock Price of the common shares been different, the calculation of the earnings allocated to Series A Preferred Stock may have changed. Additionally, the determination was impacted by the payment of dividends to common shareholders as the dividend paid is added to net income in the computation of basic earnings per share. Subsequent to the March 23, 2006 conversion of the Series A Preferred Stock, there has been no further impact on earnings per share.

Prior period amounts have been restated to reflect the required January 1, 2009, adoption of new accounting guidance with regards to the presentation and disclosure of noncontrolling interests in consolidated financial statements. As a result, net income (loss) is attributed between CNH and the noncontrolling interests in partially owned subsidiaries. In addition, net income (loss) attributable to noncontrolling interests has been reclassified and renamed from minority interest to a new line below net income (loss). Additionally, prior period balances of accumulated undistributed earnings relating to noncontrolling interests in partially owned subsidiaries are now classified as a component of equity, instead of as a minority interest liability.

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The following table contains our selected historical financial data as of and for each of the five years ended December 31, 2009, 2008, 2007, 2006 and 2005 in accordance with U.S. GAAP.

	For the Years Ended December 31, (in millions, except per share data)				
	2009	2008	2007	2006	2005
Consolidated Statement of Operations Data:					
Revenues:					
Net sales	$ 12,783	$ 17,366	$ 14,971	$ 12,115	$ 11,806
Finance and interest income	977	1,110	993	883	769
Total revenues	$ 13,760	$ 18,476	$ 15,964	$ 12,998	$ 12,575
Net income (loss)	$ (222)	$ 824	$ 574	$ 308	$ 189
Net income (loss) attributable to CNH Global N.V.	$ (190)	$ 825	$ 559	$ 292	$ 163
Earnings (loss) per share attributable to CNH Global N.V. common shareholders:					
Basic earnings (loss) per share	$ (0.80)	$ 3.48	$ 2.36	$ 1.37	$ 0.77
Diluted earnings (loss) per share	$ (0.80)	$ 3.47	$ 2.36	$ 1.23	$ 0.70
Cash dividends declared per common share	$	$ 0.50	$ 0.25	$ 0.25	$ 0.25

	As of December 31, (in millions)				
	2009	2008	2007	2006	2005
Consolidated Balance Sheet Data:					
Total assets	$ 23,208	$ 25,459	$ 23,745	$ 18,274	$ 17,318
Short-term debt	$ 1,972	$ 3,480	$ 4,269	$ 1,270	$ 1,522
Long-term debt, including current maturities	$ 7,436	$ 7,877	$ 5,367	$ 5,132	$ 4,765
Common shares at 2.25 par value	$ 595	$ 595	$ 595	$ 592	$ 315
Common shares outstanding	237	237	237	236	135
Equity	$ 6,810	$ 6,575	$ 6,419	$ 5,229	$ 5,143

B. ***Capitalization and Indebtedness*.**

Not applicable.

C. ***Reasons for the Offer and Use of Proceeds*.**

Not applicable.

D. ***Risk Factors*.**

The following risks should be considered in conjunction with Item 5. Operating and Financial Review and Prospects beginning on page 34 and the other risks described in the Safe Harbor Statement on page 69. These risks may affect our operating results and, individually or in the aggregate, could cause our actual results to differ materially from past and anticipated future results. The following discussion of risks may contain forward-looking statements which are intended to be covered by the Safe Harbor Statement on page 69. Except as may be required by law, we undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events, or otherwise. We invite you to consult any further related disclosures we make in our Form 6-K reports furnished to the United States Securities and Exchange Commission (SEC).

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Risks Related to Our Business, Strategy and Operations

Current conditions in the global economy and the major industries we serve have adversely affected our business. The business and operating results of our Equipment Operations have been, and will continue to be, adversely affected by worldwide economic conditions. Current financial conditions and, in particular, conditions in the construction industry, continue to place significant economic pressures on our existing and potential customers, including our dealer network. As a result, some customers may delay or cancel plans to purchase our products and services and may not be able to fulfill their obligations to us in a timely fashion. Further, our suppliers may be experiencing similar conditions, which may adversely affect their ability to fulfill their obligations to us, which could result in product delays, increased accounts receivable, defaults and inventory challenges. The full impact of stimulus programs by the United States and other governments remains uncertain, as does their willingness to extend existing programs or adopt additional programs. If there is significant further deterioration in the global economy, the demand for our products and services would likely decrease, and our results of operations, financial position and cash flows could be materially and adversely affected.

In addition, a decline in equity market values could cause many companies, including us, to carefully evaluate whether certain intangible assets, such as goodwill, have become impaired. The factors that we evaluate to determine whether an impairment charge is necessary requires management judgment and estimates. The estimates are impacted by a number of factors, including, but not limited to, worldwide economic factors, technological changes and the achievement of the anticipated benefits of our profit improvement initiatives. Any of these factors, or other unexpected factors, may cause us to re-evaluate whether we need to record an impairment charge. In the event we are required to record an impairment charge to certain intangible assets, it could have an adverse impact on our equity position and statement of operations.

We are exposed to political, economic and other risks from operating a global business. Our global business is also subject to the political, economic and other risks that are inherent in operating in numerous countries. Some of those risks include:

- changes in laws, regulations and policies that affect:
  - import and export duties and quotas,
  - currency restrictions,
  - interest rates and the availability of credit to our dealers and customers,
  - property and contract rights, and
  - taxes;
- regulations from changing world organization initiatives and agreements;
- changes in the dynamics of our competitors and the industries in which we operate;
- varying and unpredictable customer needs and desires;
- labor disruptions; and

war, civil unrest, and terrorism.

Financial Services borrows through a subsidized long-term program of a Brazilian development agency, Banco Nacional de Desenvolvimento e Social (BNDES), and this program provides subsidized funding to financial institutions to be loaned to farmers to support the purchase of machinery in accordance with the provisions of the program. The Brazilian government provided debt relief, which included deferral of payments and extensions of maturities, to certain qualifying farmers and borrowers under this program in 2005, 2006, 2007 and 2008.

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In 2009, no mass debt relief program was initiated. In most instances, the 2009 payments were due as scheduled or as renegotiated, where applicable. At December 31, 2009 and 2008, the amount of non-performing retail receivables included in this program, including the off-book guaranteed portfolio, was $633 million and $51 million, respectively. Total receivables greater than 60 days or more past due were $651 million and $63 million, respectively. The Company continues to aggressively pursue collections of these receivables. At December 31, 2009 and 2008, the Company had $172 million and $98 million in allowance for credit losses related to this portfolio, respectively.

The Company believes this series of debt relief actions has impacted customer behavior and payment patterns. The impact of any future changes to the program could further impact the Company s ability to collect amounts owed.

The costs of compliance or other liabilities arising from or relating to such laws, regulations, and risks could adversely affect our financial condition and results of operations.

Currently, our ability to grow our businesses depends to an increasing degree on our ability to increase market share and operate profitably in emerging market countries, such as Brazil, Russia, India and China. Some of these emerging market countries may be subject to a greater degree of economic and political volatility which could adversely affect our financial condition and results of operations.

Our financial performance is subject to currency exchange rate fluctuations and interest rate changes. We conduct operations in many areas of the world involving transactions denominated in a variety of currencies other than the U.S. dollar. To prepare our consolidated financial statements, we must translate those assets, liabilities, expenses and revenues into U.S. dollars at the applicable exchange rates. As a result, increases and decreases in the value of the U.S dollar relative to other currencies will affect the amount of these items in our consolidated financial statements, even if their value has not changed in their original currency (currency translation). We do not hedge currency translation risk. In addition, we are subject to daily variations in currency values as we make payments in or convert monies received from different currencies (currency transaction). Accordingly, a substantial increase or decrease in the value of the U.S. dollar relative to other currencies could substantially affect our operating results.

Changes in interest rates affect our results of operations by, among other things, increasing or decreasing our borrowing costs and finance income. In addition, an increase in interest rates will, among other things, increase our customers costs of financing equipment purchases which could reduce our sales of equipment. A decline in equipment sales or an increase in our funding costs would have an adverse effect on our financial condition and results of operations.

We attempt to mitigate our currency transaction risk and the impact of interest rate changes through the use of financial hedging instruments. We have historically entered into, and expect to continue to enter into, hedging arrangements with respect to currency transaction risk, a substantial portion of which are with counterparties that are treasury subsidiaries of Fiat S.p.A. As with all hedging instruments, there are risks associated with the use of foreign currency forward exchange contracts, as well as interest rate swap agreements and other risk management contracts. While the use of such hedging instruments provides us with protection from certain fluctuations in currency exchange and interest rates, we potentially forgo the benefits that might result from favorable fluctuations in currency exchange and interest rates. In addition, any default by the counterparties to these transactions could adversely affect our financial condition and results of operations. These financial hedging transactions may not provide adequate protection against future currency exchange rate or interest rate fluctuations and, consequently, such fluctuations could adversely affect our financial condition and results of operations.

See Item 11. Quantitative and Qualitative Disclosures about Market Risk.

Risks related to our pension plans and other postretirement obligations could impact our profitability. At December 31, 2009, our pension plans had an underfunded status of $848 million and our postretirement benefit plans had an underfunded status of $1,086 million. Benefit obligations for pension plans that we do not currently fund were $481 million at that date. The funded status of our pension and postretirement benefit plans is subject to many factors, such as actual experience and updates to actuarial assumptions used to measure the obligations. Actual developments, such as a significant change in the return on investment of the plan assets or a change in the portfolio mix of plan assets, may result in corresponding increases or decreases in the valuation of plan assets, particularly with respect to equity securities. Moreover, changes in interest rates may result in increases or decreases in the valuation of plan assets consisting of debt securities. Differences between actuarial projections and actual experience, such as a difference between expected and actual participant mortality rates, retirement rates or health care costs, may result in significant increases or decreases in the valuation of pension or postretirement obligations. Changes in actuarial assumptions, such as discount rates or rates of increase in future compensation, may also result in significant changes to the funded status of our pension and postretirement benefit plans. A change in funded status and/or a change in actuarial assumptions can result in higher or lower net periodic pension costs in the following year. See also Item 5. Operating and Financial Review and Prospects A. Operating Results Application of Critical Accounting Estimates and Pension and Other Postretirement Benefits, as well as Note 12: Employee Benefit Plans and Postretirement Benefits of our consolidated financial statements for the year ended December 31, 2009, for additional information on pension and postretirement benefit accounting.

Significant legislative initiatives related to healthcare benefits, including related corporate tax treatment, are under consideration in the U.S. Congress. Although the final outcome of such legislation and its impact upon us remain uncertain, legislative versions under consideration have the potential to impose significant costs upon our current employee and retiree healthcare obligations, potentially adversely affecting our operating results.

We depend on key suppliers for certain raw materials and components. We purchase raw materials, parts and components from third-party suppliers. We rely upon single suppliers for certain parts and components, primarily those that require joint development between us and our suppliers. Current financial conditions could cause some of our suppliers to continue to face severe financial hardship and disrupt our access to critical parts, components and supplies which could have a negative impact on our costs of production, our ability to fulfill orders and on the profitability of our business.

Changes in the price of certain parts or commodities could adversely affect our operating results. A significant change in the demand for, or supply or price of, any part, component or commodity could adversely affect our profitability or our ability to obtain and fulfill orders. Increases in the prices of raw materials could adversely affect our operating results. Changes in the price or availability of raw materials, which are more likely to occur during times of economic volatility, could have a negative impact on our manufacturing costs which could reduce the profitability of our businesses. In addition, increases in the costs of steel, rubber, oil and related petroleum-based products would adversely affect our profitability unless we raise equipment and parts prices to recover any such material or component cost increases. However, we may be unable to raise prices due to market conditions. Our ability to realize the benefit of declining commodity prices may be delayed by the need to reduce existing whole goods inventories which were manufactured during a period of higher commodity prices.

Labor laws and labor unions, which represent most of our production and maintenance employees, could impact our ability to maximize the efficiency of our operations. We are subject to various local labor laws in the countries in which we operate. For instance, in Europe, our employees are covered by various worker protection laws which afford employees, through local and central works councils, rights of information and consultation with respect to specific matters involving their employers business and operations, including the downsizing or closure of facilities and employment terminations. Labor agreements covering employees in certain European countries generally expire annually. The European worker protection laws and the collective bargaining agreements to which we are subject could impair our flexibility in streamlining existing manufacturing facilities and in restructuring our business.

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Overall, labor unions represent most of our production and maintenance employees. Although we believe our relations with our employees and our unions are generally positive, current or future issues with labor unions might not be resolved favorably, and we may experience a work interruption or stoppage which could adversely affect our financial condition and results of operations.

Risks Particular to the Industries in Which We Operate

Government action and changes in government policy can impact our sales and restrict our operating flexibility. Our businesses are exposed to a variety of risks and uncertainties related to the action or inaction of governmental bodies.

Government policies can affect the market for our agricultural equipment by influencing interest rates and regulating economic activity. For example, governments may regulate the levels of acreage planted through direct subsidies affecting specific commodity prices or through payments made directly to farmers. The existence of a high level of subsidies may reduce the effects of cyclicality in the equipment business. Other changes in government regulations, policies and initiatives could reduce demand for equipment and reduce our net sales.

In addition, international and multilateral institutions, such as the World Trade Organization, can affect the market for agricultural equipment through initiatives for changes in governmental policies and practices regarding agricultural subsidies, tariffs and the production of genetically modified crops. In particular, the outcome of the global negotiations under the auspices of the World Trade Organization could have a material effect on the international flow of agricultural commodities and could cause severe dislocations within the farming industry as farmers shift production to take advantage of new programs. With uncertainty created by policy changes and reforms, farmers could delay purchasing agricultural equipment, causing a decline in industry unit volumes and our net sales.

The worldwide financial and credit crisis dramatically affected, among other things, the availability and cost of credit. The full impact of actions by various central banks and other governmental entities to restore liquidity, increase the availability of credit and stimulate job growth continues to be uncertain. Although credit conditions generally improved in 2009 from 2008, enabling many government programs to expire, pressures on liquidity and the availability of credit could have an adverse impact on our customers and suppliers as well as our financial condition and results of operations. In addition, some of our competitors may be eligible for government programs for which we are ineligible, which would put us at a competitive disadvantage. Governmental action may have the effect of impacting market forces and consumer demand in unanticipated ways.

Government policies on issues like taxes and spending can have a material effect on our sales and business results. For example, increased government spending on roads, utilities and other construction projects and requirements with respect to biofuel additives to gasoline can have a positive effect on sales, while tax laws and regulations may affect depreciation schedules and the net income earned by our customers. These factors may influence customer decisions with respect to whether and when to buy equipment. Developments which are more unfavorable than anticipated, such as decisions to reduce public spending, could have an adverse effect on our financial condition and results of operations.

See also Item 4. Information on the Company B. Industry Overview-Biofuels Impact on Agriculture, Light Construction Equipment, and D. Property, Plant and Equipment Environmental Matters.

Reduced demand for equipment would reduce our sales and profitability. Some factors affecting demand for equipment, which could materially impact our operating results, include:

- general economic conditions;
- demand for food;

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- commodity prices and stock levels;
- net farm income levels;
- availability of credit;
- developments in biofuels;
- infrastructure spending rates;
- housing starts; and
- commercial construction.

As such factors increase or decrease around the world, demand for our products may be significantly impacted in a relatively short timeframe. Negative economic conditions or a negative outlook for any of these factors can dampen demand for farm and/or construction equipment. Rapid declines in demand can result in, among other things, an oversupply of equipment, a decline in prices, the need for additional promotional programs, and a decrease in factory utilization, all of which would adversely affect our financial condition and results of operations.

Positive economic conditions or positive outlooks for any of these factors can increase demand for farm and/or construction equipment. Rapid increases in demand can result in, among other things, an undersupply of equipment, increases in prices of our equipment, increases in our costs for materials and components, and increases in factory utilization demands (that either may not be possible due to production or other constraints, affecting either us or our suppliers, or may not be sustainable for long periods of time without additional, potentially significant, capital expenditures or inefficiency costs). Producing our products is a capital intensive activity and can require significant amounts of time and capital investment to materially adjust production capacity and efficiency. Accordingly, we may not be able to quickly accommodate large changes in demand which could impede our ability to operate efficiently. See also Item 4. Information on the Company B. Business Overview Industry Overview.

The agricultural and construction equipment industries are highly cyclical. The nature of the agricultural and construction equipment industries is such that changes in demand can occur suddenly, resulting in imbalances in inventories, production capacity and prices for new and used equipment. Downturns may be prolonged and may result in significant losses during affected periods. Equipment manufacturers, including us, have responded to downturns in the past by reducing production levels and discounting product prices. These actions have resulted in restructuring charges and lower earnings for us in past affected periods. In response to the current decline in sales (particularly in the construction equipment industry), we may continue to under-produce relative to retail demand the amount of equipment we manufacture in the first half of 2010. In the event of further downturns in the future, we may need to undertake similar or additional actions. Upturns also may be prolonged and result in lower than expected improvements in results as we and our suppliers invest to increase production capacities and efficiencies.

Risks related to Financial Services.

Credit Risk. Fundamental to any organization that extends credit is the risk associated with its customers. The creditworthiness of each customer, and the rates of delinquencies, repossessions and net losses relating to customer loans is impacted by many factors including:

- relevant industry and general economic conditions;
- the availability of capital;

changes in interest rates;

the experience and skills of the customer s management team;

- commodity prices;
- political events;
- weather; and
- the value of the collateral securing the extension of credit.

A deterioration of our asset quality, an increase in delinquencies or a reduction in collateral recovery rates could have an adverse impact on the performance of Financial Services. These risks become more acute in any economic slowdown or recession due to decreased demand for (or the availability of) credit, declining asset values, changes in government subsidies, reductions in collateral to loan balance ratios, and an increase in delinquencies, foreclosures and losses. Our servicing and litigation costs may also increase. In addition, governments may pass laws or implement regulations that modify rights and obligations under existing agreements or which prohibit or limit the exercise of contractual rights.

When loans become delinquent and Financial Services forecloses on collateral securing the repayment of the loan, its ability to sell the collateral to recover or mitigate losses is subject to the market value of such collateral. Those values are affected by levels of new and used inventory of agricultural and construction equipment on the market. They are also dependent upon the strength or weakness of market demand for new and used agricultural and construction equipment, which is affected by the strength of the general economy. In addition, repossessed collateral may be in poor condition, which would reduce its value. Finally, relative pricing of used equipment, compared with new equipment, can affect levels of market demand and the resale of the repossessed equipment. An industry wide decrease in demand for agricultural or construction equipment could result in lower resale values for repossessed equipment which could increase losses on loans and leases, adversely affecting our financial condition and results of operations. See also Item 3D. Risks Related to Our Indebtedness Access to funding at competitive rates is essential to our Financial Services business.

Funding Risk. Financial Services has traditionally relied upon the asset-backed securitization (ABS) market as a primary source of funding for its operations in North America and Australia. The recent worldwide financial and credit crisis had a material impact on the ABS market. While Financial Services has been able to access funding through the ABS market and alternative sources, some of our securitizations in 2009 were completed under the U.S. Federal Reserve Term Asset-Backed Securities Loan Facility (TALF), which is not expected to be available in the future. In 2009, we did see a return of liquidity to the ABS market at spreads that have improved throughout the year, but which are still higher than historical averages. However, if economic conditions worsen, Financial Services could have materially higher funding costs or may have to limit its product offerings, which could negatively impact our financial results. As Financial Services finances a significant portion of our sales of equipment, to the extent that Financial Services is unable to access funding on acceptable terms our sales of equipment could be negatively impacted.

To maintain competitiveness in the capital markets and to promote efficient use of funding sources, we have in the past provided additional reserve support to previously issued ABS transactions and may continue to do so from time to time. Such support may be required to maintain credit ratings assigned to the transactions if loss experiences are higher than anticipated due to adverse economic conditions. The need to provide additional reserve support could have an adverse effect on our financial condition, results of operations and liquidity.

Repurchase Risk. In connection with our ABS transactions, we make customary representations and warranties regarding the assets being securitized. While no recourse provisions exist that allow holders of asset-backed securities issued by our qualifying special purpose entities (QSPE) to put those securities back to us, a breach of these representations and warranties could give rise to an obligation to repurchase receivables from the QSPEs. We have not been requested to repurchase asset-backed securities due to a breach of representations or warranties, but any future repurchases could have an adverse effect on our financial condition, results of operations and liquidity.

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Regulatory Risk. The operations of Financial Services are subject, in certain instances, to supervision and regulation by various governmental authorities. These operations are subject to various laws and judicial and administrative decisions and interpretations imposing requirements and restrictions, which among other things:

- regulate credit granting activities, including establishing licensing requirements;
- establish maximum interest rates, finance and other charges;
- regulate customers insurance coverage;
- require disclosure to customers;
- govern secured transactions;
- set collection, foreclosure, repossession and claims handling procedures and other trade practices;
- prohibit discrimination in the extension of credit and administration of loans; and
- regulate the use and reporting of information related to a borrower.

To the extent that applicable laws are amended or construed differently, new laws are adopted to expand the scope of regulation imposed upon Financial Services, or applicable laws prohibit interest rates we charge from rising to a level commensurate with risk and market conditions, such events could adversely affect our Financial Services business and our financial condition and results of operations.

Financial Services conducts business in parts of Europe and Brazil through two wholly-owned licensed banks. The activities of these entities are also governed by international, federal and local banking laws, and our banks are subject to examination by banking regulators. These banking entities are also required to comply with various financial requirements (such as minimum capital requirements). Compliance with such banking regulations could increase our operating costs which would have an adverse effect on our financial condition and results of operations. In addition, government regulators may implement laws which negatively impact our contractual rights, which may increase our financial risk of doing business in such countries.

Market Risk. We hold substantial retained interests in securitization transactions, which we refer to collectively as retained interests. We carry these retained interests at estimated fair value, which we determine by discounting the projected cash flows over the expected life of the assets sold in connection with such transactions using prepayment, default, loss and interest rate assumptions. We are required to recognize declines in the value of our retained interests, and resulting charges to income or equity, when their fair value is less than carrying value. The portion of the decline, from discount rates exceeding those in the initial deal, are charged to equity. All other credit related declines are charged to income. Assumptions used to determine fair values of retained interests are based on internal evaluations and, although we believe our methodology is reasonable, actual results may differ from our expectations. Our current estimated valuation of retained interests may change in future periods, and we may incur additional impairment charges as a result. Beginning January 1, 2010, the Company adopted the new accounting guidance relating to variable interest entities. The retained interest, included in the December 31, 2009 balance sheet, will generally be reclassified to receivables for the transactions that are consolidated upon adoption of this guidance.

See also Item 3D. Risks Related to Our Indebtedness Access to funding at competitive rates is essential to our Financial Services business.

The agricultural equipment industry is highly seasonal which causes our results of operations and levels of working capital to fluctuate. The agricultural equipment business is highly seasonal as farmers traditionally purchase agricultural equipment in the spring and fall

in connection with the main planting and harvesting seasons. Our net sales and results of operations have historically been the highest in the second quarter, reflecting the spring selling season in the Northern Hemisphere, and lowest in the third quarter, when many of our production facilities experience summer shut-down periods, especially in Europe. Seasonal conditions also affect

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our construction equipment business, but to a lesser extent than our agricultural equipment business. Our production levels are based upon estimated retail demand. These estimates take into account the timing of dealer shipments, which occur in advance of retail demand, dealer inventory levels, the need to retool manufacturing facilities to produce new or different models and the efficient use of manpower and facilities. However, because we spread our production and wholesale shipments throughout the year, wholesale sales of agricultural equipment products in any given period may not necessarily reflect the timing of dealer orders and retail demand in that period.

Estimated retail demand may exceed or be exceeded by actual production capacity in any given calendar quarter because we spread production throughout the year. If retail demand is expected to exceed production capacity for a quarter, then we may schedule higher production in anticipation of the expected retail demand. Often, we anticipate that spring selling season demand may exceed production capacity in that period and schedule higher production, and anticipate higher inventories and wholesale shipments to dealers in the first quarter of the year. Thus, our working capital and dealer inventories are generally at their highest levels during the February to May period and decline to the end of the year as both company and dealers inventories are typically reduced.

As economic, geopolitical, weather and other conditions change during the year and as actual industry demand might differ from expectations, sudden or significant declines in industry demand could adversely affect our working capital and debt levels, financial condition or results of operations. In addition, to the extent our production levels (and timing) do not correspond to retail demand, we may have too much or too little inventory, which could have an adverse effect on our financial condition and results of operations.

Weather, climate change, and natural disasters can impact our operations and our sales. Poor or unusual weather conditions, particularly in the spring, can significantly affect purchasing decisions of our customers. Sales in the important spring selling season can have a material impact on our financial results. In addition, growing public concerns over the effects of climate change have resulted in international and national initiatives to control the emissions of greenhouse gasses (GHG) and additional proposed laws and regulations designed to further reduce emissions of carbon dioxide and other GHGs which contribute to global warming . For example, the U.S. Environmental Protection Agency (EPA) has proposed a mandatory carbon emissions reporting system for certain facilities and has made an endangerment finding with respect to GHG emissions under the U.S. Clean Air Act which could lead to increased regulation of GHG emissions in the U.S. In addition, legislation under consideration in the U.S. Congress could result in the institution of a carbon tax or a cap and trade program for carbon dioxide and other GHG emissions in the U.S. Depending upon the nature, extent, and timing of such potential laws and regulations, we could experience increased costs of compliance, which could negatively impact our results of operations. In addition, it is unclear how climate change may impact our suppliers and customers (particularly with respect to agricultural equipment) and their businesses and the resulting potential impact to our businesses. In addition, natural disasters such as tornadoes, hurricanes, earthquakes, floods, droughts and other forms of severe weather in a country in which we produce or sell equipment could have an adverse effect on our customers, our sales, or our property, plant and equipment.

Competitive activity or failure by us to respond to actions by our competitors could adversely affect our results of operations. We operate in a highly competitive environment with global, regional and local competitors of differing strengths in various markets throughout the world. Our equipment businesses compete primarily on the basis of product features and performance, customer service, quality, price and anticipated resale value, and our products may not be able to compete successfully with those offered by our competitors. Aggressive pricing or other strategies pursued by competitors, unanticipated product improvements or difficulties, manufacturing difficulties, our failure to price our products competitively or an unexpected buildup in competitors new machine or dealer-owned rental fleets, leading to severe downward pressure on machine rental rates and/or used equipment prices, could result in a loss of customers, a decrease in our revenues and a decline in our share of industry sales.

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Our Equipment Operations sales outlook is based upon various assumptions including price realization, volumes, product mix and geographic mix. The current market environment remains competitive from a pricing standpoint. Further declines in the construction or agricultural equipment industry together with further deteriorating economic conditions could make it more difficult to maintain pricing or cause volumes to be less than projected, which would adversely affect our operating results. In addition, if actual product or geographic mix differs from our assumptions, it could have a negative effect on our operating results.

Our Financial Services operations compete with banks, finance companies and other financial institutions. Our Financial Services operations may be unable to compete successfully due to the inability to access capital on favorable terms, or due to issues relating to funding resources, products, licensing or other governmental regulations, and the number, type and focus of services offered. In addition, some of our competitors may be eligible to participate in government programs providing access to capital at favorable rates for which we are ineligible, which may put us at a competitive disadvantage. If our Financial Services business is unable to effectively compete, our financial condition and results of operations will suffer.

Dealer equipment sourcing and inventory management decisions could adversely affect our sales. We sell a substantial portion of our finished products and parts through an independent dealer network. The dealers carry inventories of finished products as part of ongoing operations and adjust those inventories based on their assessment of future sales opportunities. Dealers who carry products that compete with our products may focus their inventory purchases and sales efforts on goods provided by other suppliers due to industry demand or profitability. Such inventory adjustments and sourcing decisions can adversely impact our sales, financial condition and results of operations.

Adverse economic conditions could place a financial strain on our dealers and adversely affect our operating results. During 2009, difficult global economic conditions placed financial stress on many of our dealers. Dealer financial difficulties may impact their equipment sourcing and inventory management decisions, as well as their ability to provide services to their customers purchasing our equipment. Accordingly, additional financial strains on members of our dealer network resulting from current or future economic conditions could adversely impact our sales, financial condition and results of operations.

Changes in the equipment rental business could affect our sales. In recent years, short-term lease programs and commercial rental agencies for agricultural and construction equipment have expanded significantly in North America. In addition, larger rental companies have become sizeable purchasers of new equipment and can have a significant impact on total industry sales, prices, and terms when they change the size of their fleets or adjust to more efficient rates of rental utilization. With changes in construction activity levels and rental utilization rates, rental companies may need to accelerate or postpone new equipment purchases for the replenishment of their fleets, without changing the size of their fleets. If changes in activity levels become more pronounced, the rental companies also may need to increase or decrease their fleet size to maintain efficient utilization rates. These changes can lead to more pronounced demand volatility, exacerbating cyclical increases or decreases in industry demand, particularly at either the beginning or end of a cycle, as rental companies often are among the first market participants to experience these changes.

In addition, when correspondingly larger or smaller amounts of equipment come off lease or are replaced with newer equipment by rental agencies, there may be a significant increase in the availability of late-model used equipment which could impact used equipment prices. If used equipment prices were to decline significantly, sales and pricing of new equipment could be depressed. As a result, an oversupply of used equipment could adversely affect demand for, or the market prices of, our new and used equipment and our dealer inventory values and their financial condition. In addition, a decline in used equipment prices could have an adverse effect on residual values for leased equipment, which could adversely affect our results of operations and financial position.

Costs of ongoing compliance with and any failure to comply with environmental laws and regulations could have an adverse effect on our results of operations. Our operations and products are subject to increasingly stringent environmental laws and regulations in the countries in which we operate. Such laws and

regulations govern, among other things, emissions into the air, discharges into water, the use, handling and disposal of hazardous substances, regulated materials, waste disposal and the remediation of soil and groundwater contamination. We regularly expend significant resources to comply with regulations concerning the emission levels of our manufacturing facilities and the emission levels of our manufactured equipment. We are currently conducting environmental investigations or remedial activities involving soil and groundwater contamination at a number of properties. Management estimates potential environmental liabilities for remediation, closure and related costs, and other claims and contingent liabilities (including those related to personal injury) and establishes reserves to address these potential liabilities. Our ultimate exposure, however, could exceed our reserves. In addition, we expect to make environmental and related capital expenditures in connection with reducing the emissions of our existing facilities and our manufactured equipment in the future, depending on the levels and timing of new standards. Our costs of complying with existing or future environmental laws may be significant. If we fail to comply with existing or future laws, we may be subject to fines, penalties and/or restrictions on our operations.

The engines used in our equipment are subject to extensive statutory and regulatory requirements governing emissions and noise, including standards imposed by the EPA, state regulatory agencies in the U.S. and other various regulatory agencies around the world. Governments may set new standards that could impact our operations in ways that are difficult to anticipate with accuracy. For example, the EPA has adopted new and more stringent emission standards, including Tier 4 non-road diesel emission requirements applicable to many of our non-road equipment products beginning in 2011. If we are unable to successfully execute our plans to meet Tier 4 emission and other regulatory requirements, our ability to continue placing certain products on the market would suffer, which could negatively impact our financial results and competitive position.

Changes in Accounting Standards. Our financial statements are subject to the application of U.S. GAAP, which are periodically revised. At times, we are required to adopt new or revised accounting standards issued by recognized bodies. It is possible such changes could have a material adverse effect on our reported results of operations or financial position. For example, in June 2009, the Financial Accounting Standards Board (FASB) issued new accounting guidance which amends the accounting for variable interest entities. The guidance significantly changes the criteria for determining whether the consolidation of a variable interest entity is required. The guidance changes the accounting for transfers of financial assets, increases the frequency for reassessing consolidation of variable interest entities and creates new disclosure requirements about an entity s involvement in a variable interest entity. The guidance is effective for interim and annual reporting periods that begin after November 15, 2009. We will adopt the guidance effective January 1, 2010. As a result, we expect that it will be necessary to consolidate a significant portion of our off-book receivables and related liabilities, principally debt. The impact is expected to increase assets and liabilities by approximately $6.0 billion and decrease equity by approximately $50 million. In addition, because the Company s securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from the transactions will be presented as cash flows from financing rather than cash flows from operating or investing activities.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations. We are involved in various product liability, warranty, product performance, asbestos, personal injury, environmental claims and lawsuits, and other legal proceedings that arise in the ordinary course of our business. We estimate such potential claims and contingent liabilities and, where appropriate, establish reserves to address these contingent liabilities. The ultimate outcome of the legal matters pending against us or our subsidiaries is uncertain, and although such lawsuits are not expected individually to have a material adverse effect on us, such lawsuits could have, in the aggregate, a material adverse effect on our consolidated financial condition, cash flows or results of operations. Further, we could in the future be subject to judgments or enter into settlements of lawsuits and claims that could have a material adverse effect on our results of operations in any particular period. In addition, while we maintain insurance coverage with respect to certain claims, we may not be able to obtain such insurance on acceptable terms in the future, if at all, and any such insurance may not provide adequate coverage against any such claims. See also Note 14: Commitments and Contingencies to our consolidated financial statements.

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We may not be able to realize anticipated benefits from any acquisitions and challenges associated with strategic alliances may have an adverse impact on our results of operations. We may engage in acquisitions or enter into or exit from strategic alliances which could involve risks that could prevent us from realizing the expected benefits of the transactions. Such risks could include:

- technological and product synergies, economies of scale and cost reductions not occurring as expected;
- unexpected liabilities;
- incompatibility in processes or systems;
- unexpected changes in laws or regulations;
- inability to retain key employees;
- increased financing costs and inability to fund such costs; and
- problems in retaining customers and integrating customer bases.

If problems or issues were to arise among the parties to one or more strategic alliances due to managerial, financial, or other reasons, or if such strategic alliances or other relationships are terminated, our product lines, businesses, financial condition, and results of operations could be adversely affected.

Our sales can be affected by customer attitudes and new product acceptance. The worldwide financial and credit crisis negatively impacted, and could further negatively impact, consumer confidence and consumers ability or willingness to purchase agricultural and construction equipment, which requires a significant capital investment. Continuing negative economic conditions could significantly impact consumer confidence and liquidity, which could cause many potential customers to defer capital investments in agricultural or construction equipment, which could adversely affect our sales. In addition, our long-term results depend on continued global demand for our brands and products.

To achieve our business goals, we must develop and sell products, parts and support services that appeal to our dealers and customers. This effort is dependent upon a number of factors including our ability to manage and maintain key dealer relationships, our ability to develop effective sales, advertising and marketing programs, and the strength of the economy. We believe that to maintain our competitive position and to increase sales we must develop innovative and cost competitive products that appeal to our customers around the world. Our ability to derive competitive benefits from new products will depend in part on our ability to develop or obtain and protect intellectual property relating to product innovations. Failure to continue to deliver high quality, competitive products to the marketplace on a timely basis, or to accurately predict market demand for, or gain market acceptance of, our products, could adversely affect our financial condition and results of operations.

Risks Related to Our Indebtedness

Adverse conditions in the financial and credit markets have limited, and may significantly limit, the availability, and increase the cost of, funding. During 2008 and early 2009, the financial and credit markets have experienced unprecedented levels of volatility and disruption, putting downward pressure on financial and other asset prices generally and on credit availability. As a result, the ability to procure new financing to fund operations or refinance maturing obligations as they became due was significantly constrained. A return to these conditions could severely restrict access to capital and could have a material adverse effect on our earnings and cash flow. If we were unable to obtain adequate sources of funding in the future, our liquidity position and our ability to fund our business would suffer.

Access to funding at competitive rates is essential to our Financial Services business. The most significant source of liquidity for Financial Services has traditionally been ABS transactions. During 2008 and early 2009, adverse changes in the ABS market impacted our ability to

originate, purchase and sell loans or other

assets on a favorable or timely basis. Similar adverse conditions in the future could have an adverse effect on our business and results of operations. The ABS market is sensitive to overall investor sentiment and to the performance of our portfolio.

A negative performance trend with respect to the assets backing the securities issued by us in connection with ABS transactions could have a material adverse effect on our ability to access capital through the ABS markets or on the terms and conditions applicable to such transactions.

Credit rating changes could affect our cost of funds. Our access to funds and our cost of funding depend on, among other things, the credit ratings of CNH, our ABS transactions and Fiat S.p.A., as Fiat currently provides us with direct funding as well as guarantees in connection with some of our external financing arrangements. (See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources.) The rating agencies may change the credit ratings or take other similar actions, which could affect our access to the capital markets, and the cost and terms of existing and future borrowings and, therefore, could adversely affect our financial condition and results of operations.

We have significant outstanding indebtedness, which may limit our ability to obtain additional funding and limit our financial and operating flexibility. As of December 31, 2009, we had an aggregate of $9.4 billion of consolidated indebtedness, of which $5.7 billion related to Financial Services and $3.7 billion to Equipment Operations, and our equity was $6.8 billion. In addition, we have historically relied heavily upon ABS transactions to obtain funding, with a total of $6.0 billion of funding related to off-balance sheet transactions outstanding as of December 31, 2009. These transactions have traditionally funded our Financial Services activities in North America and Australia.

The extent of our indebtedness could have important consequences to our operations and financial results, including:

- we may not be able to secure additional funds for working capital, capital expenditures, debt service requirements or general corporate purposes;
- we will need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which will reduce the amount of funds available to us for other purposes;
- we may be more financially leveraged than some of our competitors, which could put us at a competitive disadvantage;
- we may not be able to adjust rapidly to changing market conditions, which may make us more vulnerable to a downturn in general economic conditions or our business; and
- we may not be able to access the ABS markets on favorable terms and access to government-sponsored subsidized financing programs may be limited, which may adversely affect our ability to provide competitive retail financing programs.

Restrictive covenants in our debt agreements could limit our financial and operating flexibility. The indentures governing our outstanding public indebtedness and other credit agreements to which we are a party contain covenants that restrict our ability and/or that of our subsidiaries to, among other things:

- incur additional debt;
- pay dividends on our capital stock or repurchase our capital stock;
- make certain investments;

enter into certain types of transactions with affiliates;

use assets as security in other transactions;

enter into sale and leaseback transactions; and

sell certain assets or merge with or into other companies.

Pursuant to the indenture governing Case New Holland Inc. s 7.125% Senior Notes, as of December 31, 2009, CNH and its restricted Equipment Operations subsidiaries were permitted to incur additional indebtedness under credit facilities in an aggregate amount not to exceed approximately $1.5 billion. In addition, CNH and its restricted Equipment Subsidiaries may incur additional indebtedness to refinance certain of their indebtedness with new indebtedness with a weighted average life to maturity at least as long as the remaining weighted average life of the indebtedness being refinanced. While we do not believe that these restrictions will materially restrict our currently planned operations, they could limit our flexibility to incur indebtedness to satisfy unanticipated funding needs.

In addition, we are a party to credit agreements along with certain other Fiat Group parties. As of December 31, 2009, 300 million ($432 million) was allocated to CNH by Fiat under a 1.0 billion ($1.4 billion) Fiat credit facility syndicated with third parties which is currently scheduled to mature in August 2010. A default under such credit agreements could arise as a result of an act or omission by a party other than us which could allow the creditor to exercise its rights and remedies. Failure to comply with these covenants could cause a default under the applicable agreement which might result in all loans outstanding under the agreement coming due. In such event, the amounts outstanding under our public debt instruments could also come due. If the amounts outstanding under our credit agreements and public debt instruments were to come due, we would have insufficient cash and cash equivalents to satisfy these obligations.

For more information regarding our credit facilities and debt, see Note 9: Credit Facilities and Debt of our consolidated financial statements for the year ended December 31, 2009.

Risks Related to Our Relationship with Fiat

Fiat guarantees and funding. We currently rely on, among others, Fiat to provide credit for Equipment Operations and Financial Services. In addition, Fiat provides financial guarantees in connection with certain of our external financing sources. Due to the ongoing credit crisis and the material adverse impact on the ABS markets, we have relied more heavily upon funding provided by Fiat. There is no assurance that Fiat will continue to make such credit or guarantees available. To the extent Fiat does not make financing available to us or does not provide financial guarantees, we will need to seek alternative sources of funding. Alternative sources of funding may not be available and, to the extent that such credit is available, the terms and conditions of such credit may not be as favorable as that provided by or with the support of Fiat. As a result, our funding costs could significantly increase, which could materially affect our financial condition and results of operations. See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources for additional information concerning indebtedness due to and guarantees provided by Fiat.

Potential conflicts of interest with Fiat S.p.A. As of December 31, 2009, Fiat owned, indirectly through Fiat Netherlands, approximately 89% of our outstanding common shares. As long as Fiat continues to own shares representing more than 50% of the combined voting power of our capital stock, it will be able to direct the election of all of the members of our Board of Directors and determine the outcome of all matters submitted to a vote of our shareholders. Circumstances may arise in which the interests of Fiat could be in conflict with the interests of our other debt and equity security holders. In addition, Fiat may pursue certain transactions that in its view will enhance its equity investment in us, even though such transactions may not be viewed as favorably by our other debt and equity security holders.

We rely on Fiat to provide us with substantial financial support, and we purchase goods and services from or with various companies within the Fiat Group. We believe our business relationships with other Fiat Group companies can offer economic benefits to us; however, Fiat s ownership of our capital stock and ability to direct

the election of our directors could create, or appear to create, potential conflicts of interest when Fiat is faced with decisions that could have different implications for Fiat and us. For more information, see Note 21: Related Party Information of our consolidated financial statements for the year ended December 31, 2009.

Our participation in cash management pools exposes us to Fiat Group credit risk. Like other companies that are part of global commercial groups, we participate in a group-wide cash management system with other companies within the Fiat Group. Under this system, which is operated by Fiat treasury subsidiaries in a number of jurisdictions, the cash balances of Fiat Group members, including us, are aggregated at the end of each business day in various regional central pooling accounts (the Fiat affiliates cash management pools or deposits with Fiat). Our positive cash deposits with Fiat, if any, are either invested by Fiat treasury subsidiaries in highly rated, highly liquid money market instruments or bank deposits, or may be applied by Fiat treasury subsidiaries to meet the financial needs of other Fiat Group members and *vice versa*. While we believe participation in such Fiat affiliates cash management pools provides us with financial benefits, it exposes us to Fiat Group credit risk.

In the event of a bankruptcy or insolvency of Fiat (or any other Fiat Group member in the jurisdictions with set off agreements) or in the event of a bankruptcy or insolvency of the Fiat entity in whose name the deposit is pooled, we may be unable to secure the return of such funds to the extent they belong to us, and we may be viewed as a creditor of such Fiat entity with respect to such deposits. Because of the affiliated nature of our relationship with the Fiat Group, it is possible that our claims as a creditor could be subordinated to the rights of third party creditors in certain situations. If we are not able to recover our deposits, our financial condition and results of operations may be materially impacted depending upon the amount of cash deposited with the Fiat Group on the date of any such event. See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources Credit and liquidity facilities for additional information concerning indebtedness due to and guarantees provided by Fiat.

Item 4. Information on the Company

A. ***History and Development of the Company.***

CNH Global N.V. is incorporated in and under the laws of The Netherlands, with its registered office in the World Trade Center, Amsterdam Airport, Tower B, 10th Floor, Schiphol Boulevard 217, 1118 BH Amsterdam, The Netherlands (telephone number: +31-20-446-0429). The Company was incorporated on August 30, 1996. CNH s agent for U.S. federal securities law purposes is Mr. Michael P. Going, 6900 Veterans Boulevard, Burr Ridge, Illinois 60527 (telephone number: +1-630-887-3766).

We make capital investments in the regions in which we operate principally related to initiatives to introduce new products, enhance manufacturing efficiency, improve capacity, and for maintenance and engineering. We continually analyze the allocation of our industrial resources taking into account such things as relative currency values, existing and anticipated industry and product demand, the location of suppliers, the cost of goods and labor, and plant utilization levels. See also Item 4. Information on the Company D. Property, Plant and Equipment.

B. ***Business Overview***

General

We are a global, full-line company in both the agricultural and construction equipment industries, with strong and often leading positions in many significant geographic and product categories in both agricultural and construction equipment. Our global scope and scale includes integrated engineering, manufacturing, marketing and distribution of equipment on five continents. We organize our operations into three business segments: agricultural equipment, construction equipment and financial services.

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We market our products globally through our two highly recognized brand families, Case and New Holland. Case IH (along with Steyr in Europe) and New Holland make up our agricultural brand family. Case and New Holland Construction (along with Kobelco in North America) make up our construction equipment brand family. As of December 31, 2009, we were manufacturing our products in 38 facilities throughout the world and distributing our products in approximately 170 countries through a network of approximately 11,600 full-line dealers and distributors.

In agricultural equipment, we believe we are one of the leading global manufacturers of agricultural tractors and combines based on units sold, and we have leading positions in hay and forage equipment and specialty harvesting equipment. In construction equipment, we have a leading position in backhoe loaders and a strong position in skid steer loaders in North America and crawler excavators in Western Europe. In addition, each brand provides a complete range of replacement parts and services to support its equipment. For the year ended December 31, 2009, our sales of agricultural equipment represented 76% of our revenues, sales of construction equipment represented 15% of our revenues and Financial Services represented 9% of our revenues.

We believe that we are the most geographically diversified manufacturer and distributor of agricultural and construction equipment in the industry. For the year ended December 31, 2009, 41% of our net sales of equipment were generated in North America, 29% in Western Europe, 14% in Latin America and 16% in the Rest of World. Our worldwide manufacturing base includes facilities in Europe, Latin America, North America and Asia.

We offer a range of financial products and services to dealers and customers in North America, Australia, Brazil and Western Europe. The principal products offered are retail financing for the purchase or lease of new and used CNH equipment and wholesale financing to our dealers. Wholesale financing consists primarily of floor plan financing and allows dealers to purchase and maintain a representative inventory of products. Our retail financing products and services are intended to be competitive with those available from third parties. We offer retail financing in North America, Brazil, Australia and Europe through wholly-owned subsidiaries and in Western Europe through our joint venture with BNP Paribas Lease Group (BPLG). As of December 31, 2009, Financial Services managed a portfolio of receivables of approximately $17.3 billion.

Industry Overview

Agricultural Equipment

The operators of food, livestock and grain producing farms, as well as independent contractors that provide services to such farms, purchase most agricultural equipment. The key factors influencing sales of agricultural equipment are the level of net farm income and, to a lesser extent, general economic conditions, interest rates and the availability of financing. Net farm income is primarily impacted by the volume of acreage planted, commodity and/or livestock prices and stock levels, the impacts of fuel ethanol demand, crop yields, farm operating expenses, including fuel and fertilizer costs, fluctuations in currency exchange rates, and government subsidies or payments. Farmers tend to postpone the purchase of equipment when the farm economy is declining and to increase their purchases when economic conditions improve. Weather conditions are a major determinant of crop yields and therefore also affect equipment buying decisions. In addition, the geographical variations in weather from season to season may result in one market contracting while another market is experiencing growth. Government policies may affect the market for our agricultural equipment by regulating the levels of acreage planted, with direct subsidies affecting specific commodity prices, or with other payments made directly to farmers. World organization initiatives, such as those of the World Trade Organization, also can affect the market with demands for changes in governmental policies and practices regarding agricultural subsidies, tariffs and acceptance of genetically modified organisms such as seed, feed and animals.

Demand for agricultural equipment also varies seasonally by region and product, primarily due to differing climates and farming calendars. Peak retail demand for tractors and tillage machines occurs in March through June in the Northern Hemisphere and in September through December in the Southern Hemisphere. Dealers generally

order harvesting equipment in the Northern Hemisphere in the late fall and winter so they can receive inventory prior to the peak retail selling season, which generally extends from March through June. In the Southern Hemisphere, dealers generally order between August and October so they can receive inventory prior to the peak retail selling season, which extends from November through February. Production levels are based upon estimated retail demand which takes into account, among other things, the timing of dealer shipments (which occur in advance of retail demand), dealer inventory levels, the need to retool manufacturing facilities to produce new or different models, and the efficient use of manpower and facilities. Production levels are adjusted to reflect changes in estimated demand and dealer inventory levels. However, because production and wholesale shipments adjust throughout the year to take into account the factors described above, wholesale sales of agricultural equipment products in any given period may not reflect the timing of dealer orders and retail demand for that period.

Customer preferences regarding farming practices, and thus product types and features, vary by region. In North America, Australia and other areas where soil conditions, climate, economic factors and population density allow for intensive mechanized agriculture, farmers demand high capacity, sophisticated machines equipped with current technology. In Europe, where farms are generally smaller than those in North America and Australia, there is greater demand for somewhat smaller, yet equally sophisticated machines. In the developing regions of the world where labor is more abundant and infrastructure, soil conditions and/or climate are not adequate for intensive agriculture, customers prefer simple, robust and durable machines with lower acquisition and operating costs. In many developing countries, tractors are the primary, if not the sole, type of agricultural equipment used, and much of the agricultural work in such countries that cannot be performed by tractors is carried out by hand. A growing number of part-time farmers, hobby farmers and customers engaged in landscaping, municipality and park maintenance, golf course and roadside mowing in Western Europe and North America also prefer simple, low-cost agricultural equipment. Our position as a geographically diversified manufacturer of agricultural equipment and our broad geographic network of dealers allow us to provide customers in each significant market with equipment which meets their specific requirements.

Major trends in the North American and Western European agricultural industries include a reduction in number but growth in size of farms, supporting an increase in demand for higher capacity agricultural equipment. In Latin America and in other emerging markets, the number of farms is growing and mechanization is replacing manual labor. Government subsidies are a key income driver for farmers raising certain commodity crops in the United States and Western Europe. The level of support can range from 30% to over 50% of the annual income for these farms in years of low global commodity prices or natural disasters. The existence of a high level of subsidies in these markets for agricultural equipment reduces the effects of cyclicality in the agricultural equipment business. The effect of these subsidies on agricultural equipment demand depends to a large extent on the U.S. Farm Bill and programs administered by the United States Department of Agriculture, the Common Agricultural Policy of the European Union and World Trade Organization negotiations. Additionally, the Brazilian government subsidizes the purchase of agricultural equipment through low-rate financing programs administered by Banco Nacional de Desenvolvimento Econômico e Social (BNDES). These programs can greatly influence sales. See Item 3. Key Information D. Risk Factors Risks Particular to the Industries in Which We Operate Government action and changes in government policy can impact our sales and restrict our operating flexibility and Note 3: Accounts and Notes Receivable and Note 9: Credit Facilities and Debt of our consolidated financial statements.

Biofuels Impact on Agriculture

Global demand for renewable fuels increased considerably in recent years driven by consumer preference, government renewable fuel mandates and renewable fuel tax and production incentives. Biofuels, which include fuels such as ethanol and biodiesel, have become one of the most prevalent types of renewable fuels. The primary type of biofuel supported by government mandates and incentives varies somewhat by global region. North America and Brazil are promoting ethanol first and then biodiesel while Europe is primarily focused on biodiesel.

The demand for biofuels has created an associated demand for agriculturally based feedstocks which are used to produce biofuels. Currently, most of the ethanol in the U.S. and Europe is extracted from corn, while in

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Brazil it is extracted from sugar cane. Biodiesel is typically extracted from soybeans and canola in the U.S. and Brazil, and from rape seed and other oil seeds as well as food waste by-products in Europe. The use of corn and soybeans for biofuel has been one of the main factors impacting the supply and demand relationships for these crops, resulting in higher crop prices. The economic feasibility of biofuels is significantly impacted by the price of oil. As the price of oil rises, biofuels become a more attractive alternative energy source. The demand for biofuels and efforts to produce such fuels more efficiently increased in 2007 and 2008 as oil prices increased. However, as oil prices declined in late 2008 and 2009 due to the global economic downturn, biofuels became a less attractive alternative to gasoline and diesel fuel. This relationship will, however, be impacted by government policy and mandates as governments around the world consider ways to combat global warming and potential energy crises in the future.

The increase in crop production for biofuels has also driven changes in the type of crops grown and in crop rotations in the past years which continued in 2009. The most significant change in U.S. crop production was the increase in acreage devoted to corn, typically using land previously planted with soybeans and cotton. In addition, a change in crop rotation resulted in more acres of corn being planted. As a result, agricultural producers are faced with new challenges for managing crop residues and are changing the type of equipment they use and how they use it.

Construction Equipment

We divide the construction equipment market that we serve into two principal businesses: heavy construction equipment (excluding mining and specialized equipment for forestry application markets in which we do not participate), which is over 12 metric tons, and light construction equipment, which is under 12 metric tons.

Worldwide customer preferences for construction equipment products are, in certain respects, similar to preferences for agricultural equipment products. In developed markets, customers tend to favor more sophisticated machines equipped with the latest technology and comfort features to promote operator productivity. In developing markets, customers tend to favor equipment that is more utilitarian with greater perceived durability. In North America and Europe, where operator cost often exceeds fuel cost and machine depreciation, customers place strong emphasis on productivity, performance, and reliability. In other markets, customers often may continue to use a particular piece of equipment after its performance and efficiency begins to diminish. Customer demand for power capacity does not vary significantly from one market to another. However, in many countries, restrictions on the weight or dimensions of the equipment, such as road regulations or job site constraints, may limit demand for larger machines.

Heavy Construction Equipment

Heavy construction equipment typically includes larger wheel loaders and excavators, graders, dozers and articulated haul trucks. Purchasers of heavy construction equipment include construction companies, municipalities, local governments, rental fleet owners, quarrying and aggregate mining companies, waste management companies and forestry-related concerns.

Sales of heavy construction equipment are particularly dependent on the level of major infrastructure construction and repair projects such as highways, tunnels, dams and harbors, which is a function of government spending and economic growth. Furthermore, demand for mining and quarrying equipment applications is linked more to the general economy and commodity prices, while growing demand for environmental equipment applications is becoming less sensitive to the economic cycle. Also, in North America, a portion of heavy equipment demand is related to the development of new, large open track housing subdivisions, where the entire infrastructure of the new subdivision needs to be created, thus linking both heavy and light equipment demand to change in housing industry activity. The heavy equipment industry generally follows cyclical economic patterns, linked to GDP growth.

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Light Construction Equipment

Light construction equipment typically includes skid steer loaders, backhoe loaders, and smaller wheel loaders and excavators. Purchasers of light construction equipment include contractors, residential builders, utilities, road construction companies, rental fleet owners, landscapers, logistics companies, and farmers. The principal factor influencing sales of light construction equipment is the level of residential and commercial construction, remodeling and renovation, which in turn is influenced by interest rates and availability of financing. Other major factors include the level of light infrastructure construction such as utilities, cabling and piping and maintenance expenditures. The principal use of light construction equipment is to replace relatively high cost, slower, manual work. Product demand in the United States and Europe has generally tended to mirror housing starts, but with lags of six to 12 months. In areas where labor is abundant and labor cost is inexpensive relative to other inputs, such as in Africa and Latin America, the light construction equipment market segment is generally small. These areas represent potential growth areas for light construction equipment in the medium to long-term as the cost of labor rises relative to the cost of equipment.

The equipment rental business is a significant factor in the construction equipment industry. Compared to the U.K. and Japanese markets, where there is an established history of long-term machine rentals due to the structure of local tax codes, the rental market in North America and non-U.K. Western Europe started with short period rentals of light equipment to individuals or small contractors who either could not afford to purchase the equipment or who needed specialized pieces of equipment for specific jobs. In this environment, the backhoe loader in North America and the mini-excavator in Western Europe were the principal rental products. As the market evolved, a greater variety of light and heavy equipment products have become available to rent. In addition, rental companies have allowed contractors to rent machines for longer periods instead of purchasing the equipment. This allows contractors to complete specific job requirements with greater flexibility and cost control. Purchasing activities of the national rental companies can have a significant impact on the market depending on whether they are increasing or decreasing the size of their rental fleets and whether rental utilization rates remain at levels warranting regular and consistent rates of fleet renewal.

As noted above, seasonal demand fluctuations for construction equipment are somewhat less significant than for agricultural equipment. Nevertheless, in North America and Western Europe, housing construction generally slows during the winter months. North American and European industry retail demand for construction equipment is generally strongest in the second and fourth quarters.

In markets outside of North America, Western Europe and Japan, equipment demand may also be partially satisfied by importing used equipment. Used heavy construction equipment from North America may fulfill demand in the Latin American market or equipment from Western Europe may be sold to Central and Eastern European, North African and Middle Eastern markets. Used heavy and light equipment from Japan is sold to other Southeast Asian markets while used excavators from Japan are sold to almost every other market in the world. This flow of used equipment is highly influenced by exchange rates and the weight and dimensions of the equipment, which may be limited due to road regulations and job site constraints.

The construction equipment industry has seen an increase in the use of hydraulic excavators and wheel loaders in excavation and material handling applications. In addition, the light equipment sector has grown as more manual labor is being replaced on construction sites by machines with a variety of attachments for specialized applications, such as skid steer loaders, mini-crawler excavators and telehandlers.

General economic conditions, infrastructure spending rates, housing starts, commercial construction and governmental policies on taxes, spending on roads, utilities and construction projects can have a dramatic effect on sales of construction equipment. The worldwide financial and credit crisis that started in 2008 prompted governments around the world to implement economic stimulus programs. In some regions in the Rest of World markets, the infrastructure spending had a significant impact on levels of construction activity and ultimately on net sales of construction equipment but overall that was not enough to offset the impact of the broader financial

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crisis. The American Recovery and Reinvestment Act of 2009 (ARRA), which was enacted on February 17, 2009, was intended to provide an economic stimulus to create jobs and restore economic growth. Despite these government efforts, 2009 was a difficult year in the construction industry in the U.S. An increased impact of these spending activities on infrastructure is expected to begin to take effect in 2010.

Competition

The agricultural and construction equipment industries are highly competitive. We compete with large global full-line suppliers with a presence in every market and a broad range of products that cover most customer needs, manufacturers who are product specialists focused on particular industry segments on either a global or regional basis, regional full-line manufacturers, that are expanding worldwide to build a global presence, and local, low-cost manufacturers in individual markets, particularly in emerging markets such as Eastern Europe, India and China.

We believe we have a number of competitive strengths that enable us to improve our position in markets where we already are well established while we direct additional resources to markets and products with high growth potential. Our competitive strengths include well-recognized brands; a full range of competitive products; a strong global presence and distribution network; dedicated Financial Services capabilities and the strategic support of the Fiat Group.

We believe that multiple factors influence a buyer s choice of equipment. These factors include the strength and quality of the distribution network, brand loyalty, product features and performance, availability of a full product range, the quality and pricing of products, technological innovations, product availability, financing terms, parts and warranty programs, resale value and customer service and satisfaction. We continually seek to improve in each of these areas, but focus primarily on providing high-quality and high-value products and supporting those products through our dealer networks. In both the agricultural and construction equipment industries, buyers tend to favor brands based on experience with the product and the dealer. Customers perceptions of product value in terms of productivity, reliability, resale value and dealer support are formed over many years.

The efficiency of our manufacturing, production and scheduling systems depends on a forecast of industry volumes and our share of industry sales which is predicated on our ability to compete with others in the marketplace. We compete on the basis of product performance, customer service, quality and price. The environment remains competitive from a pricing standpoint, however, actions taken to maintain our competitive position in the difficult economic environment last year could result in lower than anticipated price realization.

The financial services industry is highly competitive. We compete primarily with banks, finance companies and other financial institutions. Typically, this competition is based upon the financial products and services offered, customer service, financial terms and interest rates charged. Our ability to compete successfully depends upon, among other things, funding resources, developing competitive products and services, and licensing or other governmental regulations. While we have been successful in our financial product offerings, we may have a competitive disadvantage in that some of our competitors were eligible to participate in government programs that we were not.

Products and Markets

Agricultural Equipment

Our agricultural equipment product lines are sold primarily under the Case IH and New Holland brands. We also sell tractors under the Steyr brand in Europe. In addition, a large number of light construction equipment products are sold to agricultural equipment customers.

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In order to capitalize on customer loyalty to dealers and our company, relative distribution strengths and historical brand identities, we continue to use the Case IH (and Steyr for tractors in Europe only) and New Holland brands. We believe that these brands enjoy high levels of brand identification and loyalty among both customers and dealers. Although our new generation tractors have a high percentage of common mechanical components, each brand and product remains significantly differentiated by features, color, interior and exterior styling, and model designation. Flagship products such as row crop tractors and large combine harvesters may have significantly greater differentiation. Distinctive features that are specific to a particular brand such as the Supersteer® axle for New Holland, the Case IH tracked four wheel drive tractor, Quadtrac®, and front axle mounted hitch for Steyr have been retained as part of each brand s unique identity.

Our agricultural equipment product lines include tractors (which represented approximately 44% of our agricultural equipment net sales in 2009), combine harvesters (which represented approximately 21% of our agricultural equipment net sales in 2009), hay and forage equipment, seeding and planting equipment, tillage equipment and sprayers. We also specialize in other key market segments like cotton picker packagers and sugar cane harvesters, where Case IH is a worldwide leader, and in self-propelled grape harvesters, where New Holland is a worldwide leader. Our brands each offer a complete range of parts and support services for all of their product lines. Our agricultural equipment is sold with a limited warranty which typically runs from one to three years.

Construction Equipment

Our construction equipment product lines are sold primarily under the Case and New Holland Construction brands. Case provides a full line of products on a global scale utilizing the Sumitomo Construction Equipment technology for its crawler excavator product. The New Holland Construction brand family, in conjunction with its global alliance with Kobelco Construction Machinery, also provides a full product line on a global scale.

Our products often share common components to achieve economies of scale in manufacturing, purchasing and development. We differentiate these products based on the relative product value and volume in areas such as technology, design concept, productivity, product serviceability, color and styling to preserve the unique identity of each brand.

Our heavy construction equipment product lines (which represented approximately 42% of our construction equipment net sales in 2009) include crawler and wheeled excavators, wheel loaders, graders, dozers, and articulated haul trucks for all applications. Light construction equipment product lines (which represented approximately 33% of our construction equipment net sales in 2009) include backhoe loaders, skid steer and tracked loaders, mini and midi excavators, compact wheel loaders and telehandlers. Our brands each offer a complete range of parts and support services for all of their product lines. Our construction equipment is sold with a limited warranty which typically runs from one to two years.

In 2009, we publicly announced that we were going to undertake a comprehensive analysis of our construction equipment business. Among other things, we consolidated the internal organizations responsible for managing the Case and New Holland Construction construction equipment businesses and we decided to move all production activities of our Imola, Italy plant to our plants in Lecce and San Mauro, Italy. We continue our analysis of all aspects of our construction equipment business.

New Products and Markets

We continuously review opportunities for the expansion of our product lines and the geographic range of our activities. We are committed to improving product quality and reliability using a Customer Driven Product Definition Process to create solutions based on customer needs and delivering the greatest competitive advantage. In addition, we emphasize enhanced differentiation between the Case and New Holland brands to meet the needs of the brands customers while increasing their market attractiveness. These improvements also include continuing engine developments, combining the introduction of new engines to meet stricter emissions

requirements with additional innovations anticipated to refresh our product line. Improved product innovations coupled with our initiatives to improve dealer and customer support will allow us to more fully capitalize on our market leadership positions throughout the world.

To increase our global presence and gain access to technology, we participate in a number of international manufacturing joint ventures and strategic alliances. We have integrated our manufacturing facilities and joint ventures into a global manufacturing network designed to source products from the most economically advantageous locations and to reduce our exposure to any particular market.

See Item 5. Operating and Financial Review and Prospects A. Operating Results for information concerning the principal markets in which we compete, including the breakdown of total revenues by geographic market for each of the years ended December 31, 2009, 2008, and 2007.

Suppliers

We purchase materials, parts, and components from third-party suppliers. We had approximately 2,000 global direct suppliers to our manufacturing facilities at December 31, 2009. We rely upon single suppliers for certain components, primarily those that require joint development between us and our suppliers. A significant change in the demand for, or the supply or price of, any component part or commodity could affect our profitability or our ability to obtain and fulfill orders. In addition, the worldwide financial and credit crisis and the severe impact on certain industries caused some of our suppliers to face financial hardship but did not significantly disrupt our access to any critical components or supplies. We continue to review our relationships with our suppliers and their financial situations to avoid any negative impact on our cost or scheduling of production and on the profitability of our business. Additionally, we cannot avoid exposure to global price fluctuations such as with the costs of steel, rubber, oil, and related petroleum-based products. Our ability to realize the benefit of declining commodity prices may be delayed by the need to reduce existing whole goods inventories which were manufactured during a period of higher commodity prices.

In addition to the equipment manufactured by our joint ventures and us, we also purchase both agricultural and construction equipment, components, parts and attachments from other sources for resale to our dealers. The terms of purchase from original equipment manufacturers (OEM) allow us to market the equipment under our brands. As part of our normal course of business, under these arrangements we generally forecast our equipment needs based on expected market demand for periods of two to four months and thereafter are effectively committed to purchase such equipment for those periods. OEM purchases allow us to offer a broader line of products and range of models to our dealer network and global customer base.

We purchase engines and other components from, among others, the Fiat Group. See also Note 21: Related Party Information of our consolidated financial statements for the year ended December 31, 2009.

Distribution and Sales

As of December 31, 2009, we were selling and distributing our products through approximately 11,600 full-line dealers (almost all of which are independently owned and operated) and distributors in approximately 170 countries. Dealers typically sell either agricultural equipment or construction equipment, although some dealers sell both types of equipment. Construction equipment dealers, as compared to agricultural equipment dealers, tend to be fewer in number and larger in size.

In connection with our program of promoting our brands, we generally seek to have our dealers sell a full line of our products (such as tractors, combines, hay and forage, crop production, and parts). Generally, we achieve greater market penetration where each of our dealers sells the full line of products from only one of our brands. Although appointing dealers that sell more than one of our brands is not part of our business model, some joint dealers exist, either for historical reasons or in limited markets where it is not feasible to have separate dealers for each of our brands. In some cases, dealerships are operated under common ownership with separate facilities for each of our brands.

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Exclusive, dedicated dealers generally provide a higher level of market penetration. Some of our dealers in the United States, Germany and Australia may sell more than one brand of equipment, including models manufactured by our competitors. Elsewhere, our dealers generally do not sell products which compete with products we sell, but may share complementary products manufactured by other suppliers in other product categories in order to complete their product offerings, or where there was a historical relationship with another product line that existed before that product was available through us, or to satisfy local demand for a certain specialty product.

In the United States, Canada, Mexico, most of Western Europe, Brazil and Australia, the distribution of our products is generally accomplished directly through the independent dealer network. In Rest of World markets, our products are sold initially to independent distributors who then resell them to dealers in an effort to take advantage of such distributors expertise and to minimize our marketing costs.

We believe that it is generally more cost-effective to distribute our products through independent dealers, however we maintain a limited number of company-owned dealerships in some markets. At December 31, 2009, we operated 13 company-owned dealerships, primarily in North America and Europe. We also operate a selective dealer development program in territories with growth potential but underdeveloped CNH brand representation that typically involves a transfer of ownership to a qualified operator through a buy-out or private investments after a few years.

A strong dealer network with wide geographic coverage is a critical element in our success. We continually work to enhance our dealer network through the expansion of our product lines and customer services, including enhanced financial services offerings, and an increased focus on dealer support. To assist our dealers in building rewarding relationships with their customers, we have introduced focused customer satisfaction programs and seek to incorporate customer input into our product development and service delivery processes.

As the equipment rental business becomes a more significant factor in both agricultural and construction equipment markets, we are continuing to support our dealer network by facilitating sales of equipment to the local, regional and national rental companies through our dealers as well as by encouraging dealers to develop their own rental activities. We believe that a strong dealer service network is required to maintain the rental equipment and to ensure that the equipment remains at peak performance levels both during its life as rental equipment and afterward when resold into the used equipment market. We have launched several programs to support our dealer service and rental operations, including training, improved dealer standards, financing, and advertising. Also, as the rental market is a capital-intensive sector and sensitive to variations in construction demand, we believe that such activities should be expanded gradually, with special attention to managing the resale of rental units into the used equipment market by our dealers, who can utilize this opportunity to improve their customer base and generate additional parts business.

In addition to our dealer network, we participate in several joint ventures, the most significant of which are described below. As part of our strategy, we use these joint ventures to enter and expand in emerging markets, which involve increased risk.

We own 50% of New Holland HFT Japan Inc. (HFT) which distributes our products in Japan. HFT imports and sells a full range of New Holland agricultural equipment.

In Japan, we also own 20% of Kobelco Construction Machinery Co., Ltd. which manufactures and distributes construction equipment, primarily in Asia. Kobelco Construction Machinery Co., Ltd. is also a partner with us in joint ventures in Europe and North America, with CNH being the majority shareholder. These joint ventures manufacture and distribute construction equipment in Europe under the New Holland Construction brand and in North America under both the New Holland Construction and Kobelco brands.

In Pakistan, we own 43% of Al Ghazi Tractors Ltd., which manufactures and distributes New Holland tractors.

In Turkey, we own 37% of Turk Traktor ve Ziraat Makineleri A.S. (Turk Traktor) which manufactures and distributes various models of both New Holland and Case IH tractors.

In Mexico, we own 50% of CNH de Mexico S.A. de C.V. which manufactures New Holland agricultural equipment and distributes equipment for all of our major brands through one or more of its wholly owned subsidiaries.

Pricing and Promotion

The actual retail price of any particular piece of equipment is determined by the individual dealer or distributor and generally depends on market conditions, features and options. Actual retail sale prices may differ from the manufacturer-suggested list prices. We sell equipment to our dealers and distributors at wholesale prices, which reflect a discount from the manufacturer-suggested list price. In the ordinary course of our business, we engage in promotional campaigns that may include price incentives or preferential credit terms with respect to the purchase of certain products in certain areas.

We regularly advertise our products to the community of farmers, builders and agricultural and construction contractors, as well as to distributors and dealers in each of our major markets. To reach our target audience, we use a combination of general media, specialized design and trade magazines, the Internet and direct mail. We also regularly participate in major international and national trade shows and engage in co-operative advertising programs with distributors and dealers. The promotion strategy for each brand varies according to our target customers for that brand.

Parts and Services

The quality and timely availability of parts and service are important competitive factors for our brands, as they are significant elements in overall dealer and customer satisfaction and important considerations in a customer s original equipment purchase decision. Our brands supply a complete range of parts, many of which are proprietary, to support items in their current product line as well as for products they have sold in the past. As many of the products our brands sell can have economically productive lives of up to 20 years when properly maintained, each unit that is retailed into the marketplace has the potential to produce a long-term revenue stream for both our brands and our dealers.

At December 31, 2009, our brands operated and administered 23 parts depots worldwide, either directly or through arrangements with our warehouse service providers. This included 12 parts depots in North America, 6 in Europe, 3 in Latin America, and 2 in Australia. These depots supply parts to dealers and distributors, which are responsible for sales to retail customers. Management believes that these parts depots and our parts delivery systems provide our customers with timely access to substantially all of the parts required to support the products we sell.

In December 2009, CNH formed a 50-50 joint venture for full-scale remanufacturing and service operations in the United States. The joint venture will primarily remanufacture engine, engine component, driveline, hydraulic, rotating electrical and electronic products. The joint venture is focused on serving the North American agricultural and construction industries. Remanufacturing is a way to support sustainable development and gives customers the opportunity to purchase replacement assemblies and components at reduced prices.

Financial Services

Overview

Financial Services is our captive financing business, providing financial products and services to dealers and customers in North America, Australia, Brazil and Western Europe. The principal products offered are retail loans to end-use customers and wholesale financing to our dealers. As of December 31, 2009, Financial Services managed a portfolio of receivables and leases of approximately $17.3 billion. North America accounts for 55%

of the managed portfolio, Western Europe 24%, Brazil 15% and Australia 6%. In some regions, Financial Services also provides insurance, credit card, and other financial products and services to end-user customers and our dealer network.

Financial Services supports the growth of our equipment sales and builds dealer and end-user loyalty. Our strategy is to grow a core financing business to support the sale of our equipment. Financial Services remains focused on improving its portfolio credit quality, service levels, and operational effectiveness.

Access to funding at competitive rates is important to Financial Services. We continue to evaluate alternative funding sources to help ensure that Financial Services maintains access to capital on favorable terms in support of our business, including through new funding arrangements, joint venture opportunities, vendor programs or a combination of the foregoing.

Finance Operations

We have separate retail underwriting and portfolio management policies and procedures for the agricultural equipment and construction equipment businesses. This distinction allows Financial Services to reduce risk by deploying industry-specific expertise in each of these businesses. Financial Services provides retail financial products primarily through our dealers, whom we train in the use of the various financial products. Dedicated credit analysis teams perform retail credit underwriting.

Financial Services terms for financing equipment retail sales (other than smaller items financed with unsecured revolving charge accounts) provide for retention of a security interest in the equipment financed. Financial Services guidelines for minimum down payments generally range from 15% to 30%, for both agricultural and construction equipment depending on equipment types, repayment terms and customer credit quality. Finance charges are sometimes waived for specified periods or reduced on certain equipment sold or leased in advance of the season of use or in other sales promotions. Financial Services generally receives compensation from Equipment Operations equal to a competitive interest rate for periods during which finance charges are waived or reduced on the retail notes or leases. The cost is accounted for as a deduction in arriving at net sales by the Equipment Operations.

Financial Services provides wholesale floor plan financing for our dealers, which allows dealers to acquire and maintain a representative inventory of products. Financial Services also provides some working capital and real estate loans on a limited basis. For floor plan financing, Equipment Operations generally provides a fixed period of interest-free financing for the dealers. This practice helps to level fluctuations in factory demand and provides a buffer from the impact of seasonal sales. After the interest-free period, if the equipment remains in dealer inventory, the dealer pays interest costs. Financial Services generally receives compensation from Equipment Operations equal to a competitive interest rate for the interest-free period.

A wholesale underwriting group reviews dealer financials and payment performance to establish credit lines for each dealer. In setting these credit lines, we seek to meet the reasonable requirements of each dealer while controlling our exposure to any one dealer. The credit lines are secured by the equipment financed. Dealer credit agreements generally include a requirement to repay the particular loan at the time of the retail sale. Financial Services employees or third-party contractors conduct periodic stock audits at each dealership to help confirm that financed equipment is still in inventory. The frequency of these audits varies by dealer and depends on the dealer s financial strength, payment history and prior performance.

Financial Services works with our Equipment Operations commercial staff to develop and structure financial products with the objective of increasing equipment sales and generating Financial Services income. Financial Services also offers products to finance non-CNH equipment sold through our dealer network or within the core businesses of agricultural or construction equipment. This equipment includes used equipment taken in trade on new CNH product or equipment used in conjunction with or attached to our equipment.

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Financial Services also operates Maserati Financial Services, the preferred financing source for Fiat s Maserati North American dealers, offering lease and finance solutions designed exclusively for Maserati customers. Maserati Financial Services is not expected to have a material impact on our results of operations or financial position.

We compete primarily with banks, finance companies and other financial institutions. Typically, this competition is based upon financial products and services offered, customer service, financial terms and interest rate charged. In addition, some of our competitors may be eligible to participate in government programs providing access to capital at favorable rates for which we are ineligible, which could put us at a competitive disadvantage. Long-term profitability in our Financial Services operations is largely dependent on the cyclical nature of the agricultural and construction equipment industries, interest rate volatility and access to competitive funding sources. Financial Services has traditionally relied heavily upon the financial markets, ABS transactions, intercompany lending and cash flows to provide funding for its activities.

Asset-Backed Securitizations

Financial Services periodically accesses the public ABS markets in the United States and Canada, as part of our wholesale and retail financing programs when those markets are available and offer competitive costs. Financial Services ability to access the ABS markets will depend, in part, upon general economic conditions as well as its financial condition and portfolio performance. These factors can be negatively affected by cyclical swings in the industries we serve.

Insurance

We maintain insurance with third-party insurers to cover various risks arising from our business activities including, but not limited to, risk of loss or damage to our assets or facilities, business interruption losses, general liability, automobile liability, product liability and directors and officers liability insurance. We believe that we maintain insurance coverage that is customary in our industry. We use a broker that is an affiliate of Fiat to place a portion of our insurance coverage.

Legal Proceedings

We are party to various legal proceedings in the ordinary course of our business, including matters relating to product liability (including asbestos-related liability), product performance, warranty, environmental, retail and wholesale credit, disputes with dealers and suppliers and service providers, patent and trademark matters, and employment matters. The most significant of these matters are described in Note 14: Commitments and Contingencies of our consolidated financial statements for the year ended December 31, 2009.

C. *Organizational Structure*.

As of December 31, 2009, Fiat owned approximately 89% of our outstanding common shares through its direct, wholly-owned subsidiary Fiat Netherlands.

Fiat S.p.A. is a corporation organized under the laws of the Republic of Italy. The Fiat Group performs automotive, manufacturing, and financial service activities through companies located in approximately 50 countries and is engaged in commercial activities with customers in approximately 190 countries. It also manufactures other products and systems, principally automotive-related components, metallurgical products and production systems. In addition, the Fiat Group is involved in certain other activities, including publishing and communications.

The Fiat Group s operations are currently conducted through nine operating sectors: Fiat Group Automobiles, Maserati, Ferrari, CNH, Iveco, FPT Powertrain Technologies, Magneti Marelli, Teksid and Comau.

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A listing of our significant directly and indirectly owned subsidiaries as of December 31, 2009, is set forth in an exhibit to this Form 20-F and includes Case New Holland Inc., a Delaware corporation, CNH America LLC, a Delaware limited liability company, CNH Latin America Ltda., a company organized under the laws of Brazil, CNH Italia S.p.A., a company organized under the laws of Italy, CNH France S.A., a company organized under the laws of France, CNH Belgium N.V., a company organized under the laws of Belgium, CNH Australia Pty Ltd, a company organized under the laws of Australia, CNH International S.A., a company organized under the laws of Switzerland, CNH Capital America LLC, a Delaware limited liability company, and CNH Financial Services SAS, a company organized under the laws of France (all of which are wholly-owned direct or indirect subsidiaries of CNH).

D. ***Property, Plant and Equipment*.**

We believe our facilities are well maintained, in good operating condition and are suitable for their present purposes. These facilities, including the planned restructuring actions and planned capital expenditures, are expected to meet our manufacturing needs for the foreseeable future. Planned capacity is adequate to satisfy anticipated retail demand and the operations are designed to be flexible enough to accommodate the planned product design changes required to meet market conditions and new product programs. We anticipate no difficulty in retaining occupancy of any leased facilities, either by renewing leases prior to expiration or by replacing them with equivalent leased facilities.

We make capital investments in the regions in which we operate principally related to initiatives to introduce new products, enhance manufacturing efficiency, improve capacity, and for maintenance and engineering. In 2009, our total capital expenditures were $218 million of which 33% was spent in North America, 35% in Western Europe, 19% in Latin America, and 13% in Rest of World. These capital expenditures were funded through a combination of cash generated from operating activities and borrowings under short-term facilities. In 2009, approximately 77% ($169 million) of capital expenditures were related to manufacturing and product related projects with approximately $135 million devoted to agricultural equipment manufacturing and product related expenditures and approximately $34 million devoted to construction equipment expenditures. In 2008 and 2007, our total capital expenditures were $492 million and $333 million, respectively. We continually analyze the allocation of our industrial resources taking into account such things as relative currency values, existing and anticipated industry and product demand, the location of suppliers, the cost of goods and labor, and plant utilization levels.

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The following table provides information about our significant manufacturing, engineering and administrative facilities, and parts depots as of December 31, 2009:

Location	Primary Functions	Approximate Covered Area(A)	Ownership Status
United States			
Benson, MN	Agricultural Sprayers, Cotton Pickers/Packagers	326	Owned/Leased
Burlington, IA	Backhoe Loaders; Fork Lift Trucks	984	Owned
Burr Ridge, IL	Technology (Engineering) Center Administrative Offices	468	Owned
Calhoun, GA	Crawler Excavators and Dozers	328	Owned(B)
Cameron, MO	Parts Depot	500	Leased
Dublin, GA	Compact Tractors	65	Owned
Fargo, ND	Tractors; Wheel Loaders	680	Owned
Goodfield, IL	Soil Management (Tillage Equipment)	233	Owned
Grand Island, NE	Combine Harvesters	1,380	Owned
Lebanon, IN	Parts Depot	1,092	Leased
Mt. Joy, IL	Engineering Center	120	Leased
Mountville, PA	Parts Depot	469	Owned
New Holland, PA	Administrative Facilities; Hay and Forage; Engineering Center	1,108	Owned
Racine, WI	Administrative Facilities; Tractor Assembly; Transmissions	1,127	Owned
San Leandro, CA	Parts Depot	232	Owned
Wichita, KS	Skid Steer Loaders	494	Owned
Italy			
Cento	Parts Depot	109	Owned/Leased
Imola	Backhoe Loaders; Engineering Center	269	Owned
Jesi	Tractors	645	Owned
Lecce	Construction Equipment; Engineering Center	1,400	Owned
Modena	Components	1,098	Owned
San Matteo	Engineering Center	550	Owned
San Mauro Torinese	Crawler Excavators	613	Owned(B)
Turin	Administrative Offices	127	Leased
France			
Coex	Grape Harvesters; Engineering Center	280	Owned
Croix	Cabs	129	Owned
Etampes	Parts Depot	242	Owned
LePlessis	Parts Depot/Administrative	847	Owned/Leased
Tracy Le-Mont	Hydraulic Cylinders	168	Owned
United Kingdom			
Basildon	Tractors; Components; Engineering Center; Administrative Facilities	1,390	Owned
Daventry	Parts Depot	562	Leased
Germany			
Berlin	Graders, Engineering Center	633	Owned
Heidelberg	Parts Depot	173	Owned
Brazil			
Belo Horizonte	Construction Equipment; Engineering Center	505	Owned
Cuiaba	Parts Depot	210	Owned
Curitiba	Tractors; Combine Harvesters; Engineering Center	927	Owned
Piracicaba	Sugar Cane Harvesters	108	Owned
Sorocaba	Manufacturing	1,035	Owned
Canada			
Regina	Parts Depot	238	Owned
Saskatoon	Planting and Seeding Equipment; Components; Engineering Center	635	Owned
Toronto	Parts Depot	332	Owned
Belgium			
Antwerp	Components	850	Leased
Zedelgem	Combine Harvesters; Hay and Forage; Engineering Center	1,549	Owned
Others			
St. Marys, Australia	Office/Warehousing	173	Owned
St. Valentin, Austria	Tractors	462	Leased
New Delhi, India	Tractors; Engineering Center	355	Owned

Paradiso, Switzerland	Commercial, Administrative	10	Leased
Plock, Poland	Combine Harvesters; Components	1,022	Owned
Queretaro, Mexico	Components	161	Owned
Amsterdam, The Netherlands	Administrative	2	Leased

(A) -In thousands of square feet

(B) -Consolidated joint venture

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In addition, we own or lease a number of other manufacturing and non-manufacturing facilities, including office facilities, parts depots and dealerships worldwide, some of which are not currently active.

Environmental Matters

Our operations and products are subject to extensive environmental laws and regulations in the countries in which we operate. In addition, the equipment we sell and the engines which power them are subject to extensive statutory and regulatory requirements that impose standards with respect to, among other things, air emissions. Additional laws requiring emission reductions in the future from non-road engines and equipment have been promulgated or are contemplated in the United States as well as by non-U.S. regulatory authorities in many jurisdictions throughout the world. We expect that we may make significant capital and research expenditures to comply with these standards now and in the future. We anticipate that these costs are likely to increase as emissions limits become more stringent. To the extent the timing and terms and conditions of such laws and regulations (and our corresponding obligations) are clear, we have budgeted or otherwise made available funds which we believe will be necessary to comply with such laws and regulations. To the extent the timing and terms and conditions of such laws and regulations (and our corresponding liabilities) are uncertain, we are unable to quantify the dollar amount of potential future expenditures and have not budgeted or otherwise made funds available. The failure to comply with these current and anticipated emission regulations could result in adverse effects on our operations future financial results.

See also, Item 3. Key Information D. Risk Factors Risks Particular to the Industries in Which We Operate Costs of ongoing compliance with and any failure to comply with environmental laws and regulations could have an adverse effect on our results of operations.

Capital expenditures for environmental control and compliance in 2009 were approximately $0.9 million and we expect to spend approximately $4.4 million in 2010. The U.S. Clean Air Act Amendments of 1990 and European Commission directives directly affect the operations of all of our manufacturing facilities in the United States and Europe, respectively, currently and in the future. The manufacturing processes affected include painting and coating operations. Although capital expenditures for environmental control equipment and compliance costs in future years will depend on legislative, regulatory and technological developments which are uncertain, we anticipate that these costs are likely to increase as environmental requirements become more stringent and pervasive. We believe that these capital costs, exclusive of product-related costs, will not have a material adverse effect on our business, financial position or results of operations.

Pursuant to the U.S. Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA), which imposes strict and, under certain circumstances, joint and several liability for remediation and liability for natural resource damages, and other federal and state laws that impose similar liabilities, we have received inquiries for information or notices of our potential liability regarding 50 non-owned sites at which hazardous substances allegedly generated by us were released or disposed (Waste Sites). Of the Waste Sites, 19 are on the National Priority List promulgated pursuant to CERCLA. For 45 of the Waste Sites, the monetary amount or extent of our liability has either been resolved; we have not been named as a potentially responsible party (PRP); or our liability is likely *de minimis*. In September, 2004, the EPA proposed listing the Parkview Well Site in Grand Island, Nebraska for listing on the National Priorities List (NPL). Within its proposal the EPA discussed two alleged alternatives, one of which identified historical on-site activities that occurred during prior ownership of our Grand Island manufacturing plant property as a possible contributing source of area groundwater contamination. We filed comments on the proposed listing which reflected our opinion that the data does not support the EPA s alleged scenario. In April, 2006, the EPA finalized the listing. After subsequent remedial investigations were completed by the EPA and us in 2006, the EPA advised that it will proceed with a remediation funded by the Federal Superfund without further participation by us. The EPA continues to search for PRPs other than CNH. In December, 2004, a toxic tort suit was filed by area residents against us, certain of our subsidiaries including CNH America, and prior owners of the property. While the outcome of this proceeding is uncertain, we believe that we have strong legal and factual defenses, and we will vigorously defend this lawsuit. Because estimates of remediation costs are subject to revision as more information becomes available about the extent and cost of remediation and because settlement agreements can be reopened under certain circumstances, our potential liability for remediation costs associated with the 50 Waste Sites could change.

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Moreover, because liability under CERCLA and similar laws can be joint and several, we could be required to pay amounts in excess of our *pro rata* share of remediation costs. However, when appropriate, our understanding of the financial strength of other PRPs has been considered in the determination of our potential liability. We believe that the costs associated with the Waste Sites will not have a material adverse effect on our business, financial position or results of operations.

We are conducting environmental investigatory or remedial activities at certain properties that are currently or were formerly owned and/or operated or which are being decommissioned. We believe that the outcome of these activities will not have a material adverse effect on our business, financial position or results of operations.

The actual costs for environmental matters could differ materially from those costs currently anticipated due to the nature of historical handling and disposal of hazardous substances typical of manufacturing and related operations, the discovery of currently unknown conditions, and as a result of more aggressive enforcement by regulatory authorities and changes in existing laws and regulations. As in the past, we plan to continue funding our costs of environmental compliance from operating cash flows.

Based upon information currently available, management estimates potential environmental liabilities including remediation, decommissioning, restoration, monitoring, and other closure costs associated with current or formerly owned or operated facilities, the Waste Sites, and other claims to be in the range of $33 million to $89 million. Investigation, analysis and remediation of environmental sites are time consuming activities. Consequently, we expect such costs to be incurred and claims to be resolved over an extended period of time which could exceed 30 years for some sites. As of December 31, 2009, environmental reserves of approximately $52 million had been established to address these specific estimated potential liabilities. Such reserves are undiscounted and do not include anticipated recoveries, if any, from insurance companies. After considering these reserves, management is of the opinion that the outcome of these matters will not have a material adverse effect on our financial position or results of operations.

Item 4A. Unresolved Staff Comments

None.

Item 5. Operating and Financial Review and Prospects

Overview of Business

Our business depends upon general activity levels in the agricultural and construction industries. Historically, these industries have been highly cyclical. Our Equipment Operations and Financial Services operations are subject to many factors beyond our control, such as those described in Item 3. Key Information D. Risk Factors Risks Particular to the Industries in Which We Operate.

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A. ***Operating Results*****.**

In the supplemental consolidating data in this section, Equipment Operations includes Financial Services on the equity basis. Transactions between Equipment Operations and Financial Services have been eliminated to arrive at the consolidated data. The operations and key financial measures and financial analysis differ significantly for manufacturing and distribution businesses and financial services businesses; therefore, management believes that certain supplemental disclosures are important in understanding our consolidated operations and financial results.

	Consolidated		Increase (Decrease) in 2009 vs. 2008	Equipment Operations		Increase (Decrease) in 2009 vs. 2008	Financial Services		Increase (Decrease) in 2009 vs. 2008
	2009	**2008**		**2009**	**2008**		**2009**	**2008**	
	(in millions, except percents)								
Agricultural equipment	$ 10,663	$ 12,902	(17)%	$ 10,663	$ 12,902	(17)%	$	$	%
Construction equipment	2,120	4,464	(53)%	2,120	4,464	(53)%			%
Net Sales	12,783	17,366	(26)%	12,783	17,366	(26)%			%
Finance and interest income	1,190	1,356	(12)%	131	205	(36)%	1,190	1,356	(12)%
Eliminations and other	(213)	(246)							
Total revenue	$ 13,760	$ 18,476	(26)%	$ 12,914	$ 17,571	(27)%	$ 1,190	$ 1,356	(12)%

Equipment Operations and Financial Services Key Trends for 2009

The agricultural equipment industry retail unit sales declined 7% from the strong levels of 2008. Both the tractor and combine industry retail unit sales in total were down; however, combine industry retail unit sales in North America grew. The continued difficulties in residential and commercial construction markets as well as challenging market conditions for livestock and dairy farmers drove down volumes in the under-100 horsepower tractor market. The decline in our net sales was due to industry declines, a decrease in market share and the impact of inventory reduction actions. We saw overall market share for the year decline for tractors due primarily to Rest of World while North America, Latin America and Western Europe were flat. Combine market share for the year declined, with increased market share in Latin America, declines in North America and no material change in Western Europe and Rest of World. Despite competitive pricing pressures, we were able to achieve positive pricing. In anticipation of the overall agricultural equipment industry slow down, we reduced production rates during the year in order to reduce company and dealer inventory. Overall, we were able to achieve positive operating margin.

The construction equipment industry retail unit sales overall declined 38%. The light construction equipment industry continued its decline, which began in fiscal year 2008, and the decline in heavy equipment, which started in the fourth quarter of 2008, continued in 2009. The light construction equipment industry retail unit sales, where we have a stronger market presence, declined 45% with significant declines in all markets. Additionally heavy construction equipment industry retail unit sales declined 30% with significant declines in all markets. Market share for the year in total for both heavy and light construction equipment declined. For both heavy and light construction equipment, market share for Latin America increased but could not offset the declines in Western Europe and Rest of World. North America market share was unchanged for both heavy and light construction equipment. The decline in operating profit was primarily due to the declines in industry volume and destocking actions. In addition we idled many of our production facilities to reduce company and dealer inventory which negatively impacted our results.

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Financial Services experienced declines in 2009 in both revenue and net income. The decrease in revenue was largely the result of lower on-book receivables driven primarily by the significant decline in the construction equipment business as well as the declines in the agricultural equipment business. The volume impact on revenue was partially offset by increased ABS revenue and growth in operating lease revenue. ABS activity increased compared to 2008, primarily occurring in the fourth quarter of 2009. Growth in the U.S. and Australia operating lease portfolio drove the increase in the operating lease revenue. In addition to the volume impacts, increased loss provisions due to the adverse effects of the global economic downturn on the construction equipment industry and our Brazil agricultural equipment retail portfolio also contributed to the decline in net income. Decreases in interest expense driven by lower volumes and lower selling, general and administrative expenses only partially offset the volume declines and increased loss provisions. Financial Services also experienced improvement in their liquidity as credit and ABS market conditions modestly recovered. In 2009, there was a return of liquidity to the ABS market as spreads improved throughout the year, but which are still higher than historical averages.

Equipment Operations and Financial Services Key Trends for 2010

We expect to see further slowdowns in 2010 for the agricultural equipment industry as global commodity prices are expected to decline further from 2009 levels. We expect to continue to under produce relative to retail demand on a full year basis to control inventory levels.

We believe the construction equipment industry will improve slightly over 2009 levels based on improvements expected in the overall economy. We will continue to closely manage inventory in preparation for the economic recovery and expect to continue to under produce relative to retail demand.

Financial Services will continue to focus on underwriting controls and receivables management in order to maintain solid portfolio performance. We expect the funding situation to continue to improve, especially in the ABS markets, as we expect spreads to continue to move closer to historical averages. We will continue to evaluate funding alternatives in order to diversify our funding base.

2009 Compared to 2008

Overview of Equipment Operations Results

Net Sales of Equipment

Agricultural Equipment Net Sales

	2009	2008	Decrease in 2009 vs. 2008	2009 vs. 2008 % Change	Positive / (Negative) Impact of Currency*
			(in millions, except percents)		
Net sales					
North America	$ 4,602	$ 4,685	$ (83)	(2)%	(1)%
Western Europe	3,168	4,079	(911)	(22)%	(7)%
Latin America	1,163	1,551	(388)	(25)%	(6)%
Rest of World	1,730	2,587	(857)	(33)%	(2)%
Total net sales	$ 10,663	$ 12,902	$ (2,239)	(17)%	(4)%

* The currency impact is included in the total 2009 vs. 2008 % change.

The decline in our agricultural equipment net sales was due to lower volumes ($2,126 million) and currency, partially offset by positive pricing actions ($391 million) taken during the year. The volume declines were primarily driven by an overall slowdown in the global economy and global credit conditions that generally tightened. Worldwide agricultural tractor and combine industry retail unit sales declined 7%. Combine and

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tractor industry retail unit sales were down 19% and 7% from the prior year, respectively. Combine industry retail unit sales declined in all regions except North America. Tractor industry retail unit sales were down in all regions except Rest of World, which was up primarily in China. Additionally, our market share for the year was down for agricultural equipment driven by declines in Rest of World, North America, and Western Europe. Latin America market shares were flat.

The decline in North America net sales was primarily driven by the decline in the overall industry and destocking actions taken by us during the year. North American industry retail unit sales declined 19% in total as a 21% decline in tractors was only partially offset by a 15% increase in combines. In response to the industry declines, we under produced relative to retail demand by 12% in total in order to reduce company and dealer inventory, which negatively impacted net sales. We were able to maintain market share for tractors; however, market share for combines was down. Finally, we maintained positive pricing in spite of the competitive pressures in North America to partially offset the decline in volume.

The decline in Western Europe net sales was primarily the result of the industry declines as well as the impact of currency. Industry retail unit sales of tractors decreased 14% and combines decreased 12%. Market share for the year was flat for tractors and combines. The currency impact on net sales primarily resulted from a strengthening U.S. dollar against both the Euro and the British Pound Sterling. Finally, we were able to offset a portion of the industry declines through positive pricing.

The 2008 net sales in Latin America were the result of strong agricultural industry growth in both combines and tractors. The net sales decline in 2009 was primarily a result of the decline in industry retail unit sales as compared to the 2008 levels. Net sales were also negatively impacted by currency due to the strengthening U.S. dollar. Industry retail unit sales declined 19% as tractors decreased 17% and combines decreased 36% from the strong 2008 levels. Despite the industry declines, we maintained market share for the year for tractors and increased market share for combines, which helped to mitigate the impact on net sales resulting from the decline in the industry. We did, however, experience growth in net sales in the fourth quarter of 2009 for combines.

In Rest of World, the decline in net sales was primarily driven by an overall decline in the tractor and combine industry, especially compared to the very strong levels in 2008. Industry decline and the lack of credit availability in the Commonwealth of Independent States (CIS) led to a sharp decline in net sales of tractors and combines. CIS was a growing market for us in 2008. Industry retail unit sales of tractors increased 8% overall; however, this was primarily due to an increase in China where we do not have a significant presence. In all other Rest of World markets where we are active except Australia, industry retail unit sales of tractors decreased primarily as a result of adverse credit conditions. Market share in Rest of World markets declined overall as an increase in our combine market share was more than offset by tractor market share declines. We realized positive pricing; however, this was more than offset by the volume declines.

Construction Equipment Net Sales

	2009	2008	Increase (Decrease) in 2009 vs. 2008	2009 vs. 2008 % Change	Positive / (Negative) Impact of Currency*
			(in millions, except percents)		
Net sales					
North America	$ 622	$ 1,289	$ (667)	(52)%	%
Western Europe	513	1,266	(753)	(59)%	(3)%
Latin America	588	907	(319)	(35)%	(5)%
Rest of World	397	1,002	(605)	(60)%	%
Total net sales	$ 2,120	$ 4,464	$ (2,344)	(53)%	(2)%

* The currency impact is included in the total 2009 vs. 2008 % change.

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The decrease in our construction equipment net sales was primarily driven by declines in industry volume and mix ($2,313 million) and currency impacts which were partially recovered through pricing actions ($45 million). The volume and mix declines were the result of the significant decline in the construction equipment industry as well as destocking actions taken to reduce company and dealer inventory. Worldwide construction equipment industry retail unit sales decreased 38% compared with the prior year with decreases in both the light and heavy construction equipment industries. The decline in construction equipment industry retail unit sales was driven by the overall decline in global economic conditions. For the year, industry retail unit sales of light construction equipment decreased 45% in all markets, driven by decreases in residential and commercial construction activities. Heavy equipment industry retail unit sales declined 30%, with all markets down compared to the prior year. Also contributing to the decline in net sales was a decline in our market share for total heavy and light construction equipment as increases in market share in Latin America were more than offset by the declines in Western Europe and Rest of World. North America market share was flat.

In North America, the decline in net sales was the result of volume and mix declines due to industry and destocking actions taken to reduce company and dealer inventory. Construction equipment industry retail unit sales decreased 48%. Retail unit sales of light construction equipment, where we have a stronger market presence, were down 49% while heavy construction equipment was down 47%. Industry retail unit sales were down for both tractor loader backhoes and skid steers. Market share for the year for both heavy and light construction equipment was flat despite industry declines. The rate of industry decline for both heavy and light construction equipment eased during the fourth quarter of 2009 compared to the substantial reductions in the industry in the second half of 2008.

Net sales in Western Europe declined primarily as a result of industry declines, mix and destocking actions. Industry retail unit sales for both heavy and light construction equipment decreased 51% with heavy construction equipment decreasing 56% and light construction equipment decreasing 49%. The rate of industry decline for both heavy and light construction equipment eased in the fourth quarter of 2009 compared to the substantial volume declines that occurred in the second half of 2008. Tractor loader backhoes and skid steers were down 45% and 41%, respectively. Market share was down for the year in total for both heavy and light construction equipment which contributed to the overall decline in our construction equipment net sales.

Latin America net sales were negatively affected by the decline in both heavy and light construction equipment industry retail unit sales of 56% and 54%, respectively. Industry retail unit sales of tractor loader backhoes and skid steers declined 50% and 62%, respectively. The rate of industry decline slowed slightly in the fourth quarter compared to the previous three quarters in 2009. Partially offsetting these declines was overall strong improvement in market share. Market share growth for the year was strong for light construction equipment with tractor loader backhoes and skid steers up significantly.

In Rest of World, net sales declined due to substantial declines in volume and mix. Industry retail unit sales decreased 36% for light construction equipment and 14% for heavy construction equipment. Industry retail unit sales for tractor loader backhoes and skid steers decreased 42% and 56%, respectively. While the full year was down for both heavy and light equipment industry retail unit sales, industry retail unit sales of heavy and light construction equipment were up in the fourth quarter of 2009. Contributing to the decline in net sales was a decline in market share for the year in both light and heavy construction equipment.

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Costs and Expenses Equipment Operations

The table below represents certain costs and expenses that are more appropriately analyzed as part of the Equipment Operations supplemental disclosures. Other costs and expenses are analyzed later in this discussion, either as part of the Financial Services analysis or on a consolidated basis.

	2009		2008		Increase (Decrease) in 2009 vs. 2008	2009 vs. 2008 % Change
	(in millions, except percents)					
Net sales	$ 12,783	100.0%	$ 17,366	100.0%	$ (4,583)	(26)%
Cost of goods sold	10,862	85.0%	14,054	80.9%	(3,192)	(23)%
Gross profit	1,921	15.0%	3,312	19.1%	(1,391)	(42)%
Selling, general and administrative	1,150	9.0%	1,403	8.1%	(253)	(18)%
Research and development	398	3.1%	422	2.4%	(24)	(6)%
Restructuring	98	0.8%	34	0.2%	64	188%
Interest expense	320	2.5%	358	2.1%	(38)	(11)%
Interest compensation to Financial Services	202	1.6%	275	1.6%	(73)	(27)%
Other, net	201	1.6%	204	1.2%	(3)	(1)%

Gross Profit Equipment Operations

The decline in gross profit was driven by volume declines and mix ($1,154 million) as a result of a decline in our agricultural equipment business and the significant deterioration in our construction equipment business. Additionally, the gross margin was negatively affected by increased production and economic costs ($471 million) and currency translation, transaction and hedging activities ($240 million). Positive pricing ($436 million), primarily from the agricultural equipment business, only partially offset the volume and mix and production and economic costs.

Agricultural equipment gross profit decreased due to volume declines and mix ($659 million), production and economic cost increases ($306 million), and currency translation, transaction and hedging activities ($245 million), partially offset by pricing ($391 million). Volume and mix declines were primarily driven by declines in sales of both tractors and combines. In the under-40 hp segment, the decline was much more significant. Higher production costs resulted from higher input costs from inventory purchased or manufactured in the prior year. As we reduced inventories, these higher costs negatively impacted our margins. Additionally, in anticipation of the industry slowdown, we reduced production rates to destock our inventories and dealer inventories which negatively impacted our margins. The negative currency impact is primarily the result of a strengthening of the U.S. dollar against the Euro, British pound and Brazilian real. Finally, price increases were maintained despite industry declines and competitive pressure which helped to offset some of the volume declines.

Gross profit for the construction equipment business declined significantly due to volume and mix declines ($495 million) primarily as a result of the significant market retraction and destocking actions taken during the year to reduce company and dealer inventory. Production cost increases ($142 million) also negatively impacted our margins. Included in production cost are higher input costs incurred for inventory produced principally in the prior year. Our margins were negatively impacted as this higher cost inventory was sold during the year. Additionally, many of our production facilities for the construction equipment business were idle during the year which also negatively impacted our margins. The impact of currency translation, transaction and hedging activities also negatively impacted margins due to the strengthening of the U.S. dollar. We did achieve positive pricing in most regions ($45 million).

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Selling, general and administrative Equipment Operations

The decrease in selling, general and administrative expenses was primarily the result of strict cost controls and personnel reductions ($168 million) as well as a favorable currency impact ($85 million). Salaried personnel were reduced by approximately 13% during the year in response to the market declines. Additional cost reductions included information systems, professional fees and travel. The year-over-year comparison was also favorably impacted by currency due to a strengthening U.S. dollar. Net sales declined at a faster rate than the reduction in selling, general and administrative expenses resulting in the increase as a percentage of net sales compared to the prior year.

Research and development Equipment Operations

Research and development costs increased in the current year as a percentage of net sales reflecting a continued investment in products especially for Tier IV engine development as well as investments in our core product portfolio.

Restructuring Equipment Operations

In 2009, we announced restructuring actions to consolidate and reorganize activities to align our cost and operating levels to the current economic conditions. As part of the restructuring, we instituted personnel reductions. Additionally, we reorganized the construction equipment internal management organization combining the two brands under one internal management structure. The personnel reductions and construction equipment s business management restructuring resulted in a cumulative reduction of salaried personnel and agency of approximately 13% including a cumulative reduction of approximately 28% in construction equipment. Additionally, we have decided to move all production activities of our Imola, Italy plant to our plants in Lecce and San Mauro, Italy.

Of the $98 million incurred for restructuring, $93 million related to the current year restructuring activities and primarily consisted of personnel reductions and a curtailment loss due to a permanent reduction in personnel in the United States. In addition, $5 million relates to restructuring actions announced in prior years and consists of severance and other employee related costs incurred under personnel reduction plans and additional costs related to the closure of facilities. The remaining costs expected to be incurred under announced restructuring actions are $28 million.

See Note 11: Restructuring of our consolidated financial statements for the year ended December 31, 2009 for a detailed analysis of our restructuring programs.

Interest Expense Equipment Operations

Interest expense is analyzed on a consolidated basis.

Interest compensation to Financial Services Equipment Operations

This component of the Equipment Operations results is an intercompany charge by Financial Services to Equipment Operations, which is eliminated at the consolidated level. We provide interest-free floor plan financing and extended payment terms to our dealers primarily in North America and in Western Europe to support wholesale sales of equipment. Financial Services finances these receivables, manages the credit exposure, controls losses and provides funding. Financial Services receives interest compensation from Equipment Operations for the cost of interest-free floor plan financing offered to our dealers.

Interest compensation to Financial Services remained consistent with the prior year as a percentage of net sales moving in line with the reductions in volume for both our agricultural and construction equipment.

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Other, net Equipment Operations

The decrease in Other, net was the result of increases in pension and other postemployment benefits related to former employees ($50 million) and product liability costs ($15 million) partially offset by a decrease in foreign exchange losses ($49 million) and other miscellaneous costs.

Equity in income of unconsolidated subsidiaries and affiliates Equipment Operations

The loss in the current year was primarily related to our construction equipment joint ventures due to the overall decline in the construction equipment industry.

Overview of Financial Services Results

	2009		2008		Increase (Decrease) in 2009 vs. 2008	2009 vs. 2008 % Change
	(in millions, except percents)					
Finance and interest income	$ 1,190	100.0%	$ 1,356	100.0%	$ (166)	(12)%
Selling, general and administrative	336	28.2%	295	21.8%	41	14%
Restructuring	4	%	5	%	(1)	(20)%
Interest expense	497	41.8%	606	44.7%	(109)	(18)%
Other, net	129	10.8%	115	8.4%	14	(12)%
Total expenses	$ 966		$ 1,021		$ (55)	(5)%
On-book asset portfolio	$ 8,171		$ 9,825		$ (1,654)	(17)%
Managed asset portfolio	$ 17,257		$ 17,524		$ (267)	(2)%

Finance and interest income Financial Services

The decrease in finance and interest income was driven by a decline in net interest revenue ($246 million) partially offset by an increase in ABS revenues ($72 million) and an increase in operating lease revenue ($19 million). Net interest revenue s decline was the result of volume and mix as well as interest rates. The declines related to volume and mix were driven by the decline in the on-book portfolio due to the significant declines in the construction equipment business as well as the declines in the agricultural equipment business. Also contributing to the decline were decreases due to interest rates. Interest rate decreases were primarily the result of benchmark rates declining globally. ABS revenue increased as credit market conditions eased during the year especially during the fourth quarter. ABS revenue includes $128 million of gains on sales of receivables that occurred during the year. Due to a change in the accounting rules for fiscal year 2010, gains on sales of receivables will likely be immaterial but this reduction will be partially offset by higher net interest revenue, as receivables that were previously off-book will be brought back on book and future securitization transactions will no longer qualify for off-book treatment. See Item 5.A. New Accounting Pronouncements for further details on the change to the accounting rules.

Selling, general and administrative Financial Services

The increase in selling, general and administrative expenses was primarily a result of increased loss provisions partially offset by declines in other selling, general and administrative expenses. Loss provisions increased due to the downturn in the U.S. and European construction equipment markets. Additional loss provisions were recorded for Brazil s retail agricultural equipment portfolio. Partially offsetting the increased loss provisions are personnel reductions and other cost control actions.

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Delinquency and loss percentages for our managed portfolio were as follows:

	2009		2008	
	Delinquencies	**Losses**	**Delinquencies**	**Losses**
North America	2.74%	0.93%	2.54%	0.54%
Europe	7.30%	0.33%	2.22%	%
Latin America	27.89%	0.64%	4.97%	0.16%
Rest of World	2.37%	0.56%	7.33%	0.17%
Total	7.50%	0.73%	2.92%	0.34%

The increases in retail delinquencies and the overall losses, as a percentage of outstanding receivables were driven by the Brazilian agricultural equipment loans which did not qualify for the renegotiation extension and the continued global slowdown in the construction equipment market in Europe and North America.

Restructuring Financial Services

The restructuring expense incurred during 2009 was the result of personnel reductions primarily in the North American and European regions.

Other, net Financial Services

The increase in other, net was primarily driven by an increase in depreciation expense related to a growing operating lease portfolio.

Consolidated interest expense

The decrease in interest expense was mix and interest rate related as for Equipment Operations, average debt outstanding remained flat. The net interest rate on our Equipment Operations debt declined by approximately 140 basis points. The decline was due to lower interest rates on the floating rate debt of Equipment Operations. Financial Services experienced both a decline in average debt outstanding as well as a decrease in the net interest rate on the debt resulting in a decline in interest expense. The decrease in the average debt outstanding was driven by the increase in off-book ABS transactions.

Consolidated income tax provision

	2009	2008
	(in millions, except percents)	
Income (loss) before income taxes and equity in income (loss) of unconsolidated subsidiaries and affiliates	$ (93)	$ 1,156
Income tax provision	$ 92	$ 385
Effective tax rate	(98.9)%	33.3%

The primary reason for the adverse effective tax rate was due to losses incurred during the year in certain jurisdictions where we could not recognize a tax benefit as well as unfavorable deferred tax asset valuation allowance adjustments.

Also see Note 10: Income Taxes of our consolidated financial statements for more information on our income tax provision.

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2008 Compared to 2007

Overview of Equipment Operations Results

Net sales of equipment

Agricultural Equipment Net Sales

	2008	2007	Increase in 2008 vs. 2007	2008 vs. 2007 % Change	Positive / (Negative) Impact of Currency*
			(in millions, except percents)		
Net sales					
North America	$ 4,685	$ 3,844	$ 841	22%	%
Western Europe	4,079	3,207	872	27%	6%
Latin America	1,551	1,023	528	52%	8%
Rest of World	2,587	1,874	713	38%	1%
Total net sales	$ 12,902	$ 9,948	$ 2,954	30%	3%

* The currency impact is included in the total 2008 vs. 2007 % change.

Worldwide agricultural tractor and combine industry retail unit sales were up 3% over the prior year driven by an increase of 34% for combines spread across all regions and an increase of 2% in tractors primarily driven by Western Europe and Latin America. The increase in our agricultural equipment net sales was driven by higher volumes as a result of the growing markets and a richer mix of high horsepower tractors and combines ($1,955 million), pricing actions taken during the year ($401 million), and new products ($282 million).

In North America, industry retail unit sales of tractors were down 7% but combines were up 21%. The decrease in the tractor industry was primarily driven by the under-100 horsepower tractor segments. The over-100 horsepower tractor market increased 24% over the prior year. The increase in the over-100 horsepower market, where we have a strong market position, and the increase in the combine industry contributed to the increase in our North American net sales. Our overall market share on tractors was stable with market share gains in the over-40 horsepower tractors offset by a decrease in market share for the under-40 horsepower tractors. For combines, our overall market share was stable primarily due to capacity constraints.

Western Europe industry retail unit sales of tractors and combines increased 3% and 27%, respectively, over the prior year. The improvement in the tractor industry retail unit sales was primarily driven by France, the UK and Germany, partially offset by declines in Spain. Combines experienced increases in all markets. The increases in the industry volumes drove our improvements in net sales. Our overall market share for tractors and combines was stable. Although the overall markets were up for the year, in the fourth quarter the tractor industry declined compared with 2007.

The Latin American market experienced significant growth over the prior year with increases in industry retail unit sales of 36% for tractors and 55% for combines driving the significant improvement in our net sales. We were able to increase market share over the prior year for combines while tractors was unchanged. In contrast to the first nine months of the year, in the fourth quarter, the combine industry did decline compared to the previous year.

In the Rest of World markets, the improvements in our net sales was due primarily to the 41% growth in the combine industry and an increase in tractor market share. The growth that increased our sales in the Rest of World for the first three quarters of 2008 slowed down in the fourth quarter. We experienced a slower rate of growth for combines and a significant decline in unit sales for tractors in the fourth quarter.

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Construction Equipment Net Sales

	2008	2007	Increase (Decrease) in 2008 vs. 2007	2008 vs. 2007 % Change	Positive / (Negative) Impact of Currency*
			(in millions, except percents)		
Net sales					
North America	$ 1,289	$ 1,662	$ (373)	(22)%	1%
Western Europe	1,266	1,788	(522)	(29)%	3%
Latin America	907	714	193	27%	6%
Rest of World	1,002	859	143	17%	7%
Total net sales	$ 4,464	$ 5,023	$ (559)	(11)%	3%

* The currency impact is included in the total 2008 vs. 2007 % change.

Worldwide construction equipment industry retail unit sales were down 8% compared with the prior year driven primarily by decreases in the light construction equipment industry, where we have a stronger market position. For the year, industry retail unit sales of light equipment were down in all markets except Latin America, driven by decreases in residential and commercial construction activities. An increase of 2% in the heavy equipment market only partially offset the decline in the light equipment market. Increases in the Latin American and Rest of World construction equipment markets only partially offset the declines in Western Europe and North America. The decrease in our construction equipment net sales was primarily driven by the industry volume and mix changes ($818 million) which were partially recovered through pricing actions ($97 million). Our market share was down for total heavy and light construction equipment.

In North America, market demand for skid steer loaders and backhoe loaders decreased 18% and 26%, respectively. Additionally, demand for heavy construction equipment was down 22% while total light construction equipment was down 8%. The decrease in demand was a result of declines in residential and commercial construction activities. The declines in the industry were the primary drivers of the declines in our construction equipment net sales. Despite the industry volume declines, our market share remained stable.

The Western Europe construction equipment market experienced a total decline of approximately 26% for the full year. Skid steer loaders and backhoe loaders decreased 46% and 44%, respectively. Heavy construction equipment was down 24% while total light construction equipment was down 27%. The decline in the industry volumes and a decline in our market share drove the decrease in our net sales.

The construction equipment market in Latin America improved by 22% over the prior period. The markets for backhoe loaders and skid steer loaders were up 10% and 25%, respectively. Heavy construction equipment increased by 28% over the prior year while total light construction equipment was up 17%. While the full year experienced an increase, the fourth quarter of 2008 was down for heavy equipment by 5% and light construction equipment was down 18%. The improvement in our full year net sales was primarily the result of the growth in the industry during the first nine months of the year. Market share was unchanged with increases in backhoe loaders and skid steer loaders offset by decreased market share in heavy construction equipment.

In the Rest of World markets, the light construction equipment industry volumes were down 13% compared to the prior year while heavy construction equipment was up 20%. Backhoe loader industry volumes were down 16% while skid steer loader volumes improved 12%. The decline in the light construction equipment industry volumes, which began in the second quarter, accelerated during the fourth quarter and was down 45% compared to the fourth quarter of 2007. Heavy construction equipment industry volumes experienced growth in the first three quarters of 2008 but were down 22% relative to the fourth quarter of 2007. The decline in fourth quarter demand was largely driven by the economic downturn and the tightening of the credit markets. The increase in full year net sales was driven by increases in volume and mix in the first nine months, partially offset by the fourth quarter decline. Market share remained stable for both heavy and light construction equipment.

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Costs and Expenses   Equipment Operations

The table below represents certain costs and expenses that are more appropriately analyzed as part of the Equipment Operations supplemental disclosures. Other costs and expenses are analyzed later in this discussion, either as part of the Financial Services analysis or on a consolidated basis.

	2008		2007		Increase (Decrease) in 2008 vs. 2007	2008 vs. 2007 % Change
			(in millions, except percents)			
Net Sales	$ 17,366	100.0%	$ 14,971	100.0%	$ 2,395	16%
Cost of goods sold	14,054	80.9%	12,154	81.2%	1,900	16%
Gross profit	3,312	19.1%	2,817	18.8%	495	18%
Selling, general and administrative	1,403	8.1%	1,183	7.9%	220	19%
Research and development	422	2.4%	409	2.7%	13	3%
Restructuring	34	0.2%	85	0.6%	(51)	(60)%
Interest expense	358	2.1%	358	2.4%		%
Interest compensation to Financial Services	275	1.6%	247	1.6%	28	11%
Other, net	204	1.2%	224	1.5%	(20)	(9)%

Gross Profit   Equipment Operations

The improvement in gross profit was driven by higher volumes and a richer mix of high horsepower tractors and combines ($440 million), pricing actions ($498 million) and the introduction of new products ($119 million), partially offset by purchasing and economic cost increases ($482 million) and currency translation, transaction and hedging activities ($109 million). The agricultural equipment segment improvement in gross profit drove the overall improvement in Equipment Operations gross profit.

In the agricultural equipment segment, the gross profit increase was the result of volume and mix improvements ($646 million), pricing actions ($401 million), and the introduction of new products ($119 million), partially offset by purchasing and economic cost increases ($378 million) and negative impact of currency translation, transaction and hedging activities ($99 million). The volume and mix improvements were the result of increased combine sales in all markets, and increases in higher horsepower tractor sales in North America and increases in sales of all tractors in Western Europe and Latin America. The purchasing and economic cost increases were primarily the result of the higher volumes experienced as a result of the industry growth and higher input costs.

Gross profit for the construction equipment segment declined primarily as a result of the volume and mix declines ($206 million). Purchasing and economic cost increases ($104 million) were partially offset by pricing actions ($97 million). Anticipating the industry decline in the second half of 2008, we idled most of our construction equipment facilities to reduce inventories which contributed to the volume and mix impact.

Selling, general and administrative   Equipment Operations

The increase in selling, general and administrative expense in dollars and the slight increase as a percentage of sales was driven by: increases from currency and initiatives to support our brands, dealers and customers; increased infrastructure in the parts organization to improve overall service levels; increased loss provisions due to the overall decline in the construction industry and additional provisions for Brazilian receivables; and increased costs of developing a support structure for international region growth and development.

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Research and development Equipment Operations

The decrease in research and development costs as a percentage of net sales was the result of increases in net sales outpacing planned spending.

Restructuring Equipment Operations

During 2008, the restructuring charges incurred were the result of restructuring activities announced in prior years and consisted primarily of severance and other employee related costs incurred under the headcount reduction plan ($26 million) and additional costs related to the 2007 closure of the Berlin, Germany facility ($4 million).

In 2007, we recorded $85 million in pre-tax restructuring costs. These restructuring costs primarily relate to a consolidated arbitration proceeding that was pending in London before the ICC International Court of Arbitration, CNH Global N.V. vs. PGN Logistics Ltd. et al, ($42 million), the 2007 closure of the manufacturing facility in Berlin, Germany ($23 million), and severance and other employee-related costs incurred due to headcount reductions ($17 million).

See Note 11: Restructuring of our consolidated financial statements for the year ended December 31, 2008 for a detailed analysis of our restructuring programs.

Interest Expense Equipment Operations

Interest expense is analyzed on a consolidated basis.

Interest compensation to Financial Services Equipment Operations

This component of the Equipment Operations results is an intercompany charge by Financial Services to Equipment Operations, which is eliminated at the consolidated level. We provide interest-free floor plan financing and extended payment terms to our dealers primarily in North America and in Western Europe to support wholesale sales of equipment. Financial Services finances these receivables, manages the credit exposure, controls losses and provides funding. Financial Services receives interest compensation from Equipment Operations for the cost of interest-free floor plan financing offered to our dealers or low rate financing offered to our retail customers.

The increase in interest compensation over the prior year was primarily the result of the increased volume in the agricultural equipment segment and rate increases due to changes in financial market conditions.

Other, net Equipment Operations

Other, net decreased over the prior year as a result of reduced pension and other post-employment benefits related to former employees and reduced litigation and product liability costs, partially offset by an increase in foreign exchange losses.

Equity in income of unconsolidated subsidiaries and affiliates Equipment Operations

For 2008, equity in income of unconsolidated subsidiaries and affiliates was $40 million compared to $89 million in the prior year. Results for 2007 included $38 million of income that was recorded to adjust estimated amounts recorded in prior periods to actual reported results.

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Overview of Financial Services Results

	2008		2007		Increase (Decrease) in 2008 vs. 2007	2008 vs. 2007 % Change
	(in millions, except percents)					
Finance and interest income	$ 1,356	100.0%	$ 1,131	100.0%	$ 225	20%
Selling, general and administrative	295	21.8%	253	22.4%	42	17%
Restructuring	5	%		%	5	%
Interest expense	606	44.7%	479	42.4%	127	27%
Other, net	115	8.4%	70	6.2%	45	64%
Total expenses	$ 1,021		$ 802		$ 219	27%
On-book asset portfolio	$ 9,825		$ 9,297		$ 528	6%
Managed asset portfolio	$ 17,524		$ 18,375		$ (851)	(5)%

Finance and interest income Financial Services

The growth in finance and interest income was primarily the result of increases in the amount of the on-book asset portfolio. The increase in the on-book asset portfolio is due to the growth in the agricultural equipment business and the significant decrease in ABS activity. This was partially offset by lower ABS revenue due to the current unfavorable credit markets. The decline in ABS revenue primarily occurred in the North America market where the volume of transactions declined by approximately $1.4 billion from the prior year. Also contributing to the growth in income was an increase in operating lease revenues as net equipment on operating lease increased 18% during the year.

Selling, general and administrative Financial Services

Loss provisions were the primary driver of the increase in the current year expense resulting primarily from the downturn in the construction equipment market and additional reserves in Brazil. See also Note 3: Accounts and Notes Receivable of our consolidated financial statement for the year ended December 31, 2008.

Delinquency and loss percentages for our managed portfolio were as follows:

	2008		2007	
	Delinquencies	Losses	Delinquencies	Losses
North America	2.54%	0.54%	2.14%	0.42%
Europe	2.22%	%	1.45%	0.04%
Latin America	4.97%	0.16%	4.52%	0.06%
Rest of World	7.33%	0.17%	7.75%	0.08%
Total	2.92%	0.34%	2.57%	0.28%

Western Europe and North American delinquencies increased primarily due to the global slowdown in the construction equipment market related to housing, partially offset by strengthening in the agricultural market. Overall losses, as a percentage of outstanding, increased due to the global slowdown in the construction equipment market.

Restructuring Financial Services

The restructuring expense incurred during 2008 was the result of headcount reductions primarily in the North American and European regions.

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Other, net Financial Services

The increase in other, net was primarily driven by the change in fair value for a derivative instrument subsequently designated as a cash flow hedge and an increase in operating lease depreciation.

Consolidated interest expense

The total amount for consolidated interest expense Fiat affiliates and consolidated interest expense other increased to $765 million compared to $701 million in the prior year. The 2007 Equipment Operations amount included a charge of $57 million for the early extinguishment of our $1.05 billion 9 1/4% Senior Notes due in 2011. The increased interest expense was primarily driven by working capital and increases in the on-book receivables and operating lease portfolio. The change in distribution between consolidated interest expense Fiat affiliates and consolidated interest expense other is primarily driven by the refinancing of third party debt with Fiat affiliates.

Consolidated income tax provision

	2008	2007
	(in millions, except percents)	
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	$ 1,156	$ 830
Income tax provision	$ 385	$ 354
Effective tax rate	33.3%	42.7%

The primary drivers of the decrease in the effective tax rate were increased earnings in lower tax rate jurisdictions, an increase in tax credits and other adjustments. Also see Note 10: Income Taxes of our consolidated financial statements.

Application of Critical Accounting Estimates

The preparation of our financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results may differ from these estimates under different assumptions or conditions. Our senior management has discussed the development and selection of the critical accounting policies, related accounting estimates and the disclosure set forth below with our auditors and with the Audit Committee of our Board of Directors. Our critical accounting estimates, which require management s subjective and complex judgments, are summarized below. Our other accounting policies are described in the notes to our consolidated financial statements.

Allowance for Credit Losses

Our wholesale and retail notes receivables have a significant concentration of credit risk in the agricultural and construction equipment industry and are subject to potential credit losses. We have provided for the expected credit losses (allowance for credit losses) based on past experience with similar receivables including current and historical past due amounts, dealer termination rates, write-offs, collections and economic conditions. The Company has an established process to calculate a range of possible outcomes and determine the adequacy of the allowance. No single statistic or measurement determines the adequacy of the allowance. The adequacy of the allowance is assessed quarterly. Different assumptions or changes in economic conditions would result in changes to the allowance for credit losses.

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Factors utilized in support of our assumptions include estimated collateral values, historical loss experience, portfolio duration, delinquency trends and credit risk quality.

The total allowance for credit losses at December 31, 2009, 2008, and 2007 was $393 million, $269 million, and $302 million, respectively. The allowance for credit losses increased in 2009 due to the continued downturn in the U.S. and European construction equipment markets and additional reserves recorded for Brazil s retail agricultural equipment portfolio and decreased in 2008 due to transactions which took receivables off-book.

Holding other estimates constant, a 0.15 percentage point increase or decrease in estimated loss experience on the receivable portfolios would result in an increase or decrease of approximately $18 million to the allowance for credit losses at December 31, 2009.

Beginning January 1, 2010, the Company adopted the new accounting guidance relating to variable interest entities. The allowance for credit losses will increase related to the receivables that are consolidated upon adoption of this guidance.

Equipment on Operating Lease Residual Values

Our Financial Services segment purchases equipment from our dealers and other independent third parties and leases it to retail customers under operating leases. Income from these operating leases is recognized over the term of the lease. Financial Services decision on whether or not to offer lease financing to customers is based, in part, upon estimated residual values of the leased equipment, which are estimated at the lease inception date and periodically updated. Realization of the residual values, a component in the profitability of a lease transaction, is dependent on our ability to market the equipment at lease termination under the then prevailing market conditions. We continually evaluate whether events and circumstances have impacted the estimated residual values of equipment on operating leases. Although realization is not assured, management believes that the estimated residual values are realizable.

Total operating lease residual values at December 31 2009, 2008, and 2007 were $427 million, $374 million, and $289 million, respectively. Growth in the residual value for operating leases is consistent with the growth in the portfolio.

Estimates used in determining end-of-lease market values for equipment on operating leases significantly impact the amount and timing of depreciation expense. If future market values for this equipment were to decrease 10% from our present estimates, the total impact would be to increase our depreciation expense on equipment on operating leases by approximately $43 million. This amount would be charged to depreciation expense during the remaining lease terms such that the net investment in operating leases at the end of the lease terms would be equal to the revised residual values. Initial lease terms generally range from three to four years.

Retail Off-Balance Sheet Financing

In connection with our securitization of retail receivables, we retain interest-only strips and other interests in the securitized receivables. Interest-only strips represent rights to future cash flows arising after the investors in the securitization trust have received the return for which they contracted and other expenses of the trust are paid. Our retained interests are subordinate to the investors interests. Gain or loss on the sale of receivables depends

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in part on the fair value of the retained interests at the date of transfer. Additionally, retained interests after transfer are measured for impairment based on the fair value of the retained interests at the measurement date. We estimate fair value based on the present value of future expected cash flows using our estimate of key assumptions credit losses, prepayment spreads, and discount rates commensurate with the risks involved. While we use our best estimates, there can be significant differences between those estimates and actual results.

The significant assumptions used in estimating the fair values of retail retained interests from sold receivables, which remain outstanding, and the sensitivity of the current fair value to a 10% and 20% adverse change at December 31, 2009, are as follows:

	Weighted Average Assumptions	10% Change	20% Change
		(in millions)	
Constant prepayment rate	18.36%	$ 1.6	$ 2.4
Expected credit loss rate	1.10%	$ 4.4	$ 8.7
Discount rate	10.21%	$ 7.0	$ 13.8
Remaining maturity in months	15		

The changes shown above are hypothetical. They are computed based on variations of individual assumptions without considering the interrelationship between these assumptions. As a change in one assumption may affect the other assumptions, the magnitude of the impact on fair value of actual changes may be greater or lower than those illustrated above. Weighted-average remaining maturity represents the weighted-average number of months that the current collateral balance is expected to remain outstanding. In addition, because the Company s securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing activities rather than cash flows from operating or investing activities.

Consistent with CNH s adoption of the new guidance related to other-than-temporary impairments (OTTI) of debt securities, any OTTIs due to changes in the constant prepayment rate and the expected credit loss rate would be included in the earnings of CNH. An OTTI due to a change in the discount rates would be included in accumulated other comprehensive income.

Beginning January 1, 2010, the Company adopted the new accounting guidance related to variable interest entities. The retained interests, included in the December 31, 2009 balance sheet, will generally be reclassified to receivables for the transactions that are consolidated upon the adoption of this guidance.

Recoverability of Long-lived Assets

Long-lived assets include property, plant and equipment, goodwill and other intangible assets such as patents and trademarks. We evaluate the recoverability of property, plant and equipment and finite-lived other intangible assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. We assess the recoverability of property, plant and equipment and finite-lived other intangible assets by comparing the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of the long-lived asset is not recoverable in full on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value.

Goodwill and indefinite-lived other intangible assets are tested for impairment at least annually. During 2009 and 2008, we performed our annual impairment review as of December 31 and concluded that there was no impairment in either year. The Company continues to evaluate events and circumstances to determine if additional testing may be required.

Impairment testing for goodwill is done at a reporting unit level using a two-step test. Since 2006, we have identified five reporting units: Case IH and New Holland agricultural equipment brands, Case and New Holland

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Construction construction equipment brands and Financial Services. Under the first step, our estimate of the fair value of the reporting unit is compared with its carrying value (including goodwill). If the fair value of the reporting unit is less than its carrying value, an indication of goodwill impairment exists for the reporting unit and we must perform step two of the impairment test (measurement). Step two of the impairment test, if necessary, would require the identification and estimation of the fair value of the reporting unit s individual assets, including intangible assets with definite and indefinite lives regardless of whether such intangible assets are currently recorded as an asset of the reporting unit, and liabilities in order to calculate the implied fair value of the reporting unit s goodwill. Under step two, an impairment loss is recognized to the extent the carrying amount of the reporting unit s goodwill exceeds the implied fair value of goodwill.

The carrying values for each reporting unit include material allocations of the Company s assets and liabilities and costs and expenses that are common to all of the reporting units. We believe that the basis for such allocations has been consistently applied and is reasonable.

The following summarizes the goodwill assigned to our reporting units and included in the Company s consolidated financial statements and the percentage by which the fair value exceeded the carrying value (so called excess) under the first step of the impairment test performed as of December 31, 2009:

	Amount (in millions)	Fair Value Excess
Case IH	$ 685	36.6%
New Holland	975	6.9%
Case	292	31.4%
New Holland Construction	273	11.5%
Financial Services	149	5.1%
Consolidated goodwill	$ 2,374	

The varying levels of excess shown above and changes in fair value from the prior year disclosed below are primarily due to differences in geographic mix and manufacturing footprint. The operations of Case IH and Case reporting units are more heavily weighted towards North America, whereas the New Holland and New Holland Construction reporting units are more heavily weighted towards Western Europe and the Rest of World. Additionally, differences in the levels of working capital on hand at year-end impacted the results of the impairment test.

To determine fair value, we have relied on two valuation techniques: the income approach and the market approach.

The income approach is a valuation technique used to convert future expected cash flows to a present value. We use the income approach as the primary approach to measure the fair value of the Equipment Operations reporting units. We believe the income approach provides the best measure of fair value for our Equipment Operations reporting units as this approach considers factors unique to each of our reporting units and related long range plans that may not be comparable to other companies and that are not yet publicly available. The income approach is dependent on several critical management assumptions, including estimates of future sales growth, gross margins, operating costs, income tax rates, terminal value growth rates, capital expenditures, changes in working capital requirements and the weighted average cost of capital (discount rate).

Expected cash flows used under the income approach are developed in conjunction with our budgeting and forecasting process and represent the most likely amounts and timing of future cash flows based on our long range plan. Our long range plan is updated annually as a part of our annual planning process and is reviewed and approved by senior management. Expected sales growth is based on management s forecast. The gross margins and operating costs considered in the expected cash flows are also based on management s five-year forecast and supported by our manufacturing and product development plans. The amounts of capital expenditures and

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working capital considered in the expected cash flows are based on several factors including the estimated levels required to support the projected levels of growth and product development plan.

Our projections are based on our expectation of further agricultural equipment industry retail unit sales declines in 2010, followed by industry growth in subsequent years. We expect our construction equipment business to improve in 2010 as the industry improves and that as a result, our construction equipment dealers replenish their inventory levels. We expect more significant growth in the construction equipment industry in 2011 and subsequent years.

Several of the assumptions and estimates used as the basis for expected cash flows under the income approach have changed since the prior year. The projected revenues for our construction equipment and New Holland reporting units were reduced to reflect the industry declines that occurred during 2009 and the current industry outlooks. The projected gross margin percentages for all reporting units were increased to reflect management s expectations regarding pricing and product mix, and to reflect the Company s manufacturing initiatives and product development, which are expected to reduce inefficiencies and excess capacity. Operating costs for our construction equipment reporting units were reduced to reflect the cost cutting measures taken in 2009, including the reorganization of the management structure and the reduction in the Company s salaried and agency work force. The impact of cash and working capital requirements were adjusted to reflect expected improvements in working capital management. On an undiscounted basis, the net impact of the changes to management s five-year cash flow forecast was an increase in cash flows of 2.7% and 1.4% for Case and Case IH, respectively, and a reduction in cash flows of 20.9% and 9.4% for New Holland and New Holland Construction, respectively.

The discount rates used in the income approach are an estimate of the rate of return that a market participant would expect of each reporting unit. To select an appropriate rate for discounting the future earnings stream, a review was made of short-term interest rates and the yields of long-term corporate and government bonds, as well as the typical capital structure of companies in the industry. The discount rates used for each reporting unit may vary depending on the risk inherent in the cash flow projections, as well as the risk level that would be perceived by a market participant. We considered the above mentioned factors and selected the following discount rates for the income approach as of December 31, 2009:

	Discount Rate
Case IH	13.0%
New Holland	13.0%
Case	13.5%
New Holland Construction	13.5%

The discount rates used in the prior year for the Case IH, New Holland and Case reporting units were higher in order to account for the uncertainty of achievement of the projected cash flows given the state of the industry and capital and credit markets at the end of 2008. These discount rates were reduced in 2009 to reflect the reduction in risk associated with achieving these cash flow projections. The discount rate used for the New Holland Construction reporting unit was increased in 2009 to reflect the higher risk associated with achieving its cash flow projections.

A terminal value is included at the end of the projection period used in our discounted cash flow analyses in order to reflect the remaining value that each reporting unit is expected to generate. The terminal value represents the present value in the last year of the projection period of all subsequent cash flows into perpetuity. We have used 2017 as the terminal year in our discounted cash flow analyses performed as of December 31, 2009. The terminal value growth rate is a key assumption used in determining the terminal value as it represents the annual

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growth of all subsequent cash flows into perpetuity. We selected the following terminal value growth rates for the income approach as of December 31, 2009:

	Terminal Value Growth Rate
Case IH	1.0%
New Holland	1.0%
Case	2.0%
New Holland Construction	2.0%

The estimated fair value under the income approach in 2009, including the impact of changes in management assumptions, changed from the prior year as follows:

	Change in Fair Value - Percentage Increase (Decrease)
Case IH	59.2%
New Holland	0.6%
Case	8.1%
New Holland Construction	(16.9)%

The market approach measures fair value based on prices generated by market transactions involving identical or comparable assets or liabilities. Under the market approach, we apply the guideline company method in estimating fair value. The guideline company method makes use of market price data of corporations whose stock is actively traded in a public, free and open market, either on an exchange or over-the counter basis. Although it is clear no two companies are entirely alike, the corporations selected as guideline companies must be engaged in the same or similar line of business or be subject to similar financial and business risks, including the opportunity for growth. The guideline company method of the market approach provides an indication of value by relating the equity or invested capital (debt plus equity) of guideline companies to various measures of their earnings and cash flow, then applying such multiples to the business being valued.

Book value and total asset market multiples were utilized in determining the fair value of the Financial Services reporting unit under the market approach. We use the market approach as the primary approach to measure the fair value of the Financial Services reporting unit as it derives value based primarily on the assets under management.

Revenue and EBITDA market multiples were utilized in determining the fair value of the Equipment Operations reporting units under the market approach. For our Equipment Operations reporting units, the market approach is used as a secondary approach to further support the income approach. Because the market approach does not evaluate our reporting units projected cash flows, we believe the market approach enables validation of the fair values derived from the income approach using market benchmarks.

We identified comparable companies for use in the guideline company approach based on a review of all publicly traded companies in our lines of business. The comparable companies used were determined based on an evaluation of all relevant factors, including whether the companies were subject to similar financial and business risks.

An adjustment to the market pricing multiples used in the guideline company approach may be justified in order to account for the incremental value associated with a controlling interest in the business. Such a control premium represents the amount paid by a new controlling shareholder for the benefits resulting from synergies and other potential benefits derived from controlling the enterprise. Based on the market conditions as of December 31, 2009, we believed such an adjustment was justified at the reporting unit level and therefore used a 10-40% control premium in our analysis of the fair value of the reporting units under the market approach.

Our implied market capitalization (based on total outstanding shares and stock price as of December 31, 2009) was lower than our book value and the indicated fair value from our goodwill impairment test as of

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December 31, 2009. However, our reporting units have continued to generate cash flow from their operations, and we expect that to continue in future periods. While our implied market capitalization is an indicator of expected future performance, we believe a fair value determination should also consider factors such as recent trends in our stock price and an expected control premium at the Company level based on comparable transactional history. We believe there is a reasonable basis for the excess of estimated fair value of our reporting units over our implied market capitalization at December 31, 2009.

Given the low level of excess under the first step of the 2009 impairment test, we also performed sensitivity analyses of the estimated fair value using the income approach for the New Holland and New Holland Construction reporting units. A key assumption in our fair value estimates is the discount rate used for discounting cash flow estimates to present value. We noted that an increase in the discount rate of 90 and 140 basis points for New Holland and New Holland Construction, respectively, could cause each reporting unit s carrying value to exceed fair value. If step two of the impairment test were to be required, the fair values of the assets and liabilities of the reporting unit, other than goodwill, could differ significantly from their carrying values, resulting in the recognition of a material goodwill impairment charge.

Measuring the estimated fair value of our reporting units requires judgment and the use of estimates by management. We can provide no assurance that a material impairment charge will not occur in a future period. Our estimates of future cash flows may differ from actual cash flows that are subsequently realized due to, among other things, worldwide economic factors, technological changes and the achievement of the anticipated benefits of our profit improvement initiatives. Any of these potential factors, or other unexpected factors, may cause us to re-evaluate the carrying value of goodwill. We will continue to monitor circumstances and events in future periods to determine whether additional impairment testing is necessary. If an impairment charge were required to be taken for goodwill, such a charge would be a non-cash charge. However, such a charge could have a material adverse impact on our financial position and statement of operations.

Sales Allowances

We grant certain sales incentives to stimulate sales of our products to retail customers. The expense for such incentive programs is accrued for and recorded as a deduction in arriving at our net sales amount at the time of the sale of the product to the dealer. The amount of incentives to be paid are estimated based upon historical data, estimated future market demand for our products, dealer inventory levels, announced incentive programs, competitive pricing and interest rates, among other things. If market conditions were to decline, we may take actions to increase customer incentives possibly resulting in an increase in the deduction recorded in arriving at our net sales amount at the time the incentive is offered.

The sales incentive accruals at December 31, 2009, 2008, and 2007 were $690 million, $660 million, and $607 million, respectively. The incentive accruals increase during 2009 is due to programs initiated by CNH to reduce inventory and maintain competitive pricing in the market. The incentive accruals increased during 2008 primarily due to the increase in equipment sales.

Over the last three years, the percentage of sales allowance costs to net sales from dealers has varied by approximately plus or minus 2.5 percentage points, comparing the average sales allowance costs to net sales percentage during the period. Holding other assumptions constant, if the estimated percentage were to increase or decrease 2.5 percentage points, the sales allowances for the year ended December 31, 2009 would increase or decrease by approximately $320 million, which would positively or negatively impact operating margins.

Warranty Costs

At the time a sale of equipment to a dealer is recognized, we record the estimated future warranty costs for the product, primarily basic warranty coverage. We generally determine our total warranty liability with reference to our historical claims rate experience. Our warranty obligations are affected by component failure rates, replacement costs and dealer service costs, partially offset by recovery from certain of our vendors. If actual failure rates or costs to replace and install new components differ from our estimates, a revision in the warranty liability would be required.

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The product warranty accruals at December 31, 2009, 2008, and 2007 were $301 million, $294 million, and $297 million, respectively.

Estimates used to determine the product warranty accruals are significantly impacted by the historical percentage of warranty claims costs to related net sales. Over the last three years, this percentage has varied by approximately 0.1 percentage points, comparing the warranty costs to net sales percentage during the period. Holding other assumptions constant, if this estimated percentage were to increase or decrease 0.1 percentage points, the warranty expense for the year ended December 31, 2009, would increase or decrease by approximately $13 million.

See Note 14: Commitments and Contingencies of our consolidated financial statements for further information on our accounting practices and recorded obligations related to modification programs and warranty costs.

Defined Benefit Pension and Other Postretirement Benefits

As more fully described in Note 12: Employee Benefit Plans and Postretirement Benefits of our consolidated financial statements, we sponsor pension and other retirement plans in various countries. In the U.S. and the U.K., we have major defined benefit pension plans that are separately funded. Most of our pension plans in other countries are not funded. We actuarially determine these pension and other postretirement costs and obligations using several statistical and judgmental factors, which attempt to anticipate future events. These assumptions include discount rates, rates for expected returns on plan assets, rates for compensation, mortality rates, retirement rates, and health care cost trend rates, as determined by us within certain guidelines. Actual experiences different from those assumed and changes in assumptions can result in gains and losses that we have not yet recognized in our consolidated statements of operations but have been recognized in equity. For most of our plans, we recognize net gain or loss as a component of our pension and other retirement plans expense for the year if, as of the beginning of the year, such unrecognized net gain or loss exceeds 10% of the greater of (1) the projected benefit obligation or (2) the fair or market value of the plan assets at year end. In such case, the amount of amortization we recognize is the resulting excess divided by the average remaining service period of active employees expected to receive benefits under the plan. However, for a number of our smaller plans, we recognize all gains and losses immediately in expense.

The following table shows the effects of a one percentage-point change in our primary defined benefit pension and other postretirement benefit actuarial assumptions on pension and other postretirement benefit obligations and expense:

	2010 Benefit Cost (income)/expense		Year End Benefit Obligation increase/(decrease)	
	One Percentage-Point Increase	One Percentage-Point Decrease	One Percentage-Point Increase	One Percentage-Point Decrease
	(in millions)			
Pension benefits U.S.:				
Assumed discount rate	$ (8)	$ 9	$ (110)	$ 132
Expected long-term rate of return on plan assets	(9)	9	N/A	N/A
Pension benefits International:				
Assumed discount rate	(5)	8	(170)	209
Expected rate of compensation increase	8	(6)	48	(42)
Expected long-term rate of return on plan assets	(10)	10	N/A	N/A
Other postretirement benefits:				
Assumed discount rate	(10)	14	(105)	127
Assumed health care cost trend rate (initial and ultimate)	22	(19)	106	(90)

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Tax Contingencies

We are periodically subject to audits of our various income tax returns by taxing authorities. These audits review tax filing positions, including the allocation of income among our tax jurisdictions. Some of our tax positions could be challenged by the taxing authorities. The estimate of our tax contingencies reflects uncertainties because management must use judgment to estimate the exposure associated with our various tax filing positions. Although management believes that the judgments and estimates are reasonable, actual results could differ, and we may be exposed to losses or gains that could be material. An unfavorable tax settlement would likely require use of our cash and may result in an increase in our effective income tax rate in the period of resolution. A favorable tax settlement would generally be recognized as a reduction in our effective income tax rate in the period of resolution. See Note 10: Income Taxes of our consolidated financial statements for further information on our accounting for tax contingencies.

New Accounting Pronouncements

In June 2009, the FASB issued new accounting guidance which changes the accounting for transfers of financial assets. The guidance eliminates the concept of a qualifying special-purpose entity, changes the requirements for derecognizing financial assets, and requires additional disclosures in order to enhance information reported to users of financial statements by providing greater transparency about transfers of financial assets, including securitization transactions, and an entity s continuing involvement in and exposure to the risks related to transferred financial assets. The guidance is effective for transactions entered into starting on January 1, 2010. We expect that the impact will be that certain transactions that have historically met the derecognition criteria will no longer qualify for derecognition.

In June 2009, the FASB also issued new accounting guidance which amends the accounting for variable interest entities. The guidance significantly changes the criteria for determining whether the consolidation of a variable interest entity is required. The guidance also addresses the effect of changes required by the new accounting guidance which changes the accounting for transfers of financial assets, increases the frequency for reassessing consolidation of variable interest entities and creates new disclosure requirements about an entity s involvement in a variable interest entity. The guidance is effective for interim and annual reporting periods that begin after November 15, 2009. We adopted the guidance on January 1, 2010. We expect that it will be necessary to consolidate a significant portion of our off-book receivables and related liabilities, principally debt, upon adoption of this guidance. The impact is expected to increase assets and liabilities (principally debt) by approximately $6 billion and decrease equity by approximately $50 million. In addition, because the Company s securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing transactions rather than cash flows from operating or investing activities.

B. ***Liquidity and Capital Resources*.**

The following discussion of liquidity and capital resources principally focuses on our consolidated statements of cash flows, our consolidated balance sheets and off-balance sheet financing. Our operations are capital intensive and subject to seasonal variations in financing requirements for dealer receivables and dealer and company inventories. Whenever necessary, funds from operating activities are supplemented from external sources. We expect to have available to us cash reserves and cash generated from operations and from sources of debt and financing activities that are sufficient to fund our working capital requirements, capital expenditures and debt service at least through the end of 2010. See Sources of Funding Funding Policy below for more information regarding our funding strategy. See Item 3. Key Information D. Risk Factors for additional information concerning risks related to our business, strategy and operations.

Cash Flows

Our cash flows from operating activities are primarily a result of net income (loss), working capital requirements and changes in dealer receivable levels. Our cash flows from investing and financing activities

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principally reflect capital expenditures, changes in deposits with Fiat affiliates cash management pools, our level of investment in financial receivables, changes in our funding structure and dividend payments.

The $630 million increase in consolidated cash and cash equivalents, during the year ended December 31, 2009, reflects the generation of cash in our operating and investing activities which was partially offset by the utilization of cash from our financing activities. Cash and cash equivalents at Financial Services increased by $513 million, while cash and cash equivalents at Equipment Operations increased by $117 million.

Cash Flows from Operating Activities

	For the Years Ended December 31,		
	2009	2008	2007
		(in millions)	
Equipment Operations	$ 1,145	$ (282)	$ 1,001
Financial Services	1,220	936	(1,034)
Eliminations	(153)	(4)	(62)
Consolidated	$ 2,212	$ 650	$ (95)

Equipment Operations generated $1,145 million of cash flows from operations in 2009, primarily due to $1,200 million in cash flows from working capital reductions. Cash provided by working capital reductions is comprised of $809 million from receivable reductions and $1,360 million from inventory reductions, offset by cash used to reduce payables by $969 million. The primary drivers of the working capital reductions in 2009 were the lower levels of revenues, the sale of receivables to Financial Services and changes in our production schedules that were made to compensate for the lower levels of demand. The cash provided by working capital reductions was partially offset by the impact of the 2009 net loss of $222 million and an increase in prepayments and other current assets related to higher levels of tax receivables. The increase in cash flows from operating activities in 2009 compared to 2008 reflects the decrease in working capital levels that occurred in 2009, while $1,379 million in cash was used due to increases in working capital levels during 2008. The increase in year-over-year cash flow was partially offset by the decline of net income.

Financial Services generated $1,220 million of cash from operating activities in 2009, resulting primarily from $858 million in cash from decreases in dealer and other accounts receivables, from net income of $174 million and depreciation and amortization of $128 million. The decrease in receivables is attributable to the increase in sales of receivables to the ABS markets.

Cash Flows from Investing Activities

	For the Years Ended December 31,		
	2009	2008	2007
		(in millions)	
Equipment Operations	$ (691)	$ (1,066)	$ (890)
Financial Services	1,924	(2,731)	(1,502)
Eliminations		8	
Consolidated	$ 1,233	$ (3,789)	$ (2,392)

The utilization of cash in investing activities at Equipment Operations reflects capital expenditures of $217 million and an increase in deposits in Fiat affiliates cash management pools of $451 million. Capital expenditures were principally related to initiatives to introduce new products and enhance manufacturing efficiency. Capital expenditures for 2010 are anticipated to be approximately $400 million, up 84% from the 2009 level due to incremental spending associated with the deployment of new engine technology.

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Cash provided by investing activities at Financial Services totaled $1,924 million resulting from proceeds from retail securitizations of $3,775 million, collections of retail receivables of $4,466 million, proceeds from the sale of equipment on operating lease of $140 million, $107 million for retained interests, and withdrawals from Fiat affiliates cash management pools of $289 million. Partially offsetting these sources of cash were $6,552 million of investments in retail receivables and investments in equipment on operating leases of $302 million. Net cash provided from securitization transactions in 2009 was $1,796 million, up $3,902 million from 2008, as securitization markets re-opened in 2009, leading to an increase in new securitization funding and gains in 2009, which were in sharp contrast with the securitization markets that virtually ceased to operate in 2008.

Cash Flows from Financing Activities

	For the Years Ended December 31,		
	2009	2008	2007
	(in millions)		
Equipment Operations	$ (356)	$ 1,128	$ (432)
Financial Services	(2,766)	1,719	2,608
Eliminations	153	(4)	62
Consolidated	$ (2,969)	$ 2,843	$ 2,238

Equipment Operations cash flows used by financing activities of $356 million reflects the use of $1,017 million in cash to reduce short-term and long-term borrowings. Partially offsetting this use of cash, was $676 million in cash received for the reduction of intersegment notes from Financial Services. Net cash provided by financing activities in 2008 primarily related to increases in short-term and long-term borrowings.

Cash flows used by financing activities for Financial Services of $2,766 million primarily reflects a reduction in short-term and long-term borrowings of $1,937 million in addition to cash used to reduce intercompany notes from Equipment Operations of $676 million. In 2009, Financial Services paid dividends to Equipment Operations of $153 million, compared to $4 million in 2008. Net cash provided by financing activities in 2008 primarily related to increases in short-term and long-term borrowings.

Credit Ratings

As of the date of this report, our long-term unsecured debt was rated BB+ (Outlook negative) by S&P; Ba3 (stable outlook) by Moody s; and BBB Low (negative trend) by DBRS. A security rating is not a recommendation to buy, sell or hold securities. Ratings may be subject to revision or withdrawal at any time by the assigning rating organization, and each rating should be evaluated independently of any other rating.

Sources of Funding

Funding Policy

In the current environment of high uncertainty in the financial markets, our policy is to maintain a high degree of flexibility with our funding and investment options by using a broad variety of financial instruments to maintain our desired level of liquidity.

In managing our liquidity requirements, we are pursuing a financing strategy that includes maintaining continuous access to a variety of financing sources, including U.S. and international capital markets, commercial bank lines, and funding Financial Services with a combination of receivables securitizations, conduit financing and other transactions. While a significant portion of our financing has historically come from Fiat and Fiat affiliates, there is no assurance that funding from Fiat and its affiliates will continue at current levels or terms, if at all.

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A summary of our strategy follows:

To fund Equipment Operations short-term financing requirements and to ensure near-term liquidity, we will continue to sell our receivables to Financial Services and rely primarily on internal cash flows including further inventory reductions. We also maintain a funding relationship with Fiat through the overdraft facilities granted to us under the cash pooling arrangements operated by Fiat treasury subsidiaries in a number of jurisdictions. We may supplement our short-term financing by entering into new credit lines with banks.

As funding needs of Equipment Operations are determined to be of a longer-term nature, we may access public medium- and long-term debt markets as well as private investors and banks, as appropriate, to refinance borrowings and replenish our liquidity.

We will look at the public ABS market as an important source of funding in North America and Australia; however, we will maintain and further develop the multi-avenue funding strategy we initiated in the second half of 2008, which was based on diversifying our funding sources and expanding our investor base. Additional funding needs of Financial Services will be covered by the renewal and possibly the increase of Asset-Backed Commercial Paper (ABCP) Programs, private ABS deals and by the sale of selected portfolios of receivables in bilateral transactions with investors or other financial institutions. We will tailor our offerings to improve investor interest in our securities while optimizing economic factors and reducing execution risks. We will integrate our funding strategy for Financial Services with alternative sources of financing which will be determined on a case-by-case basis. Alternative means of funding could include bank facilities, both short and long-term, capital market transactions and private placements.

Financial Services in Brazil continues to utilize financing provided by BNDES to support the growth of the agricultural sector of the economy and issuances of certificates of deposit.

Financial Services has also relied in the past, and may continue to rely, on intersegment borrowings from Equipment Operations.
On a global level, we will continue to evaluate alternatives to ensure that Financial Services has access to capital on favorable terms to support its business, including agreements with global or regional partners similar to our agreement with BPLG, new funding arrangements or a combination of the foregoing.

Our access to external sources of financing, as well as the cost of financing, is dependent on various factors, including our unsecured debt ratings. A further deterioration in our ratings could impair our ability to obtain debt financing as well as increase the cost of such financing. Debt ratings are influenced by a number of factors, including, among others: Fiat s debt ratings, financial leverage on an absolute basis or relative to peers, the composition of the balance sheet and/or capital structure, material changes in earning trends and volatility, ability to dividend monies from subsidiaries and our competitive position. Material deterioration in any one or a combination of these factors could result in a downgrade of our debt ratings, thus increasing the cost of, and limiting the availability, of unsecured financing.

Our ability to obtain financing is limited by certain covenants in our indentures and credit agreements. As described below, since December 31, 2009, we have been subject to more stringent restrictions on the incurrence of indebtedness than in prior periods under the indenture governing our 7.125% senior notes due 2014. See Long term debt below.

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Consolidated Debt

As of December 31, 2009, and 2008, our consolidated debt was as detailed in the table below:

	Consolidated		Equipment Operations		Financial Services	
	2009	2008	2009	2008	2009	2008
	(in millions)					
Long-term debt excluding current maturities	$ 5,050	$ 5,347	$ 3,231	$ 2,698	$ 2,650	$ 2,968
Current maturities of long-term debt	2,386	2,530	774	1,143	2,058	1,387
Short-term debt	1,972	3,480	297	716	3,430	4,740
Total debt	$ 9,408	$ 11,357	$ 4,302	$ 4,557	$ 8,138	$ 9,095

On December 31, 2009, our outstanding consolidated debt with Fiat and its affiliates was $2.9 billion, or 31% of our consolidated debt, compared to $5.2 billion or 46% as of December 31, 2008. The main reason for the decrease in our consolidated debt with Fiat was the opportunity to refinance part of our borrowings with third parties: for Equipment Operations, with a $1.0 billion issue of debt securities at an annual fixed rate of 7.75% due in 2013; and for Financial Services, with new securitizations.

We believe that Net Debt, defined as total debt less intersegment notes receivable, deposits in Fiat affiliates cash management pools and cash and cash equivalents, is a useful analytical tool for measuring our effective borrowing requirements. Our ratio of Net Debt to Net Capitalization provides useful supplementary information to investors so that they may evaluate our financial performance using the same measures we use. Net Capitalization is defined as the sum of Net Debt and Total Equity. Net Debt and Net Capitalization are non-GAAP measures. These non-GAAP financial measures should neither be considered as a substitute for, nor superior to, measures of financial performance prepared in accordance with U.S. GAAP.

The calculation of Net Debt and Net Debt to Net Capitalization as of December 31, 2009 and 2008 and the reconciliation of Net Debt to Total Debt, the U.S. GAAP financial measure that we believe to be most directly comparable, are shown below:

	Consolidated		Equipment Operations		Financial Services	
	2009	2008	2009	2008	2009	2008
	(in millions, except percentages)					
Total debt	$ 9,408	$ 11,357	$ 4,302	$ 4,557	$ 8,138	$ 9,095
Less:						
Cash and cash equivalents	1,263	633	290	173	973	460
Deposits with Fiat	2,251	2,058	2,144	1,666	107	392
Intersegment notes receivables			2,398	2,295	634	
Net debt (cash)	5,894	8,666	(530)	423	6,424	8,243
Total equity	6,810	6,575	6,809	6,574	2,378	2,074
Net capitalization	$ 12,704	$ 15,241	$ 6,279	$ 6,997	$ 8,802	$ 10,317
Net debt (cash) to net capitalization	46%	57%	(8)%	6%	73%	80%

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The following table computes Total Debt to Total Capitalization, the U.S. GAAP financial measure which we believe to be most directly comparable to Net Debt to Net Capitalization.

	Consolidated		Equipment Operations		Financial Services	
	2009	2008	2009	2008	2009	2008
	(in millions, except percentages)					
Total debt	$ 9,408	$ 11,357	$ 4,302	$ 4,557	$ 8,138	$ 9,095
Total equity	6,810	6,575	6,809	6,574	2,378	2,074
Total capitalization	$ 16,218	$ 17,932	$ 11,111	$ 11,131	$ 10,516	$ 11,169
Total debt to total capitalization	58%	63%	39%	41%	77%	81%

The Net Cash position of Equipment Operations in 2009, compared to a Net Debt position in 2008, reflects the reduction in working capital, which resulted in higher cash and lower debt levels.

The decrease in Financial Services Net Debt principally reflects significant collections and securitizations of retail receivables in 2009.

Long term debt

As of December 31, 2009, our consolidated long-term debt was $7.4 billion, including $2.4 billion of current maturities, compared to $7.9 billion and $2.5 billion, respectively, as of the end of the prior year.

Equipment Operations long-term debt as of December 31, 2009, which was $4.0 billion, including $774 million of current maturities, consisted of bonds and medium-term notes in the aggregate amount of approximately $1.7 billion, two long-term loans from a Fiat treasury subsidiary in the aggregate amount of $800 million, medium-term loans and borrowings under credit facilities with third parties and Fiat in the aggregate amount of $577 million and drawdown from the syndicated credit facility in the amount of 300 million ($432 million) and intersegment notes in the amount of $473 million.

As of December 31, 2009, Financial Services long-term debt was $4.7 billion, including $2.1 billion of current maturities, and consisted primarily of $1.3 billion of borrowings under committed credit lines related to our retail lending activities in Brazil, $309 million of borrowing under a Canadian asset-backed facility, $1.4 billion of borrowing from Fiat, $849 million of borrowing from third parties and intersegment notes in the amount of $804 million.

Our ability to obtain financing is limited by certain covenants in the indenture governing our 7.125% Senior Notes due 2014.

Pursuant to the indenture governing Case New Holland Inc. s 7.125% Senior Notes, as of December 31, 2009, CNH and its restricted Equipment Operations subsidiaries were permitted to incur additional indebtedness under credit facilities in an aggregate amount not to exceed approximately $1.5 billion. In addition, CNH and its restricted Equipment Subsidiaries may incur additional indebtedness to refinance certain of their indebtedness with new indebtedness with a weighted average life to maturity at least as long as the remaining weighted average life of the indebtedness being refinanced.

In addition, CNH and its restricted Equipment Operations subsidiaries are subject to restrictions under the indenture governing CNH s 7.125% Senior Notes with respect to their ability to pay dividends, repurchase capital stock, make certain investments, and merge with or into other companies.

Notwithstanding the restrictions, CNH may pay dividends on its common shares in an amount not to exceed $60.0 million in any calendar year, provided that no default or event of default with respect to the 7.125% Senior Notes has occurred and is continuing.

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A more detailed description of our long-term debt is provided under Note 9: Credit Facilities and Debt in our consolidated financial statements.

Short Term Debt

As of December 31, 2009, our consolidated short-term debt was $2.0 billion, compared to $3.5 billion as of the end of the prior year.

Equipment Operations short-term debt as of December 31, 2009 was $297 million and consisted of mainly off $129 million of drawdowns from credit facilities and intersegment notes in the amount of $161 million.

As of December 31, 2009, Financial Services short-term debt was $3.4 billion, and consisted of $1.6 billion of inter-company borrowings, $1.5 billion of drawdowns from credit facilities (of which $279 million were granted by Fiat treasury subsidiaries, $828 million were financed under ABCP warehouse facilities and $370 million were financed under various other facilities with third parties), and $359 million of loans (of which $251 million were granted from Fiat treasury subsidiaries).

A more detailed description of our short-term debt is provided under Note 9: Credit Facilities and Debt in our consolidated financial statements.

Credit Facilities

Credit facilities and debt outstanding under such facilities consist of committed and uncommitted credit facilities.

As of December 31, 2009, we had approximately $4.4 billion available under our $9.2 billion total lines of credit, including asset-backed facilities, of which $600 million were committed lines, $2.6 billion of uncommitted lines and $1.2 billion in asset-backed facilities.

Of the total $4.8 billion drawn under such lines, $1.6 billion is classified as short term debt, $1.6 billion is classified as current maturities of long-term debt and $1.6 billion classified as long-term debt.

A more detailed description of our credit facilities is provided under Note 9: Credit Facilities and Debt in our consolidated financial statements.

Cash, cash equivalents, Deposits with Fiat and Intersegment notes receivable

Cash and cash equivalents were $1.3 billion as of December 31, 2009, compared to $633 million as of December 31, 2008. The following table shows cash and cash equivalents, together with additional information on deposits with Fiat and intersegment notes receivable, which together contribute to our definition of Net Debt as of December 31, 2009, and 2008.

	Consolidated		Equipment Operations		Financial Services	
	2009	2008	2009	2008	2009	2008
	(in millions)					
Cash and cash equivalents	$ 1,263	$ 633	$ 290	$ 173	$ 973	$ 460
Deposits with Fiat	$ 2,251	$ 2,058	$ 2,144	$ 1,666	$ 107	$ 392
Intersegment notes receivable:						
Current	$	$	$ 1,893	$ 1,976	$ 308	$
Long-term			505	319	326	
Total intersegment notes receivables	$	$	$ 2,398	$ 2,295	$ 634	$

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The amount of deposits with Fiat and cash and cash equivalents held by us on a consolidated basis fluctuates daily. The ratio of cash equivalents to deposits with Fiat also varies, as a function of the cash flows of those CNH subsidiaries that participate in the various cash pooling systems managed by Fiat worldwide.

At December 31, 2009, we had approximately $2.3 billion of cash deposited in the Fiat affiliates cash management pools compared with $2.1 billion at the end of the prior year. The total amount deposited in the Fiat affiliates cash management pools as of December 31, 2009, included $1.2 billion deposited by our subsidiaries in the United States and in Canada, $886 million deposited by certain of our European subsidiaries with a treasury subsidiary managing cash in most of Europe excluding Italy, and $122 million deposited by our Italian subsidiaries with a treasury subsidiary managing cash in Italy.

Securitization

The following table summarizes the principal amount of our retail, wholesale and credit card receivables in the United States, Canada and Europe which are not included in our consolidated balance sheet (off-book receivables) at December 31, 2009, and 2008:

	2009	2008
	(in millions)	
Wholesale receivables	$ 2,316	$ 2,328
Retail and other notes and finance leases	4,207	3,044
Credit card	181	186
Total	$ 6,704	$ 5,558

As part of its overall funding strategy, the Company securitizes and transfers financial receivables via securitization transactions. Following the contraction of the ABS market in 2008, we were able to obtain alternative funding through other third-party sources. When the ABS markets improved in 2009, in part through government-sponsored initiatives, we returned to the ABS market for a portion of our funding. While we utilized the ABS markets in 2009, we continued to expand and diversify our sources of funding.

Beginning January 1, 2010, the Company adopted the new accounting guidance which amends the accounting for variable interest entities. The impact is expected to increase assets and liabilities approximately $6 billion and decrease equity by approximately $50 million. The Company will also adopt the new accounting guidance which changes the accounting for transfers of financial assets. All qualifying special purpose entities (QSPE) will be eliminated, requiring all related receivables to be brought back on book. We expect the impact of this guidance will be that certain transactions that have historically met derecognition criteria will no longer qualify for derecognition. In addition, because the Company s securitization transactions will be accounted for as secured borrowings rather than asset sales, the cash flows from these transactions will be presented as cash flows from financing activities rather than cash flows from operating or investing activities.

Wholesale

In the U.S., Financial Services sells eligible receivables on a revolving basis to privately and publically structured securitization facilities. The receivables are initially sold to a wholly-owned special purpose entity (SPE), to achieve bankruptcy remoteness. The SPE, which is consolidated by CNH, legally isolates the receivables from creditors of CNH. In turn, this subsidiary established a separate trust to which the receivables are transferred in exchange for proceeds from debt issued by the trust. The trust qualifies as a QSPE under the accounting guidelines and accordingly, is not consolidated by CNH. This transaction is utilized as an alternative to the issuance of debt.

In the event charge-offs reduce the pool of receivables sold below certain limits, the investors in the facility have recourse against our retained undivided interests in the sold receivables. The amounts of these retained undivided interests fluctuate with the size of the sold portfolio, as they are specified as percentages of the sold receivables. The retained undivided interests are recorded at cost, which approximates fair value due to the short-

term nature of the receivables. Investors have no recourse to us in excess of the retained undivided interests. We continue to service the sold receivables and receive a fee, which represents the fair value of the services provided.

The facilities have consisted of a master trust facility in both the U.S. and Canada. The U.S. master trust facility consists of the following: $583 million term senior and subordinated asset-backed notes issued in August, 2009 with a three year maturity, and three 364-day conduit facilities renewable annually at the sole discretion of the purchasers; $500 million renewable August, 2010, $300 million renewable October, 2010 and $250 million renewable November, 2010. During 2009, the Canadian facility no longer qualified as an off-book securitization and consequently, is now recorded as secured borrowing.

As of December 31, 2009, we had the following balances related to the wholesale receivable securitization facilities described above:

	Receivables Sold	Facility Outstanding	Retained Undivided Interest
		(in millions)	
United States	$ 2,312	$ 1,633	$ 679

As of December 31, 2008, we had the following balances related to the wholesale receivable securitization facilities described above:

	Receivables Sold		Facility Outstanding		Retained Undivided Interest	
	Local Currency	US$	Local Currency	US$	Local Currency	US$
			(in millions)			
United States	$ 1,917	$ 1,917	$ 1,550	$ 1,550	$ 367	$ 367
Canada	C$ 270	222	C$ 190	156	C$ 80	66

Financial Services recognized gains on sale of these receivables of $51 million, $54 million and $111 million for the years ended December 31, 2009, and 2008 and 2007, respectively.

Each of the facilities contains minimum portfolio performance thresholds which, if breached, could preclude us from selling additional receivables originated on a prospective basis. We would have to find an alternative source of funding which may be consolidated on our balance sheet.

In addition, Financial Services has various factoring programs for the revolving sale to third party factors of wholesale receivables originated in Europe. At December 31, 2009 and 2008, the amount of outstanding receivables under these factoring programs were 666 million ($959 million) and 484 million ($674 million), respectively, of which, 483 million ($696 million) and 346 million ($482 million) were sold and, accordingly, removed from the balance sheet at December 31, 2009 and December 31, 2008, respectively.

Retail

Within our asset securitization program, qualifying retail finance receivables are sold to limited purpose, bankruptcy-remote consolidated subsidiaries of CNH. In turn, these subsidiaries establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. Due to the nature of the assets held by the SPEs and the limited nature of each SPE s activities, each SPE is classified as a QSPE and therefore, the assets and liabilities of the QSPEs are not consolidated in our consolidated balance sheets. This allows the SPE to issue highly-rated securities which provide us with a cost-effective source of funding.

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We maintain access to the asset-backed term markets in both the United States and Canada. During 2009, SPE affiliates of our U.S. Financial Services subsidiaries executed $2.9 billion in retail asset-backed transactions and SPE affiliates of our Canadian Financial Services subsidiaries executed C$934 million ($823 million) in retail asset-backed transactions. The securities in these transactions are backed by agricultural and construction equipment retail receivable contracts and finance leases originated through our dealer network. Financial Services applied the proceeds from the securitizations to repay outstanding debt. At December 31, 2009, $4.2 billion of asset-backed securities issued to investors out of the U.S. and Canadian SPE s were outstanding with a weighted average expected remaining maturity between 22 and 26 months.

We agree to service the receivables transferred for a fee and earn other related ongoing income customary with the securitization programs. We also may retain all or a portion of subordinated interests in the QSPEs. These interests are reported as assets in our consolidated balance sheets. The amount of the fees earned and the levels of retained interests that we maintain are quantified and described in Note 3: Accounts and Notes Receivable of our consolidated financial statements.

No recourse provisions exist that allow holders of the asset-backed securities issued by the QSPEs to put those securities back to us although we provide customary representations and warranties that could give rise to an obligation to repurchase from the QSPE any receivables for which there is a breach of the representations and warranties. Moreover, we do not guarantee any securities issued by the QSPEs. Our exposure related to these QSPEs is limited to the cash deposits held for the benefit of the holders of the asset-backed securities issued by the QSPEs including the retained interests in the QSPEs, which are reported in our consolidated balance sheets. The QSPEs have a limited life and generally terminate upon final distribution of amounts owed to investors or upon exercise of a cleanup-call option by us, in our role as servicer.

Credit Card

Financial Services continues to sell credit card receivables on a revolving basis to a privately owned 364-day facility, renewable in October, 2010. The receivables sold were removed from our balance sheet. As of December 31, 2009 and 2008, CNH had the following credit card receivable securitization facility:

	2009	2008
	(in millions)	
Facility limit	$ 200	$ 200
Receivables sold	248	255
Facility outstanding	181	186
Retained undivided interest	67	69

Our off book funding programs are further described in Note 3: Accounts and Notes Receivable of our consolidated financial statements.

Other Restricted Receivables

A portion of our securitizations are not recorded as sales, but are accounted for as secured borrowings. Accordingly, the related receivables are included in our consolidated balance sheet, but are classified as restricted assets.

The following table summarizes our other restricted receivables at December 31, 2009, and 2008:

	2009	2008
	(in millions)	
Asset-backed commercial paper (ABCP) conduit facilities	$ 1,006	$ 1,912
Wholesale receivables	586	
Australia retail receivables	365	87
North America receivables	173	285
Total other restricted receivables	$ 2,130	$ 2,284

The secured borrowings related to these restricted securitized retail notes are obligations that are payable as the retail notes are liquidated. Repayments of the secured borrowings depend primarily on cash flows generated by the restricted assets. See Note 9: Credit Facilities and Debt in our consolidated financial statements for more information regarding ABCP facilities.

Pension and Other Postretirement Benefits

Pension Benefit Obligations

Plan assets are primarily held in trusts and invested to provide for current and future pension benefits. Plan assets primarily consist of investments in equity securities, debt securities, and cash.

The funded status of our pension benefit obligations expresses the extent to which plan assets are available to satisfy our estimated obligations. At December 31, 2009 and 2008, our pension plans had an underfunded status of approximately $848 million and $833 million, respectively. These amounts included pension plan obligations for plans that we do not currently fund of $481 million and $483 million at December 31, 2009 and 2008, respectively.

The Pension Protection Act of 2006 (PPA) was enacted in August, 2006, and established, among other things, new standards for funding of U.S. defined benefit pension plans. One of the primary objectives of the PPA is to improve the financial integrity of underfunded plans through the requirement of additional contributions. During 2009, we made a discretionary contribution of $90 million to our U.S. defined benefit pension plan trust. In 2010, we anticipate making a discretionary contribution of up to $70 million to the U.S. defined benefit pension plan trust. Based on projections of minimum funding requirements, there will be no contribution required in 2011 through 2014 for this plan. We will continue to consider making discretionary contributions to our pension and other benefit plans in the future, based on availability of cash and other options available to us.

During 2009, we contributed $61 million to our non-U.S. defined benefit plans and we anticipate that we will make contributions to such plans in 2010 of approximately $62 million.

Other Postretirement Benefit Obligations

These benefit obligations are currently unfunded although we continue to evaluate making discretionary contributions. At December 31, 2009, and 2008, our other postretirement benefit obligations had an underfunded status of $1.1 billion, and $1.1 billion, respectively.

During 2009 and 2008, we did not make any voluntary contributions to our postretirement benefit plans, however, we contributed $69 million and $74 million in order to fund benefit payments made during 2009 and 2008, respectively. We anticipate that cash requirements for other postretirement employee benefit costs will be approximately $78 million in 2010.

See Item 5. Operating and Financial Review and Prospects A. Operating Results Application of Critical Accounting Estimates, as well as Note 12: Employee Benefit Plans and Postretirement Benefits of our consolidated financial statements for additional information on pension and other postretirement benefits accounting.

C. *Research and Development, Patents and Licenses, etc.*

Our research, development and engineering personnel design, engineer, manufacture and test new products, components, and systems. We incurred $398 million, $422 million, and $409 million of research and development costs in the years ended December 31, 2009, 2008, and 2007, respectively.

Agricultural Equipment We are promoting the New Holland, Case IH and Steyr brands and logos as the primary brand names for our agricultural equipment products.

Construction Equipment For construction equipment under New Holland, we are promoting the New Holland and Kobelco brands in particular regions of the world. For construction equipment under Case, we are promoting the Case construction brand name and trademark.

Most of these brand names have been registered as trademarks in the principal markets in which we use them. Other than the New Holland, Case and Case IH trademarks, we do not believe that our business is materially dependent on any single patent or trademark or group of patents or trademarks. We also sell some products under heritage brand names or sub-brand names such as Braud, FiatAllis, Flexi-Coil, Austoft, Concord, DMI and Tyler.

Through our Case IH and New Holland brands in agricultural equipment and Case and New Holland Construction brands in construction equipment, we have a significant tradition of technological innovation in the agricultural and construction equipment industries. As of December 31, 2009, we hold over 3,900 patents and over 950 additional applications are pending. We believe that we are among the market leaders for the number of patents in the product classes in which we compete.

D. *Trend Information.*

See Item 5. Operating and Financial Review and Prospects A. Operating Results and Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources, including: *Equipment Operations and Financial Services Key Trends for 2009* , *Equipment Operations and Financial Services Key Trends for 2010* and *2009 Compared to 2008.*

E. *Off-Balance Sheet Arrangements.*

We disclose our off-balance sheet arrangements in the notes to our consolidated financial statements and have incorporated a discussion of our off-balance sheet arrangements into our discussion of liquidity and capital resources. Please see Note 3: Accounts and Notes Receivable and Item 5. Operating and Financial Review and Prospectus A. Operating Results Application of Critical Accounting Estimates Off-Balance Sheet Financing for a detailed description of our off-balance sheet arrangements.

F. *Tabular Disclosure of Contractual Obligations.*

The following table sets forth the aggregate amounts of our contractual obligations and commitments with definitive payment terms that will require significant cash outlays in the future. The commitment amounts as of December 31, 2009, are as follows:

	Payments Due by Period				
	Total	**Less than 1 year**	**1-3 years**	**4-5 years**	**After 5 years**
			(in millions)		
Long-term debt	$ 7,436	$ 2,386	$ 2,169	$ 1,798	$ 1,083
Interest on fixed rate debt(1)	1,424	340	575	360	149
Interest on floating rate debt(1)	1,043	217	405	344	77
Operating leases(2)	149	38	44	25	42
Tax contingencies(3)	60	60			
Total contractual cash obligations	$ 10,112	$ 3,041	$ 3,193	$ 2,527	$ 1,351

(1) The interest funding requirements are based on the 2009 interest rates and the assumption that short-term debt will be renewed for the next five years.

(2) Minimum rental commitments.

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(3) The company applies the provisions of accounting guidance that clarifies the accounting for tax contingencies. See Note 10 Income Taxes of our consolidated financial statements. The total amount of gross tax contingencies, including positions impacting only the timing of tax benefits was $423 million for the year ended December 31, 2009. Payment of these liabilities would result from settlements with taxing authorities. Because of the high degree of uncertainty relating to the timing of future cash outflows associated with these liabilities, we are unable to reasonably estimate beyond one year when settlement will occur with respective taxing authorities.

Other Liabilities

We expect that our Other Long-term Liabilities and Purchase Obligations, described below, will be funded with cash flows from operations and additional borrowings under our credit facilities.

We had interest expense of approximately $346 million for the year ended December 31, 2009, on floating rate debt. If the average floating interest rate increased by 0.5%, our interest expense would have increased approximately $31 million for the year.

At December 31, 2009, Financial Services was under various agreements to extend credit for the following managed portfolios:

	Total Credit Limit	Utilized	Unfunded Amount
		(in millions)	
Private label credit card	$ 5,315	$ 305	$ 5,010
Wholesale and dealer financing	$ 5,584	$ 2,930	$ 2,654

The private label credit cards are issued by CNH to retail customers for purchases of parts and services at dealerships which sell our equipment.

In the normal course of business, we and our subsidiaries provide indemnification for guarantees that financial institutions and Fiat provide in the form of bonds guaranteeing the payment of taxes, performance bonds, custom bonds, bid bonds, and bonds related to litigation. As of December 31, 2009, total commitments of this type were approximately $541 million.

In addition, we provide payment guarantees on financial debts of customers for approximately $451 million, of which the main guarantee relates to credit lines with BNDES. BNDES, a development agency of the government of Brazil, has provided limited credit lines to qualified financial institutions at subsidized interest rates to enable subsidized retail financing to farmers for purchases of agricultural or construction equipment. In addition to participating directly in the program, Financial Services originated and continues to service secured retail loans on behalf of certain third party financial institutions participating in the BNDES program. Through Financial Services, we have guaranteed this portfolio against all credit losses. At December 31, 2009, the guaranteed portfolio balance is $349 million.

While our funding policy requires contributions to our defined benefit pension plans equal to the amounts necessary to, at a minimum, satisfy the funding requirements as prescribed by the laws and regulations of each country, we do make discretionary contributions when management determines it is prudent to do so. For 2010, we anticipate making total discretionary contributions to our U.S. defined benefit pension plans of up to $70 million, and anticipate making contributions to our other defined benefit pension plans of approximately $62 million prior to consideration of any discretionary contributions.

Our other postretirement benefit plans are currently unfunded although we continue to evaluate making discretionary contributions. We are required to make contributions equal to the amount of current plan expenditures, less participant contributions. For 2010, we anticipate contributions to our other postretirement benefit plans of approximately $78 million prior to consideration of any discretionary contributions.

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We expect to pay income taxes in 2010 of approximately $65 million for years ended December 31, 2009, and prior. Income tax payments beyond 2010 are contingent on many variable factors and cannot be accurately predicted.

Purchase Obligations

We estimate that, for 2010, expenditures for property, plant and equipment and other investments to support our margin improvement initiatives, our new product programs and other requirements may be approximately $400 million. Additionally, we anticipate expenditures of approximately $225 million in 2010 by our Financial Services segment for equipment that will be purchased from dealers and leased to customers under operating lease arrangements.

Purchase orders made in the ordinary course of business are excluded from this section. As of December 31, 2009, the Company does not have a material level of purchase obligations under contracts that specify fixed or minimum quantities and prices.

G. ***Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995.***

This report includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact contained in this filing, including statements: regarding our competitive strengths; business strategy; future financial position, operating results or economic performance; budgets; projections with respect to revenue, income, earnings (or loss) per share, capital expenditures, dividends, capital structure or other financial items; costs; and plans and objectives of management regarding operations and products, are forward-looking statements. These statements may include terminology such as may, will, expect, could, should, intend, estimate, anticipate, believe, outlook, continue, remain, objective, goal, or similar terminology.

Our outlook is predominantly based on our interpretation of what we consider to be key economic assumptions and involves risks and uncertainties that could cause actual results to differ (possibly materially) from such forward-looking statements. Macro-economic factors including monetary policy, interest rates, currency exchange rates, inflation, deflation, credit availability and government intervention in an attempt to influence such factors can have a material impact on our customers and the demand for our goods. Crop production and commodity prices are strongly affected by weather and can fluctuate significantly. Housing starts and other construction activity are sensitive to, among other things, credit availability, interest rates and government spending. Some of the other significant factors which may affect our results include general economic and capital market conditions, the cyclical nature of our businesses, customer buying patterns and preferences, the impact of changes in geographical sales mix and product sales mix, foreign currency exchange rate movements, our hedging practices, investment returns, our and our customers access to credit, restrictive covenants in our debt agreements actions by rating agencies concerning the ratings on our debt and asset-backed securities and the credit ratings of Fiat S.p.A., risks related to our relationship with Fiat S.p.A., political uncertainty and civil unrest or war in various areas of the world, pricing, product initiatives and other actions taken by competitors, disruptions in production capacity, excess inventory levels, the effect of changes in laws and regulations (including those related to tax, healthcare, retiree benefits, government subsidies and international trade regulations), the results of legal proceedings, technological difficulties, results of our research and development activities, changes in environmental laws, employee and labor relations, pension and health care costs, relations with and the financial strength of dealers, the cost and availability of supplies, raw material costs and availability, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm programs (including those that may result from farm economic conditions in Brazil), consumer confidence, housing starts and construction activity, concerns related to modified organisms and fuel and fertilizer costs, and the growth of non-food uses for some crops (including ethanol and biodiesel production). Additionally, our achievement of the anticipated benefits of our margin improvement initiatives depends upon, among other things, industry volumes as well as our ability to effectively rationalize our operations and to execute our brand strategy.

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Furthermore, in light of recent difficult economic conditions, both globally and in the industries in which we operate, it is particularly difficult to forecast our results and any estimates or forecasts of particular periods that we provide are uncertain. We can give no assurance that the expectations reflected in our forward-looking statements will prove to be correct. Our actual results could differ materially from those anticipated in these forward-looking statements. All written and oral forward-looking statements attributable to us are expressly qualified in their entirety by the factors we disclose that could cause our actual results to differ materially from our expectations. We undertake no obligation to update or revise publicly any forward-looking statements.

Item 6. Directors, Senior Management and Employees

A. ***Directors and Senior Management.***

The Board of Directors consists of ten directors, seven of which are independent directors as provided in the listing standards and rules of the NYSE. The directors serve for a term of one year and may stand for re-election the following year.

As of February 25, 2010, our directors and certain senior managers are as set forth below:

Name	Position with CNH	Director/ Executive Officer Since
Harold D. Boyanovsky	President, Chief Executive Officer, and Director	2005/1999
Dr. Edward A. Hiler	Director	2002
Léo W. Houle	Director	2006
Dr. Rolf M. Jeker	Director	2006
Dr. Peter Kalantzis	Director	2006
John Lanaway	Director	2006
Kenneth Lipper	Director	1996
Sergio Marchionne	Director, Chairman of the Board	2004
Paolo Monferino	Director	2000
Jacques Theurillat	Director	2006
Steven C. Bierman	Chief Financial Officer (ad interim) and	2009
	President, CNH Capital	2005
Barry L. Engle	President, New Holland Agricultural Equipment	2008
Pierre Fleck	President, Parts and Service	2008
Franco Fusignani	President and Chief Executive Officer, CNH International S.A.	2006
Andreas Klauser	President, Case IH Agricultural Equipment	2009
James E. McCullough	President, Construction Equipment	2009

Harold D. Boyanovsky, President and Chief Executive Officer and Director, born on August 15, 1944, was appointed President, Construction Equipment Business on September 1, 2002, President and Chief Executive Officer on February 28, 2005, and Director on December 7, 2005. He served as President, Worldwide Agricultural Equipment Products of CNH from November 1999, to October 2002 and as interim President, New Holland Agricultural Equipment from September 2007 to September 2008. Prior to the business merger of New Holland and Case, he served as a Senior Vice President of Case from May 1997 to November 1999. Between December 1966 and November 1999, Mr. Boyanovsky served in a variety of executive positions with Case and International Harvester.

Dr. Edward A. Hiler, Director, born on May 14, 1939, was elected a Director of CNH on May 7, 2002. Dr. Hiler served the Texas A&M University System as the Ellison Chair in International Floriculture and Professor of Horticultural Science from 2004-2007. He previously held the position of Vice Chancellor for Agriculture and Life Sciences and Dean of the College of Agriculture and Life Sciences. He served as Director of the Texas Agricultural Experiment Station. Since joining the faculty of Texas A&M as an assistant professor in

1966, Dr. Hiler has held a series of positions including professor and head of the University s Department of Agricultural Engineering, and deputy chancellor for Academic and Research Programs of the Texas A&M University System. He retired from academia in 2007. Dr. Hiler earned his Ph.D. in Agricultural Engineering at The Ohio State University, and he has served as President of the American Society of Agricultural Engineers and is an elected member of the National Academy of Engineering. He consults on aspects of water conservation, environmental quality, and energy from biological processes to various government agencies and the U.S. Congress. A licensed professional engineer and recipient of numerous educational and research awards, Dr. Hiler is the author of over 100 professional publications.

Léo W. Houle, Director, born on August 24, 1947, was elected a Director of CNH on April 7, 2006. Mr. Houle was Chief Talent Officer of BCE Inc. and Bell Canada, Canada s largest communications company, since June 2001 until his retirement in July 2008. Prior to joining BCE and Bell Canada Mr. Houle was Senior Vice-President, Corporate Human Resources of Algroup Ltd., a Swiss-based diversified industrial company. From 1966 to 1987, Mr. Houle held various managerial positions with the Bank of Montreal, the last of which was Senior Manager, Human Resources Administration Centers. In 1987, Mr. Houle joined the Lawson Mardon Group Limited and served as Group Vice-President, Human Resources until 1994 when Algroup Ltd. acquired Lawson Mardon Group at which time he was appointed Head of Human Resources for the packaging division of Algroup and in 1997 Head of Corporate Human Resources of Algroup, Ltd. Mr. Houle completed his studies at the College St- Jean in Edmonton, attended the Executive Development Program in Human Resources at the University of Western Ontario in 1987 and holds the designation of Certified Human Resources Professional (CHRP) from the Province of Ontario.

Dr. Rolf M. Jeker, Director, born July 30, 1946, was elected a Director of CNH on April 7, 2006. Dr. Jeker has been working as Executive Vice President and a member of the Group Executive Board of SGS Société Générale de Surveillance, SA, Geneva, Switzerland from May 1999 to July 2006. From June 1990 to May 1999, Dr. Jeker served as Under-Secretary and State Secretary of State a.i. for Foreign Economic Affairs; Chairman of Swiss Export Risk Guarantee Board and Chairman of the Swiss Investment Risk Guarantee Board. Dr. Jeker is a member of the Board of Directors of Precious Woods Holding Ltd.; Chairman of the Board of the Swiss Export Promotion Office; Chairman of Emerging Market Services Ltd.; member of the Foreign Economic Relations Committee of Economiesuisse; Chairman of the My Climate-CLIPP Foundation; and Member of the Board of the Swiss Climate Penny Foundation. Dr. Jeker holds a Masters and Ph.D. in Economics, business and public administration from the University of St. Gall, Switzerland. Dr. Jeker is the author of various books and articles on development and finance.

Dr. Peter Kalantzis, Director, born December 12, 1945, was elected a Director of CNH on April 7, 2006. Dr. Kalantzis has been working as an independent consultant since October 2000. Prior to 2000, he was responsible for Alusuisse-Lonza Group s corporate development and actively involved in the de-merger and stock market launch of Lonza, as well as the merger process of Alusuisse and Alcan. Dr. Kalantzis served as head of the Chemicals Division of Alusuisse-Lonza Group from 1991 until 1996. In 1991 Dr. Kalantzis was appointed Executive Vice-President and Member of the Executive Committee of the Alusuisse-Lonza Group. Between 1971 and 1990 he held a variety of positions at Lonza Ltd. in Basel. Dr. Kalantzis is Chairman of the Board of Directors of Movenpick-Holding Ltd., Cham, (Switzerland); Chairman of the Board of Clair Ltd., Cham; Chairman of the Board of Directors of PrivatAir Holding Ltd., Geneva. He is a member of the Board of Directors of Lamda Development Ltd., Athens; of Paneuropean Oil and Industrial Holdings, Luxembourg; of Von Roll Holding Ltd., Breitenbach (Switzerland); of Transbalkan Pipeline BV (Amsterdam); of SGS Ltd., Geneva (Switzerland); and of Hardstone Services SA, Geneva (Switzerland). From 1993 until 2002, he served on the Board of the Swiss Chemical and Pharmaceutical Association as Vice-President and in 2001-2002 as President. Dr. Kalantzis holds a Ph.D. in Economics and Political Sciences from the University of Basel and engaged in research as a member of the Institute for Applied Economics Research at the University of Basel between 1969 and 1971.

John Lanaway, Director, born on April 13, 1950, was elected a Director of CNH on April 7, 2006. Mr. Lanaway has been working as Chief Financial Officer, North America, of McCann Erickson North America,

one of the largest marketing communications networks in the world, since November 2007. From January 2001 to November 2007, he held similar positions at Ogilvy North America. Previously, he has held the positions of Chief Financial Officer and Senior Vice President at Geac Computer Corporation Limited from 1999 to 2001; Chief Financial Officer of Algorithmics Incorporated from 1997 to 1999; and Senior Vice President and Chief Financial Officer at Spar Aerospace from 1995 to 1996. Beginning in 1985 to 1995 Mr. Lanaway held various positions with Lawson Mardon Group Limited, including Sector Vice President, Labels North America from 1993 to 1995; Group Vice President and Chief Financial Officer from 1989 to 1992; General Manager, Lawson Mardon Graphics from 1988 to 1989; and Vice President, Financial Reporting and Control from 1985 to 1987. At Deloitte & Touche he served as Client Service Partner from 1980 to 1985 and as Student-Staff Accountant- Supervisor-Manager from 1971 to 1980. Mr. Lanaway graduated from the Institute of Chartered Accountants of Ontario, C.A. and has a Bachelor of Arts degree from the University of Toronto.

Kenneth Lipper, Director, born on June 19, 1941, was elected a Director of CNH on February 10, 1996. He was Executive Vice President of Cushman & Wakefield, Inc. from 2005 through 2008. In 2009 he became Senior Advisor of Cushman & Wakefield, Inc. He continues to serve as Chairman and CEO of Lipper & Company, LLC. Previously, he was the Deputy Mayor of the City of New York under Mayor Edward Koch from 1983 to 1985. He was a managing director and general partner of Salomon Brothers during the years 1976-1982 and an associate and general partner at Lehman Brothers during the years 1969-1975. Prior to that, Mr. Lipper was the Director of Industrial Policy for the Office of Foreign Direct Investment at the U.S. Department of Commerce and an associate with the law firm of Fried, Frank, Harris, Shriver & Jacobson. Mr. Lipper received an Academy Award in 1999 as Producer of The Last Days and has been involved as a producer and/or author in The Winter Guest, City Hall, and Wall Street. He is a partner and co-publisher of the celebrated biography series Penguin Lives, under the Lipper/Viking Penguin imprint. Mr. Lipper is a Trustee of the Council of Excellence in Government, the Governor s Committee on Scholastic Achievement and a member of the Council on Foreign Relations, Economic Club of New York and The Century Club. Mr. Lipper received a B.A. from Columbia University, a J.D. from Harvard Law School and Masters in Civil Law from New York University/Faculty of Law & Economics, Paris.

Sergio Marchionne, Director and Chairman of the Board, born on June 17, 1952, was appointed Director of CNH on July 22, 2004, and Chairman on April 7, 2006. Mr. Marchionne has been Chief Executive Officer of Fiat S.p.A. since June 2004, whose Board of Directors he joined in May 2003. He has also served as Chief Executive Officer of Fiat Group Automobiles S.p.A., Fiat s car division, since February 2005. He began his professional career in Canada. From 1983 to 1985, he worked as an accountant and tax specialist for Deloitte & Touche. From 1985 to 1988, he was Group Controller and then Director of Corporate Development at the Lawson Mardon Group of Toronto. In 1989 and 1990, he held the position as Executive Vice President of Glenex Industries. From 1990 to 1992, he was Vice President of Finance and Chief Financial Officer at Acklands Ltd. From 1992 to 1994, also in Toronto, he held the position of Vice President of Legal and Corporate Development and Chief Financial Officer of the Lawson Group, which was acquired by Alusuisse Lonza (Algroup) in 1994. Between 1994 and 2000, he held various positions of increasing responsibility at Algroup, headquartered in Zurich, until becoming Chief Executive Officer. He then went on to head the Lonza Group Ltd, following its demerger from Algroup, first as Chief Executive Officer (2000-2001) and then as Chairman (2002). In February 2002, he became Chief Executive Officer of the SGS Group of Geneva, a world leader in the area of inspection, verification, testing and certification services. In March 2006, he was appointed Chairman of the company, a position which he continues to hold. In 2008, he was appointed non-executive Vice Chairman and Senior Independent Director of UBS. He is a member of the Board of Philip Morris International Inc. and a member of the General Council of Confindustria, of Assonime (the association of Italian corporates), of Unione Industriale di Torino (Employers Association of Turin) and of ACEA (European Automobile Manufacturers Association). He is also Chairman of the Italian Branch of the Council for the United States and Italy. He is a permanent member of the Fondazione Giovanni Agnelli. In June 2009, he also became Chief Executive Officer of Chrysler Group LLC. Mr. Marchionne is a recipient of: an Honorary Doctor of Laws degree from the University of Windsor, a degree in Economics *honoris causa* from the CUOA Foundation and a degree *ad honorem* in Industrial Engineering and Management from Polytechnic University in Turin. Mr. Marchionne also holds the honour of *Cavaliere del Lavoro*.

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Paolo Monferino, Director, born on December 15, 1946, served as President and Chief Operating Officer of CNH from March 24, 2000 to November 7, 2000. On November 8, 2000, Mr. Monferino was appointed a Director and President and Chief Executive Officer, leading the overall management of CNH, including the execution of the Company s wide-ranging integration plan. Mr. Monferino resigned as President and Chief Executive Officer on February 28, 2005 and became Chief Executive Officer of Iveco, the lead company of Fiat Group s Commercial Vehicle Sector. Mr. Monferino has more than 20 years of experience in the agricultural and construction equipment business beginning in the United States with Fiatallis, a joint venture between Fiat s construction equipment business and Allis Chalmers. In 1983, he was named Chief Executive Officer of Fiatallis Latin American operations in Brazil. Two years later, he was appointed Chief Operating Officer at Fiatallis and in 1987 was named the Chief Operating Officer at FiatAgri, the farm machinery division of the Fiat Group. Following Fiat Geotech s 1991 acquisition of Ford New Holland, Mr. Monferino was named Executive Vice President of the new company headquartered in London. He was responsible for strategy and business development, including product, marketing and industrial policies.

Jacques Theurillat, Director, born on March 20, 1959, was elected a Director of CNH on April 7, 2006. Since May, 2008, Mr. Theurillat has served as Managing Partner of Ares Life Sciences, a private equity fund whose objective is to build a portfolio in life sciences. Mr. Theurillat served as CEO and Chairman of AlbeaPharma AG, a Swiss company involved in venture financing for life sciences companies. Mr. Theurillat served as Serono s Deputy CEO until December 2006. In addition to his role as Deputy CEO, he was appointed Senior Executive Vice President, Strategic Corporate Development in May 2006 and was responsible for developing the Company s global strategy and pursuing Serono s acquisition and in-licensing initiatives. From 2002 to 2006, Mr. Theurillat served as Serono s President of European and International Sales & Marketing. In this position he was responsible for Serono s commercial operations in Europe, IBO, Asia-Pacific, Oceania/Japan, Latin America and Canada. He became a Board member in May 2000. From 1996 to 2002, he was Chief Financial Officer. He previously served as Managing Director of the Istituto Farmacologico Serono in Rome, where he started in 1994. In 1993, he was appointed Vice President Taxes and Financial Planning for Serono. In 1990-1993, Mr. Theurillat worked outside Serono, running his own law and tax firm. Before that, he was Serono s Corporate Tax Director, a post to which he was appointed in 1988. He first joined Serono in 1987 as a Corporate Lawyer working on projects such as the company s initial public offering. Mr. Theurillat is a Swiss barrister and holds Bachelor of Law degrees from both Madrid University and Geneva University. He also holds a Swiss Federal Diploma (Tax Expert) and has a Master s degree in Finance.

Steven Bierman, President, CNH Capital, born on March 20, 1955, was appointed President, CNH Capital on September 30, 2005, and was previously Vice President of Commercial Finance for CNH Capital. On June 23, 2009, he was appointed interim Chief Financial Officer. Prior to joining CNH, Mr. Bierman was employed by Fremont General Corporation in Santa Monica, California, from 1998 to 2004. From 2002 to 2004, Mr. Bierman served as Chief Information Officer for Fremont Investment and Loan, a subsidiary of Fremont General Corporation. From 1998 to 2002, Mr. Bierman was employed by Fremont Financial Corporation, also a subsidiary of Fremont General Corporation, first as Senior Vice President for its syndicated loan group and after as President and Chief Operating Officer. Between 1996 and 1998, Mr. Bierman served as Senior Vice President/National Credit Manager of the Union Bank of California in the Commercial Finance Division. From 1986 to 1996, Mr. Bierman held a variety of positions with General Electric Capital Corporation. Additionally, Mr. Bierman is a Certified Public Accountant.

Barry Engle, President and Chief Executive Officer of New Holland Agricultural Equipment, born on January 4, 1964, was appointed President and Chief Executive Officer of New Holland Agricultural Equipment on September 2, 2008 after serving in a variety of positions with Ford Motor Company. He joined Ford in 1992 and gained extensive international experience with senior level posts in marketing and sales, strategic planning and general management. Most recently he was the President and CEO of Ford of Canada. Previously he was President, Ford of Brazil & Mercosul. He also has first-hand automotive retail experience, having been a Chrysler Plymouth Jeep dealer in Salt Lake City, Utah. Before becoming involved in the auto industry, he held

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finance and marketing positions in consumer packaged goods with General Mill, Inc. and Nabisco Brands, Inc. Mr. Engle holds an MBA from the Wharton School of the University of Pennsylvania and a BA in economics from Brigham Young University.

Pierre Fleck, President, Parts and Service, born on December 15, 1965, was appointed President of CNH Parts and Service on January 4, 2008 after serving as Executive Vice President Parts and Service for Fiat Group Automobiles S.p.A. since 2006, a position he retains. Before joining Fiat Group Automobiles in 2005, he held a variety of positions with Alcatel from 1989 and 1991 in Germany, Valeo Electrical Systems and Distribution from 1991 to 2000 and Honeywell Friction Materials from 2000 to 2004, in the fields of sales and marketing, distribution and after sales. Mr. Fleck holds an MBA from IEA, the Institut Européen des Affaires in Paris.

Franco Fusignani, President and Chief Executive Officer of CNH International SA, born on September 19, 1945, was appointed President and Chief Executive Officer of CNH International SA on July 1, 2007. He has responsibility for both New Holland Agriculture and Case IH, the agricultural brands of CNH, and New Holland Construction and Case Construction in Africa, Middle East, CIS, Asia, Australia and New Zealand (with a special focus on China, Turkey, India and Japan for the local presence of industrial and commercial JVs and manufacturing activities). After joining the Fiat Group in 1970 as an engineer, he held a variety of positions within the industrial and business activities of the Group. In 1978, Mr. Fusignani took the lead of the Fiat diesel operations (trucks, bus, engines) in Latin America. In 1981, he established the new Iveco Diesel Engine Division in Europe. In 1986, Mr. Fusignani was appointed vice president of the Industrial Construction Equipment operations. In 1991 he took the lead of the European Agricultural Commercial operations and in 1996 of the International Agricultural business establishing new industrial presence in Poland, Turkey, India, China, Mexico and strengthening the commercial presence in Africa, Middle East, Asia and CIS. Before being named CEO of CNH International SA, he served as senior vice president of CNH Agricultural Industrial Product Development.

Andreas Klauser, President, Case IH Agricultural Equipment, born on October 14, 1965, was appointed President, Case IH Agricultural Equipment on December 1, 2009. Mr. Klauser was previously Vice President & General Manager Commercial/Marketing Europe for Case IH and Steyr branded products for CNH St. Valentin, in addition to serving as Sales and Marketing Director for CNH Osterreich from 2006 to 2009. Mr. Klauser served as Business Director Central Europe CNH (St. Valentin, Modena and Plock) for NH, CASE IH and STEYR branded products from 2000 to 2006. He served as Business Director Eastern Europe for CASE IH and STEYR for Company CASE STEYR LANDMASCHINENTECHNIK (St. Valentin and Paris) from 1997 to 1999. And, from 1990 to 1996 he was Export Manager STEYR tractors for Italy and Eastern Europe for Company STEYR Landmaschinentechnik (St. Valentin/Austria).

James E. McCullough, President, Construction Equipment, born on June 27, 1950, was appointed President, Construction Equipment on July 21, 2009. He has responsibility for both New Holland Construction Equipment and Case Construction Equipment. Mr. McCullough was appointed President, Case Construction Equipment on September 30, 2005, and was previously President, Construction Equipment N.A. of CNH from June 2003. Mr. McCullough served as Senior Vice President, Construction Equipment Commercial Operations, N.A. from 2002 to 2003 and Senior Vice President, Case Commercial Operations Worldwide from 1999 to 2002. Prior to the business merger of New Holland and Case, he served as Vice President and General Manager, Case Construction Equipment Division from 1995 to 1998. Between 1988 and 1990, Mr. McCullough served in a variety of positions with Case.

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B. ***Compensation.***

Directors Compensation

The following table summarizes remuneration paid or accrued in cash or common shares to Directors for the year ended December 31, 2009, excluding directors who are employees of Fiat and are not compensated by us:

	Grant Price	Dr. Edward A. Hiler	Leo W. Houle	Dr. Rolf M. Jeker	Dr. Peter Kalantzis	John B. Lanaway	Kenneth Lipper	Jacques Theurillat	Harold Boyanovsky	Total
Salary		$	$	$	$	$	$	$	$ 847,071	$ 847,071
Annual Fees		115,000		115,000	120,000	84,000		77,500		511,500
Common Shares Granted										
3/19/2009	$ 10.22		35,000			9,000		19,375		63,375
6/17/2009	$ 15.43		35,000			9,000		19,375		63,375
9/15/2009	$ 18.23		35,000			9,000		19,375		63,375
12/14/2009	$ 24.74		35,000			9,000		19,375		63,375
Future Remuneration:										
Pension Plan									96,217	96,217
Bonus:										
Cash									290,330	290,330
Total		$ 115,000	$ 140,000	$ 115,000	$ 120,000	$ 120,000	$	$ 155,000	$ 1,233,618	$ 1,998,618

Outside directors also may elect to have a portion of their compensation paid in stock options. See CNH Outside Directors, Compensation Plan and Share Ownership below. Directors who are employees of Fiat do not receive compensation from us.

CNH Outside Directors Compensation Plan

The CNH Global N.V. Outside Directors Compensation Plan (CNH Directors Plan), as amended on July 22, 2008, provides for the payment of: (1) an annual retainer fee of $100,000; (2) an Audit Committee membership fee of $20,000; (3) a Corporate Governance and Compensation Committee membership fee of $15,000; (4) an Audit Committee chair fee of $35,000; and (5) a Corporate Governance and Compensation Committee chair fee of $25,000 (collectively, the Fees) to independent outside members of the Board in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH. Each quarter of the CNH Directors Plan year, the outside directors elect the form of payment of their Fees. If the elected form is common shares, the outside director will receive as many common shares as equal to the amount of Fees the director elects to forego, divided by the fair market value. Common shares issued vest immediately upon grant, but cannot be sold for a period of six months. If the elected form is options, the outside director will receive as many options as the amount of Fees that the director elects to forego, multiplied by four and divided by the fair market value of a common share. Such fair market value being equal to the average of the highest and lowest sale price of a common share on the last trading day of each quarter of the CNH Directors Plan year on the NYSE. Stock options granted as a result of such an election vest immediately upon grant, but shares purchased under options cannot be sold for six months following the date of exercise. Stock options terminate upon the earlier of: (1) ten years after the grant date; or (2) six months after the date an individual ceases to be an outside director. Prior to 2007, we also issued automatic option awards, which vest after the third anniversary of the grant date. At December 31, 2009 and 2008, there were 700,058 and 746,067 common shares, respectively, reserved for issuance under the CNH Directors Plan. Outside directors do not receive benefits upon termination of their service as directors.

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The following table reflects option activity under the CNH Directors Plan for the year ended December 31, 2009:

	2009	
	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	92,508	$ 31.01
Granted	29,661	15.51
Forfeited	(750)	77.05
Exercised	(4,000)	9.23
Outstanding at end of year	117,419	27.54
Exercisable at end of year	117,419	27.54

See Note 17: Option and Incentive Plans of our consolidated financial statements for a detailed discussion of our stock option and incentive programs.

Executive Officers Compensation

The aggregate amount of compensation paid to or accrued for executive officers that held office during 2009 was approximately $3.9 million, including $100,000 of pension and similar benefits paid or set aside by us.

Certain executives participate in a plan approved by the Board of Directors of Fiat and CNH (the Individual Top Hat Scheme), which provides a lump sum to be paid in installments if an executive, in certain circumstances, leaves Fiat and/or its subsidiaries before the age of 65. There were no contributions to the Individual Top Hat Scheme in 2009 and 2008.

C. ***Board Practices.***

Responsibility for overseeing the management of the Company lies with our Board of Directors, which determines our policies and the general course of corporate affairs. The members of the Board are appointed at the meetings of shareholders, serve for a term of one year, and stand for re-election every year. See Item 6A. Directors, Senior Management and Employees above.

We are subject to, among other things, both the laws of The Netherlands and the laws and regulations applicable to foreign private issuers in the U.S. The Dutch Corporate Governance Code (the Dutch Code), which became effective as of January 1, 2004, the Sarbanes-Oxley Act of 2002 and the NYSE listing standards are also of particular significance to our corporate governance. We describe the significant differences between our corporate governance practices and those required of domestic companies by the NYSE listing standards under Item 16G. Corporate Governance.

We have a one-tier management structure (*i.e.* a management board which may be comprised of both members having responsibility for our day-to-day operations, who are referred to as executive directors, and members not having such responsibility, referred to as non-executive directors). A majority of our directors are non-executive directors, who meet the independence requirements of the Dutch Code.

The Board believes that it is appropriate for the role of the Chief Executive Officer and the Chairman to be separate, and that the Chairman of the Board should be a non-executive director. Should an executive director be appointed as Chairman, the Board will also designate a non-executive director as the lead director, who will chair executive sessions of the Board.

For information regarding the period of time our directors have served, see Item 6A. Directors, Senior Management and Employees Directors and Senior Management. None of our directors have service contracts with the Company (or any subsidiary) providing for benefits upon termination of employment.

We currently have an Audit Committee and a Corporate Governance and Compensation Committee which are described in more detail below. During 2009, there were seven meetings of our Board of Directors. Attendance at these meetings was 96%. The Audit Committee met six times during 2009 and attendance at those meetings was 100%. The Corporate Governance and Compensation Committee met three times during 2009 with 100% attendance at such meetings. The Board of Directors and the Corporate Governance and Compensation Committee have each discussed the performance of the Board and its committees. The Audit Committee discusses, among other things, our risk assessment and management processes. The work plan of the Audit Committee provides that this assessment will take place annually. The Board also schedules one annual meeting that is devoted to discussing our strategy.

Audit Committee. Our Audit Committee is appointed by the Board to assist in monitoring (1) the integrity of our financial statements, (2) qualifications and independence of our independent registered public accounting firm, (3) the performance of our internal audit function and our independent registered public accounting firm, (4) our compliance with legal and regulatory requirements, (5) the systems of internal controls that management and the Board of Directors have established, and (6) it reviews and approves, if appropriate, any related party transactions and transactions under which any director could have a material conflict of interest. Directors are required to immediately report any actual or potential conflict of interest that is of material significance to us or to themselves.

The Audit Committee currently consists of Messrs. Theurillat, Kalantzis, and Lanaway. The Audit Committee is currently chaired by Mr. Theurillat. At its meetings, the Audit Committee customarily meets with the Chief Financial Officer, the General Counsel and Corporate Secretary, the Chief Accounting Officer, Internal Auditor and representatives from our independent registered public accounting firm. After such meetings, the Audit Committee routinely meets separately, in executive session, with the Chief Financial Officer, the Internal Auditor and representatives from our independent registered public accounting firm. In addition, at least once per year (and more often as necessary) the Audit Committee meets with representatives from our independent registered public accounting firm without any management present. The Charter for the Audit Committee is available on our web site (www.cnh.com). Our annual report on Form 20-F and quarterly results and other current reports on Form 6-K are available free of charge as soon as reasonably practicable after they are filed with the SEC. The information contained on our website is not included in, or incorporated by reference into, this annual report on Form 20-F.

Corporate Governance and Compensation Committee. The purpose of the Corporate Governance and Compensation Committee is to design, develop, implement and review the compensation and terms of employment of our executive officers and the fees of the members of the Board. The Corporate Governance and Compensation Committee is responsible to make sure that the compensation of the executive personnel is related to our (and our shareholders) short-term and long-term objectives and our operating performance. The compensation of the independent directors is set forth in the Outside Directors Compensation Plan and any amendments are approved by our shareholders. The Corporate Governance and Compensation Committee makes its recommendations to the Board. The Corporate Governance and Compensation Committee also advises the Board on candidates for the Board for a first appointment, to fill a vacancy, and on members for the Board for possible reappointment after each term. The Corporate Governance and Compensation Committee currently consists of Messrs. Houle, Hiler, Jeker, Lipper and Marchionne. The Corporate Governance and Compensation Committee is currently chaired by Mr. Houle. The Charter for the Corporate Governance and Compensation Committee is available on our web site (www.cnh.com).

For a discussion of certain provisions of our Articles of Association applicable to our Board, see Item 10. Additional Information Memorandum and Articles of Association.

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D. ***Employees.***

At December 31, 2009, 2008, and 2007, we had approximately 28,450, 31,500, and 28,150 employees, respectively. As of December 31, 2009, there were approximately 17,300 employees in the agricultural equipment business, 4,150 in the construction equipment business, and 850 in the financial services business, with the remaining 6,150 in parts and service and other roles shared by all business units. As of December 31, 2009, as broken down by geographic location, there were 9,850 employees in North America, 12,450 employees in Europe, 3,800 employees in Latin America, and 2,350 employees in the Rest of World.

Unions represent many of our production and maintenance employees. Our collective bargaining agreement with the UAW, which represents approximately 700 of our hourly production and maintenance employees in the United States continues through April, 2011. The International Association of Machinists, which represents approximately 520 of our employees in Fargo, North Dakota, ratified a new 5 $^{1}/2$ year contract in October, 2006, which expires in April, 2012.

Our employees in Europe are also covered by laws that afford employees, through local and central works councils, certain rights of information and consultation with respect to matters involving the business and operations of their employers, including the downsizing or closure of facilities and the termination of employment. Over the years, we have experienced various work slow-downs, stoppages and other labor disruptions.

E. ***Share Ownership.***

Collectively, our directors and executive officers beneficially own, or were granted options with respect to, less than one percent of our common shares. Directors automatic option awards vest after the third anniversary of the grant date. Directors elective option awards vest immediately upon grant. Directors options terminate six months after a director leaves the Board of Directors if not exercised. In any event, directors options terminate if not exercised by the tenth anniversary of the grant date.

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Options issued to outside directors are issued from the CNH Directors Plan. Options issued to our employees who are also board members are issued from the CNH Equity Incentive Plan (EIP). The following table summarizes outstanding stock options for directors as of December 31, 2009, excluding directors who are employees of Fiat and are not compensated by us:

	Grant Date	Exercise Price	Lipper	Hiler	Boyanovsky	Houle	Jeker	Kalantzis	Lanaway	Theurillat	Total
Beginning Balance as of 1/1/09											
(automatic option)	11/12/1999	77.05	750								750
	12/20/1999	68.85			60,000						60,000
	2/29/2000	56.09	713								713
	6/6/2000	60.63	660								660
(automatic option)	6/7/2000	60.00	1,500								1,500
(automatic option)	5/8/2003	9.23		4,000							4,000
(automatic option)	4/26/2004	21.22		4,000							4,000
(automatic option)	5/3/2005	17.28	4,000	4,000							8,000
(automatic option)	4/7/2006	27.70	4,000	4,000		4,000	4,000	4,000	4,000	4,000	28,000
	7/5/2006	23.87								1,047	1,047
	9/25/2006	21.20			11,543						11,543
	10/3/2006	22.32				4,480	1,008			1,121	6,609
	12/29/2006	27.45				3,643	820			911	5,374
	2/16/2007	37.96			42,299						42,299
	3/30/2007	38.04				2,629	592			657	3,878
	6/30/2007	50.95				1,963	442			491	2,896
	9/28/2007	60.54	1,487			1,652				413	3,552
	12/27/2007	66.41	1,356			1,506					2,862
	3/19/2008	50.08	1,798			1,997					3,795
	6/2/2008	48.12			10,574						10,574
	6/17/2008	42.51	2,118			2,353					4,471
	9/15/2008	29.58	3,043								3,043
	12/15/2008	15.63	7,358								7,358
Beginning Total			28,783	16,000	124,416	24,223	6,862	4,000	4,000	8,640	216,924
Vested/Not Exercised			24,783	12,000	81,795	20,223	2,862			4,640	146,303
Not Vested			4,000	4,000	42,621	4,000	4,000	4,000	4,000	4,000	70,621
Total Options Granted in 2009											
	3/19/2009	10.22	11,252								11,252
	4/30/2009	13.58			85,518						85,518
	6/17/2009	15.43	7,453								7,453
	9/15/2009	18.23	6,308								6,308
	12/14/2009	24.74	4,648								4,648
2009 Sub-Total			29,661		85,518						115,179
Options Forfeited in 2009	11/12/1999	77.05	750								750
	12/20/1999	68.85			60,000						60,000
Total Options Forfeited in 2009			750		60,000						60,750
Options Exercised in 2009	5/8/2003	9.23		4,000							4,000
Total Options Exercised 2009				4,000							4,000
Closing Balance as of 12/31/09											
Closing Total			57,694	12,000	149,934	24,223	6,862	4,000	4,000	8,640	267,353
Vested/Not Exercised			57,694	12,000	74,647	24,223	6,862	4,000	4,000	8,640	192,066
Not Vested					75,287						75,287

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The following table summarizes outstanding performance share units held by directors with respect to which vesting has not yet occurred.

	Grant Date	Price	Harold Boyanovsky	Total
Beginning Balance as of 1/1/09				
	12/15/2006	$ 26.99(A)	100,000	100,000
Total Beginning Balance Not Vested			100,000	100,000
Ending Balance as of 12/31/09 Not Vested			100,000	100,000

(A) Fair value based on initial estimate of achieving targets in 2010.

Item 7. Major Shareholders and Related Party Transactions

A. ***Major Shareholders.***

As of December 31, 2009, our outstanding capital stock consisted of common shares, par value 2.25 ($3.23) per share. As of December 31, 2009, there were 237,398,518 common shares outstanding. At December 31, 2009, we had 597 registered holders of record of our common shares in the United States. Registered holders and indirect beneficial owners hold approximately 11% of our outstanding common shares.

Fiat Netherlands, a wholly owned subsidiary of Fiat, is our largest single shareholder. Consequently, Fiat controls all matters submitted to a vote of our shareholders, including approval of annual dividends, election and removal of directors and approval of extraordinary business combinations. Fiat Netherlands has the same voting rights as our other shareholders.

The following table sets forth the outstanding common shares of CNH as of December 31, 2009:

Shareholders	Number of Outstanding Common Shares	Percentage Ownership Interest
Fiat Netherlands	211,866,037	89%
Other shareholders	25,532,481	11%
Total	237,398,518	100%

Our directors and executive officers, individually and collectively, owned less than 1% of our common shares at December 31, 2009.

B. ***Related Party Transactions***

As of December 31, 2009, Fiat owned approximately 89% of our common shares.

Various Fiat affiliates, including CNH, are parties to a 1 billion ($1.4 billion) syndicated credit facility with a group of banks, which matures in August 2010. Loans under this facility accrue interest at fluctuating rates based on EURIBOR (or other index rates, such as LIBOR depending on the currency borrowed), plus a margin. 300 million ($432 million) of this borrowing capacity was allocated to us with additional amounts potentially available depending on the usage by other borrowers. As of December 31, 2009, this facility was fully drawn, 300 million ($432 million) by us and 700 million ($1,008 million) by other Fiat affiliates. See Note 9 Credit Facilities and Debt.

Fiat, through certain of its treasury subsidiaries, has also made available to us and certain of our subsidiaries, pursuant to a Facility Agreement entered into in February 2009, a multi-currency revolving credit facility currently scheduled to mature February 26, 2010. Pursuant to this facility, CNH and the designated

subsidiaries may, from time to time, borrow up to an aggregate principal amount of $1.0 billion, subject to specified sub-limits for each borrower. The interest rates on advances under the credit agreement range from LIBOR + 0.15% per annum to LIBOR + 5.75% per annum during 2009. We have agreed to pay a commitment fee of 0.20% per annum on any unused amount of the facility. As of December 31, 2009, $418 million was outstanding under the facility.

On December 31, 2009, our outstanding consolidated debt with Fiat and its affiliates was $2.9 billion, or 31% of our consolidated debt, compared to $5.2 billion, or 46% as of December 31, 2008. The main reason for the decrease in our consolidated debt with Fiat was the opportunity to refinance part of our borrowings with third parties: for Equipment Operations, with $1.0 billion issue of debt securities at an annual fixed rate of 7.75% due in 2013; and for Financial Services, with new securitizations.

Fiat guarantees $1.4 billion of our debt with third parties, which is 22% of our outstanding debt with third parties. We pay Fiat a guarantee fee based on the average amount outstanding under facilities guaranteed by Fiat. In 2009 and in 2008, we paid a guarantee fee of 0.0625% per annum.

Like other companies that are part of multinational groups, we participate in a group-wide cash management system with the Fiat Group. Under this system, which is operated by Fiat treasury subsidiaries in a number of jurisdictions, the cash balances of Fiat Group members, including us, are aggregated at the end of each business day in central pooling accounts (the Fiat affiliates cash management pools). Our positive cash deposits, if any, at the end of each business day may be invested by Fiat treasury subsidiaries in highly rated, highly liquid money market instruments or bank deposits or applied by Fiat treasury subsidiaries to meet financial needs of other Fiat Group members and *vice versa*. Deposits with Fiat treasury subsidiaries earn interest at LIBOR plus 0.15%. Interest earned on our deposits with Fiat treasury subsidiaries included in finance and interest income were approximately $32 million, $58 million, and $48 million in the years ended December 31, 2009, 2008, and 2007, respectively.

As a result of our participation in the Fiat affiliates cash management pools, we are exposed to Fiat Group credit risk to the extent that Fiat is unable to return the funds. In the event of a bankruptcy or insolvency of Fiat (or any other Fiat Group member in the jurisdictions with set off agreements) or in the event of a bankruptcy or insolvency of the Fiat entity in whose name the deposit is pooled, we may be unable to secure the return of such funds to the extent they belong to us, and we may be viewed as a creditor of such Fiat entity with respect to such deposits. Because of the affiliated nature of our relationship with the Fiat Group, it is possible that our claims as a creditor could be subordinated to the rights of third party creditors in certain situations.

For material related party transactions involving the purchase of goods and services, we generally solicit and evaluate bid proposals prior to entering into any such transactions, and in such instances, our Audit Committee generally conducts a review to determine that such transactions are what the committee believes to be on arm s-length terms.

We purchase engines and other components from the Fiat Group, and companies of the Fiat Group provide us with administrative services such as accounting and internal audit, cash management, maintenance of plant and equipment, plant security, research and development, information systems and training. The companies of the Fiat Group also provide purchasing services to us. We sell certain products to subsidiaries and affiliates of Fiat. In addition, we enter into hedging arrangements with counterparties that are members of the Fiat Group. The principal purchases of goods from Fiat and its affiliates include engines from Iveco and Fiat Powertrain Technologies, dump trucks from Iveco, robotic equipment and paint systems from Comau, and castings from Teksid. We and our subsidiaries were parties to derivative or other financial instruments having an aggregate contract value of $2.9 billion and $2.0 billion as of December 31, 2009, and 2008, respectively, to which affiliates of Fiat were counterparties.

Fiat provides accounting services to us in Europe and Brazil through an affiliate that uses shared service centers to provide such services to various Fiat companies. Fiat provides internal audit services at the direction of

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our internal audit department in certain locations where we believe it is more cost effective to use existing Fiat resources. In 2005 and 2004, we purchased network and hardware support from and outsourced a portion of our information services to a joint venture that Fiat had formed with IBM. Fiat announced in 2005 that it had entered into a nine year strategic agreement with IBM under which IBM assumed full ownership of this joint venture as well as the management of a significant part of the information technology needs of members of the Fiat Group, including CNH. Fiat also provides training services through an affiliate. We use a broker that is an affiliate of Fiat to purchase a portion of our insurance coverage. We purchase research and development services from an Italian joint venture set up by Fiat and owned by various Fiat subsidiaries. This joint venture benefits from Italian government incentives granted to promote work in the less developed areas of Italy.

In certain tax jurisdictions, we have entered into tax sharing agreements with Fiat and certain of its affiliates. Our management believes the terms of these agreements are customary for agreements of this type and are as advantageous as filing tax returns on a stand-alone basis. In order to optimize the tax efficiency of the Company, New Holland Tractors and Fiat India Private Limited effectuated an amalgamation as of April 1, 2007 for Indian fiscal and statutory purposes, which was approved by the Delhi and Bombay High Court on September 23, 2008. We obtained a fairness opinion from an independent third party financial advisor that documents that the consideration received by the parties to the transaction represent an arm s-length value-for-value exchange.

During 2008 we entered into a reimbursement agreement with Fiat in connection with the sponsorship contract Fiat signed with the Juventus Football Club S.p.A. We paid $17 million and $8 million related to this reimbursement agreement in 2009 and 2008, respectively. The Juventus Football Club S.p.A., in which EXOR S.p.A. has a 60% stake, is listed on the Electronic Share Market of the Italian stock exchange. Founded in 1897, Juventus is one of the most prominent professional soccer teams in the world. EXOR is one of the major investment holding companies in Europe. Among other things, EXOR also manages a portfolio that includes investments in Fiat, SGS S.A., and Cushman & Wakefield, Inc. We obtain services from SGS, for verification, inspection, control and certification activities and also obtain real estate services from Cushman & Wakefield.

If the goods or services or financing arrangements described above were not available from related parties, we would have to obtain them from other sources. We can offer no assurance that such alternative sources would provide such goods and services or would provide them on terms as favorable as those offered by such related parties.

Additionally, we participate in the stock option program of Fiat and the Individual Top Hat Scheme as described in Note 17: Option and Incentive Plans of our consolidated financial statements.

The following table summarizes our sales, purchase, and finance income with Fiat and affiliates of Fiat and joint ventures that are not already separately reflected in the consolidated statements of operations for the years ended December 31, 2009, 2008, and 2007:

	2009	2008	2007
		(in millions)	
Sales to affiliated companies and joint ventures	$ 200	$ 317	$ 115
Purchase of materials, production parts, merchandise and services	$ 818	$ 1,185	$ 771
Finance and interest income	$ 32	$ 58	$ 48

As of December 31, 2009 and 2008, CNH had trade payables to affiliated companies and joint ventures of $270 million and $456 million, respectively.

C. ***Interests of Experts and Counsel.***

Not applicable.

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Item 8. Financial Information

A. *Consolidated Statements and Other Financial Information.*

See Item 18. Financial Statements for a list of the financial statements filed with this document.

B. *Significant Changes.*

At its meeting on February 15, 2010, our Board of Directors recommended that we not declare any dividend in 2010.

Item 9. The Offer and Listing

A. *Offer and Listing Details.*

Our common shares are quoted on the NYSE under the symbol CNH. The following table provides the high and low closing prices of our common shares as reported on the NYSE for each of the periods indicated:

Common Share Price

	High	Low
Most recent six months:		
January 2010	$ 28.50	$ 23.69
December 2009	25.94	23.86
November 2009	24.57	18.87
October 2009	22.73	16.22
September 2009	18.93	14.87
August 2009	19.99	17.05
Year ended December 31, 2009		
First Quarter	$ 19.17	$ 6.01
Second Quarter	18.69	11.03
Third Quarter	19.99	11.83
Fourth Quarter	25.94	16.22
Full Year	25.94	6.01
Year ended December 31, 2008		
First Quarter	$ 68.82	$ 44.78
Second Quarter	57.17	33.89
Third Quarter	39.18	19.95
Fourth Quarter	20.66	11.09
Full Year	68.82	11.09
2007	$ 68.02	$ 26.14
2006	$ 30.50	$ 18.14
2005	$ 22.10	$ 16.07

On February 17, 2010, the last reported sales price of our common shares as reported on the NYSE was $25.66 per share. There were approximately 596 registered holders and indirect beneficial owners of our common shares in the United States as of that date.

B. *Plan of Distribution.*

Not applicable.

C. *Markets.*

Our outstanding common shares are listed on the NYSE under the symbol CNH.

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D. ***Selling Shareholders.***

Not applicable.

E. ***Dilution.***

Not applicable.

F. ***Expenses of the Issue.***

Not applicable.

Item 10. Additional Information

A. ***Share Capital.***

Not applicable.

B. ***Memorandum and Articles of Association.***

Set forth below is a summary description of the material provisions of our Articles of Association, effective April 13, 2006 (the Articles of Association), and particular provisions of the laws of The Netherlands relevant to our statutory existence. This summary does not restate our Articles of Association or relevant laws of The Netherlands in their entirety.

Corporate Registration and Objectives

We are registered at the Commercial Register kept at the Chamber of Commerce in Amsterdam under file number 33283760.

As provided in Article 2 of our Articles of Association, our objectives are to:

- engage in, and/or to participate in and operate one or more companies engaged in the design, engineering, manufacture, sale or distribution of agricultural and construction equipment;
- engage in and/or to participate in and operate one or more companies engaged in any business, financial or otherwise, which we may deem suitable to be carried on in conjunction with the foregoing;
- render management and advisory services;
- issue guarantees, provide security, warrant performance or in any other way assume liability for or in respect of obligations of group companies; and
- do anything which a company may lawfully do under the laws of The Netherlands which may be deemed conducive to the attainment of the objectives set out in the foregoing paragraphs.

Issues Relating to Our Directors

Our directors serve on our Board of Directors for a term of approximately one year, such term ending on the day the first general meeting of shareholders is held in the following calendar year and may stand for re-election for any subsequent year. The shareholders elect the members of our Board of Directors at a general meeting. The shareholders may also dismiss or suspend any member of the Board of Directors at any time by a majority of the votes cast at a general meeting.

While the directors may, by majority vote, fix a remuneration for the directors in respect of the performance of their duties, the remuneration policy (and any amendment thereto) must be adopted by the general meeting of shareholders. We are not permitted to grant directors any personal loans, guarantees or the like unless in the

normal course of business and at terms applicable to all Company personnel and then only with approval by the Board. Members of the Board are not subject to an age limitation arising from the Articles of Association; however, pursuant to Corporate Governance Guidelines (Board Structure and Director Qualifications) adopted by the Board, no director may stand for re-election in the year following the year of his/her 70th birthday (unless such requirement is waived by the Corporate Governance and Compensation Committee). There is no minimum or maximum number of shares in order to qualify as a director of the Company.

Under the laws of The Netherlands, the Board of Directors must consider, in the performance of its duties, our interests, the interests of our shareholders and our employees, in all cases with reasonableness and fairness. In addition, under our Articles of Association, a member of our Board of Directors must not take part in any vote on a subject or transaction in relation to which he has a conflict of interest.

Our Board of Directors must approve our annual accounts and make them available to the shareholders for inspection at our offices within five months after the end of our fiscal year. Under some special circumstances, the laws of The Netherlands permit an extension of this period for up to six additional months by approval of the shareholders at a general meeting. During this period, including any extension, the Board of Directors must submit the annual accounts to the shareholders for adoption at a general meeting. When our shareholders adopt the annual accounts approved by the Board of Directors, they may discharge the members of the Board of Directors from potential liability with respect to the exercise of their duties during the fiscal year covered by the accounts. This discharge may be given subject to such reservations as the shareholders deem appropriate and is subject to a reservation of liability required under the laws of The Netherlands. Examples of reservations of liability required by the laws of The Netherlands include: (1) liability of members of management boards and supervisory boards upon the bankruptcy of a company; and (2) general principles of reasonableness and fairness. Under the laws of The Netherlands, a discharge of liability does not extend to matters not shown in the annual accounts or otherwise not properly disclosed to the shareholders.

See Item 6. Directors, Senior Management and Employees C. Board Practices for a discussion of our corporate governance practices and guidelines.

Issues Relating to Our Shares and Shareholders

Our authorized share capital is 1,350,000,000, consisting of 400,000,000 common shares and 200,000,000 Series A Preferred Stock with each having a par value of 2.25 per share. We will issue shares (both common shares and Series A Preferred Stock) only in registered form. We have two share registers, one is kept at our office in The Netherlands (representing the non-tradable shares) and one is kept by our agent in the United States (representing tradable shares), who also acts as transfer agent and registrar for the common shares and Series A Preferred Stock.

Our Board of Directors has the power to issue common shares and/or preference shares if, and to the extent that, a general meeting of shareholders has designated the Board of Directors to act as the authorized body for this purpose. A designation of authority to the Board of Directors to issue shares remains effective for the period specified by the general meeting and may be up to five years from the date of designation. A general meeting of shareholders may renew this designation for additional periods of up to five years. Without this designation, only the general meeting of shareholders has the power to authorize the issuance of shares. At the general meeting of shareholders held on March 20, 2009, the shareholders authorized our Board of Directors to issue shares for five years.

In the event of an issue of shares of any class, every holder of shares of that class will have a ratable preference right to subscribe for shares of that class that we issue for cash unless a general meeting of shareholders, or its designee, limits or eliminates this right. In addition, the right of our shareholders in the United States to subscribe for shares pursuant to this preference right may be limited under some circumstances to a right to receive approximately the market value of the right, if any, in cash. Our shareholders have no ratable preference subscription right with respect to shares issued for consideration other than cash, nor for shares issued to our employees or employees of our group companies. If a general meeting of shareholders delegates its

authority to the Board of Directors for this purpose, then the Board of Directors will have the power to limit or eliminate the preference rights of shareholders. In the absence of this designation, the general meeting of shareholders will have the power to limit or eliminate these rights. Such a proposal requires the approval of at least two-thirds of the votes cast by shareholders at a general meeting if less than half of the issued share capital is represented at the meeting. Designations of authority to the Board of Directors may remain in effect for up to five years and may be renewed for additional periods of up to five years. At our general meeting of shareholders on March 20, 2009, our shareholders authorized our Board of Directors to limit or eliminate the preference rights of shareholders for five years following the date of the meeting. These provisions apply equally to any issue by us of rights to subscribe for shares.

On an annual basis our shareholders are entitled to elect the directors to serve on our Board of Directors. In such elections, each shareholder is entitled to cast one vote for each share owned. In addition, our shareholders may establish reserves out of our annual profits at a general meeting of shareholders, subject to a proposal of our Board of Directors. The shareholders have discretion as to the use of that portion of our annual profits remaining for distribution of dividends on the common shares after the establishment of reserves and payment of dividends on the preference shares. At any general meeting of shareholders, our shareholders may declare dividends in the form of cash (in U.S. dollars), common shares or a combination of both.

CNH and its restricted Equipment Operations subsidiaries are subject to restrictions under the indenture governing Case New Holland Inc s 7.125% Senior Notes with respect to their ability to pay dividends, repurchase capital stock, make certain investments, and merge with or into other companies.

Notwithstanding the restrictions, CNH may pay dividends on its common shares in an amount not to exceed $60.0 million in any calendar year, provided that no default or event of default with respect to the 7.125% Senior Notes has occurred and is continuing. See Note 9: Credit Facilities and Debt in our consolidated financial statements for more information regarding the 7.125% Senior Notes.

The Board of Directors may resolve that we pay dividends out of our share premium reserve or out of any other reserve available for shareholder distributions under the laws of The Netherlands, provided that payment from reserves may only be made to the shareholders who are entitled to the relevant reserve upon our dissolution. However, we may not pay dividends if the payment would reduce equity to an amount less than the aggregate share capital plus required statutory reserves. The Board of Directors may resolve that we pay interim dividends, but the payments are also subject to these statutory and other restrictions. If a shareholder does not collect any cash dividend or other distribution within six years after the date on which it became due and payable, the right to receive the payment reverts to us.

Other than as described above, our Articles of Association do not include any redemption provisions or provide for any sinking or similar fund. In addition, our Articles of Association do not contain any provisions which discriminate against any existing or prospective holder of our shares as a result of such shareholder owning a substantial number of our shares.

Each shareholder has a right to attend general meetings of shareholders, either in person or by proxy, and to exercise voting rights in accordance with the provisions of our Articles of Association. We must hold at least one general meeting of shareholders each year. This meeting must be convened at one of four specified locations in The Netherlands within six months after the end of our fiscal year. Our Board of Directors may convene additional general meetings as often as it deems necessary, or upon the call of holders representing at least 10% of our outstanding shares or other persons entitled to attend the general meetings. The laws of The Netherlands do not restrict the rights of shareholders who do not reside in The Netherlands to hold or vote their shares.

We will give notice of each meeting of shareholders by notice published in at least one national daily newspaper distributed throughout The Netherlands and, in any other manner that may be required, in order to comply with applicable stock exchange requirements. In addition, we will notify registered holders of the shares

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by letter, cable, telex or telefax. We will give this notice no later than the fifteenth day prior to the day of the meeting. As deemed necessary by the Board of Directors, the notice will include or be accompanied by an agenda identifying the business to be considered at the meeting or will state that the agenda will be available for shareholders and other persons who are entitled to attend the general meeting, at our offices or places of business.

Each of the common shares and the preference shares, including any Series A Preferred Stock, is entitled to one vote. Unless otherwise required by our Articles of Association or the laws of The Netherlands, shareholders may validly adopt resolutions at the general meeting by a majority vote. Except in circumstances specified in the Articles of Association or provided under the laws of The Netherlands, there is no quorum requirement for the valid adoption of resolutions. Pursuant to the Articles of Association, so long as the Series A Preferred Stock is issued and outstanding, any resolution to amend the terms and conditions of the Series A Preferred Stock requires approval of shareholders representing at least 95% of our issued and outstanding share capital. Consistent with the laws of The Netherlands, the terms and conditions of the common shares may be amended by an amendment of the Articles of Association pursuant to a vote by a majority of the capital shares at a meeting of our shareholders. Our Articles of Association and relevant provisions of the laws of The Netherlands do not currently impose any limitations on the right of holders of shares to hold or vote their shares.

We are exempt from the proxy rules under the U.S. Securities Exchange Act of 1934, as amended.

In the event of our dissolution and liquidation, the assets remaining after payment of all debts will first be applied to distribute to the holders of preference shares the nominal amount of the preference shares and then the amount of the share premium reserve relating to the preference shares. Any remaining assets will be distributed to the holders of common shares in proportion to the aggregate nominal amount of the common shares and, if only preference shares are issued and outstanding, to the holders of the preference shares in proportion to the aggregate nominal amount of preference shares. No liquidation payments will be made on shares that we hold in treasury.

Under the laws of The Netherlands, shareholders are not liable for further capital calls.

We may acquire shares, subject to applicable provisions of the laws of The Netherlands and of our Articles of Association, to the extent:

- our equity, less the amount to be paid for the shares to be acquired, exceeds the sum of (1) our share capital account, plus (2) any reserves required to be maintained by the laws of The Netherlands; and

- after the acquisition of shares, we and our subsidiaries would not hold, or hold as pledges, shares having an aggregate par value that exceeds 10% [1] of our issued share capital account, as these amounts would be calculated under generally accepted accounting principles in The Netherlands.

Our Board of Directors may repurchase shares only if our shareholders have authorized the repurchases. Under the laws of The Netherlands, an authorization to repurchase shares will remain in effect for a maximum of 18 months.

Under the laws of The Netherlands regarding the disclosure of holdings in listed companies, if our shares are admitted to official quotation or listing on Euronext or on any other stock exchange in the European Union, registered holders and some beneficial owners of our shares must promptly notify us and the Securities Board of The Netherlands if their shareholding reaches, exceeds or thereafter falls below 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75%, or 95% of our outstanding shares. For this purpose, shareholding includes economic

[1] Please note that due to an amendment of the Dutch Civil Code, listed N.V. s are now allowed to acquire up to 50% of their own shares. However, CNH Global N.V. may only acquire up to 10% of its own shares, because that maximum is stated in article 6(1)(c) of the company s Articles of Association.

interests, voting rights or both. Failure to comply with this requirement would constitute a criminal offense and could result in civil sanctions, including the suspension of voting rights.

Changes in Capital, Control of the Company, or Articles of Association

At a general meeting of shareholders, our shareholders may vote to reduce the issued share capital by canceling shares held by us or by reducing the par value of our shares. In either case, this reduction would be subject to applicable statutory provisions. Holders of at least two-thirds of the votes cast must vote in favor of a resolution to reduce our issued share capital if less than half of the issued share capital is present at the general meeting in person or by proxy.

Certain material transactions are subject to review and approval of our shareholders. Such transactions include: (1) the transfer to a third party of all or substantially all of the business of the Company; (2) the acquisition or disposal by the Company or a subsidiary of an interest in the capital of a company with a value of at least one-third of the Company s assets; and (3) the entry into or termination of a long-term joint venture of the Company or a subsidiary with another legal entity or company, or of the Company s position as a fully liable partner in a limited partnership or a general partnership, where such entry into or termination is of far-reaching importance to the Company.

A majority of the votes cast by holders of our shares at a general meeting must approve any resolution proposed by our Board of Directors to amend the Articles of Association or to wind up CNH. Any such resolution proposed by one or more shareholders must likewise be approved by a majority of the votes cast at a general meeting of shareholders.

C. *Material Contracts.*

For a discussion of our related party transactions, see Item 7. Major Shareholders and Related Party Transactions B. Related Party Transactions.

D. *Exchange Controls.*

Under existing laws of The Netherlands there are no exchange controls applicable to the transfer to persons outside of The Netherlands of dividends or other distributions with respect to, or of the proceeds from the sale of, shares of a Dutch company.

E. *Taxation.*

United States Federal Income Taxation

The following is a discussion of the material U.S. federal income tax consequences of the ownership and disposition of our common shares by a U.S. Holder (as defined below). The discussion is based on the Internal Revenue Code of 1986, as amended (the Code), its legislative history, existing and proposed regulations, published rulings of the Internal Revenue Service (IRS) and court decisions as well as the U.S./Netherlands Income Tax Treaty (as described below) all as currently in effect. Such authorities are subject to change or repeal, possibly on a retroactive basis.

This discussion does not contain a full description of all tax considerations that might be relevant to ownership of our common shares or a decision to purchase such shares. In particular, the discussion is directed only to U.S. Holders that will hold our common shares as capital assets and whose functional currency is the U.S. dollar. Furthermore, the discussion does not address the U.S. federal income tax treatment of holders that are subject to special tax rules such as banks and other financial institutions, security dealers, dealers in currencies, securities traders who elect to account for their investment in shares on a mark-to-market basis,

persons that hold shares as a position in a straddle, hedging or conversion transaction, insurance companies, tax-exempt entities, holders liable for alternative minimum tax and holders of ten percent or more (actually or constructively) of our voting shares. The discussion also does not consider any state, local or non-U.S. tax considerations and does not cover any aspect of U.S. federal tax law other than income taxation.

If a partnership holds the common shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. A partner in a partnership holding the common shares should consult its tax advisor with regard to the United States federal income tax treatment of an investment in the common shares.

Prospective purchasers and holders of our common shares are advised to consult their own tax advisors about the U.S., federal, state, local or other tax consequences to them of the purchase, beneficial ownership and disposition of our common shares.

For purposes of this discussion, you are a U.S. Holder if you are a beneficial owner of our common shares who is:

- an individual citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation created or organized under the laws of the United States or a state thereof;
- an estate the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust subject to primary supervision of a U.S. court and the control of one or more U.S. persons or with a valid election in place to be treated as a domestic trust.

Taxation of Dividends

Subject to the Personal Foreign Investment Company (PFIC) rules discussed below, the gross amount of cash dividends paid by us in respect of our common shares (including amounts withheld in respect of Dutch taxes) will be included in the gross income of a U.S. Holder as ordinary income on the day on which the dividends are actually or constructively received by the U.S. Holder, and will not be eligible for the dividends-received deduction generally allowed to U.S. corporations in respect of dividends received from other U.S. corporations. Dividends received from us by a non-corporate U.S. Holder during taxable years beginning before January 1, 2011, generally will be taxed at a maximum rate of 15% provided that such U.S. Holder has held the shares for more than 60 days during the 121-day period beginning 60 days before the ex-dividend date and that certain other conditions are met. For these purposes, a dividend will include any distribution paid by us with respect to our common shares but only to the extent that such distribution is not in excess of our current and accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits, as determined for United States federal income tax purposes, will be treated as a non-taxable return of capital to the extent of your basis in the shares and thereafter as capital gain. For foreign tax credit purposes, dividends will generally be income from passive sources outside the United States and will, depending on the U.S. Holder s circumstances, generally be either passive or general income for purposes of computing the foreign tax credit allowable to a U.S Holder.

The amount of the dividend distribution that you must include in your income as a U.S. Holder will be the U.S. dollar value of the Euro payments made, determined at the spot Euro/U.S. dollar rate on the date the dividend distribution is includible in your income, regardless of whether the payment is in fact converted into U.S. dollars. Generally, any gain or loss resulting from currency exchange fluctuations during the period from the date you include the dividend payment in income to the date you convert the payment into U.S. dollars will be treated as ordinary income or loss and will not be eligible for the special tax rate applicable to qualified dividend income. The gain or loss generally will be income or loss from sources within the United States for foreign tax credit limitation purposes.

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Subject to applicable limitations under the Code and the Treasury regulations and subject to the discussion below, any Dutch withholding tax imposed on dividends in respect of our common shares will be treated as a foreign income tax eligible for credit against a U.S. Holder s U.S. federal income tax liability (or, at a U.S. Holder s election, may be deducted in computing taxable income). Under the Code, foreign tax credits will not be allowed for withholding taxes imposed in respect of certain short-term or hedged positions in securities. The rules regarding U.S. foreign tax credits are very complex, and include limitations that apply to individuals receiving dividends eligible for the 15% maximum tax rate on dividends described above. U.S. Holders should consult their own tax advisors concerning the implications of U.S. foreign tax credit rules in light of their particular circumstances.

We generally will fund dividend distributions on our common shares with dividends received from our non-Dutch subsidiaries. Assuming that the necessary conditions and requirements are met under the laws of The Netherlands, we may be entitled to a reduction in the amount in respect of Dutch withholding taxes payable to the Dutch tax authorities. Such a reduction will likely constitute a subsidy in respect of the Dutch withholding tax payable on our dividends and, thus, a U.S. Holder would not be entitled to a foreign tax credit with respect to the amount of the reduction so allowed to us.

Taxation of Capital Gains

Subject to the PFIC rules discussed below, upon a sale or other taxable disposition of our common shares, a U.S. Holder will recognize gain or loss equal to the difference between the U.S. dollar value of the amount realized in the sale or other taxable disposition and its tax basis (determined in U.S. dollars) of the common shares. Such gain or loss will be a capital gain or loss and will be a long-term capital gain or loss if the shares were held for more than one year. Non-corporate U.S. Holders (including individuals) can qualify for preferential rates of U.S. federal income taxation in respect of long-term capital gains. The deduction of capital losses is subject to limitations under the Code. Any gain realized by a U.S. Holder on a sale or other disposition of our common shares generally will be treated as U.S.-source income for U.S. foreign tax credit limitation purposes.

PFIC Rules

We believe that our common shares should not be treated as stock of a PFIC for United States federal income tax purposes, but this conclusion is a legal and factual determination that is made annually and thus may be subject to change. If we were to be treated as a PFIC, unless a U.S. Holder elects to be taxed annually on a mark-to-market basis with respect to the shares, any gain realized on the sale or other disposition of your common shares would in general not be treated as a capital gain. Instead, if you are a U.S. Holder, you would be treated as if you had realized such gain and certain excess distributions ratably over your holding period for the common shares and would not be taxed at the highest tax rate in effect for each such year to which the gain was allocated, together with an interest charge in respect of the tax attributable to each such year. With certain exceptions, your common shares will be treated as stock in a PFIC if we were a PFIC at any time during your holding period in the common shares. Dividends that you receive from us will not be eligible for the special tax rates applicable to qualified dividend income if we are treated as a PFIC with respect to you, either in the taxable year of the distribution or the preceding taxable year, but instead will be taxable at rates applicable to ordinary income.

Netherlands Taxation

The following is a general summary of certain Dutch tax consequences of the acquisition, the ownership and the disposition of our shares, applicable to Non-Resident holders of shares (as defined below). This summary does not purport to describe all possible tax considerations or consequences that may be relevant to such holder or prospective holder of shares and in view of its general nature, it should be treated with corresponding caution. Holders should consult with their tax advisors with regard to the tax consequences of investing in the shares in their particular circumstances. The discussion below is included for general information purposes only.

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Except as otherwise indicated, this summary only addresses Dutch national tax legislation and published regulations, as in effect on the date hereof and as interpreted in published case law until this date, without prejudice to any amendment introduced at a later date and implemented with or without retroactive effect.

Scope of the summary

The summary of Dutch taxes set out in this section Netherlands Taxation only applies to a holder of shares who is a Non-Resident holder of shares. For the purpose of this summary, a holder of shares is a Non-Resident holder of shares if such holder is neither a resident nor deemed to be resident in The Netherlands for Dutch tax purposes and, if such holder is an individual, such holder has not made an election for the application of the rules of The Dutch Income Tax Act 2001 (in Dutch: *Wet inkomstenbelasting 2001*) as they apply to residents of The Netherlands.

Please note that this summary does not describe the tax considerations for:

(i) holders of shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us under The Dutch Income Tax Act 2001. Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (a) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (b) holds rights to acquire, directly or indirectly, such interest; or (c) holds certain profit sharing rights in that company that relate to 5% or more of the company s annual profits and/or to 5% or more of the company s liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis;

(ii) holders of shares in us if the shareholding qualifies as a participation for the purposes of The Dutch Corporate Income Tax Act 1969 (in Dutch: *Wet op de vennootschapsbelasting 1969*). Generally, a taxpayer s shareholding of 5% or more in a company s nominal paid-up share capital qualifies as a participation. A holder may, amongst others, also have a participation if such holder does not have a 5% shareholding but a related entity (statutorily defined term) has a participation or if the company in which the shares are held is a related entity (statutorily defined term);

(iii) holders of our shares who are individuals and derive benefits from our shares that are a remuneration or deemed to be a remuneration for activities performed in The Netherlands by such holder or certain individuals related to such holder (as defined in The Dutch Income Tax Act 2001); and

(iv) pension funds and other entities that are resident in another state of the European Union, Norway and Iceland and that are not subject to or exempt from corporate income tax.

Withholding Tax

Dividends distributed by us are generally subject to Dutch dividend withholding tax at a rate of 15%. The expression dividends distributed includes, among other things:

- distributions in cash or in kind, deemed and constructive distributions and repayments of paid-in capital not recognised for Dutch dividend withholding tax purposes;

- liquidation proceeds, proceeds of redemption of shares, or proceeds of the repurchase of shares by us or one of our subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those shares as recognised for purposes of Dutch dividend withholding tax, unless a certain exception applies;

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an amount equal to the par value of shares issued or an increase of the par value of shares, to the extent that it does not appear that a contribution, recognised for purposes of Dutch dividend withholding tax, has been made or will be made; and

partial repayment of the paid-in capital, recognised for purposes of Dutch dividend withholding tax, if and to the extent that we have net profits (in Dutch: *zuivere winst*), unless the holders of shares have resolved in advance at a general meeting to make such repayment and the par value of the shares concerned has been reduced by an equal amount by way of an amendment of our Articles of Association.

If a holder of shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such other country, such holder of shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Dutch dividend withholding tax. If a holder of shares is an entity that is resident in a member state of the European Union, Norway or Iceland, and, generally, holds 5% or more in our nominal paid-up share capital and meets certain other conditions, such holder may be eligible for a full exemption from Dutch dividend withholding tax. The exemption may also be available if a holder of shares is an entity that is resident in a member state of the European Union and the shareholding in us would have qualified as a participation as described under Scope of the summary above, if the holder of shares were a taxpayer in The Netherlands.

In general, a Non-Resident holder of shares may credit the Dutch dividend withholding tax against its income tax or corporate income tax liability in The Netherlands, if the shares are attributable to a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands of such Non-Resident holder of shares.

A recipient of a dividend of the shares that is a qualifying company and that satisfies the conditions of the Convention between The Netherlands and the United States for the avoidance of double taxation of December 18, 1992 (the Convention) may be entitled to a reduced rate of dividend withholding tax (a U.S. Holder). These conditions include but are not limited to being a resident of the U.S. for the purposes of the Convention, being the beneficial owner of such dividend and qualifying under Article 26 of the Convention (the so-called Limitations on Benefits Article).

To claim a reduced withholding tax rate under the Convention (both reduction and refund procedure), the U.S. Holder that is a company must file a request with the Dutch tax authorities for which no specific form is available.

A recipient that is a qualifying tax-exempt pension, trust or a qualifying tax-exempt organization and that satisfies the conditions of the Convention may be entitled to exemption or a refund of paid dividend taxes. Qualifying tax exempt pension funds must file form IB 96 USA for the application of relief at source from or refund of dividend withholding tax. Qualifying tax-exempt U.S. organizations are not entitled under the Convention to claim benefits at source, and instead must file claims for refund by filing form IB 95 USA. Copies of the forms my be obtained from the Belastingdienst/Limburg/kantoor buitenland , Postbus 2865, 6401 DJ Heerlen, The Netherlands, or may be downloaded from www.belastingdienst.nl.

In general, we will be required to remit all amounts withheld as Dutch dividend withholding tax to the Dutch tax authorities. However, under certain circumstances, we are allowed to reduce the amount to be remitted to the Dutch tax authorities by the lesser of:

3% of the portion of the distribution paid by us that is subject to Dutch dividend withholding tax; and,

3% of the dividends and profit distributions, before deduction of foreign withholding taxes, received by us from qualifying foreign subsidiaries in the current calendar year (up to the date of the distribution by us) and the two preceding calendar years, as far as such dividends and profit distributions have not yet been taken into account for purposes of establishing the above mentioned reduction.

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Although this reduction reduces the amount of Dutch dividend withholding tax that we are required to remit to the Dutch tax authorities, it does not reduce the amount of tax that we are required to withhold on dividends distributed.

Pursuant to legislation to counteract dividend stripping, a reduction, exemption, credit or refund of Dutch dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner as described in The Dutch Dividend Withholding Tax Act 1965 (in Dutch: *Wet op de dividendbelasting 1965*). This legislation generally targets situations in which a shareholder retains its economic interest in shares but reduces the withholding tax cost on dividends by a transaction with another party. It is not required for these rules to apply that the recipient of the dividends is aware that a dividend stripping transaction took place. The Dutch State Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

Taxes on Income and Capital Gains

A Non-Resident holder of shares will not be subject to Dutch taxes on income or on capital gains in respect of any payment under the shares or any gain realised on the disposal or deemed disposal of the shares, provided that:

(i) such holder does not have an interest in an enterprise or a deemed enterprise (statutorily defined term) which, in whole or in part, is either effectively managed in The Netherlands or is carried out through a permanent establishment, a deemed permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the shares are attributable; and

(ii) in the event such holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the shares that go beyond ordinary asset management and does not derive benefits from the shares that are (otherwise) taxable as benefits from other activities in The Netherlands.

Gift and Inheritance Taxes

No Dutch gift or inheritance taxes will arise on the transfer of the shares by way of a gift by, or on the death of, a Non-Resident holder of shares, unless, in the case of a gift of the shares by an individual, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

For purposes of Dutch gift and inheritance taxes, amongst others, an individual that holds the Dutch nationality will be deemed to be resident in The Netherlands if such individual has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his/her death. Additionally, for purposes of Dutch gift tax, amongst others, an individual not holding the Dutch nationality will be deemed to be resident in The Netherlands if such individual has been resident in The Netherlands at any time during the twelve months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Other Taxes and Duties

No Dutch VAT and no Dutch registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of shares on any payment in consideration for the holding or disposal of the shares.

F. ***Dividends and Paying Agents.***

Not applicable.

G. ***Statement of Experts.***

Not applicable.

H. ***Documents on Display.***

We file reports, including annual reports on Form 20-F, furnish periodic reports on Form 6-K and other information with the SEC pursuant to the rules and regulations of the SEC that apply to foreign private issuers. These may be read without charge and copied, upon payment of prescribed rates, at the public reference facility maintained by the SEC at Room 1580, 100 F Street, N.E., Washington, D.C. 20549. To obtain information on the operation of the public reference facility, the telephone number is 1-800-SEC-0330. Any SEC filings may also be accessed by visiting the SEC s website at www.sec.gov.

I. ***Subsidiary Information.***

Not applicable.

Item 11. Quantitative and Qualitative Disclosures About Market Risk

We are exposed to market risk from changes in both foreign currency exchange rates and interest rates. We monitor our exposure to these risks, and manage the underlying economic exposures on transactions using financial instruments such as forward contracts, currency options, interest rate swaps, interest rate caps and forward starting swaps. We do not hold or issue derivative or other financial instruments for speculative purposes, or to hedge translation risk.

Transaction Risk and Foreign Currency Risk Management

We have significant international manufacturing operations. We manufacture products and purchase raw materials from many locations around the world. Our cost base is diversified over a number of European, Asia-Pacific, and Latin American currencies, as well as the U.S. and Canadian dollars. Foreign exchange risk exists to the extent that we have payment obligations or receipts denominated in or based on currencies other than the functional currency of the various manufacturing operations.

The diversified cost base counterbalances some of the cash flow and earnings impact of non-U.S. dollar revenues and reduces the effect of foreign exchange rate movements on consolidated income. Due to periodic mismatches in cash inflows and outflows, currencies such as the Euro, British pound, Canadian dollar, Australian dollar, Brazilian real and Japanese yen may have a possible impact on income. The primary currencies for cash outflows were the British pound, Japanese yen and Euro. The primary currencies for cash inflows were the Canadian dollar and Australian dollar. From a gross exposure perspective, the Euro is one of our major inflow currencies, however, the net exposure is an outflow. To manage these exposures, we identify naturally offsetting positions and purchase hedging instruments to protect the remaining net anticipated exposures. In addition, we hedge the anticipated repayment of inter-company loans to foreign subsidiaries denominated in foreign currencies. See Note 15: Financial Instruments of our consolidated financial statements for a description of our foreign exchange rate risk management.

We regularly monitor our currency exchange rate exposure, execute policy-defined hedging strategies and review the ongoing effectiveness of such strategies. Our strategy is to use a mixture of foreign exchange forward contracts and options contracts depending on our view of market conditions and the nature of the underlying cash flow exposure.

For the purposes of assessing specific risks, we perform a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of: (a) all foreign exchange forward and option contracts designated as cash flow hedges; (b) all foreign exposures for the U.S. dollar denominated financial assets and liabilities for our Latin American subsidiaries; and (c) other long-term foreign currency denominated receivables and payables. The sensitivity analysis excludes: (a) all other foreign exchange forward contracts designated as fair value hedges and their related foreign currency denominated receivables, payables, and debt; (b) other foreign currency denominated receivables and payables of short-term maturities; (c) anticipated foreign currency

cash flows related to the underlying business operations; and (d) those related to certain supplier agreements, payment obligations or receipts based on currencies other than the functional currency of our manufacturing operations. The sensitivity analysis computes the impact on the fair value on the above exposures due to a hypothetical 10% change in the foreign currency exchange rates, assuming no change in interest rates. The net potential loss would be approximately $23 million, $43 million and $40 million at December 31, 2009, 2008, and 2007, respectively. Our management believes that the above movements in foreign exchange rates would have an offsetting impact on the underlying business transactions that the financial instruments are used to hedge.

See Note 15: Financial Instruments of our consolidated financial statements for a description of the methods and assumptions used to determine the fair values of financial instruments.

Effects of Currency Translation

Due to our significant international operations, we recognize that we may be subject to foreign exchange translation risk. This risk may arise when translating net income of our foreign operations into U.S. dollars.

Depending on movements in foreign exchange rates, this may have an adverse impact on our consolidated financial statements. Exposures to the major currencies include the Euro, British pound, Canadian dollar, Japanese Yen and Australian dollar. Exposures to other currencies include the Brazilian real, Argentine peso, Mexican peso, Danish krone, Norwegian krone, Swedish krona, Polish zloty, Indian rupee, and Chinese renminbi. In reviewing historical trends in currency exchange rates, adverse changes of 20% have been experienced in the past and could be experienced in the future. Certain currencies, such as the Mexican peso, Brazilian real and Argentine peso have historically experienced short-term movements ranging from 30% to 90% due to the devaluation of their respective currencies.

As the expected future net income from our operations is dependent on multiple factors and foreign currency rates in these countries would not be expected to move in an equal and simultaneous fashion, we have not performed a sensitivity analysis related to this potential exposure. This potential exposure has resulted in a negative impact of $87 million in 2009 and a positive impact of $36 million and $48 million in 2008 and 2007, respectively. We do not hedge the potential impact of foreign currency translation risk on net income from our foreign operations in our normal course of business operations as net income of our operations are not typically remitted to the United States on an ongoing basis.

We also have investments in Europe, Canada, Latin America and Asia, which are subject to foreign currency risk. These currency fluctuations for those countries not under inflation accounting result in non-cash gains and losses that do not impact net income, but instead are recorded as Accumulated other comprehensive income (loss) in our consolidated balance sheet. At December 31, 2009, we performed a sensitivity analysis on our investment in significant foreign operations that have foreign currency exchange risk. We calculated that the fair value impact would be $338 million, $320 million and $366 million at December 31, 2009, 2008, and 2007 respectively, as a result of a hypothetical 10% change in foreign currency exchange rates, assuming no change in interest rates. We do not hedge our net investment in non-U.S. entities because those investments are viewed as long-term in nature. The change in fair value of these investments can have an impact on our consolidated statement of operations.

Interest Rate Risk Management

We are exposed to market risk from changes in interest rates. We monitor our exposure to this risk and manage the underlying exposure both through the matching of financial assets and liabilities and through the use of financial instruments, including swaps, caps, forward starting swaps, and forward rate agreements for the net exposure. These instruments aim to stabilize funding costs by managing the exposure created by the differing maturities and interest rate structures of our financial assets and liabilities. We do not hold or issue derivative or other financial instruments for speculative purposes.

We use a model to monitor interest rate risk and to achieve a predetermined level of matching between the interest rate structure of our financial assets and liabilities. Fixed-rate financial instruments, including receivables, debt, ABS certificates and other investments, are segregated from floating-rate instruments in evaluating the potential impact of changes in applicable interest rates. The potential change in fair market value of financial instruments including derivative instruments held at December 31, 2009, and 2008, resulting from a hypothetical, instantaneous 10% change in the interest rate applicable to such financial instruments would be approximately $19 million and $11 million, respectively, based on the discounted values of their related cash flows.

The sensitivity analysis computes the impact on fair value on the above exposures due to a hypothetical 10% change in the interest rates used to discount each homogeneous category of financial assets and liabilities. A homogeneous category is defined according to the currency in which financial assets and liabilities are denominated and the applicable interest rate index. As a result, our inherent rate risk sensitivity model may overstate the impact of interest rate fluctuations for such financial instruments, as consistently unfavorable movements of all interest rates are unlikely.

See Note 15: Financial Instruments of our consolidated financial statements for a description of the methods and assumptions used to determine the fair values of financial instruments.

Commodity Price Risk Management

Commodity prices affect our Equipment Operations sales and Financial Services originations. Commodity risk is managed through geographic and enterprise diversification. It is not possible to determine the impact of commodity prices on income, cash flows or fair values of the Financial Services portfolio.

Changes in Market Risk Exposure as Compared to 2008

Our exposures and strategy for managing our exposures to interest rate, foreign currency and commodity price risk have not changed significantly from 2008.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None.

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None.

Item 15. Controls and Procedures

(a) Disclosure Controls and Procedures

Our management, including the Chief Executive Officer and Chief Financial Officer, has conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2009 pursuant to Exchange Act Rule 13a-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed in the reports we file or furnish under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and to ensure that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

(b) Management s Annual Report on Internal Control Over Financial Reporting

Under the supervision and with the participation of our management, including our Chief Executive Officer and our Chief Financial Officer, we conducted an evaluation of our disclosure controls and procedures, as such term is defined under Exchange Act Rule 13a-15(e). Based on this evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective as of the end of the period covered by this annual report.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Management assessed the effectiveness of our internal control over financial reporting as of December 31, 2009. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control Integrated Framework. Based on this assessment, management believes that, as of December 31, 2009, our internal control over financial reporting was effective.

Deloitte & Touche LLP, an independent registered public accounting firm that audited the financial statements included in this annual report on Form 20-F, has issued an attestation report on the effectiveness of our internal control over financial reporting.

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(c) Attestation Report of the Registered Public Accounting Firm

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CNH Global N.V.

We have audited the internal control over financial reporting of CNH Global N.V. (a Netherlands Corporation) and subsidiaries (the Company) as of December 31, 2009, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management s Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company s internal control over financial reporting is a process designed by, or under the supervision of, the company s principal executive and principal financial officers, or persons performing similar functions, and effected by the company s board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2009 of the Company and our report dated February 23, 2010 expressed an unqualified opinion on those financial statements, and included an explanatory paragraph related to the adoption on January 1, 2009 of a new accounting standard related to noncontrolling interests and retrospectively applied the reporting requirements for all periods presented.

DELOITTE & TOUCHE LLP

Chicago, Illinois

February 23, 2010

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(d) ***Change in Internal Control over Financial Reporting***

There have been no changes in internal controls or in other factors that could materially affect internal controls during the year ended December 31, 2009.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that each member of the audit committee, namely, Dr. Peter Kalantzis, Mr. John Lanaway, and Mr. Jacques Theurillat are audit committee financial experts. All are independent directors under the NYSE standards.

Item 16B. Code of Ethics

We have adopted a code of ethics which is applicable to all employees including our principal executive officer, principal financial officer and the principal accounting officer and controller. This code of ethics is posted on our website, www.cnh.com, and may be found as follows: from our main page, first click on Corporate Governance and then on Code of Conduct.

Item 16C. Principal Accountant Fees and Services

Deloitte & Touche LLP, the member firms of Deloitte Touche Tohmatsu and their respective affiliates (collectively, the Deloitte Entities) were appointed to serve as our independent registered public accounting firm for the year ended December 31, 2009. We incurred the following fees from the Deloitte Entities for professional services for the years ended December 31, 2009, and 2008:

	2009	2008
Audit Fees	$ 7,974,000	$ 9,549,000
Audit-Related Fees	1,612,000	1,749,000
Tax Fees	25,000	50,000
Total	$ 9,611,000	$ 11,348,000

Audit Fees are the aggregate fees billed by the Deloitte Entities for the audit of our consolidated annual financial statements, reviews of interim financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements. Audit-Related Fees are fees charged by the Deloitte Entities for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under Audit Fees. This category comprises fees for the audit of employee benefit plans and pension plans, agreed-upon procedure engagements and other attestation services subject to regulatory requirements. Tax Fees are fees for professional services rendered by the Deloitte Entities for expatriate employee tax services, tax compliance, tax advice on actual or contemplated transactions.

Audit Committee s pre-approval policies and procedures

Our Audit Committee nominates and engages our independent registered public accounting firm to audit our consolidated financial statements. Our Audit Committee has a policy requiring management to obtain the Committee s approval before engaging our independent registered public accounting firm to provide any other audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, which is designed to assure that such engagements do not impair the independence of our independent registered public accounting firm, the Audit Committee reviews and pre-approves (if appropriate) specific audit and non-audit services in the categories Audit Services, Audit-Related Services, Tax Services, and any other services that may be performed by our independent registered public accounting firm.

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Item 16D. Exemptions from the Listing Standards for Audit Committees
None.

Item 16E. Purchase of Equity Securities by the Issuer and Affiliated Purchasers
We currently have no announced share buyback plans.

Item 16F. Changes in Registrant s Certifying Accountant
None.

Item 16G. Corporate Governance
CNH Global N.V. is a company organized under the laws of The Netherlands and qualifies as a foreign private issuer under the NYSE listing standards. In accordance with the NYSE corporate governance rules, listed companies that are foreign private issuers are permitted to follow home-country practice in some circumstances in lieu of the provisions of the corporate governance rules contained in Section 303A of the NYSE Listed Company Manual that are applicable to U.S. companies. In addition, we must disclose any significant ways in which our corporate governance practices differ from those followed by U.S. companies listed on the NYSE.

Both the Dutch and NYSE corporate governance regimes were adopted with the goal of restoring trust and confidence in the honesty, integrity and transparency of how business is conducted at and by public companies. Because these corporate governance regimes are based on the same principles, they are similar in many respects. However, certain differences exist between Dutch and NYSE corporate governance rules, as summarized below. We believe that our corporate governance practices and guidelines (which were approved by our Board on March 24, 2005 and our shareholders on May 3, 2005) are consistent, in principal, with those required of U.S. companies listed on the NYSE.

The following discussion summarizes the significant differences between our corporate governance practices and the NYSE standards applicable to U.S. companies:

Dutch legal requirements concerning director independence differ in certain respects from the rules applicable to U.S. companies listed on the NYSE. While under most circumstances both regimes require that a majority of board members be independent, the definition of this term under Dutch law differs from the definition used under the NYSE corporate governance standards. In some cases the Dutch requirement is more stringent, such as by requiring a longer look back period (five years) for former executive directors and employees and by requiring that only one board member may be dependent . Currently, a majority of our Board (seven of the ten members) are independent under the NYSE definition. This composition of our Board does not fully comply with the requirements of the Dutch Code of Best Practices Provisions.

NYSE rules require a U.S. listed company to have a compensation committee and a governance and nominating committee composed entirely of independent directors. As a foreign private issuer, we do not have to comply with this requirement, although we do have a Corporate Governance and Compensation Committee. Our Corporate Governance and Compensation Committee Charter requires that a majority of the members meet the independence requirements of the Dutch Code. Currently, all members of this committee are independent under the Dutch requirements, and only one member would not also be independent under the NYSE standards, as he is also employed by our majority shareholder, Fiat.

In contrast to rules applicable to U.S. companies, which require that external auditors be appointed by the Audit Committee, Dutch law requires that external auditors be appointed by the shareholders. In accordance with the requirements of Dutch law, the appointment and removal of our independent registered public accounting firm must be approved by the shareholders. However, our Audit

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Committee is directly responsible for the recommendation to the shareholders of the appointment and compensation of the independent registered public accounting firm and oversees and evaluates the work of our independent registered public accounting firm.

Under NYSE listing standards, shareholders of U.S. companies must be given the opportunity to vote on all equity compensation plans and to approve material revisions to those plans, with limited exceptions set forth in the NYSE rules. As a foreign private issuer we are permitted to follow our home country laws regarding shareholder approval of compensation plans. Pursuant to Dutch law and article 11 of our Articles of Association, the remuneration policy for directors is to be adopted by the general meeting of shareholders. The board of directors shall determine the remuneration for each director, with due observance of the remuneration policy. In addition, plans to award shares or the right to subscribe for shares shall be submitted by our Board to the general meeting of shareholders for its approval.

While NYSE rules do not require listed companies to have shareholders approve or declare dividends, the Dutch Code Best Practices Provisions recommend shareholder approval for payments of dividends. In accordance with the Dutch Code Best Practices Provisions and pursuant to article 20 of our Articles of Association, annual dividends must be approved by our shareholders. For a discussion of our dividend policy, see Item 10. Additional Information B. Memorandum and Articles of Association Issues Relating to Our Shares and Shareholders.

In accordance with the corporate governance rules of the NYSE applicable to foreign private issuers, we also disclose these differences between our corporate governance practices and those required of domestic companies by the NYSE listing standards on our internet website at www.cnh.com.

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PART III

Item 17. Financial Statements

We have responded to Item 18 in lieu of responding to this item.

Item 18. Financial Statements

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Item 19. Exhibits

A list of exhibits included as part of this annual report on Form 20-F is set forth in the Index to Exhibits that immediately precedes such exhibits.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of CNH Global N.V.

We have audited the accompanying consolidated balance sheets of CNH Global N.V. (a Netherlands corporation) and subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of operations, cash flows, and changes in equity for each of the three years in the period ended December 31, 2009. These financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on the financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of CNH Global N.V. and subsidiaries as of December 31, 2009 and 2008, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the consolidated financial statements, on January 1, 2007, the Company changed its method of accounting for income tax uncertainties. Also, as discussed in Note 2 to the consolidated financial statements, on January 1, 2009, the Company changed its method of accounting and reporting for noncontrolling interests and retrospectively applied the reporting requirements for all periods presented.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental information for Equipment Operations and Financial Services is presented for the purpose of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations, and cash flows of Equipment Operations and Financial Services individually, and is not a required part of the basic financial statements. This supplemental information is the responsibility of the Company s management. Such information has been subjected to the auditing procedures applied in our audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic consolidated financial statements taken as a whole.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company s internal control over financial reporting as of December 31, 2009, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 23, 2010 expressed an unqualified opinion on the Company s internal control over financial reporting.

DELOITTE & TOUCHE LLP

Chicago, Illinois

February 23, 2010

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CNH GLOBAL N.V.

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Years Ended December 31, 2009, 2008 and 2007

(and Supplemental Information)

				Supplemental Information					
		Consolidated			Equipment Operations			Financial Services	
	2009	2008	2007	2009	2008	2007	2009	2008	2007
				(in millions, except per share data)					
Revenues:									
Net sales	$ 12,783	$ 17,366	$ 14,971	$ 12,783	$ 17,366	$ 14,971	$	$	$
Finance and interest income	977	1,110	993	131	205	190	1,190	1,356	1,131
	13,760	18,476	15,964	12,914	17,571	15,161	1,190	1,356	1,131
Costs and Expenses:									
Cost of goods sold	10,862	14,054	12,154	10,862	14,054	12,154			
Selling, general and administrative	1,486	1,698	1,436	1,150	1,403	1,183	336	295	253
Research, development and engineering	398	422	409	398	422	409			
Restructuring	102	39	85	98	34	85	4	5	
Interest expense Fiat affiliates	189	308	140	78	101	39	111	207	101
Interest expense other	482	457	561	242	257	319	386	399	378
Interest compensation to Financial Services				202	275	247			
Other, net	334	342	349	201	204	224	129	115	70
	13,853	17,320	15,134	13,231	16,750	14,660	966	1,021	802
Income (loss) before income taxes and equity in income (loss) of unconsolidated subsidiaries and affiliates	(93)	1,156	830	(317)	821	501	224	335	329
Income tax provision	92	385	354	33	279	245	59	106	109
Equity in income (loss) of unconsolidated subsidiaries and affiliates:									
Financial Services	9	13	9	174	242	229	9	13	9
Equipment Operations	(46)	40	89	(46)	40	89			
Net income (loss)	(222)	824	574	(222)	824	574	174	242	229
Net income (loss) attributable to noncontrolling interests	(32)	(1)	15	(32)	(1)	15			
Net income (loss) attributable to CNH Global N.V.	$ (190)	$ 825	$ 559	$ (190)	$ 825	$ 559	$ 174	$ 242	$ 229
Earnings (loss) per share attributable to CNH Global N.V. common shareholders:									
Basic earnings per share	$ (0.80)	$ 3.48	$ 2.36						
Diluted earnings per share	$ (0.80)	$ 3.47	$ 2.36						

The supplemental Equipment Operations (with Financial Services on the equity basis) data in these statements include primarily CNH Global N.V. s agricultural and construction equipment operations. The supplemental Financial Services data in these statements include primarily CNH Global N.V. s financial services business. Transactions between Equipment Operations and Financial Services have been eliminated to arrive at the Consolidated data.

The accompanying notes to consolidated financial statements are an integral part of these consolidated statements of operations.

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CNH GLOBAL N.V.

CONSOLIDATED BALANCE SHEETS

As of December 31, 2009 and 2008

(and Supplemental Information)

	Consolidated		Supplemental Information: Equipment Operations		Supplemental Information: Financial Services	
	2009	2008	2009	2008	2009	2008
	(in millions, except share data)					
ASSETS						
Current Assets:						
Cash and cash equivalents	$ 1,263	$ 633	$ 290	$ 173	$ 973	$ 460
Deposits in Fiat affiliates cash management pools	2,251	2,058	2,144	1,666	107	392
Accounts and notes receivable, net	5,190	6,647	783	1,475	4,721	5,398
Intersegment notes receivable			1,893	1,976	308	
Inventories, net	3,297	4,485	3,297	4,485		
Deferred income taxes	517	396	393	332	124	64
Prepayments and other	590	370	430	202	160	168
Total current assets	13,108	14,589	9,230	10,309	6,393	6,482
Long-term receivables	3,236	4,066	5	3	3,231	4,063
Intersegment long-term notes receivable			505	319	326	
Property, plant and equipment, net	1,764	1,617	1,761	1,613	3	4
Other Assets:						
Investments in unconsolidated subsidiaries and affiliates	415	473	330	371	85	102
Investment in Financial Services			2,377	2,073		
Equipment on operating leases, net	646	604	3	5	643	599
Goodwill	2,374	2,347	2,225	2,204	149	143
Other intangible assets, net	717	758	710	746	7	12
Other assets	948	1,005	734	786	214	219
Total other assets	5,100	5,187	6,379	6,185	1,098	1,075
Total	$ 23,208	$ 25,459	$ 17,880	$ 18,429	$ 11,051	$ 11,624
LIABILITIES AND EQUITY						
Current Liabilities:						
Current maturities of long-term debt Fiat affiliates	$ 836	$ 754	$ 59	$ 407	$ 777	$ 347
Current maturities of long-term debt other	1,550	1,776	568	736	982	1,040
Short-term debt Fiat affiliates	537	2,240	7	356	530	1,884
Short-term debt other	1,435	1,240	129	360	1,306	880
Intersegment short-term debt and current maturities of intersegment long-term debt			308		1,893	1,976
Accounts payable	1,915	2,735	2,061	2,860	151	93
Restructuring liability	45	14	43	11	2	3
Other accrued liabilities	2,633	2,361	2,371	2,161	279	208
Total current liabilities	8,951	11,120	5,546	6,891	5,920	6,431
Long-term debt Fiat affiliates	1,516	2,230	872	1,359	644	871
Long-term debt other	3,534	3,117	2,033	1,339	1,501	1,778
Intersegment long-term debt			326		505	319
Other Liabilities:						
Pension, postretirement and other postemployment benefits	1,871	1,908	1,858	1,895	13	13

Other liabilities	526	509	436	371	90	138
Total other liabilities	2,397	2,417	2,294	2,266	103	151
Equity:						
Preference shares, $1.00 par value; authorized and issued 74,800,000 shares in 2009 and 2008					35	35
Common shares, 2.25 par value; authorized 400,000,000 shares in 2009 and 2008, issued 237,553,331 in 2009, 237,524,847 shares in 2008	595	595	595	595	323	238
Paid-in capital	6,188	6,172	6,188	6,172	1,261	1,239
Treasury stock, 154,813 shares in 2009 and 2008, at cost	(8)	(8)	(8)	(8)		
Retained earnings	210	396	210	396	475	557
Accumulated other comprehensive income (loss)	(267)	(701)	(267)	(701)	283	4
Noncontrolling interests	92	121	91	120	1	1
Total equity	6,810	6,575	6,809	6,574	2,378	2,074
Total	$ 23,208	$ 25,459	$ 17,880	$ 18,429	$ 11,051	$ 11,624

The supplemental Equipment Operations (with Financial Services on the equity basis) data in these statements include primarily CNH Global N.V. s agricultural and construction equipment operations. The supplemental Financial Services data in these statements include primarily CNH Global N.V. s financial services business. Transactions between Equipment Operations and Financial Services have been eliminated to arrive at the Consolidated data.

The accompanying notes to consolidated financial statements are an integral part of these consolidated balance sheets.

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CNH GLOBAL N.V.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009, 2008 and 2007

(and Supplemental Information)

				Supplemental Information					
	Consolidated			Equipment Operations			Financial Services		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
	(in millions)								
Operating activities:									
Net income (loss)	$ (222)	$ 824	$ 574	$ (222)	$ 824	$ 574	$ 174	$ 242	$ 229
Adjustments to reconcile net income to net cash provided (used) by operating activities:									
Depreciation and amortization	398	374	372	270	258	295	128	116	77
Deferred income tax expense (benefit)	(67)	86	158	(80)	45	202	13	41	(44)
Loss on debt extinguishment			8						8
Gain on disposal of unconsolidated subsidiary		(7)			(7)				
(Gain) loss on disposal of fixed assets	4	(1)	(3)			(3)	4	(1)	
Stock compensation expense	16		19	16		17			2
Undistributed (income) losses of unconsolidated subsidiaries	65	17	(25)	41	(221)	(198)	3		6
Changes in operating assets and liabilities:									
(Increase) decrease in intersegment receivables and payables				39	69	(30)	(39)	(69)	30
(Increase) decrease in accounts and notes receivable, net	1,667	681	(1,766)	809	(71)	(19)	858		