

CNH GLOBAL N V
Form 20-F
March 01, 2013
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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, 2012

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

(Jurisdiction of incorporation or organization)

World Trade Center Amsterdam Airport

Schiphol Boulevard 217

1118 BH Schiphol Airport, Amsterdam

The Netherlands

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(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: 242,335,300 shares, consisting of 30,469,263 common shares and 211,866,037 common shares B.

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

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

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 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

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 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 .

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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

(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. As used in this report, all references to New Holland or Case refer to (1) the historical business and/or operating results of either New Holland N.V. or Case Corporation (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 brand names.

We prepare our annual consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Our 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, 2012, Fiat Industrial S.p.A. (Fiat Industrial), and together with its subsidiaries, the Fiat Industrial Group) owned approximately 87% of our outstanding common shares (through their ownership of all of our common shares B) through its wholly-owned subsidiary, Fiat Netherlands Holding N.V. (Fiat Netherlands). Fiat Industrial is a corporation organized under the laws of the Republic of Italy whose stock is traded on the Milan stock exchange. The Fiat Industrial Group's three sectors design, produce and sell trucks, commercial vehicles, buses, and special vehicles (Iveco), tractors, and agricultural and construction equipment (CNH), in addition to engines and transmissions for those vehicles and engines for marine applications (FPT Industrial).

On November 25, 2012, Fiat Industrial and CNH entered into a definitive merger agreement to combine the businesses of Fiat Industrial and CNH. The terms of the merger agreement provide that Fiat Industrial and CNH will each merge into a newly-formed company organized under the laws of the Netherlands (NewCo). In connection with the merger, Fiat Industrial shareholders will receive one NewCo share for each Fiat Industrial ordinary share and CNH shareholders will receive 3.828 NewCo shares for each CNH common share.

At the extraordinary meeting of shareholders held on December 17, 2012, our shareholders approved the following:

An amendment of our Articles of Association creating a separate class of shares (the common shares B) and conversion of all of the common shares held by Fiat Netherlands, representing approximately 87% of our entire issued and outstanding share capital, into common shares B.

A special dividend to shareholders in the amount of \$10 per common share. As a result of the amendment to the Articles of Association, all of the common shares held by Fiat Netherlands were converted into common shares B. Accordingly, the cash payment of \$10 per common share was only made to our shareholders other than Fiat Netherlands, as the holders of our regular common shares. We paid the dividend of approximately \$305 million in December 2012. In addition, our shareholders approved an appropriation of retained earnings for \$2.1 billion which represents \$10 per common share B. Please see Note 16: Shareholders' Equity to our consolidated financial statements for the year ended December 31, 2012 for more information.

The merger agreement contains customary representations and warranties and the merger is subject to customary closing conditions, including a condition capping the exercise of withdrawal rights by Fiat Industrial shareholders and opposition rights by Fiat Industrial creditors at \$25 million in the aggregate. The merger is also subject to approval by the shareholders of each of Fiat Industrial and CNH. Fiat Industrial, as 87% shareholder of CNH, has agreed to vote all of its CNH shares in favor of the merger at the applicable CNH shareholders' meeting. The merger is expected to close during the third quarter of 2013.

On January 1, 2011, Fiat S.p.A. (Fiat), and together with its subsidiaries, the Fiat Group) effected a demerger under Article 2506 of the Italian Civil Code. Pursuant to the demerger, Fiat transferred its ownership

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interest in Fiat Netherlands to a new holding company, Fiat Industrial, including Fiat's indirect ownership of CNH Global, as well as Fiat's truck and commercial vehicles business and its industrial and marine powertrain business. Consequently, as of January 1, 2011, CNH Global became a subsidiary of Fiat Industrial. In connection with the demerger transaction, shareholders of Fiat received shares of the capital stock of Fiat Industrial. Accordingly, as of January 1, 2011 Fiat Industrial owned approximately 89% of our outstanding common shares through Fiat Netherlands. For information on our share capital, see Item 10. Additional Information B. Memorandum and Articles of Association.

Fiat is a corporation organized under the laws of the Republic of Italy whose stock is traded on the Milan and Frankfurt stock exchanges. Fiat designs, produces and sells vehicles for the mass market as well as luxury and performance cars and has increased its global reach through the acquisition of control of Chrysler Group in 2011. Fiat also operates in the components sector, through Magneti Marelli and Teksid, and in the production systems sector, through Comau. In 2012, Fiat carries out activities in the automotive sector through companies located in approximately 50 countries and had commercial relationships with customers in approximately 140 countries.

Certain financial information in this report has been presented by geographic area. Our geographic regions are: (1) North America; (2) Europe Africa Middle East and Commonwealth of Independent States (EAME and CIS); (3) Latin America; and (4) Asia Pacific (APAC). The geographic designations have the following meanings:

North America United States, Canada and Mexico;

EAME and CIS 27 member countries of the European Union, 10 member countries of the Commonwealth of Independent States, Balkans, African continent, and Middle East;

Latin America Central and South America, and the Caribbean Islands; and

APAC Continental Asia and Oceania.

Certain industry and market share information in this report has been presented on a worldwide basis. 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 other 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, 2012 and 2011, and for each of the years ended December 31, 2012, 2011, and 2010 has been derived from and should be read in conjunction with the audited consolidated financial statements included in Item 18. Financial Statements . This data should also be read in conjunction with Item 5. Operating and Financial Review and Prospects. Financial data as of December 31, 2010, 2009, and 2008 and for the years ended December 31, 2009 and 2008, has been derived from our previously published, audited consolidated financial statements which are not included herein.

As of the beginning of 2010, we adopted new accounting guidance related to the accounting for transfers of financial assets and the consolidation of variable interest entities (VIEs). As a significant portion of our securitization trusts and facilities were no longer exempt from consolidation under the new guidance, we were required to consolidate their receivables and related liabilities. We recorded a \$5.7 billion increase to assets and liabilities and equity upon the adoption of this new guidance on January 1, 2010.

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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, 2012, 2011, 2010, 2009 and 2008.

	2012	For the Years Ended December 31,			2008
		2011	2010	2009	
		(in millions, except per share data)			
Consolidated Statement of Operations Data:					
Revenues:					
Net sales	\$ 19,427	\$ 18,059	\$ 14,474	\$ 12,783	\$ 17,366
Finance and interest income	1,020	1,126	1,134	977	1,110
Total revenues	\$ 20,447	\$ 19,185	\$ 15,608	\$ 13,760	\$ 18,476
Net income (loss)	\$ 1,133	\$ 924	\$ 438	\$ (222)	\$ 824
Net income (loss) attributable to CNH Global N.V.	\$ 1,142	\$ 939	\$ 452	\$ (190)	\$ 825
Earnings (loss) per share attributable to CNH Global N.V. common shareholders:					
Basic earnings (loss) per share	\$ 4.68	\$ 3.92	\$ 1.90	\$ (0.80)	\$ 3.48
Diluted earnings (loss) per share	\$ 4.68	\$ 3.91	\$ 1.89	\$ (0.80)	\$ 3.47
Basic and diluted earnings per share attributable to CNH Global N.V. class B common shareholders:					
	\$ 4.68	\$	\$	\$	\$
Cash dividends declared per common share	\$ 10.00	\$	\$	\$	\$ 0.50

	2012	As of December 31,			2008
		2011	2010	2009	
		(in millions)			
Consolidated Balance Sheet Data:					
Total assets	\$ 35,426	\$ 34,093	\$ 31,589	\$ 23,208	\$ 25,459
Short-term debt	\$ 3,797	\$ 4,072	\$ 3,863	\$ 1,972	\$ 3,480
Long-term debt, including current maturities	\$ 14,266	\$ 13,038	\$ 12,434	\$ 7,436	\$ 7,877
Common shares at 2.25 par value	\$ 77	\$ 603	\$ 599	\$ 595	\$ 595
Common shares B at 2.25 par value	\$ 533	\$	\$	\$	\$
Common shares outstanding	30	240	238	237	237
Common shares B outstanding	212				
Equity	\$ 8,634	\$ 7,924	\$ 7,380	\$ 6,810	\$ 6,575

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 36 and the other risks described in the Safe Harbor Statement on page 66. 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 66. Except as may

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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 from time to time in materials filed with or furnished to the United States Securities and Exchange Commission (SEC).

Risks Related to Our Business, Strategy and Operations

Global economic conditions impact our business. Financial conditions in several regions continue to place significant economic pressures on 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 impacted by economic pressures, 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. There is particular concern about economic conditions in Europe (and potentially the long-term viability of the euro currency for certain countries), which is at risk of being impacted by sovereign debt defaults and other severe pressures on the banking system in European Union countries. It is uncertain whether central bank or governmental measures will reduce or eliminate this risk. In addition, growth slowed in China in 2012, albeit from high growth rates in recent years, due to government actions and decreased demand for Chinese exports in economically challenged regions. Similarly, growth slowed in several Latin American countries in 2012, including Brazil and Argentina. If there is significant deterioration in the global economy or the economies of key regions, 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 require management judgment and estimates. The estimates are impacted by a number of factors, including, but not limited to, worldwide economic factors and technological changes. Any of these factors, or other unexpected factors, may require us to consider whether we need to record an impairment charge. In the event we are required to record an impairment charge with respect to certain intangible assets, it would have an adverse impact on our financial position and results of operations.

We are exposed to political, economic and other risks as a result of operating a global business. Some of those risks include:

changes in laws, regulations and policies that affect, among others:

import and export transactions, duties and quotas,

currency restrictions,

the design, manufacture and sale of our products, including, for example, homologation and engine emissions regulations,

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;

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changes in the dynamics of the industries and markets in which we operate;

varying and unpredictable customer needs and desires;

varying and unexpected actions of our competitors;

labor disruptions;

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changes in governmental debt relief and subsidy program policies in certain significant markets such as Brazil (See Note 3: Accounts and Notes Receivable to our consolidated financial statements for the year ended December 31, 2012); and

war, civil unrest (such as that experienced in several Middle East countries in 2012), and terrorism.

These risks, and governmental actions in response to them, may delay or reduce our realization of value from our international operations and accordingly may negatively impact our financial position, results of operations and cash flows.

Our expansion plans in emerging markets could entail significant risks.

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. In addition, we could increase our use of component suppliers in these markets. Our implementation of these strategies will involve a significant investment of capital and other resources and entail various risks. For example, we may encounter difficulties in obtaining necessary government approvals in a timely manner. In addition, we may experience delays and incur significant costs in constructing facilities, establishing supply channels, and commencing manufacturing operations. Further, customers in these markets may not readily accept our products. We may face challenges as a result of the pervasiveness of corruption and other irregularities in business practices in certain regions. Some of these emerging market countries also may be subject to a greater degree of economic and political volatility that could adversely affect our financial position, results of operations and cash flows.

Our financial performance is subject to currency exchange rate fluctuations and interest rate changes. Increases and decreases in the value of the U.S dollar relative to other currencies will affect the reported value of items in our consolidated financial statements, as has occurred in 2012, 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 in different currencies (currency transactions). Accordingly, a substantial increase or decrease in the value of the U.S. dollar relative to other currencies would substantially affect our financial position and operating results.

Economic conditions in Europe have raised concerns regarding the long-term viability of the euro currency in particular countries within the euro-zone. We conduct a significant volume of business denominated in euro. Although it remains uncertain whether significant changes in utilization of the euro will occur or what the potential impact of such changes in the euro-zone or globally might be, a material shift in circulation of the euro could result in disruptions to our business and negatively impact our results of operations.

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 without a commensurate increase in finance income would have an adverse effect on our financial position and results of operations. In addition, central banks may act to increase interest rates too rapidly in a growing economy which could hamper economic recovery and adversely impact our financial position 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. While the use of such hedging instruments provides us with protection from certain fluctuations in currency exchange and interest rates, we potentially forego 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 position and results of operations. These financial

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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 position and results of operations. See Item 11. Quantitative and Qualitative Disclosures about Market Risk. In addition, uncertainties surrounding the interpretation and implementation of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd Frank Act) could adversely affect our ability to hedge risks associated with our business or increase the cost of our hedging activity.

Risks related to our defined benefit pension plans and other postretirement obligations could impact our profitability. At December 31, 2012, our defined benefit pension plans had an underfunded status of approximately \$822 million. This amount included defined benefit pension plan obligations of \$493 million for plans that we are not currently required to fund.

The funded status of our defined benefit pension and postretirement benefit plans is subject to many factors as discussed in 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 to our consolidated financial statements for the year ended December 31, 2012. To the extent that our obligations under a plan are unfunded or underfunded, we will have to use cash flow from operations and other sources to pay our obligations as they become due. In addition, since the assets that currently fund these obligations are primarily invested in debt instruments and equity securities, the value of these assets will vary due to market factors. In recent years, these fluctuations have been significant and adverse and there is no assurance that they will not be significant and adverse in the future.

We depend on key suppliers for certain raw materials and components. We rely upon single suppliers for certain parts and components, primarily those that require joint development between us and our suppliers. Adverse financial conditions and natural disasters could cause some of our suppliers to face severe financial hardship. These risks, or disputes with these suppliers, could disrupt our access to critical parts, components and supplies. This could have a negative impact on our costs of production, our ability to fulfill orders and the profitability of our business. See also Risks Related to Our Relationship with Fiat Industrial for additional information on purchases from Fiat and Fiat Industrial.

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, certain parts, components or commodities could adversely affect our profitability or our ability to obtain and fulfill orders. Increases in the prices of raw materials, and related supplier actions in response, could adversely affect our operating results. In particular, increases in the cost of steel, rubber, oil and related petroleum-based products could adversely affect our profitability, unless we are able to raise equipment and parts prices to recover any such material or component cost increases.

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 work 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. European worker protection laws, collective bargaining agreements, and other labor agreements could impair our flexibility in streamlining existing manufacturing facilities and in restructuring our business. In April 2010, we reached a new collective bargaining agreement with the United Auto Workers (UAW) in the United States, which expires in April 2016. In April of 2012, we ratified our contract with the International Association of Machinists, which represents approximately 734 of our employees in Fargo, North Dakota. This contract expires in April 2018. 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 that could adversely affect our financial position and results of operations.

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Risks Particular to the Industries in Which We Operate

Government action or inaction 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, among other things, 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 cyclical in the equipment business.

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 global negotiations from time to time 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.

Government policies on issues such as 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 purchase equipment that we manufacture, market or distribute. Other government policies, such as decisions to reduce public spending, may involve more unfavorable developments than anticipated, which could have an adverse effect on our financial position and results of operations.

In March 2010, the President of the United States signed into law the U.S. Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively the Health Care Acts). The Health Care Acts require, among other things, changes to our current employee benefit plans, our information technology infrastructure, and our administrative and accounting processes. The ultimate extent and cost of these changes are being evaluated, but the Health Care Acts could significantly increase the cost of providing healthcare coverage generally and could adversely affect our financial position and results of operations.

On January 2, 2013, the President of the United States signed into law the American Taxpayer Relief Act of 2012 (ATRA). ATRA incorporates a series of individual income tax and business tax changes. Although enactment of ATRA averted potentially immediate negative economic consequences for the U.S. economy that could have resulted from widespread tax increases and government spending cuts, the economic impact of ATRA remains uncertain. In addition, in early 2013, the U.S. government will be called upon to address important issues and incorporate necessary measures related to its budget deficit and national debt. The outcome of U.S. government measures designed to address its budget deficit and national debt remains uncertain. We will continue to monitor developments, but a U.S. government failure to address budget deficit and national debt issues, or the incorporation of measures having a negative impact upon the economy or our industry, could adversely affect our financial position and results of operations.

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

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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, including shifts in key economic indicators such as gross domestic product;

demand for food;

commodity prices and stock levels;

net farm income levels;

availability of credit;

developments in biofuels;

infrastructure spending rates;

seasonality of demand;

changes and uncertainties in the monetary and fiscal policies of various governmental and regulatory entities;

our ability to maintain effective distribution networks;

currency rates and interest rates;

our pricing policies, or those of competitors;

political, economic and legislative changes;

housing starts; and

commercial construction.

In our industries, changes in demand can occur suddenly, resulting in imbalances in inventories, production capacity, and prices for new and used 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.

Rapid increases in demand can result in, among other things, an under-supply of equipment, increases in prices of our equipment, increases in our costs for materials and components, and increases in factory utilization (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). An inability to accommodate large and rapid increases or decreases in demand could impede our ability to operate efficiently and adversely affect our financial position and results of operations, as well as our competitive position. See also Item 4. Information on the Company B. Business Overview Industry Overview.

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

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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 towards the end of the year, as both our and our dealers' inventories are typically reduced.

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 position and results of operations.

Our business may be affected by unfavorable weather conditions, climate change or natural disasters that reduce agricultural production and demand for agricultural equipment. Poor or unusual weather conditions caused by climate change or other factors, particularly during the planting and early growing season, can significantly affect the purchasing decisions of our agricultural equipment customers. The timing and quantity of rainfall are two of the most important factors impacting agricultural production. Insufficient levels of rain, such as the severe drought experienced in certain regions of North America in 2012, prevent farmers from planting crops or may cause growing crops to die resulting in lower yields. Excessive rain or flooding can also prevent planting or harvesting from occurring at optimal times and may cause crop loss through increased disease or mold growth. Temperature affects the rate of growth, crop maturity and crop quality. Temperatures outside normal ranges can cause crop failure or decreased yields, and may also affect disease incidence. Natural disasters such as regional floods, hurricanes, storms, and droughts can have a negative impact on agricultural production. The resulting negative impact on farm income can strongly affect demand for our agricultural 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, including technological advancements related to precision farming and construction, customer service, quality, price and anticipated resale value. Aggressive pricing or other strategies pursued by competitors, unanticipated product improvements by competitors, 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, or our inability to respond to aggressive competitor or other third-party activity related to intellectual property rights could result in a loss of customers, a decrease in our revenues and a decline in our share of industry sales.

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 in certain regions. If economic conditions deteriorate, it could be 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.

We maintain an independent dealer and distribution network in the markets where we sell products. The financial and operational capabilities of our dealers and distributors are critical to our ability to compete in these markets. In addition, we compete with other manufacturers of agricultural and construction equipment for dealers. If we are unable to compete successfully against other equipment manufacturers, we could lose dealers and their end customers, resulting in a decline in our operating results.

Our Financial Services business operates in a highly competitive environment, with financing for users of our equipment available through a variety of sources, such as banks, finance companies and other financial institutions, including government sponsored entities. Some Financial Services' competitors enjoy certain regulatory, government support or credit rating advantages over our Financial Services' business today, which

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often enable them to access capital on more favorable terms, among other things. Such cost of funds disparities between us and our competitors, or any additional regulatory, government support or credit rating changes that enhance the competitive position of our competitors, could result in our inability to compete effectively. The success of our Financial Services business also depends on our ability to develop and market financing products and services and offer quality customer service that meet the evolving needs of existing and potential customers. Increasing competition may adversely affect our Financial Services business if we are unable to match the products and services of competitors. If we are unable to compete effectively, our business, financial position and results of operations will suffer.

Dealer equipment sourcing and inventory management decisions could adversely affect our sales. Our 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 other 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 position and results of operations.

Adverse economic conditions could place a financial strain on our dealers and adversely affect our operating results. Economic conditions continue to place financial stress on many of our dealers in certain regions. 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 position 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 quantities 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 products. We are currently conducting environmental investigations or remedial activities involving soil and groundwater contamination at a

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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, where appropriate, 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, and we may be unable to sell certain products, which could negatively impact our results of 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 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 and European regulators have adopted new and more stringent emission standards, including Interim Tier 4, Final Tier 4, Stage IIIB and Stage IV non-road diesel emission requirements applicable to many of our products. We have introduced new products meeting new emissions standards, with initial positive reaction from our customers. If we are unable to continue to successfully execute our plans to meet current emission and other regulatory requirements, our ability to continue selling certain products on the market would suffer, which would negatively impact our financial results and financial position. In addition, engine emission requirements and product enhancements related thereto may impact the pricing or acceptability of our products, which could impact our competitive position, sales and results of operations.

Data security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer. In the ordinary course of business, we collect and store sensitive data, including intellectual property, our proprietary business information and that of our customers and business partners, and personally identifiable information of our customers and employees, in our data centers and on our networks. The secure processing, maintenance, and transmission of this information by us and any contracted third parties is critical to our operations. We have not experienced any significant known or threatened data security incidents to date, and we employ and seek to improve security measures and initiatives designed to reduce the impact of such risk. Despite our security measures and initiatives, our information technology and infrastructure may be subject to attacks by hackers or breached due to employee error, malfeasance, or other disruptions. Any such breach could compromise our networks and the information stored could be accessed, publicly disclosed, lost, or stolen. Any such access, disclosure or other loss could disrupt our operations, result in legal claims or proceedings and harm our business and reputation.

Our financial statements may be impacted by 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. See Note 2: Summary of Significant Accounting Policies New Accounting Pronouncements Adopted to our consolidated financial statements for the year ended December 31, 2012 for additional information on the adoption of new accounting guidance.

Our business operations may be impacted by various types of claims, lawsuits, and other contingent obligations. We are involved in various product liability, supplier-related, 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 position, cash flows or results of operations. Further, we could in the future be subject to

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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 for the year ended December 31, 2012 for additional information.

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, expand or exit from strategic alliances which could involve risks that could prevent us from realizing the expected benefits of the transactions or the achievement of strategic objectives. 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;

inability to source certain products;

increased financing costs and inability to fund such costs;

significant costs associated with terminating or modifying alliances; and

problems in retaining customers and integrating operations, services, personnel, and 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 were terminated, our product lines, businesses, financial position, and results of operations could be adversely affected.

Effective December 31, 2012 the initial term of our global alliance with Kobelco Construction Machinery Co., Ltd. (KCM) and Kobe Steel Ltd. (KSL) expired and we entered a new phase of non-exclusive licensing and supply agreements. Subject to the terms of existing agreements, we will continue to have the ability to manufacture excavators based on current Kobelco technology as well as the right to purchase select models of whole goods and component parts from KCM until December 31, 2017. With the end of the initial term of the global alliance, we sold our 20% ownership interest in KCM to KSL and will unwind our co-ownership with KCM of certain companies formed in connection with the global alliance. In addition, the territory and marketing restrictions in the Americas and EAME and CIS expired on December 31, 2012 and such restrictions in APAC are expected to terminate not later than June 30, 2013. In connection with the sale of our 20% ownership interest in KCM, we recognized a loss of approximately \$35 million in the year ended December 31, 2012, and a \$26 million receivable which is included in Prepayments and Other on the consolidated balance sheet as of December 31, 2012. Please see Note 6: Investments in Unconsolidated Subsidiaries and Affiliates and Note 14: Commitments and Contingencies to our consolidated financial statements as of December 31, 2012 for more information.

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While we expect a smooth transition with respect to implemented changes, a failure to realize such a transition and anticipated benefits could have a material adverse effect upon our construction product lines, construction distribution network, financial position and results of operations.

Our sales can be affected by customer attitudes and new product acceptance. Negative economic conditions, on a worldwide or regional basis, could significantly impact consumer or corporate 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. We must also make strategic decisions regarding existing products and strategic

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alliances. Our efforts are dependent upon a number of factors, including our ability to manage and maintain an effective distribution network, 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, to adequately protect intellectual property rights, or to accurately predict market demand for, or gain market acceptance of, our products, could adversely affect our financial position and results of operations.

Risks related to Financial Services.

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

relevant industry and general economic conditions (in particular, those conditions most directly affecting the agricultural and construction industries);

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 in the quality of Financial Services' financial assets, 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 receivable balance ratios, and an increase in foreclosures and losses. In such circumstances, Financial Services' 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 receivables are unpaid and Financial Services repossesses collateral securing the repayment of the receivable, 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 of the general economy and the strength of market demand for new and used agricultural and construction equipment. 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 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 receivables, adversely affecting our financial position and results of operations.

Funding Risk. Financial Services has traditionally relied upon the asset-backed securitization (ABS) market and committed asset-backed facilities (facilities) as a primary source of funding and liquidity. Access to funding at competitive rates is essential to Financial Services business. From mid-2007 through 2009, events occurred in the global financial market, including weakened financial condition of several major financial

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institutions, problems related to subprime mortgages and other financial assets, the devaluation of various securities in secondary markets, the forced sale of asset-backed and other securities by certain investors, and the lowering of ratings on certain ABS transactions, which caused a significant reduction in liquidity in the secondary market for ABS transactions outstanding at such time and a significant increase in funding costs. During these periods, conditions in the ABS and facilities market adversely affected Financial Services' ability to sell receivables on a favorable or timely basis. Similar conditions in the future would have an adverse impact on Financial Services' financial position and results of operations.

To maintain competitiveness in the capital markets and to promote the efficient use of various funding sources, additional reserve support has been added to certain previously issued ABS transactions. Such optional support may be required to maintain credit ratings assigned to transactions if loss experiences are higher than anticipated. The provision of additional reserve support could have an adverse effect on Financial Services' financial position, results of operations and cash flows.

Repurchase Risk. In connection with Financial Services' ABS and facilities transactions, it makes customary representations and warranties regarding the receivables being securitized, as disclosed in the related offering documents. While no recourse provisions exist that allow holders of the securities issued by Financial Services' trusts to require it to repurchase those securities, a breach of these representations and warranties could give rise to an obligation to repurchase non-conforming receivables from the trusts. Any future repurchases could have an adverse effect on Financial Services' financial position, results of operations and cash flows.

Regulatory Risk. The operations of Financial Services are subject, in certain instances, to supervision and regulation by various governmental authorities. These operations are also 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 borrowers' insurance coverage;

require disclosure to borrowers;

govern secured and unsecured transactions;

set collection, foreclosure, repossession and claims handling procedures and other trade practices;

prohibit discrimination in the extension of credit and administration of receivables; and

regulate the use and reporting of information related to a borrower.

For example, the Dodd-Frank Act was signed into law in July 2010. The various requirements of the Dodd-Frank Act, including the many implementing regulations yet to be released, may substantially affect Financial Services' origination, servicing and securitization programs. Further, the Dodd-Frank Act strengthens the regulatory oversight of ABS securities and capital market activities by the SEC and other regulatory bodies and increases the regulation of the securitization markets through, among other things, a mandated risk retention requirement for securitizers and a direction to the SEC to regulate credit rating agencies and adopt regulations governing these organizations. We will continue to monitor these developments and their impact on access to the ABS and facilities markets, as these and future SEC regulations may impact Financial Services' ability to engage in these activities or increase the effective cost of asset-backed transactions in the future, which could adversely affect its financial position, results of operations and cash flows.

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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 it charges from rising to a level commensurate with risk and market conditions, such events could adversely affect Financial Services' business and its financial position and results of operations.

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Risks Related to Our Indebtedness

Credit rating changes could affect our cost of funds. Our access to, and cost of, funding depend on, among other things, the credit ratings of CNH, CNH Capital LLC, our ABS and facilities transactions, and Fiat Industrial. (See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources.) The rating agencies may change our 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. A lack of funding could result in our inability to meet customer demand for equipment financing, while increased funding costs would lead to decreased profits and could result in our inability to meet customer demand at attractive interest rates, which in turn may adversely affect our financial position 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, 2012, we had an aggregate of \$18.1 billion of consolidated indebtedness, of which \$14.3 billion related to Financial Services and \$3.8 billion to Equipment Operations, and our equity was \$8.6 billion.

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 may need to use a portion of our projected future cash flow from operations to pay principal and interest on our indebtedness, which may 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 capital markets on favorable terms, which may adversely affect our ability to provide competitive retail and wholesale financing programs.

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

incur additional debt;

make certain investments;

enter into certain types of transactions with affiliates;

sell certain assets or merge with or into other companies;

use assets as security in other transactions; and

enter into sale and leaseback transactions.

These restrictive covenants could limit our financial and operating flexibility. For example:

limits on incurring additional debt and using assets as security in other transactions could materially limit our future business prospects by restricting us from financing as many customers as we otherwise would, particularly if traditional funding sources (including principally the ABS markets) were not available;

limits on investments could result in a return on assets lower than that of competitors;

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limits on the sale of assets or merger with or into other companies could deny us a future business opportunity despite the benefits that could be realized from such a transaction.

Our ability to meet any of these restrictive covenants may be affected by events beyond our control, which could result in material adverse consequences that negatively impact our business, results of operations and financial position. If we fail to comply with these restrictive covenants, we may be unable to borrow additional funds and our lenders or debt holders may declare a default and demand the immediate repayment of all outstanding amounts owed to them. We cannot assure you that we will continue to comply with each restrictive covenant at all times, particularly if we were to encounter challenging and volatile market conditions.

For more information regarding our credit facilities and debt, see Note 9: Credit Facilities and Debt to our consolidated financial statements for the year ended December 31, 2012.

Risks Related to the Announced Fiat Industrial and CNH Global Merger Agreement

In a press release and related Form 6-K filing, we announced on November 26, 2012, execution of a definitive merger agreement which would result in the combination of our business with the other businesses of Fiat Industrial into a newly-formed company organized under the laws of the Netherlands (currently known as NewCo). Various conditions remain to be satisfied and activities remain to be completed prior to closing of the transaction (NewCo Merger). As discussed in our announcement, we believe the NewCo Merger has the potential to result in significant strategic benefits for the combined businesses. However, if the NewCo Merger is completed, there is no guarantee that the strategic benefits anticipated will be realized. In addition, if upon completion and during implementation of the NewCo Merger, significant unforeseen events occur or unforeseen adverse investor, shareholder, regulatory, rating agency or other financial institution actions result, hindering an effective and efficient integration of the respective businesses involved, the impact of such events could have a material adverse impact upon our financial condition, cash flow, and results of operations. In addition, failure to complete the NewCo Merger and realize the benefits anticipated could have a material adverse impact upon our financial condition, cash flows, and results of operations. See Item 5. Operating and Financial Review and Prospects for additional information regarding the NewCo Merger.

Risks Related to Our Relationship with Fiat Industrial

The following risks apply prior to completion of the NewCo Merger or in the event the NewCo Merger is not completed. Completion of the NewCo Merger may render certain risks inapplicable.

Fiat Industrial guarantees and funding. Fiat Industrial continues to provide financial guarantees in connection with certain of our external financing sources. There is no assurance that Fiat Industrial will continue to make such credit or guarantees available. To the extent these arrangements are terminated or replaced or Fiat Industrial otherwise does not make financing available to us or does not provide financial guarantees, we will need to seek alternative sources of funding or credit support. Alternative sources of funding or credit support may not be available and, to the extent that such credit or credit support is available, the terms and conditions of such credit or credit support may not be as favorable as those provided by Fiat Industrial, which could have a material adverse effect on our financial position and results of operations. See Note 9: Credit Facilities and Debt to our consolidated financial statements for the year ended December 31, 2012 for additional information.

Potential conflicts of interest with Fiat Industrial. As of December 31, 2012, Fiat Industrial owned, indirectly through Fiat Netherlands, approximately 87% of our outstanding shares (through the ownership of all of our common shares B). As long as Fiat Industrial 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 Industrial could be in conflict with the interests of our

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other debt and equity security holders. In addition, Fiat Industrial 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. Fiat Industrial also has the ability to pursue relationships with entities other than us to provide financing to our customers.

Fiat Industrial provides financing to us. In the recent past, due to the then existing capital markets crisis and its material adverse impact on the ABS and facilities markets, we relied more heavily upon financing provided by Fiat. In the event of a repeat of the severe downturn in the ABS and facilities markets, we might need to again look to other financing sources, including Fiat Industrial, though Fiat Industrial would have no obligation to provide such financing. To the extent Fiat Industrial does not provide such financing to us when needed, we could suffer from a lack of funding and/or incur increased funding costs if funding is obtained through other sources.

We believe our business relationships with Fiat Industrial can offer economic benefits to us; however, Fiat Industrial's ownership of our capital stock and its ability to direct the election of our directors could create, or appear to create, potential conflicts of interest when Fiat Industrial is faced with decisions that could have different implications for Fiat Industrial and other shareholders. For more information, see Note 21: Related Party Information to our consolidated financial statements for the year ended December 31, 2012.

Our participation in cash management pools exposes us to Fiat Industrial Group credit risk. We participate in a group-wide cash management system with other companies within the Fiat Industrial Group. Our positive cash deposits with Fiat Industrial, if any, are either invested by Fiat Industrial treasury subsidiaries in highly rated, highly liquid money market instruments or bank deposits, or may be applied by Fiat Industrial treasury subsidiaries to meet the financial needs of other Fiat Industrial Group members and *vice versa*. While we believe participation in Fiat Industrial treasury subsidiaries' cash management pools provides us with financial benefits, it exposes us to Fiat Industrial credit risk.

In the event of a bankruptcy or insolvency of Fiat Industrial (or any other Fiat Industrial Group member in the jurisdictions with set off agreements) or in the event of a bankruptcy or insolvency of the Fiat Industrial 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 Industrial entity with respect to such deposits. 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 position and results of operations may be materially impacted. See Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources Source of Funding for additional information concerning financing arrangements between us and Fiat Industrial.

Pursuant to the Master Services Agreement (MSA) between Fiat and Fiat Industrial, Fiat Group Companies provide us with certain corporate functions and services. Fiat has no obligation to provide assistance to us other than as has been agreed in the MSA. We cannot be certain that continued assistance provided by Fiat Industrial or by Fiat pursuant to the MSA will be sufficient for our business and operations, or that we will not incur additional costs that could adversely affect our business.

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, Schiphol Boulevard 217, 1118 BH Schiphol Airport, Amsterdam, The Netherlands (telephone number: +31-20-446-0429). CNH 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, USA (telephone number: +1-630-887-3766). See also "Item 3. Key Information D. Risk Factors Risks Related to the Announced Fiat Industrial and CNH Global Merger Agreement" and "Item 5. Operating and Financial Review and Prospects" for information regarding the NewCo Merger.

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We make capital investments in the regions in which we operate principally related to initiatives to introduce new products, enhance manufacturing efficiency, increase 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 customers and suppliers, the cost of goods and labor, and plant utilization levels. See also Item 4. Information on the Company D. Property, Plant and Equipment for additional information.

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 of these industries. 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.

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 through December 31, 2012) make up our construction equipment brand family. As of December 31, 2012, we were manufacturing our products in 37 facilities throughout the world and distributing our products in approximately 170 countries through a network of approximately 11,500 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, we provide a complete range of replacement parts and services to support our equipment. For the year ended December 31, 2012, our sales of agricultural equipment represented 76% of our revenues, sales of construction equipment represented 18% of our revenues and Financial Services represented 6% 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, 2012, 44% of our net sales of equipment were generated in North America, 31% in EAME & CIS, 15% in Latin America and 10% in APAC. 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, Brazil, Australia and Western Europe. The principal financial 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, 2012, Financial Services managed a portfolio of receivables and leases of approximately \$18.9 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

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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. Global 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. Our 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 the latest 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 as conducive to 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 that 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 10% to over 30% of the annual income for these farmers 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 cyclicalities 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

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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 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 or inaction 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 to our consolidated financial statements for the year ended December 31, 2012, for additional information.

Biofuels Impact on Agriculture

Global demand for renewable fuels increased considerably in recent years driven by increased petroleum based fuel costs, 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 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 Brazil it is extracted from sugar cane. Biodiesel is typically extracted from soybeans and canola in the U.S. and Brazil, and from rapeseed 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. Although oil prices temporarily declined during 2009, oil prices continued to escalate through 2010, 2011 and 2012, continuing to make biofuels an attractive alternative energy source. 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. 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 emphasize productivity, performance, and reliability. In other markets, customers often continue to use a particular piece of equipment after its performance and efficiency begin 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.

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Heavy Construction Equipment

Heavy construction equipment typically includes larger wheel loaders and excavators, graders and dozers. 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 significance of major infrastructure construction and repair projects such as highways, tunnels, dams and harbors, all of which are a function of government spending and economic growth. Furthermore, demand for mining and quarrying equipment applications (although not important to our business) 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 changes in housing industry activity. The heavy equipment industry generally follows cyclical economic patterns, linked to GDP.

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 the 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 current 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 became 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

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demand in the Latin American market and 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 mostly sold to other Southeast Asian markets. This flow of used equipment is highly influenced by currency exchange rates and the weight and dimensions of the equipment, and the different local regulations in terms of safety and/or emissions.

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.

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 are already 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, and dedicated Financial Services capabilities.

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 forecasts of industry volumes and our share of industry sales which is predicated on our ability to compete with others in the marketplace. We compete primarily 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 current difficult economic environment 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, the availability and competitiveness of funding resources, developing competitive financial products and services, and licensing or other governmental regulations.

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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.

In order to capitalize on customer loyalty to dealers and our brands, 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 newer generation tractors have a high percentage of common mechanical components, each brand and product remains 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, combine harvesters, 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 that 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 also provides a full product line in the majority of the markets where it is present.

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 include crawler and wheeled excavators, wheel loaders, graders and dozers for all applications. Light construction equipment product lines 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 that typically runs from one to two years.

In May 2010, we sold our interest in LBX Company LLC to S.C.M. (America), Inc., an affiliate of Sumitomo (S.H.I.) Construction Machinery Co., Ltd., to concentrate efforts on our key construction brands. In March 2011, CNH acquired full ownership of L&T Case Equipment Private Ltd. (L&T), an unconsolidated joint venture established in 1999 to manufacture and sell construction and building equipment in India. The company operates a production facility in Pithampur and currently builds backhoe loaders and vibratory compactors. Effective December 31, 2012 the initial term of our global alliance with KCM and KSL expired and we entered a new phase of non-exclusive licensing and supply agreements. Subject to the terms of existing agreements, we will continue to manufacture excavators, based on current Kobelco technology, in our plants and purchase select models of whole goods from KCM as well as component parts until at least December 31, 2017. With the end of the initial term of the global alliance, we sold our 20% ownership interest in KCM to KSL and

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will unwind our co-ownership with KCM of certain companies formed in connection with the global alliance. In addition, the territory and marketing restrictions in the Americas and EAME and CIS expired on December 31, 2012 and such restrictions in APAC are expected to terminate not later than June 30, 2013. We continue to evaluate our construction equipment business with a view toward increasing efficiencies and profitability as well as evaluating our strategic alliances to leverage our position in key markets.

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 to delivering the greatest competitive advantage. These improvements include continuing engine development, combining the introduction of new engines to meet stricter emissions requirements with additional innovations anticipated to refresh our product line. In addition, we emphasize enhanced product innovations that, coupled with our initiatives to improve dealer and customer support, will allow us to more fully capitalize on our market leadership positions in many significant geographic and product categories.

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, 2012, 2011, and 2010.

Suppliers

We purchase materials, parts, and components from third-party suppliers. We had approximately 2,400 global direct suppliers to our manufacturing facilities at December 31, 2012. 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 recent 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 those in 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 quantities of 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.

Previously, we purchased engines and other components from, among others, the Fiat Group and since the demerger have made similar purchases from Fiat Industrial Group. See also Note 21: Related Party Information to our consolidated financial statements for the year ended December 31, 2012 for additional information.

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Distribution and Sales

As of December 31, 2012, we were selling and distributing our products through approximately 11,500 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.

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 equipment manufactured by our competitors. Elsewhere, our dealers generally do not sell products that compete with products we sell, but may sell complementary products manufactured by other suppliers 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 other 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, although we have a limited number of company-owned dealerships in some markets. At December 31, 2012, we operated 12 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 investment 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 necessary 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. 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.

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

In Russia, we own 50% of CNH-Kamaz Industrial B.V., which manufactures certain New Holland agricultural and construction equipment in the Russian Federation. We also own 51% of CNH-Kamaz Commercial B.V., which distributes and services agricultural and construction equipment in the Russian Federation.

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 owned 20% of KCM, which manufactures and distributes construction equipment, primarily in Asia. KCM 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, until December 31, 2012, Kobelco brands. Effective December 31, 2012 the initial term of our global alliance with KCM expired and we entered a new phase of non-exclusive licensing and supply agreements. Subject to the terms of existing agreements, we will continue to have the ability to manufacture excavators based on current Kobelco technology as well as the right to purchase select models of whole goods and component parts from KCM until December 31, 2017. With the end of the initial term of the global alliance, we sold our 20% ownership interest in KCM to KSL and will unwind our co-ownership with KCM of certain companies formed in connection with the global alliance. In addition, the territory and marketing restrictions in the Americas and EAME and CIS expired on December 31, 2012 and such restrictions in APAC are expected to terminate not later than June 30, 2013.

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, options and, potentially, regulatory requirements. Actual retail sale prices may differ from the manufacturer-suggested list prices. We sell equipment to our dealers and distributors at wholesale prices that 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.

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Parts and Services

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

At December 31, 2012, we operated and administered 22 parts depots worldwide, either directly or through arrangements with our warehouse service providers. This network is comprised of 10 parts depots in North America, 7 in Europe, 3 in Latin America, and 2 in Australia. In addition, our international region's operations are supported by 9 depots (4 in China, 3 in India, 1 in Russia, and 1 in Uzbekistan). 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.

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 financial products offered are retail loans and leases to end-use customers and wholesale financing to our dealers. As at December 31, 2012, Financial Services managed a portfolio of receivables and leases of approximately \$18.9 billion. North America accounts for 62% of the managed portfolio, Western Europe 20%, Brazil 12% and Australia 6%. In some regions, Financial Services also provides commercial revolving accounts and other financial products and services to end-use 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 globally. Financial Services remains focused on continuing to improve its portfolio credit quality, service levels, operational effectiveness and customer satisfaction.

Access to funding at competitive rates is important to Financial Services. Financial Services funds its operations and lending activities through a combination of term receivable securitizations, committed asset-backed and unsecured facilities, secured and unsecured borrowings, asset sales, affiliate financing, and retained earnings. We continue to evaluate 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.

In October 2012, CNH Capital LLC (a Financial Services' North American entity) became an SEC-reporting company, upon the acceptance of its exchange offer for \$500 million of its 6.250% notes due 2016, initially sold in a private offering in November 2011. In October 2012, CNH Capital LLC also completed a private offering of \$750 million of its 3.875% notes due 2015, which were subsequently exchanged for SEC-registered notes in February 2013.

Finance Operations

We have certain retail underwriting and portfolio management policies and procedures that are specific to the agricultural equipment and construction equipment businesses. This distinction allows us to reduce risk by deploying industry-specific expertise in each of these businesses. Financial Services provides retail financial

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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 commercial revolving 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% of the sale price, 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 receivables. The cost is accounted for as a deduction in arriving at net sales by Equipment Operations.

Financial Services provides wholesale floor plan financing for nearly all of our dealers, which allows them 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 to the dealer. This practice helps to level fluctuations in factory demand and provides a buffer from the impact of sales seasonality. 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 financial information and payment performance to establish appropriate credit lines for each dealer. In setting these credit lines, we seek to meet the reasonable requirements of each dealer while managing 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 receivable at the time of the retail sale. Financial Services employees or third-party contractors conduct periodic stock audits at each dealership to confirm that financed equipment is still in inventory. These audits are unannounced and 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. Financed non-CNH equipment includes used equipment taken in trade on CNH products or equipment used in conjunction with or attached to our equipment.

Financial Services competes 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. 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 relies on the financial markets, ABS transactions, intercompany lending and cash flows to provide funding for its activities.

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 a subsidiary of Fiat to place a portion of our insurance coverage.

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Legal Proceedings

We are party to various legal proceedings in the ordinary course of our business, including, but not limited to, 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 to our consolidated financial statements for the year ended December 31, 2012.

C. Organizational Structure

As of December 31, 2012, Fiat Industrial owned approximately 87% of our common shares (through the ownership of all of our common shares B), through its direct, wholly-owned subsidiary Fiat Netherlands.

A listing of our significant directly and indirectly owned subsidiaries as of December 31, 2012, is set forth in an exhibit to this annual report on 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, 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, CNH Financial Services SAS, a company organized under the laws of France, CNH Canada Ltd., a company organized under the laws of Canada, and CNH Deutschland GmbH, a company organized under the laws of Germany (all of which are wholly-owned direct or indirect subsidiaries of CNH).

On November 25, 2012, Fiat Industrial and CNH entered into a definitive merger agreement to combine the businesses of Fiat Industrial and CNH. The terms of the merger agreement provide that Fiat Industrial and CNH will each merge into a newly-formed company organized under the laws of the Netherlands (NewCo). In connection with the merger, Fiat Industrial shareholders will receive one NewCo share for each Fiat Industrial ordinary share and CNH shareholders will receive 3.828 NewCo shares for each CNH common share.

At the extraordinary meeting of shareholders held on December 17, 2012, our shareholders approved the following:

An amendment of our Articles of Association creating a separate class of common shares B and conversion of all of the common shares held by Fiat Netherlands, representing approximately 87% of our entire issued and outstanding share capital, into common shares B.

A special dividend to stockholders in the amount of \$10 per common share. As a result of the amendment to the Articles of Association, all of the common shares held by Fiat Netherlands were converted into common shares B. Accordingly, the cash payment of \$10 per common share was only made to our shareholders other than Fiat Netherlands, as the holders of our regular common shares. We paid the dividend of approximately \$305 million in December 2012. In addition, our shareholders approved an appropriation of retained earnings for \$2.1 billion which represents \$10 per common share B. Please see Note 16: Shareholders' Equity to our consolidated financial statements for the year ended December 31, 2012 for more information.

The merger agreement contains customary representations and warranties and the merger is subject to customary closing conditions, including a condition capping the exercise of withdrawal rights by Fiat Industrial shareholders and opposition rights by Fiat Industrial creditors, at \$325 million in the aggregate. The merger is also subject to approval by the shareholders of each of Fiat Industrial and CNH. Fiat Industrial, as 87% shareholder of CNH, has agreed to vote its CNH shares in favor of the merger at the applicable CNH shareholders' meeting. The merger is expected to close during the third quarter of 2013.

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D. Property, Plant and Equipment

We believe our facilities are well maintained, in good operating condition and suitable for their present purposes. These facilities together with planned capital expenditures, are expected to meet our manufacturing and other 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, increase capacity, and for maintenance and engineering. In 2012, our total capital expenditures were \$556 million of which 39% was spent in North America, 24% in Latin America, and 37% in EAME, CIS and APAC. These capital expenditures were funded through a combination of cash generated from operating activities and borrowings under short-term facilities. In 2012, approximately 80% or \$445 million of capital expenditures were related to manufacturing and product related projects with approximately \$389 million devoted to agricultural equipment manufacturing and product related expenditures and approximately \$56 million devoted to construction equipment expenditures. In 2011, our total capital expenditures were \$408 million. 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, administrative facilities, and parts depots as of December 31, 2012:

Location	Primary Functions	Approximate	
		Covered Area(A)	Ownership Status
United States			
Atlanta, GA	Parts Depot	450	Owned
Benson MN	Agricultural Sprayers, Cotton Pickers/Packagers	446	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
Dallas, TX	Parts Depot	509	Owned
Fargo, ND	Tractors; Wheel Loaders	944	Owned
Goodfield, IL	Soil Management (Tillage Equipment)	418	Owned
Grand Island, NE	Combine Harvesters	1,380	Owned
Lebanon, IN	Parts Depot	1,092	Leased
Mt. Joy, IA	Engineering Center	120	Leased
Mountville, PA	Parts Depot	469	Owned
New Holland, PA	Administrative Facilities; Hay and Forage; Engineering Center	1,121	Owned
Portland, OR	Parts Depot	246	Leased
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
Jesi	Tractors	825	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	105	Leased
France			
Coex	Grape Harvesters; Engineering Center	280	Owned
Croix	Cabs	129	Owned
Etampes	Parts Depot/Administrative	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	320	Owned
Heilbronn	Administrative Facilities; Training Center	109	Owned
Brazil			
Belo Horizonte	Construction Equipment; Engineering Center	758	Owned
Cuiaba	Parts Depot	210	Owned
Curitiba	Tractors; Combine Harvesters; Engineering Center	1,110	Owned
Piracicaba	Sugar Cane Harvesters	127	Owned
Sorocaba	Manufacturing; Parts Depot	1,722	Owned
Canada			
Regina	Parts Depot	238	Owned
Saskatoon	Planting and Seeding Equipment; Components; Engineering Center	655	Owned
Saskatoon	Parts Dept	24	Leased
Toronto	Parts Depot	332	Owned
Belgium			
Antwerp	Components	850	Leased
Zedelgem	Combine Harvesters; Hay and Forage; Engineering Center	1,708	Owned

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Others

St. Marys, Australia	Office/Warehousing	232	Owned
St. Valentin, Austria	Tractors	604	Leased
New Delhi, India	Tractors; Engineering Center	881	Owned
Pithampur, India	Backhoe Loaders and Vibratory Compactors	315	Owned
Paradiso, Switzerland	Commercial, Administrative	29	Leased
Plock, Poland	Combine Harvesters; Components	1,022	Owned
Queretaro, Mexico	Components	161	Owned
Tatarstan, Russia	Tractors, Combine Harvesters	538	Owned
Madrid, Spain	Parts Depots	43	Leased
Shanghai, China	Tractors; Components	732	Leased
Amsterdam, The Netherlands	Administrative	2	Leased

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(A) -In thousands of square feet

(B) -Consolidated joint venture

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 that 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 have made, and expect that we may make additional, 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 emission 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 2012 were approximately \$6 million and we expect to spend approximately \$9 million in 2013. 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 which impose similar liabilities, we have received inquiries for information or notices of our potential liability regarding 53 non-owned sites at which regulated materials, allegedly generated by us, were released or disposed of (Waste Sites). Of the Waste Sites, 18 are on the National Priority List (NPL) promulgated pursuant to CERCLA. For 48 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*. Because estimates of remediation costs are subject to revision as more information becomes available about the nature, extent and cost of remediation and because settlement agreements can be reopened under certain circumstances, our potential liability for remediation costs associated with the 53 Waste Sites could change, which would require us to adjust our reserves accordingly.

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.

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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 regulated materials 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.

As of December 31, 2012, 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 \$28 million to \$80 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, 2012 and 2011, environmental reserves of approximately \$45 million and \$46 million, respectively, 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

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.

Proposed Merger with Fiat Industrial

On November 25, 2012, Fiat Industrial and CNH entered into a definitive merger agreement to combine the businesses of Fiat Industrial and CNH. The terms of the merger agreement provide that Fiat Industrial and CNH will each merge into NewCo. In connection with the merger, Fiat Industrial shareholders will receive one NewCo share for each Fiat Industrial ordinary share and CNH shareholders will receive 3.828 NewCo shares for each CNH common share.

At the extraordinary meeting of shareholders held on December 17, 2012, our shareholders approved the following:

An amendment of our Articles of Association creating a separate class of common shares B and conversion of all of the common shares held by Fiat Netherlands, representing approximately 87% of our entire issued and outstanding share capital, into common shares B.

A special dividend to shareholders in the amount of \$10 per common share. As a result of the amendment to the Articles of Association, all of the common shares held by Fiat Netherlands were converted into common shares B. Accordingly, the cash payment of \$10 per common share was only made to our shareholders other than Fiat Netherlands, as the holders of our regular common shares. We paid the dividend of approximately \$305 million in December 2012.

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The merger agreement contains customary representations and warranties and the merger is subject to customary closing conditions, including a condition capping the exercise of withdrawal rights by Fiat Industrial shareholders and opposition rights by Fiat Industrial creditors, at 325 million in the aggregate. The merger is also subject to approval by the shareholders of each of Fiat Industrial and CNH. Fiat Industrial, as 87% shareholder of CNH, has agreed to vote its CNH shares in favor of the merger at the applicable CNH shareholders' meeting. The merger is expected to close during the third quarter of 2013.

A. Operating Results

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. In the supplemental consolidating data in this section, Equipment Operations includes the Financial Services business on the equity basis of accounting. Transactions between Equipment Operations and Financial Services have been eliminated to arrive at the consolidated data.

We believe that Equipment Operations' gross and operating profit are useful for evaluating our financial performance. We define Equipment Operations' gross profit, as net sales less cost of goods sold. We define Equipment Operations' operating profit as Equipment Operations' gross profit less selling, general and administrative expenses and research, development and engineering costs. Equipment Operations' gross and operating profit 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.

Outlook for 2013

Demand in the agricultural and construction equipment markets is expected to be slightly positive for 2013 compared to 2012. Agricultural equipment demand is projected to be flat to up 5% on the back of firm agricultural commodity prices. Demand for tractors is expected to be flat to up 5% due to growth in the Latin America, North America and APAC regions being partially offset by declines in the EAME & CIS region. Demand for combines is expected to be flat to up 5% primarily due to growth in the Latin America and APAC regions, partially offset by declines in the EAME & CIS region.

Construction equipment demand is expected to recover with industry retail unit sales expected to be flat to up 5% for 2013 compared to 2012. Light equipment demand is expected to be flat to up 5% with growth in the Latin America and APAC regions being partially offset by declines in the North America and EAME & CIS regions. Heavy equipment demand is expected to be flat to up 5% with growth in the Latin America and APAC regions being partially offset by declines in North America.

Table of Contents**2012 Compared to 2011***Summary*

	Consolidated Year Ended December 31,		Equipment Operations Year Ended December 31,		Financial Services Year Ended December 31,	
	2012	2011	2012	2011	2012	2011
(in millions)						
Revenues:						
Net sales	\$ 19,427	\$ 18,059	\$ 19,427	\$ 18,059	\$	\$
Finance and interest income	1,020	1,126	148	172	1,307	1,387
	20,447	19,185	19,575	18,231	1,307	1,387
Costs and Expenses:						
Cost of goods sold	15,566	14,626	15,566	14,626		
Selling, general and administrative	1,810	1,843	1,535	1,442	275	401
Research, development and engineering	652	526	652	526		
Restructuring	2		2			
Interest expense	675	786	330	386	482	547
Interest compensation to Financial Services			298	286		
Other, net	290	253	172	140	118	113
Total	18,995	18,034	18,555	17,406	875	1,061
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	1,452	1,151	1,020	825	432	326
Income tax provision	423	343	279	230	144	113
Equity in income of unconsolidated subsidiaries and affiliates:						
Financial Services	13	12	301	225	13	12
Equipment Operations	91	104	91	104		
Net income	1,133	924	1,133	924	301	225
Net loss attributable to noncontrolling interests	(9)	(15)	(9)	(15)		
Net income attributable to CNH Global N.V.	\$ 1,142	\$ 939	\$ 1,142	\$ 939	\$ 301	\$ 225

Consolidated net income attributable to CNH in 2012 was \$1,142 million, or \$4.68 per share diluted (\$4.68 basic earnings per share), compared with \$939 million, or \$3.91 per share diluted (\$3.92 basic earnings per share), in 2011.

Consolidated revenues were \$20,447 million in 2012, an increase of 6.6% as compared to \$19,185 million in 2011. Net sales were \$19,427 million in 2012, an increase of 7.6% as compared to \$18,059 million in 2011. The increase in net sales was primarily driven by an increase in agricultural equipment revenues of \$1,474 million, partially offset by a decrease in construction equipment revenues of \$106 million. Total Financial Services revenues were \$1,307 million, a decrease of 5.8% as compared to \$1,387 million in 2011.

Equipment Operations had an operating profit of \$1,674 million in 2012, an increase of 14.3% as compared to \$1,465 million in 2011. The increase was primarily attributable to improved volume and mix and net pricing, partially offset by higher production costs, higher selling, general and administrative costs, and higher research and development costs.

Financial Services net income was \$301 million in 2012, an increase of 33.8% as compared to \$225 million in 2011. The increase was primarily due to a higher average portfolio and lower provision for credit losses, partially offset by a higher provision for income taxes.

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Effective December 31, 2012 the initial term of our global alliance with KCM and KSL expired and we entered a new phase of non-exclusive licensing and supply agreements. Subject to the terms of existing agreements, we will continue to manufacture excavators, based on current Kobelco technology, in our plants and purchase select models of whole goods from KCM as well as component parts until at least December 31, 2017. With the end of the initial term of the global alliance, we sold our 20% ownership interest in KCM to KSL and recognized a loss of approximately \$35 million. We will also unwind our co-ownership with KCM of certain companies formed in connection with the global alliance. In addition, the territory and marketing restrictions in the Americas and EAME and CIS expired on December 31, 2012 and such restrictions in APAC are expected to terminate not later than June 30, 2013.

Consolidated Revenues

Total consolidated revenues were \$20,447 million in 2012, an increase of \$1,262 million, or 6.6%, from 2011. The increase was primarily due to higher volume and mix of \$1,581 million as well as net pricing of \$566 million on equipment sales. Partially offsetting the increase in revenues was the negative impact of foreign currency fluctuations of \$810 million and a decrease in finance and interest income of \$106 million primarily due to a decrease in benchmark interest rates, partially offset by a higher average portfolio.

Net sales increased in all regions in 2012 compared to 2011. The geographical distribution of net sales during 2012 was 44% North America, 31% EAME & CIS, 15% Latin America, and 10% APAC markets.

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Equipment net sales during 2012 were 81% agricultural equipment and 19% construction equipment, compared to 79% agricultural equipment and 21% construction equipment in 2011. A summary of equipment sales by segment and geographic region is as follows (\$ in millions):

	Total	North America	EAME & CIS	Latin America	APAC
2012					
Agricultural equipment	\$ 15,657	\$ 6,972	\$ 5,234	\$ 1,937	\$ 1,514
Construction equipment	3,770	1,609	804	975	382
Total net sales	\$ 19,427	\$ 8,581	\$ 6,038	\$ 2,912	\$ 1,896
2011					
Agricultural equipment	\$ 14,183	\$ 6,067	\$ 4,907	\$ 1,835	\$ 1,374
Construction equipment	3,876	1,447	903	1,071	455
Total net sales	\$ 18,059	\$ 7,514	\$ 5,810	\$ 2,906	\$ 1,829
Percentage change					
Agricultural equipment	10%	15%	7%	6%	10%
Construction equipment	-3%	11%	-11%	-9%	-16%
Total net sales	8%	14%	4%	0%	4%
Unfavorable impact of currency					
Agricultural equipment	-4%	0%	-6%	-15%	-3%
Construction equipment	-5%	0%	-5%	-11%	-3%
Total net sales	-4%	0%	-6%	-14%	-3%

Agricultural equipment sales increased \$1,474 million, or 10.4%, to \$15,657 million. Excluding the negative impact of foreign currency fluctuations, agricultural equipment sales increased 14.8% and were favorable in all geographic regions. The increase in revenues was primarily driven by volume and mix (\$1,577 million) and pricing (\$477 million).

Worldwide tractor and combine industry sales were flat and up 3%, respectively, relative to 2011. Industry tractor sales were up in North American and Latin America but down in the EAME & CIS and APAC regions, while industry combine sales were up in the EAME & CIS and Latin America regions but down in the APAC and North America regions. Our worldwide market share for both tractors and combines was in line with the market during 2012. For tractors, our market share was down in the Latin America region but in line with the market in all other regions. For combines, our market share was up in the APAC region, and in line with the market in all other regions.

Construction equipment sales decreased \$106 million, or 2.7%, to \$3,770 million. Excluding the negative impact of foreign currency fluctuations, construction equipment sales increased 2.1%. On a constant currency basis, construction equipment sales were favorable in the North America and Latin America regions but unfavorable in the APAC and EAME & CIS regions. The increase in revenues was primarily driven by pricing (\$89 million).

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Worldwide heavy and light construction equipment industry sales were down 18% and up 8%, respectively, from the prior year. Industry heavy construction equipment sales were down significantly in the APAC and Latin America regions but increased in the North America and EAME & CIS regions. Industry light construction equipment sales were up in all regions except for the APAC region where they decreased slightly. Our worldwide market share was in line with the market for both heavy and light construction equipment. For heavy construction equipment, our market share was in line with the market except in the Latin America region where it increased slightly. For light construction equipment, our market share was up in the Latin America but down in the North America region.

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.

	2012		2011		Increase (Decrease) in 2012 vs. 2011	2012 vs. 2011 % Change
	(in millions, except percents)					
Net sales	\$ 19,427	100.0%	\$ 18,059	100.0%	\$ 1,368	7.6%
Cost of goods sold	15,566	80.1%	14,626	81.0%	940	6.4%
Gross profit	3,861	19.9%	3,433	19.0%	428	12.5%
Selling, general and administrative	1,535	7.9%	1,442	8.0%	93	6.4%
Research and development	652	3.4%	526	2.9%	126	24.0%
Operating profit	1,674	8.6%	1,465	8.1%	209	14.3%
Restructuring	2	0.0%			2	N/A
Interest expense	330	1.7%	386	2.1%	(56)	(14.5)%
Interest compensation to Financial Services	298	1.5%	286	1.6%	12	4.2%
Other, net	172	0.9%	140	0.8%	32	22.9%

Gross Profit and Margin Equipment Operations

	2012		2011		Increase (Decrease) in 2012 vs. 2011	2012 vs. 2011 Change
	(in millions, except percents)					
Agricultural equipment	\$ 3,359	21.5%	\$ 2,904	20.5%	455	1.0 pts
Construction equipment	502	13.3%	529	13.6%	(27)	(0.3) pts
Total Equipment Operations gross profit	\$ 3,861	19.9%	\$ 3,433	19.0%	428	0.9 pts

Agricultural equipment gross profit increased due to net pricing improvements (\$504 million) and higher volume and better product mix (\$330 million). Partially offsetting the increases in gross profit were the negative impact of foreign currency translation and higher production costs. Volume and mix improvements were primarily driven by overall industry growth for both tractors and combines, and an improved mix towards larger horsepower tractors and combines.

Construction equipment gross profit decreased primarily due to the negative impact of foreign currency translation, partially offset by net pricing improvements.

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Selling, general and administrative Equipment Operations

Selling, general and administrative expenses increased in 2012 compared to 2011, but decreased as a percentage of sales. The increase was primarily due to increased labor costs (including variable compensation) and advertising and promotional activities in response to the growth in our agricultural and construction equipment businesses. Additionally we increased spending on information systems. Currency fluctuations had a favorable impact of approximately 5.4%, primarily as a result of a weakening Brazilian real and euro.

Research and development Equipment Operations

Research and development costs increased in 2012 due to the continued investment in new products, including Tier 4/Stage IIIB engine development.

Restructuring Equipment Operations

We incurred restructuring costs of \$2 million in 2012 primarily related to ongoing costs associated with process of moving production activities from the Company's construction equipment facility in Imola, Italy to other Company facilities, which we previously announced in 2009. No new significant restructuring actions were taken in 2012 or 2011.

Interest Expense Equipment Operations

Interest expense is analyzed on a consolidated basis.

Interest compensation to Financial Services Equipment Operations

This component of Equipment Operations' results is an intercompany charge by Financial Services to Equipment Operations, which is eliminated at the consolidated level. Equipment Operations provides interest-free floor plan financing and extended payment terms to our dealers (primarily in North America and in 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 this financing offered to our dealers.

Interest compensation to Financial Services remained consistent with the prior year as a percentage of net sales.

Other, net Equipment Operations

The increase in other, net was primarily the result of the loss (\$35 million) recognized due to the sale of the Company's equity investment in KCM in 2012 and a gain recognized in the prior year related to the purchase of the remaining equity of L&T (\$34 million), partially offset by lower foreign exchange losses (\$30 million) and a decrease in pension and other postemployment costs related to former employees (\$7 million).

Equity in income of unconsolidated subsidiaries and affiliates Equipment Operations

Equity income of unconsolidated equipment operations subsidiaries and affiliates decreased \$13 million primarily due to lower income from our investments in Turk Traktor (our joint venture in Turkey) and Al Ghazi (our joint venture in Pakistan).

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	2012		2011		Increase (Decrease) in 2012 vs. 2011	2012 vs. 2011 % Change
	(in millions, except percents)					
Finance and interest income	\$ 1,307	100.0%	\$ 1,387	100.0%	\$ (80)	(5.8)%
Selling, general and administrative	275	21.0%	401	28.9%	(126)	(31.4)%
Interest expense	482	36.9%	547	39.4%	(65)	(11.9)%
Other, net	118	9.0%	113	8.1%	5	4.4%
Total expenses	\$ 875	66.9%	\$ 1,061	76.5%	(186)	(17.5)%
On-book asset portfolio at December 31	\$ 16,539		\$ 14,636		1,903	13.0%
Managed asset portfolio at December 31	\$ 18,884		\$ 17,089		1,795	10.5%

Finance and interest income Financial Services

The decrease in finance and interest income was caused primarily by a decrease in interest revenue (\$83 million). While the portfolio increased due to growth in sales of both agricultural and construction equipment, yield on the portfolio declined due to declining benchmark rates.

Selling, general and administrative Financial Services

Selling, general and administrative expenses improved compared to the prior year primarily driven by decreases in loss provisions (\$106 million) and general and administrative costs (\$20 million). The decrease in loss provisions was primarily the result of a reduction in loss rates.

For our managed portfolio, the percentages for delinquencies greater than 30 days and net credit losses were as follows:

	2012		2011	
	Delinquencies	Losses	Delinquencies	Losses
North America	0.48%	0.27%	0.75%	0.44%
EAME & CIS	2.47%	0.26%	3.21%	0.85%
Latin America	4.71%	0.29%	7.83%	12.32%
APAC	0.54%	1.38%	1.24%	0.46%
Total	1.38%	0.34%	2.16%	2.16%

The lower level of delinquencies and losses in all regions as of December 31, 2012, was primarily due to strong collection efforts. In 2011, the losses for Latin America included a \$300 million write-off of certain accounts related to the retail agriculture equipment loan portfolio. See Note 3: Accounts and Notes Receivable to our consolidated financial statements for the year ended December 31, 2012 for further information on the Brazil retail agricultural equipment loan portfolio.

Consolidated interest expense

The decrease in interest expense was primarily due to lower funding costs incurred by Financial Services as a result of declining interest rates, partially offset by a higher level of average debt outstanding compared to the prior year. On October 18, 2012, Financial Services completed an offering of \$750 million in aggregate principal amount of its 3.875% unsecured notes due 2015, issued at par.

Table of Contents*Consolidated income tax provision*

	2012	2011
	(in millions, except percents)	
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	\$ 1,452	\$ 1,151
Income tax provision	\$ 423	\$ 343
Effective tax rate	29.1%	29.8%

The decrease in the effective tax rate from 2011 to 2012 was primarily due to the geographic mix of earnings in 2012. We expect a normalized effective tax rate of 31% to 34% in 2013.

See Note 10: Income Taxes to our consolidated financial statements for the year ended December 31, 2012 for additional information on our income tax provision.

2011 Compared to 2010*Summary*

	Consolidated Year Ended December 31,		Equipment Operations Year Ended December 31,		Financial Services Year Ended December 31,	
	2011	2010	2011	2010	2011	2010
	(in millions)					
Revenues:						
Net sales	\$ 18,059	\$ 14,474	\$ 18,059	\$ 14,474	\$	\$
Finance and interest income	1,126	1,134	172	154	1,387	1,395
	19,185	15,608	18,231	14,628	1,387	1,395
Costs and Expenses:						
Cost of goods sold	14,626	11,891	14,626	11,891		
Selling, general and administrative	1,843	1,698	1,442	1,243	401	455
Research, development and engineering	526	451	526	451		
Restructuring		16		16		
Interest expense	786	830	386	395	547	612
Interest compensation to Financial Services			286	238		
Other, net	253	306	140	191	113	115
Total	18,034	15,192	17,406	14,425	1,061	1,182
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	1,151	416	825	203	326	213
Income tax provision	343	77	230	12	113	65
Equity in income of unconsolidated subsidiaries and affiliates:						
Financial Services	12	11	225	159	12	11
Equipment Operations	104	88	104	88		
Net income	924	438	924	438	225	159
Net loss attributable to noncontrolling interests	(15)	(14)	(15)	(14)		
Net income attributable to CNH Global N.V.	\$ 939	\$ 452	\$ 939	\$ 452	\$ 225	\$ 159

Table of Contents*Overview of Equipment Operations Results**Net Sales of Equipment**Agricultural Equipment Net Sales*

	2011	2010	Increase in 2011 vs. 2010 (\$ in millions)	2011 vs. 2010 % Change	Positive Impact of Currency*
Net sales					
North America	\$ 6,067	\$ 5,162	\$ 905	18%	1%
EAME & CIS	4,907	3,614	1,293	36%	4%
Latin America	1,835	1,648	187	11%	4%
APAC	1,374	1,104	270	24%	6%
Total net sales	\$ 14,183	\$ 11,528	\$ 2,655	23%	3%

* The currency impact is included in the total 2011 vs. 2010 % change.

The increase in our agricultural equipment net sales was due to higher volumes and better product mix (\$1,974 million), positive pricing actions (\$348 million), and positive currency changes. The higher volumes were primarily due to continued favorable trading conditions in all regions with strong growth in the EAME & CIS markets and North America. Worldwide agricultural tractor and combine industry retail unit sales increased 12% and 16%, respectively, from the prior year. Tractor industry retail unit sales were up in all regions except Latin America. Combine industry retail unit sales were up in all regions except North America. Our market share for the year was down slightly for tractors and up for combines.

The increase in North America net sales was the result of better overall product mix as well as improvements in pricing. The improvement in product mix was the result of continued movement in the region towards higher horse-power tractors and combines which have higher price points. North American tractor industry retail unit sales were up slightly while combine industry retail unit sales were down 5%. Our North American market share for tractors was flat while our market share for combines was up. Currency had a positive impact on net sales as the Canadian dollar strengthened against the U.S. dollar.

The increase in EAME & CIS net sales was primarily the result of the significant increase in the industry, positive impact of currency and positive pricing. Both our European and CIS markets experienced strong year over year increases largely driven by market demand. Industry retail unit sales of tractors increased 25% and sales of combines increased 39%, which contributed to our net sales increase. Our market share for the year was up slightly for tractors and down slightly for combines. The currency impact on net sales was caused primarily by a weakening U.S. dollar against the euro.

The increase in Latin America net sales was primarily a result of increased industry demand related to combines, improvements in pricing, and positive currency changes. Industry retail unit sales of tractors decreased 2% and sales of combines increased 21%. We maintained our market share for tractors and our market share decreased slightly for combines. Currency also had a positive impact on net sales as the Brazilian real strengthened against the U.S. dollar.

The increase in APAC net sales was primarily driven by an overall increase in the industry (both combines and tractors) and by currency. Industry retail unit sales of tractors increased 12% and sales of combines increased 22%. Our market share was down for tractors and up for combines. Currency had a positive impact, primarily due to the strengthening of the Australian dollar against the U.S. dollar.

Table of Contents*Construction Equipment Net Sales*

	2011	2010	Increase (Decrease) in 2011 vs. 2010 (in millions, except percents)	2011 vs. 2010 % Change	Positive Impact of Currency*
Net sales					
North America	\$ 1,447	\$ 855	\$ 592	69%	1%
EAME & CIS	903	734	169	23%	5%
Latin America	1,071	1,030	41	4%	4%
APAC	455	327	128	39%	3%
Total net sales	\$ 3,876	\$ 2,946	\$ 930	32%	3%

* The currency impact is included in the total 2011 vs. 2010% change.

The increase in our construction equipment net sales was primarily due to higher volume and the mix of products (\$581 million), pricing (\$159 million) and currency. The volume and mix increases was the result of the growth trend continuing from the previous year in the construction equipment industry. Worldwide construction equipment industry retail unit sales increased 27% compared with the prior year as a result of significant market improvements in all regions. For 2011, worldwide industry retail unit sales of light construction equipment increased 30%, driven by improvements in residential and commercial construction activities. Heavy equipment industry retail unit sales increased 23% as a result of overall GDP growth. Compared to the prior year, our overall market share was flat in 2011.

In North America, the increase in net sales was primarily the result of improved volume and product mix and pricing. In North America, the successful launch of new products in the light construction equipment range increased unit sales. Losses in light construction equipment market share experienced in the first half of 2011 narrowed in the second half of the year. For heavy construction equipment, the supply of whole goods and components improved in the second half of 2011 as Japanese suppliers recovered from the earthquake and tsunami. This contributed to our regaining in the second half of the year market share lost in the first half of the year. Construction equipment industry retail unit sales increased 38%. Retail unit sales of light construction equipment, where we have a stronger market presence, increased 39%, while retail unit sales of heavy construction equipment increased 37%. Industry retail unit sales increased compared to the prior year for tractor loader backhoes and skid steers by 39% and 25%, respectively. Our market share compared to the prior year was flat for heavy, and down for light, construction equipment overall.

Net sales in EAME & CIS increased primarily as a result of improved overall volume and product mix, pricing and currency. Industry conditions slowed in the second half of 2011 largely as a result of the European financial crisis. Industry retail unit sales for both heavy and light construction equipment increased 35%. Retail unit sales of heavy and light construction equipment increased 42% and 31%, respectively. Industry retail unit sales of tractor loader backhoes and skid steers increased 43% and 12%, respectively. Our market share was down for the year for heavy construction equipment and flat for light construction equipment. The positive currency impact on net sales primarily resulted from a weakening U.S. dollar against the euro.

Latin America net sales increased primarily as the result of the positive impact of currency as positive pricing was offset by lower volume and product mix. Industry retail unit sales for both heavy and light construction equipment increased 25%. Retail unit sales of heavy and light construction equipment increased 21% and 30%, respectively. Industry retail unit sales of tractor loader backhoes and skid steers increased 23% and 37%, respectively. The increased industry volume was more than offset by competition and pricing pressure primarily from newer entrants into the market. The demand for heavy construction equipment diminished in the second half of 2011 as Brazilian infrastructure spending was deferred until the next fiscal year. Our market share was down for both heavy and light construction equipment. The positive impact of currency on net sales was primarily due to the strengthening of the Brazilian real against the U.S. dollar.

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APAC net sales increased due to improved volume and product mix and positive currency impact. Additionally, APAC net sales include the results of L&T Case Equipment Private Ltd. (L&T), previously an unconsolidated joint venture in India that we acquired in March of 2011. Net sales included in 2011 for this entity were approximately \$97 million. Industry retail unit sales for both heavy and light construction equipment increased 19%. Industry retail unit sales for heavy and light construction equipment increased 17% and 24%, respectively. Industry retail unit sales increased 31% for tractor loader backhoes and declined 15% for skid steers. Our market share was up slightly for light construction equipment and flat for heavy construction equipment. We maintained positive pricing compared to the prior year.

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.

	2011		2010		Increase (Decrease) in 2011 vs. 2010	2011 vs. 2010 % Change
	(in millions, except percents)					
Net sales	\$ 18,059	100.0%	\$ 14,474	100.0%	\$ 3,585	25%
Cost of goods sold	14,626	81.0%	11,891	82.2%	2,735	23%
Gross profit	3,433	19.0%	2,583	17.8%	850	33%
Selling, general and administrative	1,442	8.0%	1,243	8.6%	199	16%
Research and development	526	2.9%	451	3.1%	75	17%
Operating profit	1,465	8.1%	889	6.1%	576	65%
Restructuring			16	0.1%	(16)	(100)%
Interest expense	386	2.1%	395	2.7%	(9)	(2)%
Interest compensation to Financial Services	286	1.6%	238	1.6%	48	20%
Other, net	140	0.8%	191	1.3%	(51)	(27)%

Gross Profit and Margin Equipment Operations

	2011		2010		Increase (Decrease) in 2011 vs. 2010	2011 vs. 2010 Change
	(in millions, except percents)					
Agricultural equipment	\$ 2,904	20.5%	\$ 2,232	19.4%	672	1.1 pts
Construction equipment	529	13.6%	351	11.9%	178	1.7 pts
Total Equipment Operations gross profit	\$ 3,433	19.0%	\$ 2,583	17.8%	850	1.2 pts

Agricultural equipment gross profit increased due to higher volume and better product mix (\$539 million) and net pricing improvements (\$348 million), partially offset by increased production and input costs. Volume and mix improvements were primarily driven by overall industry growth for both tractors and combines, and an improved mix towards larger horsepower tractors and combines. Higher volumes had a positive impact on manufacturing efficiencies, resulting in an overall improvement in production cost absorption.

Construction equipment gross profit increased due to positive pricing (\$159 million), higher volume and better product mix (\$83 million) partially offset by higher input costs and production costs, and currency. Our margins were negatively impacted in 2010 as many of our production facilities were idle. Production increased in 2011 as the economic environment and overall capacity utilization improved which also positively impacted our gross margin.

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Selling, general and administrative Equipment Operations

Selling, general and administrative expenses increased in 2011 compared to 2010, but decreased as a percentage of sales as we continued to focus on cost controls. The increase was primarily due to increased labor costs (including variable compensation) and advertising and promotional activities in response to the growth in both our agricultural and construction equipment businesses. Additionally we increased spending on information systems. Currency fluctuations had an unfavorable impact of approximately 3.8%, primarily as a result of a strengthening Brazilian real and euro.

Research and development Equipment Operations

Research and development costs increased in 2011 due to the continued investment in new products, including Tier 4/Stage IIIB engine development. Spending declined, however, as a percentage of net sales.

Restructuring Equipment Operations

No significant restructuring actions were taken in 2011. Restructuring costs of \$16 million in 2010 primarily related to additional severance and other employee-related costs incurred under the restructuring plan started in 2009.

Interest Expense Equipment Operations

Interest expense is analyzed on a consolidated basis.

Interest compensation to Financial Services Equipment Operations

This component of Equipment Operations results is an intercompany charge by Financial Services to Equipment Operations, which is eliminated at the consolidated level. Equipment Operations provide interest-free floor plan financing and extended payment terms to our dealers (primarily in North America and in 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 this financing offered to our dealers.

Interest compensation to Financial Services remained consistent with the prior year as a percentage of net sales.

Other, net Equipment Operations

The decrease in other, net was the result of a gain recognized related to the purchase of the remaining equity of L&T (\$34 million) and decreases in pension and other postemployment costs related to former employees (\$10 million), partially offset by higher foreign exchange losses (\$11 million) and other miscellaneous costs. In 2010 we recognized a gain of \$6 million related to the sale of our participation in LBX Company LLC.

Equity in income of unconsolidated subsidiaries and affiliates Equipment Operations

The improved performance of our unconsolidated subsidiaries was driven primarily by industry conditions particularly in the agricultural equipment industry. Results of Turk Traktor, our agricultural equipment joint venture in Turkey, increased significantly and were partially offset by our construction equipment joint ventures.

Table of Contents*Overview of Financial Services Results*

	2011		2010		Increase (Decrease) in	2011 vs. 2010
			(in millions, except percents)		2011 vs. 2010	% Change
Finance and interest income	\$ 1,387	100.0%	\$ 1,395	100.0%	\$ (8)	(1)%
Selling, general and administrative	401	28.9%	455	32.6%	(54)	(12)%
Interest expense	547	39.4%	612	43.9%	(65)	(11)%
Other, net	113	8.1%	115	8.2%	(2)	(2)%
Total expenses	\$ 1,061	76.5%	\$ 1,182	84.7%	(121)	(10)%
On-book asset portfolio at December 31	\$ 14,636		\$ 14,274		362	3%
Managed asset portfolio at December 31	\$ 17,089		\$ 16,996		93	1%

Finance and interest income Financial Services

The decrease in finance and interest income was caused primarily by a decrease in interest revenue (\$15 million), partially offset by an increase in operating lease revenue (\$7 million). While the portfolio increased due to growth in sales of both agricultural and construction equipment, yield on the portfolio declined due to declining benchmark rates. The increase in operating lease revenue was due to growth in the operating lease portfolio primarily in North America.

Selling, general and administrative Financial Services

Selling, general and administrative expenses improved compared to the prior year. Decreases in loss provisions (\$68 million) were partially offset by other costs. The decrease in loss provisions was the result of overall portfolio improvement in North America, EAME & CIS and Latin America, partially offset by additional loss provisions recorded for APAC. Other cost increases primarily related to increased labor and marketing costs.

For our managed portfolio, the percentages for delinquencies greater than 30 days and net credit losses were as follows:

	2011		2010	
	Delinquencies	Losses	Delinquencies	Losses
North America	0.75%	0.44%	1.41%	0.90%
EAME & CIS	3.21%	0.85%	4.20%	0.57%
Latin America	7.83%	12.32%	20.89%	1.63%
APAC	1.24%	0.46%	1.68%	0.51%
Total	2.16%	2.16%	4.85%	0.90%

The lower level of delinquencies in North America, EAME & CIS, and APAC as of December 31, 2011, was primarily due to collections. The decline in delinquencies and increased losses for Latin America relate to the \$300 million write-off of certain accounts related to the retail agriculture equipment loan portfolio. See Note 3: Accounts and Notes Receivable to our consolidated financial statements for the year ended December 31, 2011 for further information on the Brazil retail agricultural equipment loan portfolio.

Consolidated interest expense

The decrease in interest expense was primarily due to lower funding costs incurred by Financial Services as a result of declining interest rates and a \$22 million loss recognized in the prior year due to the retirement in July 2010 of \$500 million of notes due in 2014, partially offset by a

higher level of average debt outstanding compared to the prior year.

Table of Contents*Consolidated income tax provision*

	2011	2010
	(in millions, except percents)	
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	\$ 1,151	\$ 416
Income tax provision	\$ 343	\$ 77
Effective tax rate	29.8%	18.5%

The increase in the effective tax rate from 2010 to 2011 was primarily due to the geographic mix of earnings in 2011. For 2010, certain tax examinations were settled and deferred tax valuation allowances were released in certain jurisdictions.

See Note 10: Income Taxes to our consolidated financial statements included in this annual report on Form 20-F for additional information on our income tax provision.

Application of Critical Accounting Estimates

The preparation of our financial statements 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 critical accounting estimates, which require management assumptions and complex judgments, are summarized below. Our other accounting policies are described in the notes to our consolidated financial statements.

Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of probable losses on receivables owned by us and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which we have determined we will not collect all of the contractual principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the present value of expected future cash flows discounted at the receivables' effective interest rate or the fair value of the collateral for collateral-dependent receivables.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The allowance for wholesale credit losses is based on loss forecast models that consider the same factors as the retail models plus dealer risk ratings. The loss forecast models are updated on a quarterly basis. In addition, qualitative factors that are not fully captured in the loss forecast models, including industry trends, and macroeconomic factors are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

The total allowance for credit losses at December 31, 2012, 2011 and 2010 was \$448 million, \$405 million and \$595 million, respectively. Management's ongoing evaluation of the adequacy of the allowance for credit losses takes into consideration historical loss experience, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of underlying collateral and current economic conditions.

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While management believes it has exercised prudent judgment and applied reasonable assumptions, there can be no assurance that, in the future, changes in economic conditions or other factors will not cause changes in the financial condition of our customers. If the financial condition of some of our customers deteriorates, the timing and level of payments received could be impacted and, therefore, could result in an increase in losses on the current portfolio.

Equipment on Operating Lease Residual Values

Our Financial Services segment purchases equipment from our dealers and other independent third parties and leases such equipment to retail customers under operating leases. Income from these operating leases is recognized over the term of the lease. Our 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. Model changes and updates, as well as market strength and product acceptance, are monitored and adjustments are made to residual values in accordance with the significance of any such changes. Although realization is not assured, management believes that the estimated residual values are realizable.

Total operating lease residual values at December 31, 2012, 2011, and 2010 were \$614 million, \$504 million, and \$461 million, respectively.

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 \$61 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.

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. In 2012 and 2011, we performed our annual impairment review as of December 31 and concluded that there was no impairment in either year. We evaluate events and changes in circumstances to determine if additional testing may be required.

We have identified three reporting units for the purpose of goodwill impairment testing: Agricultural Equipment, Construction Equipment, and Financial Services.

Impairment testing for goodwill is done at a reporting unit level using a two-step test. Under the first step of the goodwill impairment test, 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, when necessary, requires the identification and estimation of the

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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 our 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.

We determine the fair value of our reporting units using multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach. Under the income approach, we calculate the fair value of a reporting unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales, 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). Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective reporting units. Expected cash flows used under the income approach are developed in conjunction with our budgeting and forecasting process. Under the market approach, we estimate the fair value of the Agricultural and Construction Equipment reporting units using revenue and EBITDA multiples, and estimate the fair value of the Financial Services reporting unit using book value and interest margin multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective reporting units. 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 a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

As of December 31, 2012, the estimated fair value of our Agricultural Equipment and Financial Services reporting units and indefinite-lived intangible assets substantially exceeded the respective carrying values. The Construction Equipment reporting unit's excess of fair value over carrying value was approximately 14%. This reporting unit is considered to be at higher risk of potential failure of step one of the impairment test in future reporting periods, due primarily to decline in market demand for construction equipment, particularly in emerging markets and Europe.

The sum of the fair values of our reporting units was in excess of our market capitalization. We believe that the difference between the fair value and market capitalization is reasonable (in the context of assessing whether any asset impairment exists) when market-based control premiums are taken into consideration.

Sales Allowances

We grant certain sales incentives to stimulate sales of our products to retail customers. The expense for such incentive programs is recorded as a deduction in arriving at our net sales amount at the time of the sale of the product to the dealer. The expense for new programs is accrued at the inception of the program. 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 maintain volume by increasing customer incentives, possibly resulting in increased expense.

The sales allowance accruals at December 31, 2012, 2011, and 2010 were \$1,137 million, \$1,029 million, and \$774 million, respectively.

Table of Contents*Warranty Costs*

At the time equipment is sold to a dealer, 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 sales levels, component failure rates, replacement costs and dealer service costs. 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.

The product warranty accruals at December 31, 2012, 2011, and 2010 were \$474 million, \$404 million, and \$350 million, respectively.

See Note 14: Commitments and Contingencies to our consolidated financial statements for the year ended December 31, 2012 for further information on our accounting practices and recorded obligations related to modification programs and warranty costs.

Defined Benefit Pension and Other Postretirement Obligations

As more fully described in Note 12: Employee Benefit Plans and Postretirement Benefits to our consolidated financial statements for the year ended December 31, 2012, we sponsor pension and other retirement plans in various countries. We actuarially determine these pension and other postretirement costs and obligations using several statistical and judgmental factors. These assumptions include discount rates, rates for expected returns on plan assets, rates for compensation increases, 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 would be recognized in equity. For our pension and postretirement benefit 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, and by the average life expectancy for inactive employees expected to receive benefits under the plan.

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:

	2013 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				
Assumed discount rate	\$ (18)	\$ 22	\$ (335)	\$ 407
Expected long-term rate of return on plan assets	(22)	22	N/A	N/A
Other postretirement benefits:				
Assumed discount rate	(14)	16	(121)	148
Assumed health care cost trend rate (initial and ultimate)	30	(23)	151	(114)

Table of Contents*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 requires the use of 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 gains or losses 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 may also require the use of cash but would reduce our effective income tax rate in the period of resolution. See Note 10: Income Taxes to our consolidated financial statements for the year ended December 31, 2012 for further information on our accounting for uncertain tax positions.

New Accounting Pronouncements Adopted**Troubled debt restructuring**

In April 2011, the Financial Accounting Standards Board (FASB) issued accounting guidance that clarifies a creditor's determination of troubled debt restructurings. A troubled debt restructuring occurs when a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. The guidance clarifies what would be considered a concession by the creditor and financial difficulties of the debtor. Certain disclosures are required for transactions that qualify as troubled debt restructurings. This new guidance was effective for us on January 1, 2011. For further information see Note 3: Accounts and Notes Receivable, to our consolidated financial statements for the year ended December 31, 2012.

Comprehensive income

In June 2011, the FASB issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). ASU 2011-05 increases the prominence of other comprehensive income in financial statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The standard initially required that reclassification adjustments from other comprehensive income be measured and presented by income statement line item on the face of the statement of operations. In December 2011, however, the FASB issued ASU 2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in ASU 2011-05. This standard defers the requirement to present components of reclassifications of other comprehensive income on the face of the statement of operations. We adopted these standards by consecutively presenting the consolidated statements of operations and the consolidated statements of comprehensive income for the years ended December 31, 2012, 2011 and 2010.

Fair value

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). ASU 2011-04 clarifies existing fair value measurement concepts and continues the convergence towards a uniform framework for applying fair value measurement principles. This standard requires additional disclosures for fair value measurements, primarily Level 3 measurements. ASU 2011-04 is effective for fiscal years and interim periods beginning after December 15, 2011 and is to be applied prospectively. The adoption of this standard did not have a material impact on our consolidated financial statements or footnote disclosures.

Table of Contents**New Accounting Pronouncements Not Yet Adopted****Accumulated other comprehensive income**

In February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income* (ASU 2013-02). ASU 2013-02 requires preparers to report information about reclassifications out of accumulated other comprehensive income. For significant items reclassified out of accumulated other comprehensive income to net income in their entirety in the same reporting period, reporting (either on the face of the statement where net income is presented or in the notes) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other disclosures currently required under US GAAP (e.g., pension amounts that are included in inventory) is required in the notes. The above information must be presented in one place (parenthetically on the face of the financial statements by income statement line item or in a note). Adoption of this standard is required in our 2013 consolidated financial statements and footnote disclosures and will not have a material impact.

B. Liquidity and Capital Resources

The following discussion of liquidity and capital resources principally focuses on our consolidated statements of cash flows and our consolidated balance sheets. 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 2013. 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

During the year ended December 31, 2012, consolidated cash and cash equivalents decreased by \$47 million as an increase in retail receivables and expenditures for property, plant and equipment and equipment on operating leases were partially offset by positive operating cash flows and a net increase in debt. Cash and cash equivalents at Equipment Operations decreased by \$424 million, while cash and cash equivalents at Financial Services increased by \$377 million.

Cash Flows from Operating Activities

	For the Years Ended		
	December 31,		
	2012	2011	2010
	(in millions)		
Equipment Operations	\$ 979	\$ 1,097	\$ 1,811
Financial Services	278	(18)	(12)
Eliminations	(72)	(85)	(397)
Consolidated	\$ 1,185	\$ 994	\$ 1,402

Equipment Operations generated \$979 million of cash flows from operations in 2012, primarily due to net income of \$1,133 million partially offset by cash used to fund working capital requirements to meet market demand. The decrease in cash flows from operating activities in 2012 compared to 2011 was primarily related to a decrease of \$140 million in cash from working capital in 2012.

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The generation of cash from operating activities at Financial Services in 2012 resulted primarily from net income of \$301 million adjusted for non-cash depreciation and amortization of \$126 million, partially offset by a net change in operating assets and liabilities of \$191 million driven by a cash reduction from increases in accounts receivable.

Equipment Operations generated \$1,097 million of cash flows from operations in 2011, primarily due to net income of \$924 million partially offset by cash used to fund working capital requirements to meet market demand. The decrease in cash flows from operating activities in 2011 compared to 2010 was primarily related to a decrease of \$975 million in cash from working capital in 2011.

The utilization of cash in operating activities at Financial Services in 2011 resulted primarily from cash reduction of \$340 million from increases in accounts receivable, partially offset by net income of \$225 million.

Equipment Operations generated \$1,811 million of cash flows from operations in 2010, primarily due to \$1,000 million in cash flows from working capital reductions, adjustments for depreciation and amortization expense of \$291 million, and 2010 net income of \$438 million. Cash provided by working capital reductions includes \$323 million from inventory reductions and \$506 million from an increase in payables, partially offset by \$84 million due to higher receivables. The primary driver of the working capital reduction in 2010 was the stronger market demand reducing the levels of finished goods inventory. The cash generated from operations was also attributable to the increase of \$416 million in other liabilities, primarily related to higher levels of taxes payable and accrued payroll.

The utilization of cash for operating activities at Financial Services in 2010 resulted primarily from cash reduction of \$203 million from increases in wholesale accounts receivable, partially offset by net income of \$159 million.

Cash Flows from Investing Activities

	For the Years Ended December 31,		
	2012	2011 (in millions)	2010
Equipment Operations	\$ (566)	\$ (2,884)	\$ 168
Financial Services	(1,506)	(666)	(234)
Eliminations	70		20
Consolidated	\$ (2,002)	\$ (3,550)	\$ (46)

Cash flow used by investing activities at Equipment Operations in 2012 was primarily attributable to capital expenditures of \$556 million primarily used to support new product launches, including interim and final Tier 4 emissions compliant equipment, and investments in new manufacturing sites. We expect capital expenditures for 2013 to be in excess of \$600 million. The decrease in cash from investing activities in 2012 compared to 2011 was primarily due to \$2,395 million in deposits in Fiat Industrial subsidiaries' cash management pools in 2011, compared to withdrawals from Fiat Industrial subsidiaries' cash management pools of \$32 million in 2012. As at December 31, 2010, CNH had approximately \$3.6 billion in cash and cash equivalents, compared to approximately \$2.1 billion in cash and cash equivalents as of December 31, 2011. The amount as of December 31, 2010 included approximately \$2 billion of funds which would have historically been deposited with the relevant cash management pools managed by Fiat treasury subsidiaries in the U.S. and in Europe. In anticipation of the demerger, at the end of 2010, these funds were deposited with primary financial institutions in Europe and the U.S. for a short-term period. In the month of January 2011, these funds were deposited with the applicable Fiat Industrial subsidiaries' cash management pools.

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Cash flow used by investing activities at Financial Services in 2012 was a result of \$6,361 million of additions to retail receivables and \$469 million in expenditures for equipment on operating leases, partially offset by cash generated from the \$5,092 million of collections of retail receivables and \$251 million proceeds from the sale of equipment on operating leases. Cash flow used by investing activities at Financial Services increased by \$840 million in 2012 compared to 2011 primarily due to activities in retail receivables.

Cash flow used by investing activities at Equipment Operations in 2011 was primarily attributable to deposits of \$2,395 million cash in Fiat Industrial subsidiaries' cash management pools and capital expenditures of \$408 million. The decrease in cash from investing activities in 2011 compared to 2010 was primarily due to \$2,395 million in deposits in Fiat Industrial subsidiaries' cash management pools in 2011, compared to withdrawals from Fiat subsidiaries' cash management pools of \$481 million in 2010.

Cash flow used by investing activities at Financial Services in 2011 was a result of \$5,582 million of additions to retail receivables and \$394 million in expenditures for equipment on operating leases, partially offset by cash generated from the \$5,106 million of collections of retail receivables and \$241 million proceeds from sale of equipment on operating leases. Cash flow used by investing activities at Financial Services increased by \$432 million in 2011 compared to 2010 primarily due to the activities in retail receivables.

Cash provided by investing activities at Equipment Operations in 2010 resulted from withdrawals from Fiat subsidiaries' cash management pools of \$481 million, partially offset by capital expenditures of \$301 million.

Cash flow used by investing activities at Financial Services in 2010 resulted from \$365 million in expenditures for equipment on operating leases and a \$219 million increase in restricted cash, partially offset by net collections of retail receivables of \$77 million and proceeds from the sale of equipment on operating lease of \$270 million.

Cash Flows from Financing Activities

	For the Years Ended		
	December 31,		
	2012	2011	2010
	(in millions)		
Equipment Operations	\$ (817)	\$ 152	\$ 626
Financial Services	1,619	832	(57)
Eliminations	2	85	377
Consolidated	\$ 804	\$ 1,069	\$ 946

Cash used by financing activities at Equipment Operations in 2012 primarily resulted from \$616 million cash used from payments of intersegment borrowings to Financial Services and from the \$259 million special dividend paid to the CNH minority shareholders (net of withholding taxes), as part of the merger agreement with Fiat Industrial. We also appropriated retained earnings of \$2.1 billion as the special dividend paid to the CNH minority shareholders will also be paid to Fiat Industrial if the merger agreement is terminated. The increase of cash used by financing activities in 2012 compared to 2011 was due to the higher payment of intersegment notes and the payment of the special dividend in 2012.

Cash flows provided by financing activities for Financial Services in 2012 were attributable to net proceeds of \$1,555 million from long-term borrowings and net proceeds of \$616 million from intersegment borrowings from Equipment Operations, partially offset by a net decrease in short-term borrowings of \$520 million. The increase in cash flows provided by financing activities at Financial Services in 2012 as compared to 2011 was due to the proceeds from intersegment borrowings.

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Cash provided by financing activities at Equipment Operations in 2011 primarily resulted from \$391 million cash generated from collections of intersegment notes from Financial Services, partially offset by net payment of \$292 million related to long-term borrowings. The decrease of cash provided by financing activities in 2011 compared to 2010 was due to a net reduction in borrowings in 2011.

Cash flows provided by financing activities for Financial Services in 2011 were attributable to net proceeds of \$1,063 million from long-term borrowings and \$277 million from short-term borrowings, partially offset by a reduction of \$391 million in intersegment borrowings from Equipment Operations. The increase in cash flows used by financing activities at Financial Services in 2011 as compared to 2010 was a net effect of \$766 million more cash from borrowings and \$312 million less dividend distributions in 2011.

Cash provided by financing activities at Equipment Operations in 2010 is primarily attributable to net proceeds of \$381 million from long-term borrowings and \$254 million in cash collections of intersegment notes from Financial Services.

Cash flows used by financing activities for Financial Services in 2010 of \$57 million primarily reflects dividend payments of \$397 million to Equipment Operations and cash payment of \$254 million to Equipment Operations to repay intersegment notes payable, partially offset by net proceeds of \$574 million from long-term and short-term borrowings.

Sources of Funding

Funding Policy

Our policy is to keep a high degree of flexibility with our funding and investment options in order to maintain our desired level of liquidity. In managing our liquidity requirements, we are pursuing a financing strategy that includes open access to a variety of financing sources. These sources include U.S. and international capital markets, commercial bank lines, and the funding of Financial Services with a combination of receivables securitizations, unsecured borrowings, committed asset-backed facilities financing, and other transactions.

A summary of our strategy is set forth below:

To fund Equipment Operations' short-term financing requirements and to ensure near-term liquidity, Equipment Operations will continue to sell its receivables to Financial Services and rely primarily on internal cash flows including managing working capital. We also maintain a funding relationship with Fiat Industrial through term loans and cash management arrangements operated by Fiat Industrial treasury subsidiaries in a number of jurisdictions. We may also supplement our short-term financing by entering into new credit lines with banks.

To the extent 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.

Financial Services' funding strategy is to maintain a sufficient level of liquidity and flexible access to a wide variety of financial instruments. We expect securitizations to continue to represent a substantial portion of our capital structure. However, we will further diversify our funding sources and expand our investor base within Financial Services to create a stand-alone funding profile and achieve investment grade credit ratings. We will continue to look at the public ABS market as an important source of funding in North America and Australia. In addition to our current funding and liquidity sources, which include a combination of term receivables, securitizations, committed asset-backed facilities, and unsecured and secured borrowings, we expect changes to our funding profile as costs and terms of accessing the unsecured term market improve. In addition to offering unsecured notes and to accessing unsecured committed bank facilities, Financial Services will continue to evaluate financing alternatives to further diversify its funding base. We will tailor our offerings to improve investor interest in our securities while optimizing economic factors and reducing execution risks.

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Financial Services in Brazil continues to utilize financing provided by BNDES to support the growth of the agricultural and construction equipment sectors of the economy and to continue the issuance of certificates of deposit.

Financial Services has also relied in the past, and may continue to rely, on intersegment borrowings from Equipment Operations and financing from Fiat Industrial.

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 BNP Paribas Lease Group, 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. As of February 7, 2013, our long-term unsecured debt was rated BB+ by S&P; Ba2 by Moody's; and BBB Low by DBRS. Fiat Industrial's long-term unsecured debt was rated BB+ by S&P and Ba1 by Moody's. All of the ratings have a stable outlook. 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. A deterioration in our ratings could impair our ability to obtain debt financing and would increase the cost of such financing. Debt ratings are influenced by a number of factors, including, among others: our parent company's ratings, financial leverage on an absolute basis or relative to peers, the composition of the balance sheet and/or capital structure, material changes in earnings 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, and limiting the availability, of unsecured financing.

Consolidated Debt

As of December 31, 2012, and 2011, our consolidated debt was as detailed in the table below:

	Consolidated		Equipment Operations		Financial Services	
	2012	2011	2012	2011	2012	2011
	(in millions)					
Long-term debt excluding current maturities	\$ 10,134	\$ 8,626	\$ 2,652	\$ 3,572	\$ 8,590	\$ 6,251
Current maturities of long-term debt	4,132	4,412	1,275	682	2,857	3,730
Short-term debt	3,797	4,072	361	239	5,358	5,322
Total debt	\$ 18,063	\$ 17,110	\$ 4,288	\$ 4,493	\$ 16,805	\$ 15,303

On December 31, 2012, our outstanding consolidated debt with Fiat Industrial and its subsidiaries was \$357 million, or 2.0% of our consolidated debt, compared to \$639 million or 3.7% as of December 31, 2011. The reduction was mainly due to Financial Services repaying part of its debt from Fiat Industrial.

We believe that Net Debt, defined as total debt less intersegment notes receivable, deposits in Fiat Industrial subsidiaries' 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.

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The calculation of Net Debt and Net Debt to Net Capitalization as of December 31, 2012 and 2011 and the reconciliation of Net Debt to Total Debt, the U.S. GAAP financial measures that we believe to be most directly comparable, are shown below:

	Consolidated		Equipment Operations		Financial Services	
	2012	2011	2012	2011	2012	2011
	(in millions, except percentages)					
Total debt	\$ 18,063	\$ 17,110	\$ 4,288	\$ 4,493	\$ 16,805	\$ 15,303
Less:						
Cash and cash equivalents	2,008	2,055	827	1,251	1,181	804
Deposits with Fiat Industrial	4,232	4,116	4,005	3,980	227	136
Intersegment notes receivables			2,476	1,993	554	693
Net debt (cash)	11,823	10,939	(3,020)	(2,731)	14,843	13,670
Total equity	8,634	7,924	8,633	7,923	2,319	2,046
Net capitalization	\$ 20,457	\$ 18,863	\$ 5,613	\$ 5,192	\$ 17,162	\$ 15,716
Net debt (cash) to net capitalization	58%	58%	(54)%	(53)%	86%	87%

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	
	2012	2011	2012	2011	2012	2011
	(in millions, except percentages)					
Total debt	\$ 18,063	\$ 17,110	\$ 4,288	\$ 4,493	\$ 16,805	\$ 15,303
Total equity	8,634	7,924	8,633	7,923	2,319	2,046
Total capitalization	\$ 26,697	\$ 25,034	\$ 12,921	\$ 12,416	\$ 19,124	\$ 17,349
Total debt to total capitalization	68%	68%	33%	36%	88%	88%

The improvement in the Net Cash position of Equipment Operations in 2012, compared to 2011, mainly reflects increased profitability and positive cash flow from operations.

The increase in Financial Services Net Debt in 2012 reflected higher managed receivables portfolios.

Long term debt

As of December 31, 2012, our consolidated long-term debt was \$14.3 billion, including \$4.1 billion of current maturities, compared to \$13.0 billion and \$4.4 billion, respectively, as of December 31, 2011.

Equipment Operations long-term debt as of December 31, 2012 was \$3.9 billion, including \$1.3 million of current maturities, and consisted of \$2.8 billion of bonds (\$1.0 billion of which is maturing in September of 2013), \$0.6 billion intersegment debt, \$0.4 billion borrowing under credit facilities, and \$0.1 billion other debt.

As of December 31, 2012, Financial Services long-term debt was \$11.4 billion, including \$2.9 billion of current maturities, and consisted of \$6.5 billion of asset-backed debt, \$1.7 billion of asset-backed facilities, \$1.3 billion of unsecured bonds, \$1.1 billion drawn from the credit facility sponsored by BNDES in Brazil, \$0.6 billion intersegment notes and \$0.2 billion other debt.

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A more detailed description of our long-term debt is provided under Note 9: Credit Facilities and Debt to our consolidated financial statements for the year ended December 31, 2012.

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As of December 31, 2012, our consolidated short-term debt was \$3.8 billion, compared to \$4.1 billion as of the end of 2011.

Equipment Operations short-term debt as of December 31, 2012 was \$361 million and consisted of \$95 million debt owed to Fiat Industrial subsidiaries, \$50 million advances under credit facilities and \$216 million other short-term debt.

As of December 31, 2012, Financial Services short-term debt was \$5.4 billion, including \$2.2 billion financed by asset-backed facilities, \$2.0 billion intersegment notes, \$0.9 billion drawn under various third party credit facilities, and \$0.3 billion other short-term debt.

A more detailed description of our short-term debt is provided under Note 9: Credit Facilities and Debt to our consolidated financial statements for the year ended December 31, 2012.

Credit Facilities

As of December 31, 2012, we had approximately \$4.4 billion available under our \$11.1 billion total lines of credit, including \$5.4 billion asset-backed facilities, \$2.0 billion credit lines with Fiat Industrial, \$1.1 billion credit facilities with BNDES in Brazil and \$2.6 billion credit facilities with various third parties.

Of the total \$6.7 billion drawn under such lines, \$3.4 billion was classified as short term debt, \$0.9 billion was classified as current maturities of long-term debt and \$2.4 billion was classified as long-term debt.

A more detailed description of our credit facilities is provided under Note 9: Credit Facilities and Debt to our consolidated financial statements for the year ended December 31, 2012.

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

Cash and cash equivalents were \$2.0 billion as of December 31, 2012, compared to \$2.1 billion as of December 31, 2011. The following table shows cash and cash equivalents, together with additional information on deposits with Fiat Industrial and intersegment notes receivable, which together contribute to our definition of Net Debt as of December 31, 2012 and 2011.

	Consolidated		Equipment Operations		Financial Services	
	2012	2011	2012	2011	2012	2011
	(in millions)					
Cash and cash equivalents	\$ 2,008	\$ 2,055	\$ 827	\$ 1,251	\$ 1,181	\$ 804
Deposits with Fiat Industrial	\$ 4,232	\$ 4,116	\$ 4,005	\$ 3,980	\$ 227	\$ 136
Intersegment notes receivable:						
Current	\$	\$	\$ 1,922	\$ 1,394	\$	\$ 95
Long-term			554	599	554	598
Total intersegment notes receivables	\$	\$	\$ 2,476	\$ 1,993	\$ 554	\$ 693

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

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At December 31, 2012, we had approximately \$ 4.2 billion of cash deposited in the Fiat Industrial treasury subsidiaries' cash management pools, compared with \$4.1 billion at the end of 2011. The total amount deposited in the Fiat Industrial treasury subsidiaries' cash management pools as of December 31, 2012, included \$ 1.8 billion deposited by our subsidiaries in the United States and in Canada and \$ 2.4 billion deposited by certain of our European, Australian, and South American subsidiaries.

Securitization

As part of our overall funding strategy, we periodically transfer certain receivables into VIEs that are special purpose entities (SPEs) as part of our asset-backed securitization programs.

SPEs utilized in the securitization programs differ from other entities included in our consolidated financial statements because the assets they hold are legally isolated from our assets. For bankruptcy analysis purposes, we have sold the receivables to the SPEs in a true sale and the SPEs are separate legal entities. Upon transfer of the receivables to the SPEs, the receivables and certain cash flows derived from them become restricted for use in meeting obligations to the SPEs' creditors. The SPEs have ownership of cash balances that also have restrictions for the benefit of the SPEs' investors. Our interests in the SPEs' receivables are subordinate to the interests of third-party investors. None of the receivables that are directly or indirectly sold or transferred in any of these transactions are available to pay our creditors until all obligations of the SPE have been fulfilled.

The secured borrowings related to the restricted receivables are obligations that are payable as the receivables are collected.

The following table summarizes the restricted and off-book receivables and the related retained interests as of December 31, 2012 and 2011:

	Restricted Receivables		Off-Book Receivables		Retained Interests	
	2012	2011	2012	2011	2012	2011
	(in millions)					
North America retail note receivables	\$ 6,397	\$ 5,501	\$ 47	\$ 108	\$ 9	\$ 18
Australia retail note receivables	884	932				
North America wholesale receivables	3,176	2,884				
Europe wholesale receivables	1,291	1,193		2		
Australia wholesale receivables	134	101				
North America commercial revolving account receivables		181				
Total	\$ 11,882	\$ 10,792	\$ 47	\$ 110	\$ 9	\$ 18

Retail Receivables Securitizations

Within the U.S. retail receivable securitization programs, qualifying retail receivables are sold to limited purpose, bankruptcy-remote SPEs. In turn, these SPEs establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. In Canada, the receivables are transferred directly to the trusts. These trusts were determined to be VIEs and, consequently, we have consolidated these retail trusts. In our role as servicer, we have the power to direct the trusts' activities. Through our retained interests, we have an obligation to absorb certain losses or the right to receive certain benefits that could potentially be significant to the trusts.

During the years ended December 31, 2012 and 2011, we executed \$3.8 billion and \$3.5 billion in retail asset-backed transactions, respectively, in the U.S., Canada and Australia. The securities in these transactions are backed by agricultural and construction equipment retail receivable contracts and finance leases originated through our dealer network. At December 31, 2012, \$6.3 billion of asset-backed securities issued to investors

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were outstanding with a weighted average remaining maturity between 23 and 39 months. At December 31, 2011, \$5.7 billion of asset-backed securities issued to investors were outstanding with a weighted average remaining maturity between 25 and 37 months.

We may retain all or a portion of the subordinated interests in the SPEs. No recourse provisions exist that allow holders of the asset-backed securities issued by the trusts 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 trusts any receivables for which there is a breach of the representations and warranties. Moreover, we do not guarantee any securities issued by the trusts. The trusts 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.

We also have \$2.4 billion in committed asset-backed facilities through which we may sell on a monthly basis retail receivables generated by Financial Services in the U.S., Canada and Australia. We have utilized these facilities in the past to fund the origination of receivables and have later repurchased and resold the receivables in the term ABS markets or found alternative financing for the receivables. We believe that it is probable that we will continue to regularly utilize ABS markets. The U.S. and Canadian facilities had an original funding term of two years and are renewable in September 2014 and December 2014, respectively. To the extent these facilities are not renewed, they will be repaid according to the amortization of the underlying receivables.

Three private retail transactions totaling \$47 million and \$108 million were not included in our consolidated balance sheets as of December 31, 2012 and 2011, respectively.

Wholesale Receivables Securitizations

With regard to the wholesale receivable securitization programs, we sell eligible receivables on a revolving basis, to structured master trust facilities which are limited purpose, bankruptcy-remote SPEs. As of December 31, 2012, debt issued through the U.S. master trust facility consists of four facilities renewable at the discretion of the purchasers; \$200 million renewable March 2013, \$900 million renewable April 2013, \$250 million renewable July 2013, and \$200 million senior and related subordinate renewable November 2013.

The Canadian master trust facility consists of a C\$586 million (\$588 million) facility renewable December 2014 at the discretion of the investor.

The Australian master trust facility consists of a 364-day A\$250 million (\$208 million) facility renewable December 2013 at the discretion of the investor.

On August 2, 2012, CNH Financial Services S.A.S. and CNH Capital UK Limited entered into a 400 million (\$528 million) and £80 million (\$106 million) revolving financing arrangement. The agreement allows for CNH Financial Services S.A.S. to assign directly to the facility all dealer receivables (current and future) for a period of three years with the ability to extend the facility for one or two consecutive periods of one year. The facility contains a minimum rate of over-collateralization which is in the form of subordinate notes.

These trusts were determined to be VIEs and consequently, we have consolidated these wholesale trusts. Our involvement with the securitization trusts includes servicing the wholesale receivables, retaining an undivided interest (seller's interest) in the receivables and holding cash reserve accounts. The seller's interest in the trusts represent our undivided interest in the receivables transferred to the trust. We maintain cash reserve accounts at predetermined amounts to provide security to investors in the event that cash collections from the receivables are not sufficient to remit principal and interest payments on the securities. The investors and the securitization trusts have no recourse beyond our retained interests for failure of debtors to pay when due. Our retained interests are subordinate to investors' interests.

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Each of the facilities contains minimum payment rate thresholds which, if breached, could preclude us from selling additional receivables originated on a prospective basis.

We also utilize various factoring programs for revolving sales to third party factors of wholesale receivables originated in Europe.

Commercial Revolving Account Securitizations

During 2011, through a trust we securitized originated commercial revolving account receivables. The committed asset-backed facility had an original two-year term which expired in October 2012, at which point all debt was paid in full.

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 is the difference between our plan assets and our actuarially determined plan obligations. At December 31, 2012 and 2011, our pension plans had an underfunded status of approximately \$822 million and \$731 million, respectively. These amounts included pension plan obligations for plans that we are not currently required to fund of \$493 million and \$418 million at December 31, 2012 and 2011, respectively.

During 2012, we made a discretionary contribution of \$70 million to our U.S. defined benefit pension plan trust. In 2013, 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, we do not anticipate that any additional contributions for this plan will be required during the period 2014 through 2017. We will continue to consider making discretionary contributions to our pension and other benefit plans in the future.

During 2012, we contributed \$58 million to our non-U.S. defined benefit plans and we anticipate that we will make contributions to such plans in 2013 of approximately \$62 million.

Other Postretirement Benefit Obligations

These benefit obligations are currently unfunded although we continue to evaluate making discretionary contributions. At both December 31, 2012 and 2011, our other postretirement benefit obligations had an underfunded status of \$1.1 billion.

During 2012 and 2011, we did not make any voluntary contributions to our postretirement benefit plans; however, we made benefit payments of \$70 million and \$63 million during 2012 and 2011, respectively. We anticipate that cash requirements for other postretirement employee benefits will be approximately \$77 million in 2013.

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 to our consolidated financial statements for the year ended December 31, 2012 for additional information on pension and other postretirement benefits accounting.

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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 \$652 million, \$526 million, and \$451 million of research and development costs in the years ended December 31, 2012, 2011, and 2010, respectively.

Agricultural Equipment We are marketing 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 marketing the New Holland and, through December 31, 2012, 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, 2012, we hold over 4,625 patents and over 1,325 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: *Outlook for 2013* and *2012 Compared to 2011*.

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 to our consolidated financial statements for the year ended December 31, 2012 and Item 5. Operating and Financial Review and Prospects B. Liquidity and Capital Resources Securitization for a detailed description of our off-balance sheet arrangements.

Table of Contents**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, 2012, are as follows:

	Total	Payments Due by Period			After 5 years
		Less than 1 year	1-3 years (in millions)	4-5 years	
Long-term and short-term debt	\$ 18,063	\$ 7,929	\$ 5,956	\$ 4,048	\$ 130
Interest on fixed rate debt	1,396	356	595	380	65
Interest on floating rate debt(1)	1,711	367	680	594	70
Operating leases(2)	208	45	65	46	52
Purchase obligations	263	263			
Tax contingencies(3)	45	45			
Total contractual cash obligations	\$ 21,686	\$ 9,005	\$ 7,296	\$ 5,068	\$ 317

(1) The interest funding requirements are based on 2012 interest rates.

(2) Minimum rental commitments.

(3) The total amount of gross tax contingencies, including positions impacting only the timing of tax benefits was \$269 million for the year ended December 31, 2012. 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

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 2013, 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 2013, we anticipate making contributions to our other postretirement benefit plans of approximately \$77 million prior to consideration of any discretionary contributions.

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 or operating results; 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, on track, similar terminology.

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Our outlook is largely based on our interpretation of what we consider to be relevant 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 the intervention by governments and non-governmental organizations 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 that 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 Industrial, risks related to our relationship with Fiat Industrial, the effect of the demerger transaction consummated by Fiat pursuant to which CNH was separated from Fiat's automotive business and became a subsidiary of Fiat Industrial, our ability to consummate the pending business combination transaction with Fiat Industrial and to realize the anticipated benefits of such transaction, 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, engine emissions, 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, 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 efforts to improve the profitability of our businesses depends upon, among other things, industry volumes as well as our ability to effectively rationalize our operations and to execute our brand strategy.

Furthermore, in light of ongoing difficult macroeconomic 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 twelve directors, eight of whom are independent directors as provided in the listing standards and rules of the New York Stock Exchange (NYSE). The directors serve for a term of one year and may stand for re-election the following year. As of February 1, 2013, our directors and certain senior managers are as set forth below:

Name	Position with CNH	Director/ Executive Officer Since
Harold D. Boyanovsky	Director	2005
Thomas J. Colligan	Director	2011
Dr. Edward A. Hiler	Director	2002

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Name	Position with CNH	Director/ Executive Officer Since
Léo W. Houle	Director	2006
Dr. Rolf M. Jeker	Director	2006
Dr. Peter Kalantzis	Director	2006
John B. Lanaway	Director	2006
Kenneth Lipper	Director	1996
Sergio Marchionne	Director, Chairman of the Board	2004
Paolo Monferino	Director	2000
Jacques Theurillat	Director	2006
Richard Tobin	Director, President and Chief Executive Officer	2010
Steven C. Bierman	President, CNH Capital	2005
Pablo Di Si	Chief Financial Officer	2012
Franco Fusignani		2006
	President and Chief Executive Officer, CNH International S.A. and President, New Holland Agricultural Equipment	2010
Andreas Klausner	President, Case IH Agricultural Equipment	2009
Mario Gasparri	President, Construction Equipment	2012

Harold D. Boyanovsky, Director, born on August 15, 1944, retired as President and Chief Executive Officer of CNH Global N.V. on December 31, 2011. Prior to this, Mr. Boyanovsky 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.

Thomas J. Colligan, Director, born on July 16, 1944, was appointed to the Board on January 6, 2011 and elected a Director on March 29, 2011. Mr. Colligan is currently a member of the Boards of Directors of Office Depot, Inc., ADT Corporation and Targus Group International, Inc. and has previously served on the boards of Schering Plough Corporation, Educational Management Corporation and Anesiva, Inc. His most recent position was as Vice Dean of the University of Pennsylvania Wharton School's Aresty Institute of Executive Education, where he was responsible for the non-degree executive education programs from July 2007 until his retirement in June 2010. From 2001 to 2004, Mr. Colligan was Vice Chairman of PricewaterhouseCoopers LLP (PwC) and served PwC in other capacities from 1969 to 2004, including 25 years as a Partner. Mr. Colligan is a Certified Public Accountant and has a degree in Accounting from Fairleigh Dickinson University.

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 to 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.

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Léo W. Houle, Director, born on August 24, 1947, was elected a Director of CNH on April 7, 2006. On September 6, 2011, Mr. Houle was appointed to the Board of Directors of Chrysler Group LLC. Mr. Houle was Chief Talent Officer of BCE Inc. and Bell Canada, Canada's largest communications company, from 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 Saint 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 on July 30, 1946, was elected a Director of CNH on April 7, 2006. Dr. Jeker was 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 a.i. for Foreign Economic Affairs; Chairman of Swiss Export Risk Guarantee Board and Chairman of the Swiss Investment Risk Guarantee Board. Dr. Jeker was a member of the Board of Directors of Precious Woods Holding Ltd.; Chairman of the Board of the Swiss Export Promotion Office; Chairman of the My Climate-CLIPP Foundation; and Member of the Board of the Swiss Climate Penny Foundation. Presently Dr. Jeker is Chairman of Emerging Market Services Ltd.; CEO and Vice Chairman of AO Foundation and Chairman of Carbur. 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 on December 12, 1945, was elected a Director of CNH on April 7, 2006. Dr. Kalantzis has been a non-executive member of various board of directors since 2001. 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 Von Roll Holding Ltd., Breitenbach (Switzerland); Chairman of Lamda Development Ltd., Athens (Greece); Chairman of Elpe-Thraki S.A., Athens (Greece); Chairman of Zuricher Goldhandel AG, Cham; and Chairman of Degussa Sonnemond Goldhandel AG, Cham. He is a member of the Board of Paneuropean Oil and Industrial Holdings, Luxembourg; of Lamda Consolidated Holdings, Luxembourg; 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 B. Lanaway, Director, born on April 13, 1950, was elected a Director of CNH on April 7, 2006. On September 6, 2011, Mr. Lanaway was appointed to the Board of Directors of Chrysler Group LLC. Mr. Lanaway was Executive Vice President and Chief Financial Officer, North America, of McCann Erickson, one of the largest marketing communications networks in the world, from November 2007 until June 2011. 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

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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, is Chairman and CEO of Lipper & Company, an asset management and investment banking firm, since 1987. He has served as a Director of CNH since 1996. From 2005 to 2010, Mr. Lipper was Executive Vice President and Senior Advisor of Cushman & Wakefield, Inc. He was Deputy Mayor of the City of New York under Mayor Edward Koch from 1983 to 1985. Mr. Lipper was a general partner of Salomon Brothers from 1976 to 1982 and Lehman Brothers from 1969 to 1975. Prior to that, Mr. Lipper was the Director of Industrial Policy for the U.S. Office of Foreign Direct Investment 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*. He wrote the novel *Wall Street* and was chief technical advisor of the film; he wrote the novel and screenplay *City Hall*, and was producer on the film; he was producer of the play and film *The Winter Guest*. He is co-owner and co-publisher of the celebrated biography series *Penguin Lives*, under the Lipper/Viking Penguin imprint. He is a trustee of The Hampton Film Festival and of The Jerome & Kenneth Lipper Foundation; he is 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 JD from Harvard Law School and Master's 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. He is a barrister, solicitor and chartered accountant. 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 served 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. From 1994 to 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 SGS Group of Geneva, a position which he continues to hold. He was non-executive Vice Chairman and Senior Independent Director of UBS from 2008 until April 2010. He has been a member of the Board of Fiat S.p.A. since May 2003 and was appointed Chief Executive Officer on June 1, 2004. In February 2005, he was also appointed Chief Executive Officer of Fiat Group Automobiles and in April 2006, Chairman of CNH. He became Chief Executive Officer of Chrysler Group LLC in June 2009 and Chairman in September 2011. In May 2010, he joined the Board of Directors of Exor. In July 2010 he was appointed Chairman of Fiat Industrial S.p.A. He is a member of the Board of Philip Morris International Inc. and President of ACEA (European Automobile Manufacturers Association). He is also a member of the Board of the Peterson Institute for International Economics and Chairman of the Italian Branch of the Council for the United States and Italy. He is a permanent member of the Fondazione Giovanni Agnelli. Mr. Marchionne holds a Bachelor of Arts with a major in Philosophy and a bachelor of Laws from the University of Toronto, as well as a Masters in Business Administration and a Bachelor of Commerce from the University of Windsor (Canada). He is also a recipient of: an Honorary Doctor of Laws degree from the University of Windsor (Canada) and honorary Doctor of Business Administration from the University of Toledo (Ohio), a Master honoris causa from the CUOA Foundation (Italy), a degree in Economics *honoris causa* from the University of Cassino (Italy), and a degree *ad honorem* in Industrial Engineering and Management from Polytechnic University in Turin. Mr. Marchionne also holds the honor 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 our 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. Mr. Monferino retired from the Fiat Group in October 2010 and since the middle of November 2010, he assumed the position of Head of the Health Department of the Piemonte Region in Italy.

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 the Serono SA 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.

Richard Tobin, Director, President and Chief Executive Officer, born on April 4, 1963, was appointed President and Chief Executive Officer on January 1, 2012 and director as of April 3, 2012. He is also a member of the Fiat Industrial Executive Council (FIEC). He served as Chief Financial Officer of CNH Global N.V. from March 8, 2010 to December 31, 2011. He joined CNH from SGS Group Geneva, Switzerland, where he was appointed Chief Financial Officer & head of Information Technology in June 2004 and prior to that was Chief Operating Officer of SGS North America. Before joining SGS, Mr. Tobin held business segment general management positions with Alcan Aluminum of Montreal Canada, the Aluisse Lonza Group of Zurich, Switzerland, and international marketing with the GTE Corporation of Stamford, Connecticut. He holds a Bachelors of Arts and Masters of Business Administration degrees from Norwich University and Drexel University, respectively.

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. He served as interim Chief Financial Officer from June 2009 until March 2010. 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.

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Pablo Di Si, Chief Financial Officer, born on July 23, 1969, was appointed Chief Financial Officer of CNH on December 1, 2012. He is also the Group Chief Financial Officer at Fiat Industrial S.p.A. In March 2008 he was appointed CFO and Head of Business Development for Fiat Automobiles in Latin America. Mr. Di Si joined CNH in 2005 and served in a variety of financial roles within the company in both the U.S. and Latin America. Prior to joining CNH, Mr. Di Si was employed by Kimberly-Clark from 2000 to 2005 in various positions, including Chief Financial Officer for Kimberly Clark Brazil in São Paulo, Brazil. From 1998 to 2000, Mr. Di Si served as the Manager, Latin America for Nutrition & Consumer Sector of the Monsanto Company. From 1993 to 1997 Mr. Di Si was employed by Abbott Laboratories in various Financial Planning & Analysis roles, the last of which was Senior Financial Analyst for the Asia Pacific Region. Mr. Di Si holds a Bachelor of Business Administration degree from Loyola University, an Accounting degree from Northwestern University and an Executive MBA from Thunderbird's American Graduate School of International Management. He is also an alumnus of Harvard Business School's Executive Advanced Management Program (AMP 180).

Franco Fusignani, President and Chief Executive Officer of New Holland Agricultural Equipment and of CNH International SA, born on September 19, 1945, was appointed President and Chief Executive Officer of New Holland Agricultural Equipment in October 2010 and of CNH International SA on July 1, 2007. He has responsibility for the New Holland Agricultural brand in the Americas and Europe and 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 operations of specific countries in Latin America. In 1981, he established the new Iveco Commercial 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 facilities 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 and New Holland Agricultural Equipment, he served as Senior Vice President of CNH Agricultural Industrial Product Development.

Mario Gasparri, President, Construction Equipment, born on October 1, 1960, was appointed President, Construction Equipment on April 1, 2012. He has responsibility as head of CNH's global construction business, which includes the Case Construction and New Holland Construction brands. In September 2012 he was appointed General Manager of the CNH International Region; in August 2009 he became Vice President Agricultural Equipment Commercial Operations, CNH International; and he was Managing Director for New Holland India and the Asia Pacific markets in 2007. Between 1988 and 2006, Mr. Gasparri served in a variety of positions with Fiat. Mr. Gasparri holds a degree in Agricultural Sciences from the University of Pisa.

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 New Holland, Case IH and Steyr branded products from 2000 to 2006. He served as Business Director Eastern Europe for Case IH and Steyr for 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 Steyr Landmaschinentechnik (St. Valentin/Austria).

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The following table summarizes remuneration paid or accrued to Directors for the year ended December 31, 2012, excluding directors who are employees of Fiat Industrial or Fiat and are not compensated by us:

	Grant Price	Harold Boyanovsky	Thomas J. Colligan	Dr. Edward A. Hiler	Leo W. Houle	Dr. Rolf M. Jeker	Dr. Peter Kalantzis	John B. Lanaway	Kenneth Lipper	Paolo Monferino	Jacques Theurillat	Richard Tobin	Total
Salary	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Annual Fees		74,219	93,000	115,000	140,000	115,000	120,000	84,000	57,500	100,000	135,625	974,487	974,487
Special Committee Fees			170,000	120,000		120,000		25,000	140,000		140,000		715,000
Common Shares Granted													
4/2/2012	\$ 40.03		9,000					9,000			9,688		27,688
7/2/2012	\$ 39.39		9,000					9,000			9,687		27,687
10/1/2012	\$ 39.27		9,000					9,000					18,000
12/31/2012	\$ 39.88							9,000					9,000
Use of Company Car		17,853		12,453	1,360				10,243			9,845	51,754
Future Remuneration: Pension and similar benefits												169,073	169,073
Bonus: Cash												1,060,300	1,060,300
Total		\$ 92,072	\$ 290,000	\$ 247,453	\$ 141,360	\$ 235,000	\$ 120,000	\$ 145,000	\$ 207,743	\$ 100,000	\$ 295,000	\$ 2,213,705	\$ 4,087,333

Directors eligible for compensation also may elect to have a portion of their compensation paid in stock options. See CNH Directors Compensation Plan and Share Ownership below. Directors who are employees of a Fiat Industrial Group company or a Fiat Group company do not receive compensation from us for their services as a director. At an extraordinary Shareholders meeting on December 17, 2012, the Company's Shareholders approved with effect as of June 19, 2012, that each member of the Special Committee be paid \$20,000 per calendar month during which the Special Committee is in existence or devoting substantial time to the matters delegated by the Board to the Special Committee for his services as a member of the Special Committee (with the Chairman of the Special Committee being entitled to additional compensation of \$5,000 per month), without regard to whether the proposed transaction would be recommended by the Special Committee.

CNH Directors Compensation Plan

The CNH Global N.V. Directors Compensation Plan (CNH Directors Plan) 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 eligible directors of CNH in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH. The CNH Directors Plan provides for the payment of the Fees to eligible members of the Board of CNH, provided that such members do not receive salary or other employment compensation from CNH, Fiat Industrial S.p.A., Fiat S.p.A., or their respective subsidiaries. Each quarter of the CNH Directors Plan year, the eligible directors elect the form of payment of their Fees. If the elected form is common shares, the eligible director will receive as many common shares as are equal to the amount of Fees the director elects to forego, divided by the fair market value of a common share. Common shares issued vest immediately upon grant, but cannot be sold for a period of six months. If the elected form is options, the eligible 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 a director. At December 31, 2012 and 2011, there were 682,747 and 690,993 common shares, respectively, reserved for issuance under the CNH Directors

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Plan. Directors eligible to receive compensation under the CNH Directors Plan do not receive benefits upon termination of their service as directors.

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On June 24, 2012, the CNH Board of Directors established a special committee of unconflicted Directors (the Special Committee). The Special Committee was instructed to evaluate a proposal submitted by Fiat Industrial on May 30, 2012 pursuant to which CNH and Fiat Industrial would be merged into a newly formed Dutch subsidiary of Fiat Industrial. For their service on the Special Committee, the Board approved, subject to Shareholder approval, that each member of the Special Committee be paid \$20,000 per calendar month during which the Special Committee is in existence or devoting substantial time to the matters delegated by the Board to the Special Committee for his services as a member of the Special Committee (with the Chairman of the Special Committee being entitled to additional compensation of \$5,000 per month), without regard to whether the proposed transaction would be recommended by the Special Committee. At an extraordinary Shareholders meeting on December 17, 2012, CNH Shareholders approved such compensation, with effect as of June 19, 2012.

The following table reflects option activity under the CNH Directors' Plan for the year ended December 31, 2012:

	Shares	2012 Weighted Average Exercise Price
Outstanding at beginning of year	65,145	\$ 34.59
Granted	8,299	39.76
Exercised	(6,168)	26.07
Outstanding at end of year	67,276	36.01
Exercisable at end of year	67,276	36.01

See Note 17: Option and Incentive Plans to our consolidated financial statements for the year ended December 31, 2012 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 2012 was approximately \$9.5 million, including \$1.5 million of pension and similar benefits paid or set aside by us.

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 elected at the meeting of shareholders, serve for a term of approximately 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, the Dodd-Frank Wall Street Reform and Consumer Protection Act, 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 Board consists of non-executive directors, who meet the independence requirements of the Dutch Code. The Board

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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 as a director.

We currently have an Audit Committee and a Corporate Governance and Compensation Committee which are described in more detail below. During 2012, there were thirteen meetings of our Board of Directors. Attendance at these meetings was 93%. The Audit Committee met seven times during 2012 and attendance of directors at those meetings was 96%. The Corporate Governance and Compensation Committee met three times during 2012 with 100% attendance of directors 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 typically 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 system 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, Colligan, 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, the Vice President of Internal Audit, the Vice President Tax, the Treasurer, 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). The information contained on our web site is not included in, or incorporated by reference into, this annual report on Form 20-F.

Corporate Governance and Compensation Committee. The Corporate Governance and Compensation Committee is responsible for, among other things, the design, development, implementation and review of the compensation and terms of employment of our executive officers and the fees paid to the members of the Board as well as succession planning issues relating to executive officers and directors. The Corporate Governance and Compensation Committee is responsible for making sure that the compensation of the company's executive personnel is related to and aligned with our (and our shareholders') short-term and long-term objectives and our operating performance. The directors' compensation terms and conditions are set forth in the CNH Directors' Plan, the terms of which 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).

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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.

D. Employees

At December 31, 2012, 2011, and 2010, we had approximately 33,800, 32,700, and 28,800 employees, respectively. As of December 31, 2012, there were approximately 21,600 employees in the agricultural equipment business, 5,000 in the construction equipment business, and 900 in the financial services business, with the remaining 6,300 in parts and service and other roles shared by all business units. As of December 31, 2012, as broken down by geographic location, there were 11,700 employees in North America, 13,700 employees in EAME and CIS, 5,100 employees in Latin America, and 3,300 employees in APAC.

Unions represent certain of our production and maintenance employees. Our collective bargaining agreement with the UAW, which represents approximately 1,300 of our hourly production and maintenance employees in the United States continues through April 2016. In April of 2012, we ratified our contract with the International Association of Machinists, which represents approximately 734 of our employees in Fargo, North Dakota. This contract expires in April 2018.

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.

For a discussion regarding management's relationship with labor unions, see Item 3 Key Information D. Risk Factors Risks related to Our Business, Strategy and Operations 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.

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' 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 eligible 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, 2012, excluding directors who are employees of Fiat Industrial or Fiat Industrial Group companies and have not been compensated by us.

	Grant Date	Exercise Price	Boyanovsky	Hiler	Houle	Jeker	Lanaway	Lipper	Theurillat	Tobin	Total
Beginning Balance as of 1/1/12											
(automatic option)	5/3/2005	17.28		4,000							4,000
(automatic option)	4/7/2006	27.70		4,000	4,000	4,000	4,000		4,000		20,000
	7/5/2006	23.87							1,047		1,047
	10/3/2006	22.32			4,480	1,008			1,121		6,609
	12/29/2006	27.45			3,643	820			911		5,374
	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			1,652			1,487	413		3,552
	12/27/2007	66.41			1,506			1,356			2,862
	3/19/2008	50.08			1,997			1,798			3,795
	6/2/2008	48.12	10,574								10,574
	6/17/2008	42.51			2,353			2,118			4,471
	4/30/2009	13.58	28,512								28,512
	4/30/2010	31.69	93,391							50,489	143,880
	9/7/2010	32.30						3,560			3,560
	4/29/2011	47.20								40,676	40,676
	12/27/2011	37.09						3,101			3,101
Beginning Total			132,477	8,000	24,223	6,862	4,000	13,420	8,640	91,165	288,787
Vested/Not Exercised			41,704	8,000	24,223	6,862	4,000	13,420	8,640	16,830	123,679
Not Vested			90,773							74,335	165,108
Total Options Granted in 2012											
	4/2/2012	40.03						2,873			2,873
	7/2/2012	39.39	1,269								1,269
	9/28/2012	40.79								103,974	103,974
	10/1/2012	39.27	1,273								1,273
	12/31/2012	39.88						2,884			2,884
2012 Sub-Total			2,542					5,757		103,974	112,273
Options Exercised in 2012											
	4/7/2006	27.70							4,000		4,000
	7/5/2006	23.87							1,047		1,047
	10/3/2006	22.32							1,121		1,121
Total Options Exercised 2012									6,168		6,168
Closing Balance as of 12/31/2012											
Closing Total			135,019	8,000	24,223	6,862	4,000	19,177	2,472	195,139	394,892
Vested/Not Exercised			103,888	8,000	24,223	6,862	4,000	19,177	2,472	47,218	215,840
Not Vested			31,131							147,921	179,052

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The following table summarizes outstanding performance share units held by directors (due to their current or former employment by the Company) with respect to which vesting has not yet occurred.

	Grant Date	Price	Harold Boyansovsky	Richard Tobin	Total
Beginning Balance as of 1/1/2012	9/30/2010	\$ 34.74	40,000	75,000	115,000
Granted in 2012	1/1/2012	\$ 37.64		78,500	78,500
Ending Balance as of December 31, 2012			40,000	153,500	193,500

The following table summarizes outstanding restricted share units held by directors (due to their current or former employment by the Company) with respect to which vesting has not yet occurred:

	Grant Date	Price	Richard Tobin
Beginning Balance as of 1/1/2012			15,834
Not vested	4/20/2010	\$ 32.35	8,000
Not vested	9/30/2010	\$ 34.74	3,334
Not vested	9/30/2011	\$ 26.65	4,500
Vested in 2012			11,167
	9/30/2010	\$ 34.74	1,667
	9/30/2011	\$ 26.65	1,500
	4/20/2010	\$ 32.35	8,000
Ending Balance as of 12/31/2012			4,667
Not vested	9/30/2010	\$ 34.74	1,667
Not vested	9/30/2011	\$ 26.65	3,000

Item 7. Major Shareholders and Related Party Transactions**A. Major Shareholders**

As of December 31, 2012, our outstanding capital stock consisted of common shares and common shares B, with each having a par value of 2.25 (\$2.97) per share. As of December 31, 2012, there were 30,469,263 common shares and 211,866,037 common shares B outstanding. At December 31, 2012, we had 534 registered holders of record of our common shares in the United States. Registered holders and indirect beneficial owners hold approximately 13% of our outstanding common stock.

As of December 31, 2012, Fiat Netherlands, a wholly-owned subsidiary of Fiat Industrial, was our largest single shareholder. Consequently, Fiat Netherlands controlled 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 had the same voting rights as our other shareholders.

The following table sets forth the outstanding capital stock of CNH as of December 31, 2012:

Shareholders	Number of Outstanding Common Shares	Percentage Ownership Interest
Fiat Netherlands (common shares B)	211,866,037	87%
Other shareholders (common shares)	30,469,263	13%

Total	242,335,300	100%
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As a result of the demerger transaction implemented by Fiat and effective on January 1, 2011, Fiat transferred to Fiat Industrial its ownership interest in Fiat Netherlands and, as a result, we became a subsidiary of Fiat Industrial. See Item 4. Information on the Company C. Organizational Structure for additional information regarding the demerger transaction.

B. Related Party Transactions

As of December 31, 2012, our outstanding capital stock consisted of common shares and common shares B, with each having a par value of 2.25 (U.S. \$2.97) per share. As of December 31, 2012, there were 30,469,263 common shares and 211,866,037 common shares B outstanding. At December 31, 2012, we had 534 registered holders of record of our common shares in the United States. Registered holders and indirect beneficial owners hold approximately 13% of our outstanding capital stock. Fiat Netherlands, a wholly owned subsidiary of Fiat Industrial, is the largest single shareholder. Consequently, at December 31, 2012, Fiat Netherlands controlled 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.

Historically, we have developed a variety of relationships, and engaged in a number of transactions, with various Fiat or Fiat Industrial group companies. See Note 21: Related Party Information in the notes to our consolidated financial statements for the year ended December 31, 2012 for further information regarding our relationships and transactions with Fiat and Fiat Industrial.

C. Interests of Experts and Counsel

Not applicable.

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 January 28, 2013, our Corporate Governance and Compensation Committee approved required equitable adjustments to outstanding equity awards under CNH Equity Incentive Plan and CNH Directors Compensation Plan. Please see Note 17: Option and Incentive Plans to our consolidated financial statements for the year ended December 31, 2012 for additional information.

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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 2013	\$ 48.31	\$ 41.90
December 2012	49.48	39.79
November 2012	48.86	43.02
October 2012	44.80	38.91
September 2012	42.98	38.77
August 2012	41.57	37.67
Year ended December 31, 2012		
First Quarter	\$ 46.52	\$ 37.64
Second Quarter	47.07	35.76
Third Quarter	42.98	34.53
Fourth Quarter	49.48	38.91
Full Year	49.48	34.53
Year ended December 31, 2011		
First Quarter	\$ 54.01	\$ 43.41
Second Quarter	49.73	35.96
Third Quarter	41.64	26.15
Fourth Quarter	40.86	23.60
Full Year	54.01	23.60
2010	\$ 48.06	\$ 22.38
2009	\$ 25.94	\$ 6.01
2008	\$ 68.82	\$ 11.09

On February 25, 2013, the last reported sales price of our common shares as reported on the NYSE was \$43.04 per share. There were approximately 534 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.

D. Selling Shareholders

Not applicable.

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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 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 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.

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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;

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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 188,133,963 common shares, 211,866,037 common shares B, and 200,000,000 Series A Preferred Stock with each having a par value of 2.25 per share. We will issue shares (common shares, common shares B, 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 April 3, 2012, 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

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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 April 3, 2012, 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 and common shares B 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.

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 would be entitled to the relevant reserve upon our dissolution. We shall maintain a special separate share premium reserve, a special separate retained earnings reserve and a special separate dividend reserve in which the reserves are all exclusively attached to the class of common shares B (together the *Special Separate Reserves*). Any distribution from any of these *Special Separate Reserves*, can only be made on the basis of a resolution of the meeting of holders of the common shares B, except that the Board of Directors may unilaterally resolve to fully release the *Special Separate Reserves* on October 31, 2013. 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 those 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. At its meeting on November 25, 2012 the Board of Directors recommended that a special dividend, in the amount of \$10 per share, be paid to the holders of our common shares (but not common shares B). At an extraordinary meeting of shareholders on December 17, 2012 payment of the dividend was approved by our shareholders. The special dividend was paid to the holders of our common shares on December 28, 2012. 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 that 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 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.

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Each of the common shares, common shares B, 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 the 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 all 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 separate share premium reserve, special separate retained earnings reserve and special separate dividend reserve exclusively attached to the common shares B will first be applied to distribute to the holders of common shares B. Any remaining assets will be distributed to the holders of common shares and common shares B in proportion to the aggregate nominal amount of the common shares and common shares B 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 our 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 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.

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.

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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.

For a discussion of the merger agreement between Fiat Industrial and CNH, please see Item 5. Operating and Financial Review and Prospects.

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,

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holders that purchase or sell the common shares as part of a wash sale for U.S. federal income tax purposes, 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 dividends, if any, 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, generally will be taxed at the preferential rates applicable to long term capital gains 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 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 preferential rates 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 for United States federal income tax purposes 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 generally 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 disposal 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. Where in this taxation summary the terms "The Netherlands" and "Dutch" are used, these refer solely to the European part of the Kingdom of the Netherlands.

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. Where in this Netherlands taxation paragraph reference is made to a "holder of shares", that concept includes, without limitation:

1. an owner of one or more shares who in addition to the title to such shares, has an economic interest in such shares;
2. a person or an entity that holds the entire economic interest in one or more shares;
3. a person or an entity that holds an interest in an entity, such as a partnership or a mutual fund, that is transparent for Dutch tax purposes, the assets of which comprise one or more shares, within the meaning of 1. or 2. above; or
4. a person who is deemed to hold an interest in shares, as referred to under 1. to 3., pursuant to the attribution rules of article 2.14a, of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*), with respect to property that has been segregated, for instance in a trust or a foundation.

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 or is deemed to own (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 in connection with past, present or future employment performed in the Netherlands or membership of a management board (*bestuurder*) or a supervisory board (*commissaris*) of a Netherlands resident entity by such holder or certain individuals related to such holder (as defined in The Dutch Income Tax Act 2001); and

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(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 capital not recognised as paid in capital 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;

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, provided such exemption or refund is timely and duly claimed. 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.

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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 withholding 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 may be obtained from the Belastingdienst/centrum voor facilitaire dienstverlening unit Apeldoorn, document & logistiek, P.O. Box 20049, 7302 HA Apeldoorn, The Netherlands, or by e-mail at irc.apeldoorn@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.

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 (other than the dividend withholding tax described above) 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 miscellaneous activities in The Netherlands. Benefits derived or deemed to be derived from certain miscellaneous activities by a child or a foster child who is under the age of eighteen years of age are attributed to the parents who exercises, or the parents who exercise authority over the child, irrespective of the country of residence of the child.

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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 a variety of market risks, including changes in 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. See Note 15: Financial Instruments to our consolidated financial statements for the year ended December 31, 2012, for a description of our risk management and the methods and assumptions used to determine the fair values of financial instruments.

Foreign Currency Risk

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

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Canadian dollars. 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.

All foreign currency hedging instruments are recognized in our consolidated balance sheets at fair value. We performed a sensitivity analysis to determine the effects that market risk exposures may have on the fair value of the foreign currency hedging instruments. The sensitivity analysis computes the hypothetical impact on the fair value of the foreign currency hedging instruments if there were a 10% change in the foreign currency exchange rates relative to the currency of the contracts, assuming no change in interest rates. The fair value of the foreign currency hedging instruments would be positively impacted by approximately \$40 million and negatively impacted by \$25 million at December 31, 2012 and 2011, respectively. However, 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.

Interest Rate Risk

We monitor interest rate risk 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. A sensitivity analysis was performed to compute the hypothetical impact on fair value which would be caused by a 10% change in the interest rates used to discount each category of financial assets and liabilities. The net impact on the fair value of the financial instruments and derivative instruments held as of December 31, 2012 and 2011, resulting from a hypothetical 10% change in interest rates, would be approximately \$3 million and \$20 million, respectively. For the sensitivity analysis the financial instruments are grouped according to the currency in which financial assets and liabilities are denominated and the applicable interest rate index. As a result, our interest 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.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

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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

Under the supervision, and with the participation, of our management, including the Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our disclosure controls and procedures as of December 31, 2012 pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to provide reasonable assurance that information required to be disclosed in our Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with accounting principles generally accepted in the United States of America. 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 Company's assets, (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 the Company's receipts and expenditures are being made only in accordance with authorizations of the Company's management and directors 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 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, 2012 based on the framework 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, 2012, our internal controls over financial reporting were effective.

The Company's independent registered public accounting firm has issued an audit report on the effectiveness of the Company's internal control over financial reporting. This report appears below.

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(c) Attestation Report of the Registered Public Accounting Firm

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CNH Global N.V.

We have audited CNH Global N.V.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). CNH Global N.V.'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 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 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.

In our opinion, CNH Global N.V. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of CNH Global N.V. as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for the years ended December 31, 2012 and 2011 of CNH Global N.V. and our report dated February 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois

February 28, 2013

Table of Contents**(d) Change in Internal Control over Financial Reporting**

No change to our internal control over financial reporting occurred during the year ended December 31, 2012 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Item 16A. Audit Committee Financial Expert

Our Board of Directors has determined that members of the audit committee, namely, Mr. Thomas J. Colligan, Dr. Peter Kalantzis, Mr. John B. Lanaway, and Mr. Jacques Theurillat, are each an audit committee financial expert. 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

Ernst & Young LLP, the member firms of Ernst & Young and their respective affiliates (collectively, the [Ernst & Young Entities](#)) were appointed to serve as our independent registered public accounting firm for the years ended December 31, 2012 and 2011. We incurred the following fees from the Ernst & Young Entities for professional services for the years ended December 31, 2012 and 2011, respectively:

	2012	2011
Audit Fees	\$ 5,622,000	\$ 4,893,000
Audit-Related Fees	1,329,000	1,575,200
Tax Fees		330,000
Total	\$ 6,951,000	\$ 6,798,200

[Audit Fees](#) are the aggregate fees billed by the Ernst & Young 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 Ernst & Young 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 Ernst & Young Entities for tax compliance and 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 Audit 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. Change in Registrant's Certifying Accountant

Not applicable.

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 principle, 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 (eight of the twelve members) are independent under the NYSE definition. This composition of our Board does not fully comply with the requirements of the Best Practices Provisions of the Dutch Corporate Governance Code (the Dutch Code).

NYSE rules require a U.S. listed company to have a compensation committee and a nominating/corporate governance 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.

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

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registered public accounting firm must be approved by the shareholders. However, our Audit 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.

Item 16H. Mine Safety Disclosure

Not applicable.

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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 follows the signature page of this annual report on Form 20-F.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of CNH Global N.V.

We have audited the accompanying consolidated balance sheets of CNH Global N.V. (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for the years ended December 31, 2012 and 2011. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of the Company for the year ended December 31, 2010, were audited by other auditors whose report dated February 28, 2011, expressed an unqualified opinion on those statements and included an explanatory paragraph that disclosed the change in the Company's method of accounting and reporting for transfers of financial assets and consolidation of variable interest entities discussed in Note 2 to these financial statements.

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, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CNH Global N.V. at December 31, 2012 and 2011, and the consolidated results of their operations and their cash flows for the years ending December 31, 2012 and 2011, in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information in Note 22 to the consolidated financial statements for Equipment Operations and Financial Services is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information as of December 31, 2012 and 2011 and for the years then ended has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), CNH Global N.V.'s internal control over financial reporting as of December 31, 2012, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 28, 2013 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Chicago, Illinois

February 28, 2013

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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 statements of operations, comprehensive income, cash flows and changes in equity of CNH Global N.V. and subsidiaries (the Company) for the year ended December 31, 2010. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 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 audit provides a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the results of the Company's operations and its cash flows for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2 to the consolidated financial statements, on January 1, 2010, the Company changed its method of accounting and reporting for transfers of financial assets and consolidation of variable interest entities and applied the reporting requirements on a prospective basis.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The supplemental information in Note 22 to the consolidated financial statements 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 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. The supplemental information for the year ended December 31, 2010 has been subjected to the auditing procedures applied in our audit 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.

/s/ Deloitte & Touche LLP

Chicago, Illinois

February 28, 2011

Table of Contents**CNH GLOBAL N.V.****CONSOLIDATED STATEMENTS OF OPERATIONS****For the Years Ended December 31, 2012, 2011 and 2010**

	2012	2011	2010
	(in millions, except per share data)		
Revenues:			
Net sales	\$ 19,427	\$ 18,059	\$ 14,474
Finance and interest income	1,020	1,126	1,134
	20,447	19,185	15,608
Costs and Expenses:			
Cost of goods sold	15,566	14,626	11,891
Selling, general and administrative	1,810	1,843	1,698
Research, development and engineering	652	526	451
Restructuring	2		16
Interest expense Fiat Industrial subsidiaries	22	34	
Interest expense Fiat subsidiaries			112
Interest expense other	653	752	718
Other, net	290	253	306
	18,995	18,034	15,192
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	1,452	1,151	416
Income tax provision	423	343	77
Equity in income of unconsolidated subsidiaries and affiliates:			
Financial Services	13	12	11
Equipment Operations	91	104	88
Net income	1,133	924	438
Net loss attributable to noncontrolling interests	(9)	(15)	(14)
Net income attributable to CNH Global N.V.	\$ 1,142	\$ 939	\$ 452
Earnings per share attributable to CNH Global N.V. common shareholders:			
Basic	\$ 4.68	\$ 3.92	\$ 1.90
Diluted	\$ 4.68	\$ 3.91	\$ 1.89
Basic and diluted earnings per share attributable to class B common shareholders	\$ 4.68	\$	\$

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

Table of Contents**CNH GLOBAL N.V.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME****For the Years Ended December 31, 2012, 2011 and 2010**

	2012	2011 (in millions)	2010
Net income	\$ 1,133	\$ 924	\$ 438
Other comprehensive income (loss):			
Translation adjustment	(122)	(390)	147
Unrealized gains (losses) on derivative instruments designated as cash flow hedges (net of tax provision (benefit) of \$8 million, \$(14) million and \$0 million, respectively)	28	(51)	(3)
Unrealized gains (losses) on available for sale securities (net of tax provision (benefit) of \$(1) million, \$(2) million and \$2 million, respectively)	(1)	(3)	5
Pension liability (net of tax provision (benefit) of \$(3) million, \$(20) million and \$16 million, respectively)	(160)	(49)	7
Other comprehensive income (loss)	(255)	(493)	156
Total comprehensive income	\$ 878	\$ 431	\$ 594
Total comprehensive loss attributable to noncontrolling interests	\$ (10)	\$ (17)	\$ (16)
Total comprehensive income attributable to CNH Global N.V.	\$ 888	\$ 448	\$ 610

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

Table of Contents**CNH GLOBAL N.V.****CONSOLIDATED BALANCE SHEETS**

As of December 31, 2012 and 2011

	2012	2011
	(in millions, except share data)	
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,008	\$ 2,055
Restricted cash	885	941
Deposits in Fiat Industrial subsidiaries cash management pools	4,232	4,116
Accounts and notes receivable, net	9,514	8,811
Inventories, net	3,734	3,662
Deferred income taxes	659	645
Prepayments and other	560	1,013
Total current assets	21,592	21,243
Long-term receivables	6,654	5,680
Property, plant and equipment, net	2,220	1,936
Investments in unconsolidated subsidiaries and affiliates	345	506
Equipment on operating leases, net	767	666
Goodwill	2,416	2,413
Other intangible assets, net	653	671
Other assets	779	978
Total	\$ 35,426	\$ 34,093
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt Fiat Industrial subsidiaries	\$ 22	\$ 221
Current maturities of long-term debt other	4,110	4,191
Short-term debt Fiat Industrial subsidiaries	313	325
Short-term debt other	3,484	3,747
Accounts payable	2,821	2,952
Accrued liabilities	3,729	3,923
Total current liabilities	14,479	15,359
Long-term debt Fiat Industrial subsidiaries	22	93
Long-term debt other	10,112	8,533
Pension, postretirement and other post employment benefits	1,826	1,713
Other liabilities	346	466
Redeemable Noncontrolling Interest	7	5
Equity:		
Common shares, 2.25 par value; authorized 188,133,963 in 2012 and 400,000,000 shares in 2011, issued 30,624,076 shares in 2012 and 239,871,221 shares in 2011	77	603
Common shares B, 2.25 par value; authorized and issued 211,866,037 shares in 2012	533	
Paid-in capital	6,420	6,299
Treasury stock, 154,813 shares in 2012 and 2011, at cost	(8)	(8)
Retained earnings	315	1,597
Special reserve for common shares B	2,119	

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Accumulated other comprehensive loss	(884)	(630)
Noncontrolling interests	62	63
Total equity	8,634	7,924
Total	\$ 35,426	\$ 34,093

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

Table of Contents**CNH GLOBAL N.V.****CONSOLIDATED BALANCE SHEETS (Continued)****As of December 31, 2012 and 2011**

The following table presents certain assets and liabilities of consolidated variable interest entities (VIEs), which are included in the Consolidated Balance Sheets above. The assets in the table include only those assets that can be used to settle obligations of consolidated VIEs. The liabilities in the table include third party liabilities of the consolidated VIEs, for which creditors do not have recourse to the general credit of CNH Global N.V.

	December 31, 2012	December 31, 2011
	(in millions)	
Restricted cash	\$ 881	\$ 899
Accounts and notes receivable, net	4,923	4,583
Long-term receivables	4,999	4,254
Equipment on operating leases, net	125	94
Total Assets	\$ 10,928	\$ 9,830
Current maturities of long-term debt other	\$ 1,982	\$ 2,779
Short-term debt other	3,013	2,302
Long-term debt other	5,344	3,732
Total Liabilities	\$ 10,339	\$ 8,813

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

Table of Contents**CNH GLOBAL N.V.****CONSOLIDATED STATEMENTS OF CASH FLOWS****For the Years Ended December 31, 2012, 2011 and 2010**

	2012	2011 (in millions)	2010
Operating activities:			
Net income	\$ 1,133	\$ 924	\$ 438
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	457	426	415
Deferred income tax expense (benefit)	(65)	126	(28)
Loss on debt extinguishment			22
Loss (gain) on sale (acquisition) of unconsolidated joint venture	35	(34)	
Stock compensation expense	59	62	34
Undistributed income of unconsolidated subsidiaries	(27)	(57)	(79)
Changes in operating assets and liabilities:			
Increase in accounts and notes receivable, net	(446)	(331)	(287)
(Increase) decrease in inventories, net	(140)	(849)	323
Increase in prepayments and other current assets	(71)	(198)	(355)
(Increase) decrease in other assets	149	(95)	21
Increase (decrease) in accounts payable	(147)	631	486
Increase in other accrued liabilities	321	521	647
Decrease in other liabilities	(66)	(75)	(207)
Other, net	(7)	(57)	(28)
Net cash provided by operating activities	1,185	994	1,402
Investing activities:			
Acquisition of businesses, net of cash acquired	(1)	(64)	(10)
Additions to retail receivables	(6,361)	(5,582)	(6,662)
Collections of retail receivables	5,092	5,106	6,739
Proceeds from sale of assets	273	241	283
Proceeds from sale of businesses	63	21	32
Expenditures for property, plant and equipment	(556)	(408)	(301)
Expenditures for software	(50)	(38)	(29)
Expenditures for equipment on operating leases	(476)	(396)	(365)
(Increase) decrease in restricted cash	63	(32)	(219)
Deposits in Fiat Industrial subsidiaries cash management pools	(57)	(2,419)	
Withdrawals from Fiat subsidiaries cash management pools			462
Other	8	21	24
Net cash used by investing activities	(2,002)	(3,550)	(46)
Financing activities:			
Proceeds from issuance of long-term debt Fiat Industrial subsidiaries	19	3	
Proceeds from issuance of long-term debt Fiat subsidiaries			72
Proceeds from issuance of long-term debt other	5,723	2,477	3,297
Payment of long-term debt Fiat Industrial subsidiaries	(240)	(269)	
Payment of long-term debt Fiat subsidiaries			(1,834)
Payment of long-term debt other	(4,194)	(1,440)	(1,281)
Net increase (decrease) in short-term debt	(297)	297	691
Dividends paid	(261)	(1)	

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Other, net	54	2	1
Net cash provided by financing activities	804	1,069	946
Effect of foreign exchange rate changes on cash and cash equivalents	(34)	(76)	53
Increase (decrease) in cash and cash equivalents	(47)	(1,563)	2,355
Cash and cash equivalents, beginning of year	2,055	3,618	1,263
Cash and cash equivalents, end of year	\$ 2,008	\$ 2,055	\$ 3,618

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

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CNH GLOBAL N.V.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the Years Ended December 31, 2012, 2011 and 2010

	Class B		Paid-in Capital	Treasury Stock	Retained Earnings	Special Reserve for Other		Noncontrolling Interests	Total	Redeemable Noncontrolling Interest
	Common Shares	Common Shares				Class B Common Shares (in millions)	Income (Loss)			
Balance, January 1, 2010	\$ 595	\$	\$ 6,188	\$ (8)	\$ 210	\$	\$ (267)	\$ 92	6,810	
Adjustment to adopt new accounting guidance regarding consolidation of variable interest entities					(4)		(33)		(37)	
Transfer redeemable noncontrolling interest out of permanent equity								(2)	(2)	\$ 2
Net income					452			(17) ¹	435	3
Other comprehensive income, net of tax							158	(2)	156	
Stock compensation			35						35	
Issuance of common shares	4		16						20	
Increase in noncontrolling interest due to change in ownership			(4)					4		
Dividend paid to redeemable noncontrolling interests										(1)
Return of capital to parent company			(37)						(37)	
Balance, December 31, 2010	\$ 599	\$	\$ 6,198	\$ (8)	\$ 658	\$	\$ (142)	\$ 75	\$ 7,380	\$ 4
Consolidation of formerly unconsolidated subsidiary								10	10	
Net income					939			(17) ¹	922	2
Other comprehensive income, net of tax							(491)	(2)	(493)	
Stock compensation			62						62	
Issuance of common shares	4		27						31	
Sale of unconsolidated subsidiary			11						11	
Tax benefit for stock compensation			3						3	
Decrease in noncontrolling interest due to change in ownership			(2)				3	(3)	(2)	
Dividend paid to redeemable noncontrolling interests										(1)
Balance, December 31, 2011	\$ 603	\$	\$ 6,299	\$ (8)	\$ 1,597	\$	\$ (630)	\$ 63	\$ 7,924	\$ 5
Net income					1,142			(13) ¹	1,129	4
Conversion of common shares into common shares B	(533)	533								
Appropriation of retained earnings					(2,119)	2,119				
Other comprehensive income, net of tax							(254)	(1)	(255)	
Stock compensation			59						59	
Issuance of common shares	7		61						68	
Dividend paid					(305)				(305)	(2)
Increase in noncontrolling interest due to injection of capital								13	13	
Tax benefit for stock compensation and other			1						1	
Balance, December 31, 2012	\$ 77	\$ 533	\$ 6,420	\$ (8)	\$ 315	\$ 2,119	\$ (884)	\$ 62	\$ 8,634	\$ 7

¹ Net income (loss) attributable to nonredeemable noncontrolling interests excludes \$4 million in 2012, \$2 million in 2011 and \$3 million in 2010 related to the redeemable noncontrolling interest which is reported separately in the consolidated balance sheets.

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

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1: Nature of Operations

CNH Global N.V. (CNH or the Company) is incorporated in, and under the laws of, The Netherlands. CNH's Equipment Operations manufacture, market and distribute a full line of agricultural and construction equipment and parts on a worldwide basis (see Note 20: Segment and Geographical Information). CNH's Financial Services operation offers an array of financial products and services, including retail financing for the purchase or lease of new and used CNH and other manufacturers' products and other retail financing programs and wholesale financing to dealers.

As of December 31, 2012, Fiat Industrial S.p.A. and its subsidiaries (Fiat Industrial or the Fiat Industrial Group) owned approximately 87% of CNH's outstanding common shares (through their ownership of all of CNH's common shares B), through Fiat Netherlands Holding N.V. (Fiat Netherlands).

On January 1, 2011, Fiat S.p.A. (Fiat and, together with its subsidiaries, the Fiat Group) effected a demerger under Article 2506 of the Italian Civil Code. Pursuant to the demerger, Fiat transferred its ownership interest in Fiat Netherlands to a new holding company, Fiat Industrial, including Fiat's indirect ownership of CNH Global, as well as Fiat's truck and commercial vehicles business (Iveco) and its industrial and marine powertrain business (FPT Industrial). Consequently, as of January 1, 2011, CNH Global became a subsidiary of Fiat Industrial. In connection with the demerger transaction, shareholders of Fiat received shares of capital stock of Fiat Industrial. Accordingly, effective as of January 1, 2011, Fiat Industrial owned approximately 89% of CNH's outstanding common shares through its direct, wholly-owned subsidiary Fiat Netherlands.

On November 25, 2012, Fiat Industrial and CNH entered into a definitive merger agreement to combine the businesses of Fiat Industrial and CNH. The terms of the merger agreement provide that Fiat Industrial and CNH will each merge into a newly-formed company organized under the laws of the Netherlands (NewCo). In connection with the merger, Fiat Industrial shareholders will receive one NewCo share for each Fiat Industrial ordinary share and CNH shareholders will receive 3.828 NewCo shares for each CNH common share.

At the extraordinary meeting of shareholders held on December 17, 2012, the Company's shareholders approved the following:

An amendment of the Company's Articles of Association creating a separate class of shares (the common shares B) and conversion of all of the common shares held by Fiat Netherlands, representing approximately 87% of the Company's entire issued and outstanding share capital, into common shares B.

A special dividend to shareholders in the amount of \$10 per common share. As a result of the amendment to the Articles of Association, all of the common shares held by Fiat Netherlands were converted into common shares B. Accordingly, the cash payment of \$10 per common share was only made to the Company's shareholders other than Fiat Netherlands shareholders, as the holders of the Company's regular common shares. The Company paid the dividend of approximately \$305 million in December 2012. In addition, the Company's shareholders approved an appropriation of retained earnings for \$2.1 billion which represents \$10 per common share B. Please see Note 16: Shareholder's Equity for more information.

The merger agreement contains customary representations and warranties and the merger is subject to customary closing conditions, including a condition capping the exercise of withdrawal rights by Fiat Industrial shareholders and opposition rights by Fiat Industrial creditors, at \$325 million in the aggregate. The merger is also subject to approval by the shareholders of each of Fiat Industrial and CNH. Fiat Industrial, as 87% shareholder of CNH, has agreed to vote all of its CNH shares in favor of the merger at the applicable CNH shareholders' meeting. The merger is expected to close during the third quarter of 2013.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 2: Summary of Significant Accounting Policies*****Principles of Consolidation and Basis of Presentation***

CNH has prepared the accompanying consolidated financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The consolidated financial statements include CNH Global N.V. and its consolidated subsidiaries. The consolidated financial statements are expressed in U.S. dollars and, unless otherwise indicated, all financial data set forth in these consolidated financial statements is expressed in U.S. dollars. The consolidated financial statements include the accounts of CNH's subsidiaries in which CNH has a controlling financial interest, and reflect the noncontrolling interests of the minority owners of the subsidiaries that are not fully owned for the periods presented, as applicable. A controlling financial interest may exist based on ownership of a majority of the voting interest of a subsidiary, or based on CNH's determination that it is the primary beneficiary of a variable interest entity (VIE). The primary beneficiary of a VIE is the party that has the power to direct the activities that most significantly impact the economic performance of the entity and the obligation to absorb losses or the right to receive benefits that could potentially be significant to the entity. The Company assesses whether it is the primary beneficiary on an ongoing basis, as prescribed by the accounting guidance on the consolidation of VIEs. The consolidated status of the VIEs with which the Company is involved may change as a result of such reassessments.

As of the beginning of 2010, the Company adopted new accounting guidance related to the accounting for transfers of financial assets and the consolidation of VIEs. As a significant portion of the Company's securitization trusts and facilities are no longer exempt from consolidation under the new guidance, the Company was required to consolidate the receivables and related liabilities. These securitizations qualify as collateral for secured borrowings. The receivables remain on the balance sheet and are included in Accounts and notes receivable, net. No gains or losses are recognized at the time of the securitization. For additional information, see Note 3: Accounts and Notes Receivable and Note 9: Credit Facilities and Debt in the accompanying consolidated financial statements.

Investments in unconsolidated subsidiaries and affiliates are accounted for using the equity method when CNH does not have a controlling interest, but exercises significant influence. Under this method, the investment is initially recorded at cost and is increased or decreased by CNH's proportionate share of the entity's respective net income or loss. Dividends received from these entities reduce the carrying value of the investments.

Certain reclassifications of amounts previously reported have been made to the consolidated financial statements in order to maintain consistency and comparability between periods presented.

Use of Estimates in the Preparation of Financial Statements

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities and reported amounts of revenues and expenses. Significant estimates in these consolidated financial statements include the realizable value of property, plant and equipment, and goodwill and other intangibles; residual values of equipment on operating leases; allowance for credit losses; tax contingencies; liabilities for warranties; sales allowances; and assets and obligations related to employee benefits.

Revenue Recognition

Equipment Operations records sales of equipment and replacement parts when title and all risks of ownership have transferred to the independent dealer or other customer according to the terms of sale, generally

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

upon shipment or delivery of goods. Dealers may not return equipment while the applicable dealer contract remains in place. Replacement parts may be returned on a limited basis. In the U.S. and Canada, if a dealer contract is terminated for any reason, CNH may be obligated to repurchase new equipment from the dealer.

For all sales, no significant uncertainty exists surrounding the purchaser's obligation to pay for the equipment and replacement parts. CNH records appropriate allowance for credit losses and anticipated returns as necessary. Receivables are due upon the earlier of payment terms discussed below or sale to the retail customer. Fixed payment schedules exist for all sales to dealers, but payment terms vary by geographic market and product line. In connection with these payment terms, CNH offers wholesale financing to many of its dealers including interest-free financing for specified periods of time which also vary by geographic market and product line. Interest is charged to dealers after the completion of the interest-free period. In 2012, 2011 and 2010, interest-free periods averaged 2.4 months, 2.4 months, and 2.5 months, respectively, on 91%, 82%, and 84% of sales, respectively, for the agricultural equipment business. In 2012, 2011 and 2010, interest-free periods averaged 2.7 months, 2.6 months, and 2.9 months, respectively, on 73%, 67%, and 62% of sales, respectively, for the construction equipment business. Sales to dealers that do not qualify for an interest-free period are subject to payment terms of 30 days or less.

Shipping and other transportation costs are recorded in cost of sales.

Finance and interest income on retail and other notes receivables and finance leases is recorded using the effective yield method. Deferred costs on the origination of financing receivables are recognized as a reduction in finance revenue over the expected lives of the receivables using the effective yield method. Recognition of income on loans is suspended when management determines that collection of future income is not probable or when an account becomes 120 days delinquent, whichever occurs earlier. Interest accrual is resumed if the receivable becomes contractually current and collection doubts are removed. Previously suspended income is recognized at that time. The Company applies cash received on nonaccrual financing receivables to first reduce any unrecognized interest and then the recorded investment and any other fees. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due. Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

Income from operating leases is recognized over the term of the lease on a straight-line basis.

Sales Allowances

CNH grants certain sales incentives to stimulate sales of its products to retail customers. The expense for such incentive programs is recorded as a deduction in arriving at the net sales amount at the time of the sale of the product to the dealer. The expense for new programs is accrued at the inception of the program. The amounts of incentives to be paid are estimated based upon historical data, estimated future market demand for products, field inventory levels, announced incentive programs, competitive pricing and interest rates, among other things.

Warranty Costs

At the time a sale of equipment or parts to a dealer is recognized, CNH records the estimated future warranty costs for the product, primarily basic warranty coverage. CNH determines its total warranty liability by applying historical claims rate experience to the estimated amount of equipment that has been sold and is still under warranty. Campaigns are formal post-production modification programs approved by management. The liabilities for such programs are recognized when approved, based on an estimate of the total cost of the program.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Advertising

CNH expenses advertising costs as incurred. Advertising expense totaled \$160 million, \$162 million, and \$133 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Research and Development

Research and development costs are expensed as incurred.

Foreign Currency Translation

Certain of CNH's non-U.S. subsidiaries and affiliates maintain their books and accounting records using local currency as the functional currency. Assets and liabilities of these non-U.S. subsidiaries are translated into U.S. dollars at period-end exchange rates, and net exchange gains or losses resulting from such translation are included in Accumulated other comprehensive income (loss) in the accompanying consolidated balance sheets. Income and expense accounts of these non-U.S. subsidiaries are translated at the average exchange rates for the period. Gains and losses from foreign currency transactions are included in net income in the period during which they arise. Net foreign currency transaction gains and losses are reflected in Other, net in the accompanying consolidated statements of operations. For the years ended December 31, 2012, 2011, and 2010, the Company recorded a net loss of \$66 million, \$61 million and \$17 million, respectively. For the year ended December 31, 2012, the Company also reclassified a foreign currency translation gain of \$52 million previously deferred in accumulated other comprehensive loss into net income as a result of the sale of an investment in a foreign entity. For additional information, see Note 6: Investment in Unconsolidated Subsidiaries and Affiliates.

Cash and Cash Equivalents

Cash equivalents are highly liquid investments with an original maturity of three months or less. The carrying value of cash equivalents approximates fair value because of the short maturity of these investments.

Restricted Cash

Restricted cash includes principal and interest payments from retail notes, wholesale receivables and commercial revolving accounts receivable owned by the consolidated VIEs that are payable to the VIEs' investors, and cash pledged as a credit enhancement to the same investors. These amounts are held by depository banks in order to comply with contractual agreements.

Cash Flow Information

All cash flows from the changes in trade accounts and notes receivable are classified as operating activities in the consolidated statements of cash flows as these receivables arise from sales to CNH's customers. Cash flows from financing receivables that are related to sales to CNH's dealers are also included in operating activities. CNH's financing of receivables related to equipment sold by dealers is included in investing activities.

Cash payments for interest totaled \$671 million, \$800 million, and \$838 million for the years ended December 31, 2012, 2011, and 2010, respectively.

CNH paid taxes of \$469 million, \$308 million, and \$207 million in 2012, 2011, and 2010, respectively.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Deposits in Fiat Industrial Subsidiaries and Fiat Subsidiaries Cash Management Pools (Deposits with Fiat Industrial or Fiat)***

CNH accesses funds deposited in these accounts on a daily basis and has the contractual right to withdraw these funds on demand and terminate these cash management arrangements. The carrying value of Deposits with Fiat Industrial and Fiat approximates fair value based on the short maturity of these investments. For additional information on Deposits with Fiat Industrial or Fiat, see Note 21: Related Party Information.

Receivables

Receivables are recorded at amortized cost, net of allowances for credit losses and deferred fees and costs.

Periodically, the Company sells or transfers retail notes, wholesale receivables and commercial revolving accounts receivable to funding facilities or in securitization transactions. In accordance with the accounting guidance regarding transfers of financial assets and the consolidation of VIEs, the majority of the retail notes, wholesale receivables and commercial revolving accounts receivable sold in securitizations do not qualify as sales and are recorded as secured borrowings with no gains or losses recognized at the time of securitization. Receivables associated with these securitization transactions and receivables that the Company has the ability and intent to hold for the foreseeable future are classified as held for investment. The substantial majority of our receivables, which include unrestricted receivables and restricted receivables for securitization investors, are classified as held for investment.

For those receivable securitizations that qualify as sales and are off-book, the Company retains interest-only strips, servicing rights and cash reserve accounts (collectively, retained interests), all of which are recorded at fair value. Changes in these fair values are recorded in other comprehensive income as an unrealized gain or loss on available-for-sale securities. With regards to other-than-temporary impairments (OTTI) of debt securities, any OTTI due to changes in the prepayment rate and the expected credit loss rate would be included in net income. An OTTI due to a change in the discount rates would be included in accumulated other comprehensive income.

Inventories

Inventories are stated at the lower of cost or market. Cost is determined by the first-in, first-out method. The cost of finished goods and work-in-progress includes the cost of raw materials, other direct costs and production overheads.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Expenditures for maintenance and repairs are expensed as incurred. Depreciation is recorded on a straight-line basis over the estimated useful lives of the respective assets as follows:

Category	Lives
Buildings and improvements	10 40 years
Machinery and equipment	5 25 years
Other equipment	3 10 years

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CNH evaluates the recoverability of the carrying amount of long-lived assets whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. If circumstances require a long-lived asset to be tested for possible impairment, CNH compares the carrying amount of an 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 on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying amount exceeds its fair value.

Equipment on Operating Leases

Financial Services purchases leases and equipment from CNH dealers and other independent third parties that have leased equipment to retail customers under operating leases. Financial Services' investment in operating leases is based on the purchase price paid for the equipment. Income from these operating leases is recognized over the term of the lease. The equipment is depreciated on a straight-line basis over the term of the lease to the estimated residual value at lease termination, which is estimated at the inception of the lease. Realization of the residual values is dependent on Financial Services' future ability to re-market the equipment under then prevailing market conditions. Model changes and updates, as well as market strength and product acceptance, are monitored and adjustments are made to residual values in accordance with the significance of any such changes. Management believes that the estimated residual values are realizable. Expenditures for maintenance and repairs are the responsibility of the lessee.

Equipment returned to the Company upon termination of leases and held for subsequent sale or lease is recorded at the lower of net book value or estimated fair value of the equipment, less cost to sell, and is not depreciated.

Goodwill and Other Intangibles

Goodwill represents the excess of the aggregate purchase price over the fair value of the net assets acquired. Goodwill and indefinite-lived intangible assets are reviewed for impairment at least annually. During 2012 and 2011, the Company performed its annual impairment review as of December 31 and concluded that there was no impairment in either year.

Other intangibles consist primarily of acquired dealer networks, trademarks, product drawings, patents, and software. Other intangibles with indefinite lives principally consist of acquired trademarks which have no legal, regulatory, contractual, competitive, economic, or other factor that limits their useful life. Intangible assets with an indefinite useful life are not amortized. Other intangible assets with definite lives are being amortized on a straight-line basis over 5 to 30 years.

Reference is made to Note 8: Goodwill and Other Intangibles for further information regarding goodwill and other intangible assets.

Income Taxes

The provision for income taxes is determined using the asset and liability method. CNH recognizes a current tax liability or asset for the estimated taxes payable or refundable on tax returns for the current year and tax contingencies estimated to be settled with taxing authorities within one year. A deferred tax liability or asset is recognized for the estimated future tax effects attributable to temporary differences and tax loss carry forwards. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax law. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized based on available evidence.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Retirement Benefits***

CNH sponsors numerous defined benefit and defined contribution pension plans, the assets of which are held in separate trustee-administered funds. The pension plans are funded by payments from CNH. The cost of providing defined benefit pension and other postretirement benefits is calculated based upon actuarial valuations. The liability for termination indemnities is accrued in accordance with labor legislation in each country where such benefits are required. CNH contributions to defined contribution plans are charged to income during the period of the employee's service.

Derivatives

CNH's policy is to enter into derivative transactions to manage exposures that arise in the normal course of business and not for trading or speculative purposes. CNH records derivative financial instruments in the consolidated balance sheets as either an asset or a liability measured at fair value. The fair value of CNH's foreign exchange derivatives is based on quoted market exchange rates, adjusted for the respective interest rate differentials (premiums or discounts). The fair value of CNH's interest rate derivatives is based on discounting expected cash flows, using market interest rates, over the remaining term of the instrument. Changes in the fair value of derivative financial instruments are recognized in current income unless specific hedge accounting criteria are met. For derivative financial instruments designated to hedge exposure to changes in the fair value of a recognized asset or liability, the gain or loss is recognized in income in the period of change together with the offsetting loss or gain on the related hedged item. For derivative financial instruments designated to hedge exposure to variable cash flows of a forecasted transaction, the effective portion of the derivative financial instrument's gain or loss is initially reported in other comprehensive income (loss) and is subsequently reclassified into income when the forecasted transaction affects income. The ineffective portion of the gain or loss is recorded in income immediately. For derivative financial instruments that are not designated as hedges but held as economic hedges, the gain or loss is recognized immediately in income.

For derivative financial instruments designated as hedges, CNH formally documents the hedging relationship to the hedged item and its risk management strategy for all derivatives designated as hedges. This includes linking all derivatives that are designated as fair value hedges to specific assets and liabilities contained in the consolidated balance sheets and linking cash flow hedges to specific forecasted transactions or variability of cash flow. CNH assesses the effectiveness of its hedging instruments both at inception and on an ongoing basis. If a derivative is determined not to be highly effective as a hedge, or the underlying hedged transaction is no longer probable of occurring, or the derivative is terminated, the hedge accounting described above is discontinued and the derivative is marked to fair value and recorded in income through the remainder of its term.

Reference is made to Note 15: Financial Instruments, for further information regarding CNH's use of derivative financial instruments.

Share-Based Compensation Plans

CNH recognizes all share-based compensation as an expense based on the fair value of each award on the grant date. CNH recognizes share-based compensation costs on a straight-line basis over the requisite service period for each separately vesting portion of an award.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Earnings Per Share

In 2012, the Company applied the two-class method for calculating and presenting earnings per share. The two-class method is an earnings allocation formula that determines earnings per share for each class of common stock according to dividends declared (or accumulated) and participation rights in undistributed earnings. Under this method:

- (a) Income from continuing operations (net income) is reduced by the amount of dividends declared in the current period for each class of stock and by the contractual amount of dividends that must be paid for the current period.
- (b) The remaining earnings (undistributed earnings) are allocated to common shares and common shares B to the extent that each security may share in earnings as if all of the earnings for the period had been distributed. The total earnings allocated to each security is determined by adding together the amount allocated for dividends and the amount allocated for a participation feature.
- (c) The total earnings allocated to each security is then divided by the number of outstanding shares of the security to which the earnings are allocated to determine the earnings per share for the security.
- (d) Basic and diluted earnings per share (EPS) data are presented for each class of common stock.

In applying the two-class method, the Company determined that undistributed earnings should be allocated equally on a per share basis between the common shares and the common shares B due to the aggregate participation rights of the securities.

Basic earnings per share is based on the weighted average number of shares outstanding during each period. Diluted earnings per share is based on the weighted average number of shares and dilutive share equivalents outstanding during each period. Unvested performance-based awards are considered outstanding and included in the computation of diluted earnings per share based on the number of shares that would vest if the end of the reporting period were the end of the contingency period.

New Accounting Pronouncements Adopted

Troubled debt restructuring

In April 2011, the Financial Accounting Standards Board (FASB) issued accounting guidance that clarifies a creditor's determination of troubled debt restructurings. A troubled debt restructuring occurs when a creditor grants a concession it would not otherwise consider to a debtor that is experiencing financial difficulties. The guidance clarifies what would be considered a concession by the creditor and financial difficulties of the debtor. Certain disclosures are required for transactions that qualify as troubled debt restructurings. This new guidance was effective for the Company on January 1, 2011. The disclosures required by this guidance have been included in these notes to the consolidated financial statements. For further information see Note 3: Accounts and Notes Receivable .

Comprehensive income

In June 2011, the FASB issued Accounting Standards Update (ASU) 2011-05, Comprehensive Income (Topic 220): Presentation of Comprehensive Income (ASU 2011-05). ASU 2011-05 increases the prominence of other comprehensive income in financial statements. ASU 2011-05 does not change the items that must be reported in other comprehensive income or when an item of other comprehensive income must be reclassified to net income. The standard initially required that reclassification adjustments from other comprehensive income be measured and presented by income statement line item on the face of the statement of operations. In December 2011, however, the FASB issued ASU

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2011-12, Comprehensive Income (Topic 220): Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Comprehensive Income in ASU 2011-05. This standard defers the requirement to present components of reclassifications of other comprehensive income on the face of the statement of operations. The Company adopted these standards by consecutively presenting the consolidated statements of operations and the consolidated statements of comprehensive income for the years ended December 31, 2012, 2011 and 2010.

Fair value

In May 2011, the FASB issued ASU 2011-04, Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04). ASU 2011-04 clarifies existing fair value measurement concepts and continues the convergence towards a uniform framework for applying fair value measurement principles. This standard requires additional disclosures for fair value measurements, primarily Level 3 measurements. ASU 2011-04 is effective for fiscal years and interim periods beginning after December 15, 2011 and is to be applied prospectively. The adoption of this standard did not have a material impact on the Company's consolidated financial statements or footnote disclosures.

New Accounting Pronouncements Not Yet Adopted**Accumulated other comprehensive income**

In February 2013, the FASB issued ASU 2013-02, Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02). ASU 2013-02 requires preparers to report information about reclassifications out of accumulated other comprehensive income. For significant items reclassified out of accumulated other comprehensive income to net income in their entirety in the same reporting period, reporting (either on the face of the statement where net income is presented or in the notes) is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other disclosures currently required under US GAAP (e.g., pension amounts that are included in inventory) is required in the notes. The above information must be presented in one place (parenthetically on the face of the financial statements by income statement line item or in a note). Adoption of this standard is required in the Company's 2013 consolidated financial statements and footnote disclosures and will not have a material impact.

Note 3: Accounts and Notes Receivable

A summary of accounts and notes receivable included in the accompanying consolidated balance sheets at December 31, 2012 and 2011, is as follows:

	2012	2011
	(in millions)	
Retail and other notes receivable and finance leases	\$ 2,588	\$ 2,283
Wholesale receivables	1,477	1,336
Restricted receivables	11,882	10,792
Other accounts and notes receivable	669	485
Gross receivables	16,616	14,896
Less:		
Allowance for credit losses	(448)	(405)
Current portion	(9,514)	(8,811)
Total long-term receivables, net	\$ 6,654	\$ 5,680

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CNH provides and administers financing for retail purchases of new and used equipment sold through its dealer network. The terms of retail and other notes and finance leases generally range from two to six years, and interest rates on retail and other notes and finance leases vary depending on prevailing market interest rates and certain incentive programs offered by CNH.

At December 31, 2012 and 2011, included in retail notes receivable are approximately \$1.1 billion and \$1.0 billion, respectively, of notes originated through a subsidized long-term loan program of the Brazilian development agency, Banco Nacional de Desenvolvimento Econômico e Social (BNDES). The program provides subsidized funding to financial institutions to be loaned to customers to support the purchase of agricultural or construction machinery in accordance with the provisions of the program. Financial Services participates in the program as a lender.

In addition to participating directly in the BNDES program, CNH also originates retail receivables on behalf of other financial institutions participating in the BNDES program and continues to service these receivables on a fee for service basis. CNH has guaranteed this portfolio against all credit losses. At December 31, 2012 and 2011, the guaranteed portfolio balance was \$195 million and \$310 million, respectively, and was not included in the consolidated balance sheets.

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 the years 2005 through 2008. Since 2009, no mass debt relief programs were initiated. In most instances, the payments were due as scheduled or renegotiated, where applicable. CNH believes the series of debt relief actions impacted customers behavior and payment patterns. During the years ended December 31, 2012, 2011 and 2010, CNH increased the allowance for this portfolio by \$25 million, \$116 million and \$139 million, respectively. These increases were based on various factors including the Company's collection history subsequent to the Brazilian government's mass debt relief initiative. Since this program ended, the Company has aggressively pursued the collection of these receivables, and will continue to do so. The changes in payment dates in prior years added significant uncertainty regarding the ultimate collection of this portfolio. While CNH believes that, based on the current BNDES program, the resolution of this matter will not have a material adverse effect on its financial position, it is possible that additional allowances could be required in future periods that could be material to the results of operations for such periods. Any future changes to the BNDES program could further impact CNH's ability to collect amounts owed. At December 31, 2012 and 2011, total receivables greater than 60 days past due included in this program were \$102 million and \$157 million, respectively. These receivables have been placed on nonaccrual status. For the years ended December 31, 2012 and 2011, the Company had net write-offs of receivables of approximately \$6 million and \$300 million, respectively. At December 31, 2012 and 2011, the Company had \$121 million and \$104 million, respectively, in the allowance for credit losses related to this portfolio.

Wholesale receivables arise primarily from the sale of goods to dealers and distributors and, to a lesser extent, the financing of dealer operations. Under the standard terms of the wholesale receivable agreements, these receivables typically have interest-free periods of up to twelve months and stated original maturities of up to twenty-four months, with repayment accelerated upon the sale of the underlying equipment by the dealer. During the interest free period, Financial Services is compensated by Equipment Operations for the difference between market interest rates and the amount paid by the dealer. This interest is then eliminated in consolidation. After the expiration of any interest-free period, interest is charged to dealers on outstanding balances until CNH receives payment in full. The interest-free periods are determined based on the type of equipment sold and the time of year of the sale. Interest rates are set based on market factors and based on the prime rate or LIBOR. CNH evaluates and assesses dealers on an ongoing basis as to their credit worthiness. CNH may be obligated to

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repurchase the dealer's equipment upon cancellation or termination of the dealer's contract for such causes as change in ownership, closeout of the business, or default. There were no significant losses in 2012, 2011 or 2010 relating to the termination of dealer contracts.

Maturities of long-term receivables as of December 31, 2012 are as follows:

	Amount (in millions)
2014	\$ 2,275
2015	1,863
2016	1,380
2017	869
2018 and thereafter	267
Total long-term receivables, net	\$ 6,654

It has been CNH's experience that substantial portions of retail receivables are repaid or sold before their contractual maturity dates. As a result, the above table should not be regarded as a forecast of future cash collections. Wholesale, retail receivables and finance leases have significant concentrations of credit risk in the agricultural and construction business sectors, the majority of which are in North America. CNH typically retains, as collateral, a security interest in the equipment associated with wholesale and retail receivables.

Restricted Receivables and Securitizations

As part of its overall funding strategy, the Company periodically transfers certain receivables into VIEs that are special purpose entities (SPEs) as part of its asset-backed securitization programs.

SPEs utilized in the securitization programs differ from other entities included in the Company's consolidated financial statements because the assets they hold are legally isolated from the Company's assets. For bankruptcy analysis purposes, CNH has sold the receivables to the SPEs in a true sale and the SPEs are separate legal entities. Upon transfer of the receivables to the SPEs, the receivables and certain cash flows derived from them become restricted for use in meeting obligations to the SPEs' creditors. The SPEs have ownership of cash balances that also have restrictions for the benefit of the SPEs' investors. The Company's interests in the SPEs' receivables are subordinate to the interests of third-party investors. None of the receivables that are directly or indirectly sold or transferred in any of these transactions are available to pay CNH creditors until all obligations of the SPE have been fulfilled.

In addition, wholesale receivables originated in Europe are included in various factoring programs for the revolving sale to third party factors or included in the three-year committed securitization program.

The secured borrowings related to restricted securitized receivables are obligations that are payable as the receivables are collected. Repayments of the secured borrowings depend primarily on cash flows generated by the restricted assets. See Note 9: Credit Facilities and Debt for additional information.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following table summarizes the restricted and off-book receivables and the related retained interests as of December 31, 2012 and 2011:

	Restricted Receivables		Off-Book Receivables		Retained Interests	
	2012	2011	2012	2011	2012	2011
			(in millions)			
North America retail note receivables	\$ 6,397	\$ 5,501	\$ 47	\$ 108	\$ 9	\$ 18
Australia retail note receivables	884	932				
North America wholesale receivables	3,176	2,884				
Europe wholesale receivables	1,291	1,193		2		
Australia wholesale receivables	134	101				
North America commercial revolving account receivables		181				
Total	\$ 11,882	\$ 10,792	\$ 47	\$ 110	\$ 9	\$ 18

Retail Receivables Securitizations

Within the U.S. retail receivables securitization programs, qualifying retail receivables are sold to limited purpose, bankruptcy-remote SPEs. In turn, these SPEs establish separate trusts to which the receivables are transferred in exchange for proceeds from asset-backed securities issued by the trusts. In Canada, the receivables are transferred directly to the trusts. These trusts were determined to be VIEs and, consequently, the Company has consolidated these retail trusts. In its role as servicer, CNH has the power to direct the trusts' activities. Through its retained interests, the Company has an obligation to absorb certain losses or the right to receive certain benefits that could potentially be significant to the trusts.

During the years ended December 31, 2012 and 2011, CNH executed \$3.8 billion and \$3.5 billion in retail asset-backed transactions, respectively, in the U.S., Canada and Australia. The securities in these transactions are backed by agricultural and construction equipment retail receivable contracts and finance leases originated through CNH's dealer network. At December 31, 2012, \$6.3 billion of asset-backed securities issued to investors were outstanding with a weighted average remaining maturity between 23 and 39 months. At December 31, 2011, \$5.7 billion of asset-backed securities issued to investors were outstanding with a weighted average remaining maturity between 25 and 37 months.

The Company may retain all or a portion of the subordinated interests in the SPEs. No recourse provisions exist that allow holders of the asset-backed securities issued by the trusts to put those securities back to CNH although CNH provides customary representations and warranties that could give rise to an obligation to repurchase from the trusts any receivables for which there is a breach of the representations and warranties. Moreover, CNH does not guarantee any securities issued by the trusts. The trusts have a limited life and generally terminate upon final distribution of amounts owed to investors or upon exercise of a cleanup-call option by the Company, in its role as servicer.

CNH also has \$2.4 billion in committed asset-backed facilities through which it may sell on a monthly basis retail receivables generated by Financial Services in the United States, Canada and Australia. CNH has utilized these facilities in the past to fund the origination of receivables and has later repurchased and resold the receivables in the term ABS markets or found alternative financing for the receivables. CNH believes that it is probable that it will continue to regularly utilize ABS markets. The U.S. and Canadian facilities had an original funding term of two years and are renewable in September 2014 and December 2014, respectively. To the extent these facilities are not renewed, they will be repaid according to the amortization of the underlying receivables.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Three private retail transactions totaling \$47 million and \$108 million were not included in the Company's consolidated balance sheets as of December 31, 2012 and 2011, respectively.

Wholesale Receivables Securitizations

With regard to the wholesale receivable securitization programs, CNH sells eligible receivables on a revolving basis, to structured master trust facilities which are limited purpose, bankruptcy-remote SPEs. As of December 31, 2012, debt issued through the U.S. master trust facility consists of four facilities renewable at the discretion of the investors; \$200 million renewable March 2013, \$900 million renewable April 2013, \$250 million renewable July 2013, and \$200 million senior and related subordinate renewable November 2013.

The Canadian master trust facility consists of a C\$586 million (\$588 million) facility renewable December 2014 at the discretion of the investor.

The Australian master trust facility consists of a 364-day A\$200 million (\$208 million) facility renewable December 2013 at the discretion of the investor.

In August 2012, CNH Financial Services S.A.S. and CNH Capital UK Limited entered into a 400 million (\$528 million) and £80 million (\$106 million) revolving financing arrangement. The agreement allows for CNH Financial Services S.A.S. to assign directly to the facility all dealer receivables (current and future) for a period of three years with the ability to extend the facility for one or two consecutive periods of one year. The facility contains a minimum rate of over-collateralization which is in the form of subordinate notes.

The trusts and Europe's revolving financing arrangement were determined to be VIEs and consequently, CNH has consolidated the wholesale receivables. The Company's involvement with the securitizations includes servicing the wholesale receivables, retaining an undivided interest (seller's interest) in the receivables and holding cash reserve accounts. The seller's interest in the securitizations represents the Company's undivided interest in the receivables transferred to the securitizations. CNH maintains cash reserve accounts at predetermined amounts to provide security to investors in the event that cash collections from the receivables are not sufficient to remit principal and interest payments on the securities. The investors and the securitizations have no recourse beyond CNH's retained interests for failure of debtors to pay when due. CNH's retained interests are subordinate to investors' interests. Each of the facilities contains minimum payment rates thresholds which, if breached, could preclude the Company from selling additional receivables originated on a prospective basis.

CNH also utilizes various factoring programs for revolving sales to third party factors of wholesale receivables originated in Europe.

Commercial Revolving Account Securitizations

During 2011, the Company, through a trust, securitized originated commercial revolving accounts receivable. The committed asset-backed facility had an original two-year term which expired in October 2012, at which point all debt was paid in full.

Allowance for Credit Losses

The allowance for credit losses is the Company's estimate of probable losses for receivables owned by the Company and consists of two components, depending on whether the receivable has been individually identified as being impaired. The first component of the allowance for credit losses covers the receivables specifically reviewed by management for which the Company has determined it will not collect all of the contractual

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

principal and interest. Receivables are individually reviewed for impairment based on, among other items, amounts outstanding, days past due and prior collection history. These receivables are subject to impairment measurement at the loan level based either on the present value of expected future cash flows discounted at the receivables' effective interest rate or the fair value of the collateral for collateral-dependent receivables.

The second component of the allowance for credit losses covers all receivables that have not been individually reviewed for impairment. The allowance for these receivables is based on aggregated portfolio evaluations, generally by financial product. The allowance for retail credit losses is based on loss forecast models that consider a variety of factors that include, but are not limited to, historical loss experience, collateral value, portfolio balance and delinquency. The allowance for wholesale credit losses is based on loss forecast models that consider the same factors as the retail models plus dealer risk ratings. The loss forecast models are updated on a quarterly basis. In addition, qualitative factors that are not fully captured in the loss forecast models, including industry trends, and macroeconomic factors are considered in the evaluation of the adequacy of the allowance for credit losses. These qualitative factors are subjective and require a degree of management judgment.

Charge-offs of principal amounts of receivables outstanding are deducted from the allowance at the point when it is determined to be probable that all amounts due will not be collected.

The Company's allowance for credit losses is segregated into three portfolio segments: retail, wholesale and other. A portfolio segment is the level at which CNH develops a systematic methodology for determining its allowance for credit losses. The retail segment includes retail note and finance lease receivables. The wholesale segment includes wholesale financing to CNH dealers and the other portfolio includes the Company's commercial revolving accounts and other miscellaneous receivables.

Further, the Company evaluates its portfolio segments by class of receivable: North America, EAME & CIS, Latin America and APAC. Typically, CNH's finance receivables within a geographic area have similar risk profiles and methods for assessing and monitoring risk. These classes align with management reporting.

Allowance for credit losses activity for the years ended December 31, 2012 and 2011 is as follows, in millions:

	2012			
	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	\$ 252	\$ 142	\$ 11	\$ 405
Charge-offs	(115)	(13)	(8)	(136)
Recoveries	61	1	3	65
Provision	82	42	1	125
Foreign currency translation and other	(11)	(1)	1	(11)
Ending balance	\$ 269	\$ 171	\$ 8	\$ 448
Ending balance: individually evaluated for impairment	\$ 42	\$ 114	\$	\$ 156
Ending balance: collectively evaluated for impairment	\$ 227	\$ 57	\$ 8	\$ 292
Receivables:				
Ending balance	\$ 9,869	\$ 6,078	\$ 669	\$ 16,616
Ending balance: individually evaluated for impairment	\$ 69	\$ 828	\$	\$ 897

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Ending balance: collectively evaluated for impairment	\$ 9,800	\$ 5,250	\$ 669	\$ 15,719
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	2011			
	Retail	Wholesale	Other	Total
Allowance for credit losses:				
Beginning balance	\$ 406	\$ 174	\$ 15	\$ 595
Charge-offs	(351)	(82)	(13)	(446)
Recoveries	23	6	3	32
Provision	200	43	6	249
Foreign currency translation and other	(26)	1		(25)
Ending balance	\$ 252	\$ 142	\$ 11	\$ 405
Ending balance: individually evaluated for impairment	\$ 70	\$ 76	\$	\$ 146
Ending balance: collectively evaluated for impairment	\$ 182	\$ 66	\$ 11	\$ 259
Receivables:				
Ending balance	\$ 8,716	\$ 5,514	\$ 666	\$ 14,896
Ending balance: individually evaluated for impairment	\$ 103	\$ 735	\$	\$ 838
Ending balance: collectively evaluated for impairment	\$ 8,613	\$ 4,779	\$ 666	\$ 14,058

	2012	2011	2010
Allowance for credit losses:			
Beginning balance	\$ 405	\$ 595	\$ 393
Charge-offs	(136)	(446)	(170)
Recoveries	65	32	10
Provision	125	249	288
Foreign currency translation and other	(11)	(25)	74
Ending balance	\$ 448	\$ 405	\$ 595

Utilizing an internal credit scoring model which considers customers' attributes, prior credit history and each retail transaction's attributes, CNH assigns a credit quality rating to each customer, by specific transaction, as part of the retail underwriting process. This rating is used in setting the interest rate on the transaction. The credit quality rating is not updated after the transaction is finalized. A description of the general characteristics of the customers' risk grades is as follows:

Titanium Customers where CNH expects no collection risk or loss activity;

Platinum Customers where CNH expects minimal, if any, collection risk or loss activity; and

Gold, Silver, Bronze Customers are defined as those with the potential for collection risk or loss activity.

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A breakdown of the retail portfolio by the customers' risk grade at the time of origination as of December 31, 2012 and 2011 is as follows, in millions:

	2012	2011
Titanium	\$ 4,471	\$ 3,616
Platinum	2,860	2,839
Gold	1,576	1,363
Silver	575	441
Bronze	387	457
Total	\$ 9,869	\$ 8,716

As part of the on-going monitoring of the credit quality of the wholesale portfolio, CNH utilizes an internal credit scoring model that assigns a risk grade to each dealer. The scoring model considers the strength of dealers' financial statements, payment history and audit performance. CNH updates its dealers' ratings and considers the ratings in the quarterly credit allowance analysis. A description of the general characteristics of the dealers' risk grades is as follows:

Grades A and B Includes receivables of dealers that have significant capital strength, moderate leverage, stable earnings and growth, and excellent payment performance.

Grade C Includes receivables of dealers with moderate credit risk. Dealers of this grade are differentiated from higher grades on the basis of leverage or payment performance.

Grade D Includes receivables of dealers with moderate credit risk. These dealers may require higher monitoring due to weaker financial strength or payment performance.

A breakdown of the wholesale portfolio by its credit quality indicators as of December 31, 2012 and 2011 is as follows, in millions:

	2012	2011
A	\$ 2,866	\$ 2,348
B	1,890	1,683
C	663	697
D	659	786
Total	\$ 6,078	\$ 5,514

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following tables present information at the level at which management assesses and monitors its credit risk. Receivables are considered past due if the required principal and interest payments have not been received as of the date such payments were due. Delinquency is reported on receivables greater than 30 days past due. Given the uncertainty regarding the collection of the Brazilian retail agricultural receivables, CNH also monitors the credit risk specific to this portfolio. These receivables are monitored on a collective basis for impairment. The aging of receivables as of December 31, 2012 and 2011 is as follows:

	2012						Recorded Investment > 90 Days and Accruing
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due (in millions)	Current	Total Receivables	
Retail							
North America	\$ 21	\$ 5	\$ 22	\$ 48	\$ 7,314	\$ 7,362	\$ 3
EAME & CIS	1	1	10	12	55	67	
Latin America	3	2	92	97	1,297	1,394	
APAC	1	2	2	5	1,041	1,046	1
Wholesale							
North America	1		6	7	3,268	3,275	
EAME & CIS	5	3	30	38	1,618	1,656	
Latin America	1	1	3	5	734	739	
APAC	7	4	36	47	361	408	17
Total							
Retail	\$ 26	\$ 10	\$ 126	\$ 162	\$ 9,707	\$ 9,869	\$ 4
Wholesale	\$ 14	\$ 8	\$ 75	\$ 97	\$ 5,981	\$ 6,078	\$ 17
	2011						Recorded Investment > 90 Days and Accruing
	30-59 Days Past Due	60-89 Days Past Due	Greater Than 90 Days	Total Past Due (in millions)	Current	Total Receivables	
Retail							
North America	\$ 25	\$ 7	\$ 32	\$ 64	\$ 6,192	\$ 6,256	\$ 3
EAME & CIS	2	1	21	24	121	145	
Latin America	4	2	141	147	1,101	1,248	
APAC	2	1	3	6	1,061	1,067	2
Wholesale							
North America	2	2	5	9	2,873	2,882	1
EAME & CIS	5	3	32	40	1,566	1,606	
Latin America	10	4	5	19	632	651	
APAC	14	4	48	66	309	375	22
Total							
Retail	\$ 33	\$ 11	\$ 197	\$ 241	\$ 8,475	\$ 8,716	\$ 5
Wholesale	\$ 31	\$ 13	\$ 90	\$ 134	\$ 5,380	\$ 5,514	\$ 23

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Impaired receivables are receivables for which CNH has determined it will not collect all the principal and interest payments as per the terms of the contract. As of December 31, 2012 and 2011, CNH's recorded investment in impaired receivables individually evaluated for impairment and the related unpaid principal balances and allowances are as follows:

	Recorded Investment	2012 Unpaid Principal Balance	Related Allowance	Recorded Investment	2011 Unpaid Principal Balance	Related Allowance
	(in millions)					
With no related allowance recorded						
Retail						
North America	\$ 6	\$ 6		\$ 7	\$ 7	
EAME & CIS						
Latin America						
APAC						
Wholesale						
North America						
EAME & CIS	157	157		87	87	
Latin America						
APAC	6	6		4	4	
With an allowance recorded						
Retail						
North America	43	38	28	66	61	\$ 43
EAME & CIS	16	16	11	23	23	21
Latin America						
APAC	4	4	3	7	7	6
Wholesale						
North America	64	63	12	60	58	13
EAME & CIS	455	455	52	491	491	37
Latin America	98	94	20	73	71	14
APAC	48	47	30	20	18	12
Total						
Retail	\$ 69	\$ 64	\$ 42	\$ 103	\$ 98	\$ 70
Wholesale	\$ 828	\$ 822	\$ 114	\$ 735	\$ 729	\$ 76

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For the years ended December 31, 2012 and 2011, the Company's average recorded investment in impaired receivables individually evaluated for impairment (based on a thirteen month average) and the related interest income recognized is as follows:

	2012	2011	2012	2011
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
	(in millions)			
With no related allowance recorded				
Retail				
North America	\$ 5	\$	\$ 3	\$
EAME & CIS				
Latin America				
APAC				
Wholesale				
North America				
EAME & CIS	165		89	
Latin America				
APAC	7		3	
With an allowance recorded				
Retail				
North America	52	3	82	4
EAME & CIS	23	1	25	1
Latin America				
APAC	4		8	1
Wholesale				
North America	77	3	72	2
EAME & CIS	516	1	499	1
Latin America	93	8	77	6
APAC	57	1	21	1
Total				
Retail	\$ 84	\$ 4	\$ 118	\$ 6
Wholesale	\$ 915	\$ 13	\$ 761	\$ 10

Recognition of interest income is generally suspended when management determines that collection of future income is not probable or when an account becomes 120 days delinquent, whichever occurs first. Interest accrual is resumed if the receivable becomes contractually current and collection becomes probable. Previously suspended interest income is recognized at that time. The receivables on nonaccrual status as of December 31, 2012 and 2011 are as follows, in millions:

	2012			2011		
	Retail	Wholesale	Total	Retail	Wholesale	Total
North America	\$ 29	\$ 61	\$ 90	\$ 55	\$ 55	\$ 110
EAME & CIS	10	29	39	21	33	54
Latin America	95	1	96	143		143
APAC	1	20	21	2	14	16

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Troubled Debt Restructurings

A restructuring of a receivable constitutes a troubled debt restructuring (TDR) when the lender grants a concession it would not otherwise consider to a borrower experiencing financial difficulties. As a collateral based lender, the Company typically will repossess collateral in lieu of restructuring receivables. As such, for retail receivables, concessions are typically provided based on bankruptcy court proceedings. For wholesale receivables, concessions granted may include extended contract maturities, inclusion of interest-only periods, modification of a contractual interest rate to a below market interest rate, extended skip payment periods and waving of interest and principal.

TDRs are reviewed along with other receivables as part of management's ongoing evaluation of the adequacy of the allowance for credit losses. The allowance for credit losses attributable to TDRs is based on the most probable source of repayment, which is normally the liquidation of collateral. In determining collateral value, CNH estimates the current fair market value of the equipment collateral and considers credit enhancements such as additional collateral and third-party guarantees.

Before removing a receivable from TDR classification, a review of the borrower is conducted. If concerns exist about the future ability of the borrower to meet its obligations under the receivable based on a credit review, the TDR classification is not removed from the receivable.

For the year ended December 31, 2012, the Company has approximately 1,100 retail and finance receivable contracts in North America, of which the pre-modification value was \$40 million and the post-modification value was \$38 million. The court has determined the concession in 609 of these cases. The pre-modification value of these contracts was \$11 million and the post-modification value \$10 million. For the year ended December 31, 2011, the Company had approximately 1,400 retail and finance receivable contracts in North America of which the pre-modification value was \$34 million and the post-modification value was \$32 million. The court has determined the concession in 627 of these cases. The pre-modification value of these contracts was \$10 million and the post-modification value \$9 million. As the outcome of the bankruptcy cases is determined by the court based on available assets, subsequent re-defaults are unusual and were not material for retail and finance lease receivable contracts that were modified in a TDR during the twelve months ended December 31, 2012 and 2011.

For the year ended December 31, 2012, the Company has approximately \$84 million in retail and finance lease contracts in Latin America classified as TDR's. The concessions granted on these receivables are primarily skip payments and extensions of contract maturities. For the year ended December 31, 2012, the amount of these receivables that subsequently redefaulted was approximately \$6 million. For the year ended December 31, 2011, the Company had approximately \$73 million in retail and finance lease contracts in Latin America classified as TDR's. The concessions granted on these receivables were primarily skip payments and extensions of contract maturities. For the year ended December 31, 2011, the amount of these receivables that subsequently re-defaulted was approximately \$10 million.

As of December 31, 2012, the Company has 12 wholesale agreements with a pre- and post-modification balance of approximately \$26 million and \$12 million, respectively. As of December 31, 2011, the Company had six wholesale agreements with a pre- and post-modification balance of approximately \$24 million and \$22 million, respectively. The wholesale TDRs that subsequently redefaulted were immaterial for the years ended December 31, 2012 and 2011.

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Historical loss and delinquency amounts for the Company's managed receivables for 2012 and 2011 are as follows:

	Principal Amount of Receivables at December 31,	Principal More Than 30 Days Delinquent at December 31, (in millions)	Net Credit Losses for the Year Ending December 31,
2012			
Type of receivable:			
Retail and other notes and finance leases	\$ 12,282	\$ 237	\$ 58
Wholesale	5,835	24	5
Total managed receivables	\$ 18,117	\$ 261	\$ 63
Comprised of receivables:			
Held in portfolio	\$ 15,772		
Serviced for Equipment Operations	91		
Serviced for joint ventures	2,012		
Serviced for others under BNDES program	195		
Sold	47		
Total managed receivables	\$ 18,117		
2011			
Type of receivable:			
Retail and other notes and finance leases	\$ 11,874	\$ 324	\$ 339
Wholesale	5,215	45	44
Total managed receivables	\$ 17,089	\$ 369	\$ 383
Comprised of receivables:			
Held in portfolio	\$ 14,636		
Serviced for Equipment Operations	192		
Serviced for joint ventures	1,841		
Serviced for others under BNDES program	310		
Sold	110		
Total managed receivables	\$ 17,089		

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 4: Inventories**

Inventories as of December 31, 2012, and 2011 consist of the following:

	2012	2011
	(in millions)	
Raw materials	\$ 1,027	\$ 1,129
Work-in-process	226	218
Finished goods	2,481	2,315
Total inventories	\$ 3,734	\$ 3,662

Note 5: Property, Plant and Equipment

A summary of property, plant and equipment as of December 31, 2012, and 2011 is as follows:

	2012	2011
	(in millions)	
Land, buildings and improvements	\$ 1,144	\$ 1,049
Machinery and equipment	3,117	2,903
Other equipment	487	399
Construction in progress	235	167
Gross property, plant and equipment	4,983	4,518
Accumulated depreciation	(2,763)	(2,582)
Net property, plant and equipment	\$ 2,220	\$ 1,936

Depreciation expense on the above property, plant and equipment totaled \$266 million, \$246 million, and \$230 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Note 6: Investments in Unconsolidated Subsidiaries and Affiliates

A summary of investments in unconsolidated subsidiaries and affiliates as of December 31, 2012, and 2011 is as follows:

	2012	2011
	(in millions)	
Equity method	\$ 340	\$ 501
Cost method	5	5
Total	\$ 345	\$ 506

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A summary of the combined results of operations and financial position as reported by the investees that CNH accounts for using the equity method is as follows:

	For the Years Ended December 31,		
	2012	2011 (in millions)	2010
Net revenue	\$ 1,856	\$ 5,697	\$ 4,374
Finance and interest income	63	67	62
Total revenue	\$ 1,919	\$ 5,764	\$ 4,436
Gross profit	\$ 388	\$ 1,312	\$ 1,022
Operating income	\$ 311	\$ 663	\$ 577
Net income	\$ 243	\$ 320	\$ 301

	As of December 31,	
	2012	2011 (in millions)
Current assets	\$ 1,938	\$ 5,658
Noncurrent assets	1,339	1,311
Total assets	\$ 3,277	\$ 6,969
Current liabilities	\$ 1,347	\$ 4,733
Noncurrent liabilities	1,116	749
Total liabilities	\$ 2,463	\$ 5,482
Total equity	\$ 814	\$ 1,487

The investees included in these tables for 2012, 2011 and 2010 are Al Ghazi Tractors Ltd. (43% ownership), Turk Traktor re Ziraat Makineteri A.S. (37% ownership), New Holland HFT Japan Inc. (50% ownership), CNH de Mexico S.A. de C.V. (50% ownership), Case Special Excavators N.V. (50% ownership), CNH Capital Europe S.A.S. (50% ownership), and CNH Servicios Comerciales, S.A. de C.V., SOFOM, E.N.R. (49% ownership). The tables for 2011 and 2010 also include Kobelco Construction Machinery Co. Ltd. (20% ownership). The carrying amount of CNH's equity method investments approximates CNH's share of the underlying equity in net assets.

Effective December 31, 2012 the initial term of CNH's global alliance with Kobelco Construction Machinery Co., Ltd. (KCM) and Kobe Steel Ltd. (KSL) expired and the parties entered a new phase of non-exclusive licensing and supply agreements. As a result, CNH sold its 20% ownership interest in KCM to KSL and recognized a loss of approximately \$35 million in 2012. The dispute regarding the amount to be paid by KSL to CNH is in the process of being resolved by binding arbitration pursuant to London Court of International Arbitration (LCIA) rules, as provided by the KCM Shareholders Agreement. CNH has received proceeds of \$57 million related to this transaction and has recorded a receivable of \$26 million from KSL for the final sales price which was held in escrow at December 31, 2012. CNH may incur additional loss in

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2013 depending on the results of the arbitration. Please see Note 14: Commitments and Contingencies for additional information.

In March 2011, CNH acquired full ownership of L&T Case Equipment Private Ltd. (L&T), an unconsolidated joint venture established in 1999 with Larsen & Toubro Limited to manufacture and sell construction and building equipment in India. The new wholly owned company took the name Case New Holland Construction Equipment India Private Limited. The purchase price was \$50 million. The acquisition resulted in an allocation of \$35 million to goodwill, \$32 million to net tangible assets, \$30 million to intangible assets such as dealer network and acquired technology. A gain of \$34 million related to this

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transaction as a result of revaluing CNH's previously held 50% ownership interest is included in Other, net in the accompanying consolidated statement of operations. The process of valuing the assets and the intangibles acquired in connection with this acquisition was completed during the fourth quarter of 2011.

In May 2010, CNH sold its 50% interest in LBX Company LLC for \$29 million. A gain of \$6 million related to this transaction is included in Other, net in the accompanying consolidated statement of operations.

Note 7: Equipment on Operating Leases

A summary of equipment on operating leases as of December 31, 2012, and 2011 is as follows:

	2012	2011
	(in millions)	
Equipment on operating leases	\$ 951	\$ 854
Accumulated depreciation	(184)	(188)
Net equipment on operating leases	\$ 767	\$ 666

Depreciation expense totaled \$126 million, \$114 million, and \$120 million for the years ended December 31, 2012, 2011, and 2010, respectively, and is included in Other, net in the accompanying consolidated statements of operations.

Lease payments owed to CNH for equipment under non-cancelable operating leases as of December 31, 2012, are as follows:

	Amount (in millions)
2013	\$ 101
2014	62
2015	25
2016	10
2017	2
Total	\$ 200

Note 8: Goodwill and Other Intangibles

Changes in the carrying amount of goodwill, for the years ended December 31, 2012, and 2011 are as follows:

	Agricultural Equipment Segment	Construction Equipment Segment	Financial Services Segment	Total
	(in millions)			
Balance at January 1, 2011	\$ 1,666	\$ 567	\$ 152	\$ 2,385
Acquisition		35		35

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Impact of foreign exchange	(2)	(5)	(7)
Balance at December 31, 2011	1,664	597	2,413
Acquisition			
Impact of foreign exchange	2		3
Balance at December 31, 2012	\$ 1,666	\$ 597	\$ 2,416

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The increase of \$35 million in 2011 to Construction Equipment goodwill is due to the acquisition of L&T Case Equipment Private Limited. Refer to Note 6: Investments in Unconsolidated Subsidiaries and Affiliates for additional information.

Goodwill and other indefinite-lived intangible assets are tested for impairment annually or more frequently if a triggering event occurs. In 2012 and 2011, CNH performed its annual impairment review as of December 31 and concluded that there were no impairments in either year.

CNH has identified three reporting units for the purpose of goodwill impairment testing: Agricultural Equipment, Construction Equipment, and Financial Services.

Impairment testing for goodwill is done at a reporting unit level using a two-step test. Under the first step of the goodwill impairment test, CNH's 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 CNH must perform step two of the impairment test (measurement). Step two of the impairment test, when necessary, requires 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. CNH believes that the basis for such allocations has been consistently applied and is reasonable.

CNH determines the fair value of its reporting units using multiple valuation methodologies, relying largely on an income approach but also incorporating value indicators from a market approach. Under the income approach, CNH calculates the fair value of a reporting unit based on the present value of estimated future cash flows. The income approach is dependent on several critical management assumptions, including estimates of future sales, 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). Discount rate assumptions include an assessment of the risk inherent in the future cash flows of the respective reporting units. Expected cash flows used under the income approach are developed in conjunction with CNH budgeting and forecasting process. Under the market approach, CNH estimates the fair value of the Agricultural and Construction Equipment reporting units using revenue and EBITDA multiples and estimates the fair value of the Financial Services reporting unit using book value and interest margin multiples. The multiples are derived from comparable publicly-traded companies with similar operating and investment characteristics as the respective reporting units. 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 a similar, line of business or be subject to similar financial and business risks, including the opportunity for growth.

As of December 31, 2012, the estimated fair value of the Agricultural Equipment and Financial Services reporting units, as well as indefinite-lived intangible assets, substantially exceeded the respective carrying values. The Construction Equipment reporting unit's excess of fair value over carrying value was approximately 14%. This reporting unit is considered to be at higher risk of potential failure of step one of the

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impairment test in future reporting periods, due primarily to decline in market demand for construction equipment, particularly in emerging markets and Europe.

The sum of the fair values of CNH's reporting units was in excess of CNH's market capitalization. CNH believes that the difference between the fair value and market capitalization is reasonable (in the context of assessing whether any asset impairment exists) when market-based control premiums are taken into consideration.

As of December 31, 2012, and 2011, the Company's other intangible assets and related accumulated amortization consisted of the following:

	Weighted Avg. Life	Gross	2012 Accumulated Amortization	Net (in millions)	Gross	2011 Accumulated Amortization	Net
Other intangible assets subject to amortization:							
Engineering Drawings	20	\$ 377	\$ 262	\$ 115	\$ 376	\$ 245	\$ 131
Dealer Networks	25	226	113	113	230	104	126
Software	5	478	369	109	436	333	103
Other	10-30	86	42	44	78	39	39
		1,167	786	381	1,120	721	399
Other intangible assets not subject to amortization:							
Trademarks		272		272	272		272
Total other intangible assets		\$ 1,439	\$ 786	\$ 653	\$ 1,392	\$ 721	\$ 671

CNH recorded amortization expense of \$65 million, \$66 million, and \$65 million during 2012, 2011, and 2010, respectively.

Based on the current amount of other intangible assets subject to amortization, the estimated annual amortization expense for each of the succeeding 5 years is expected to be as follows: \$58 million in 2013; \$50 million in 2014; \$42 million in 2015, \$35 million in 2016; and \$30 million in 2017.

Note 9: Credit Facilities and Debt**Credit Facilities**

Lenders of committed credit facilities have the obligation to make advances up to the facility amount. These facilities generally provide for facility fees on the total commitment, whether used or unused. Lenders of uncommitted facilities have the right to terminate the agreement with prior notice to CNH.

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The following table summarizes CNH's credit facilities, borrowings thereunder and availability at December 31, 2012:

	Currency	Maturity(A)	Committed (C)/ Uncommitted (U)	Total Facility	Short-term	Equipment Operations Current Maturities	Long-term	Financial Services Short-term	Current Maturities	Long-term	Consolidated Short-term	Current Maturities	Long-term	Total Availability	Guarantor
BNDES Financing															
BNDES Subsidized Financing	BRL	Various from Jan-13 to Nov-20	C	\$ 1,100	\$	\$	\$	\$	\$ 313	\$ 756	\$	\$ 313	\$ 756	\$ 31	Fiat Ind. (C)
Subtotal				1,100					313	756		313	756	31	
Committed Asset-Backed Facilities															
Retail Securitization(B)	USD	Sep-14	C	1,200					92	274		92	274	834	
Retail Securitization(B)	CAD	Dec-14	C	502					65	258		65	258	179	
Retail Securitization(B)	AUD	Mar-13	C	664					163	306		163	306	195	
Wholesale VFN	USD	Various from Mar-13 through Nov-13	C	1550				1,550			1,550				
Wholesale VFN	CAD	Dec-14	C	588				549			549			39	
Wholesale VFN	AUD	Dec-13	C	208				134			134			74	
Wholesale Securitization .	EUR	Aug-15	C	657						484			484	173	
Operating Lease	USD	Dec-13	C	100					14	83		14	83	3	
Subtotal				5,469				2,233	334	1,405	2,233	334	1,405	1,497	
Other Third Party Facilities															
Revolving Credit Facilities	USD	Various from Dec-2013 to Jul-2016	C	650		73						73		577	
Various Credit Lines Latin America	Multiple	Various from Jan-2013 to Dec-2017	C	363		183	159					183	159	21	
Factoring Lines	Multiple	Various from Jan-2013 through Feb-2017	U	1,302	10			751	22	12	761	22	12	507	
Credit Lines Australia	AUD	Jan-13 and Sep-13	C	125				125			125				Fiat Ind. (D)
Other Credit Lines	Multiple	Various from Jan-13 to Dec-13	U/C	89	33						33			56	
Subtotal				2,529	43	256	159	876	22	12	919	278	171	1,161	
Fiat Industrial Facilities															
Credit Lines with Fiat Industrial	Multiple	Various from Jan-13 to Mar-17	U	1,955	7			203	7	3	210	7	3	1,735	
Subtotal				1,955	7			203	7	3	210	7	3	1,735	
Total Credit Facilities				\$ 11,053	\$ 50	\$ 256	\$ 159	\$ 3,312	\$ 676	\$ 2,176	\$ 3,362	\$ 932	\$ 2,335	\$ 4,424	

Amount above with or
guaranteed by Fiat Industrial
Subsidiaries

\$ 2,847 \$ 7 \$ \$ \$ 265 \$ 81 \$ 759 \$ 272 \$ 81 \$ 759 \$ 1,735

- (A) Maturity Dates reflect maturities of the credit facility which may be different than the maturities of the advances under the facility.
- (B) U.S., Australia and Canada Retail and Operating Lease financings are paid only as the underlying receivables are collected.
- (C) \$830 million (1.7 billion Brazilian Reals) of total facility of \$1.1 billion is guaranteed by Fiat Industrial. BNDES has increased the total facility amount for the period January 1, 2013 to June 30, 2013 by \$293 million to \$1.4 billion.
- (D) \$62 million (60 million Australian dollars) of \$125 million is guaranteed by Fiat Industrial.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***BNDES Financing*

Financial Services participates in the FINAME (Agência Especial de Financiamento Industrial) program sponsored by BNDES, a development agency of the government of Brazil. At December 31, 2012, the outstanding balance of credit facilities to Financial Services under the program was 2.2 billion Brazilian reais (\$1.1 billion). The facility is partially guaranteed by Fiat Industrial in total amount of 1.7 billion Brazilian reais (\$0.8 billion). Fiat Industrial is charging a guarantee fee of 0.0625% per annum on the average outstanding amount of such guaranteed amount. During 2005 through 2008, BNDES instituted mass debt relief plans providing a moratorium on payments due, an extension of the loan term, and additional advances under the program. For the 2005 through 2008 extensions, Financial Services received an equivalent extension of principal amounts due to BNDES. Repayment to BNDES under the credit facilities is proportionate to amounts due to Financial Services under the program loans. Additional advances are at the discretion of BNDES.

Committed Asset-backed Facilities

CNH has access to asset-backed facilities through which it may sell retail receivables generated by Financial Services in the United States, Australia and Canada. As these transactions do not meet the criteria for sale, the related debt is included in the accompanying consolidated balance sheets. CNH utilizes these facilities to fund the origination of receivables and, per the terms of these facilities, may later repurchase the receivables and either resell the receivables in the term ABS markets or utilize alternative financing for the receivables. Under these retail facilities, the maximum amount of proceeds that can be accessed at one time is \$2.4 billion. Under these retail facilities, if the receivables sold are not repurchased by CNH, the related debt is paid only as the underlying receivables are collected. Such receivables have maturities not exceeding 7 years. Borrowings against these facilities accrue interest at prevailing money market rates plus program fees. Borrowings are obtained in U.S. dollars and certain other foreign currencies.

CNH finances its wholesale receivables portfolios in the U.S., Canada and Australia with the issuance of Variable Funding Notes (VFN) which are privately subscribed by certain banks or conduits. These notes accrue interest at prevailing money market rates plus program fees.

CNH has access to an asset-backed facility in the U.S. to finance up to \$100 million of operating leases generated by U.S. customers. Borrowings against this facility accrue interest at prevailing money market rates plus a program fee.

CNH finances a portion of its wholesale receivables portfolios in Europe with a three-year committed securitization program, whose notes are subscribed by a bank-sponsored conduit. Cost of funds is represented by prevailing money market rates plus program fee.

Other Third Party Facilities

Borrowings under third-party credit facilities bear interest at the relevant domestic benchmark rates (such as LIBOR or EURIBOR) plus an applicable margin.

The applicable margin on third party debt depends upon:

the maturity of the facility/credit line;

the rating of short-term or long-term unsecured debt at the time the facility/credit line was negotiated;

the level of availability of credit lines for CNH in different jurisdictions; and

market conditions.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Fiat Industrial Facilities*

At December 31, 2012, CNH had uncommitted credit facilities with various Fiat Industrial treasury subsidiaries with an outstanding amount of \$220 million, with \$1.7 billion of remaining availability.

The applicable margin for intersegment debt and debt with Fiat Industrial treasury subsidiaries is based on Fiat Industrial intercompany borrowing and lending rates applied to all of its affiliates. These rates are determined by Fiat Industrial based on its cost of funding for debt of different maturities. CNH believes that rates applied by Fiat Industrial to CNH's related party debt were at least as favorable as alternative sources of funds CNH might have obtained from third parties. The weighted average interest rate of Fiat Industrial financing as of December 31, 2012 was 2.81%.

Short-Term Debt

A summary of short-term debt, as of December 31, 2012, and 2011 is as follows:

	Equipment Operations	2012 Financial Services	Consolidated	Equipment Operations	2011 Financial Services	Consolidated
			(in millions)			
Drawn under credit facilities	\$ 50	\$ 3,312	\$ 3,362	\$ 65	\$ 3,612	\$ 3,677
Short-term debt Fiat Industrial subsidiaries	95	8	103	73	86	159
Short-term debt other	216	116	332	6	230	236
Intersegment short-term debt		1,922		95	1,394	
Total short-term debt	\$ 361	\$ 5,358	\$ 3,797	\$ 239	\$ 5,322	\$ 4,072

The weighted-average interest rate on consolidated short-term debt at December 31, 2012, and 2011 was 2.73% and 3.32%, respectively.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Long-Term Debt**

A summary of long-term debt as of December 31, 2012 and 2011, including long-term drawings under credit lines, is as follows:

	Equipment Operations	2012 Financial Services	Consolidated (in millions)	Equipment Operations	2011 Financial Services	Consolidated
Notes:						
Payable in 2013, interest rate of 7.750% (*)	\$ 999	\$	\$ 999	\$ 997	\$	\$ 997
Payable in 2016, interest rate of 7.250% (*)	257		257	259		259
Payable in 2017, interest rate of 7.875% (*)	1,575		1,575	1,552		1,552
Payable in 2016, interest rate of 6.250%		500	500		500	500
Payable in 2015, interest rate of 3.875%		750	750			
Notes with Fiat Industrial subsidiaries:						
Other notes, weighted-average interest rate of 4.180% in 2012 and 5.710% in 2011 of which \$15 million is due in 2013	19	15	34	65	223	288
Credit Facilities:						
Drawn amounts under credit facilities (excluding asset-backed facilities)	415	1,113	1,528	775	922	1,697
Asset-backed facilities, of which \$334 million is due in 2013		1,739	1,739		606	606
Other Debt:						
Asset-backed debt, of which \$2,098 million is due in 2013		6,534	6,534		6,919	6,919
Other debt	108	242	350	8	212	220
Intersegment debt	554	554		598	599	
Total long-term debt	3,927	11,447	14,266	4,254	9,981	13,038
Less-current maturities	(1,275)	(2,857)	(4,132)	(682)	(3,730)	(4,412)
Total long-term debt excluding current maturities	\$ 2,652	\$ 8,590	\$ 10,134	\$ 3,572	\$ 6,251	\$ 8,626

(*) Includes unamortized discount and swap adjustments

In January 1996, Case Corp. (now CNH America LLC) issued \$254 million 7.25% Senior Notes (the 7.250% Senior Notes), due 2016.

In August 2009, Case New Holland Inc. issued \$1.0 billion of debt securities at an annual fixed rate of 7.750% (the 7.750% Senior Notes) due 2013.

In June 2010, Case New Holland Inc. issued \$1.5 billion of debt securities at an annual fixed rate of 7.875% (the 7.875% Senior Notes) due 2017.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Both the 7.750% Senior Notes and the 7.875% Senior Notes are fully and unconditionally guaranteed by CNH and certain of its direct and indirect subsidiaries.

The 7.750% Senior Notes and the 7.875% Senior Notes contain certain covenants that limit the ability of CNH and its restricted subsidiaries to, among other things, incur secured funded debt or enter into certain leaseback transactions; the ability of CNH non-guarantor restricted subsidiaries other than Case New Holland Inc. or any credit subsidiaries to incur additional funded debt and the ability of CNH, Case New Holland and CNH guarantor subsidiaries to consolidate, merge, convey, transfer or lease out properties and assets.

The 7.750% Senior Notes and the 7.875% Senior Notes are redeemable at Case New Holland Inc.'s option at any time at a price equal to 100% of the principal amount of the notes plus a make-whole premium defined in the respective indentures. The 7.250% Senior Notes are redeemable in whole or in part at any time at the option of CNH America LLC at a price equal to the greater of (i) 100% of the principal amount of the notes being redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest thereon discounted to the date of redemption on a semi-annual basis at the Treasury Rate (as defined in the notes) plus 20 basis points. Since 1999, the 7.250% Senior Notes have been fully guaranteed by CNH Global N.V.

In December 2010, CNH Global entered into a \$300 million one-year revolving committed credit facility with a syndicated group of banks, 90% insured by the Export-Import Bank of the United States. The facility was available to support U.S. export sales and provided advances with repayment terms of up to 360 days. It was fully paid back in the course of 2012. In December 2012, CNH Global entered into a new \$300 million one-year revolving committed credit facility with a syndicated group of banks, 90% insured by the Export-Import Bank of the United States. As in the case of the prior revolving facility, the new facility is available to support U.S. export sales and provides advances with repayment terms of up to 360 days. As of the end of 2012, the facility was utilized in the amount of \$73 million.

In July 2011, CNH Capital LLC closed a \$250 million, 5-year, unsecured committed credit facility. The facility includes a \$150 million term loan which thereafter was fully drawn with a 5-year tenure, and a \$100 million revolving credit facility that has remained fully available.

In November 2011, CNH Capital LLC issued \$500 million of debt securities at an annual fixed rate of 6.250% (the 6.250% Notes) due 2016. The 6.250% Notes are fully and unconditionally guaranteed by certain wholly owned subsidiaries of the issuer.

In April 2012, CNH Capital LLC entered into a \$250 million, 3-year, unsecured committed credit facility. The facility is fully available.

In October 2012, CNH Capital LLC issued \$750 million of debt securities at an annual fixed rate of 3.875% (the 3.875% Notes) due 2015. The 3.875% Notes are fully and unconditionally guaranteed by certain wholly owned subsidiaries of the issuer.

In December 2012, CNH Argentina received the first advance of ARS 41 million (\$8 million) under the ARS 145 million (\$29 million), 5-year financing subsidized by the Argentinian Government program called Programa de Financiamiento Productivo del Bicentenario. The agreement provides for subsequent advances to be disbursed in proportion to the development of the investment in the new plant in Cordoba. Each advance amortizes over a period not exceeding December 2017 and is secured by dealer receivables.

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A summary of the minimum annual repayments of long-term debt as of December 31, 2012, for 2014 and thereafter is as follows:

	Equipment Operations	Financial Services (in millions)	Consolidated
2014	\$ 130	\$ 2,703	\$ 2,833
2015	70	3,053	3,123
2016	299	1,826	2,125
2017	1,592	331	1,923
2018 and thereafter	7	123	130
Long-Term Intersegment	554	554	
Total	\$ 2,652	\$ 8,590	\$ 10,134

Note 10: Income Taxes

The sources of income before taxes and equity in income of unconsolidated subsidiaries and affiliates for the years ended December 31, 2012, 2011, and 2010 are as follows:

	2012	2011	2010
	(in millions)		
The Netherlands source	\$ 14	\$ 32	\$ 17
Foreign sources	1,438	1,119	399
Income before taxes and equity in income of unconsolidated subsidiaries and affiliates	\$ 1,452	\$ 1,151	\$ 416

The provision for income taxes for the years ended December 31, 2012, 2011, and 2010 consisted of the following:

	2012	2011	2010
	(in millions)		
Current income taxes	\$ 488	\$ 217	\$ 105
Deferred income taxes	(65)	126	(28)
Total income tax provision	\$ 423	\$ 343	\$ 77

A reconciliation of CNH's statutory and effective income tax rate for the years ended December 31, 2012, 2011, and 2010 is as follows:

	2012	2011	2010
Tax provision at the Netherlands statutory rate	25%	25%	26%
Foreign income taxed at different rates	7	9	15

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Change in valuation allowance		(3)	(9)
Withholding taxes	2	3	6
Tax contingencies	3	(1)	(16)
Tax credits and incentives	(9)	(4)	(10)
Tax rate and legislative changes		1	6
Other	1		1
Total income tax provision	29%	30%	19%

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During 2012, CNH reduced net tax contingencies by approximately \$31 million as a result of the settlement of certain tax examinations. In addition, CNH released \$45 million of valuation allowances on deferred tax assets in certain jurisdictions, where it was deemed more likely than not that the assets will be realized based on available evidence.

The components of net deferred tax assets as of December 31, 2012 and 2011 are as follows:

	2012	2011
	(in millions)	
Deferred tax assets:		
Pension, postretirement and post employment benefits	\$ 491	\$ 535
Marketing and sales incentive programs	355	317
Allowance for credit losses	146	128
Inventories	124	86
Warranty and campaigns	101	79
Accrued liabilities	344	318
Tax loss carry forwards	555	542
Less: Valuation allowances	(474)	(443)
Total deferred tax assets	\$ 1,642	\$ 1,562
Deferred tax liabilities:		
Other intangible assets	190	197
Property, plant and equipment	355	340
Inventories	103	99
Other	84	54
Total deferred tax liabilities	732	690
Net deferred tax assets	\$ 910	\$ 872

Net deferred tax assets are reflected in the accompanying consolidated balance sheets as of December 31, 2012 and 2011 as follows:

	2012	2011
	(in millions)	
Current deferred tax asset	\$ 659	\$ 645
Other assets	447	542
Other accrued liabilities	(59)	(129)
Other liabilities	(137)	(186)
Net deferred tax asset	\$ 910	\$ 872

CNH has tax loss carry forwards in a number of tax jurisdictions. The years in which these tax losses expire are as follows: \$3 million in 2013; \$8 million in 2014; \$2 million in 2015; \$12 million in 2016; \$22 million in 2017; \$8 million in 2018; \$69 million with expiration dates from 2019 through 2032. CNH also has tax loss carry forwards of approximately \$1 billion with indefinite lives. Certain countries have a change in ownership rule that results in forfeiture of tax loss carry forwards. Due to the Fiat demerger, on January 1, 2011, CNH forfeited nearly \$1 billion

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of tax loss carry forwards that were offset by full long-standing valuation allowances, principally relating to Germany.

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CNH formerly participated in tax sharing agreements with other Fiat Group companies in the U.K. and Italy. These agreements allow tax losses generated in one company to offset the income of the other companies within the Fiat Group. Due to the Fiat demerger, CNH now participates in tax sharing agreements in the U.K. and Italy with companies in the Fiat Industrial Group. CNH derived \$15 million, \$61 million and \$66 million for the years ended December 31, 2012, 2011 and 2010 of tax benefit from the tax sharing agreements.

A reconciliation of the gross amounts of tax contingencies at the beginning and end of the year is as follows:

	2012	2011
	(in millions)	
Balance, beginning of year	\$ 305	\$ 312
Additions based on tax positions related to the current year	72	36
Additions for tax positions of prior years	2	36
Reductions for tax positions of prior years	(81)	(53)
Reductions for tax positions as a result of lapse of statute	(3)	(25)
Settlements	(26)	(1)
Balance, end of year	\$ 269	\$ 305

The total amount of tax contingencies, if recognized, would affect the total income tax provision by \$144 million and \$117 million for 2012 and 2011, respectively.

The remaining tax contingencies included in the balance sheet at December 31, 2012 are principally related to tax positions for which there are offsetting tax receivables or tax contingencies related to timing items. Based on worldwide tax audits which are scheduled to close over the next twelve months, the Company expects to have decreases of approximately \$146 million and increases of approximately \$43 million to tax contingencies primarily related to transfer pricing. These changes in tax contingencies are not expected to have a material impact on the effective tax rate due to compensating adjustments to related tax receivables.

Included in the balance at December 31, 2012, are \$5 million of tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility. The disallowance of a shorter deductibility period would accelerate the payment of cash to the taxing authority to an earlier period.

The Company recognizes interest and penalties accrued related to tax contingencies as part of the income tax provision. During the years ended December 31, 2012, 2011 and 2010, the Company recognized approximately \$(9) million, \$(5) million and \$(18) million in interest and penalties, respectively. The Company had approximately \$41 million, \$48 million and \$55 million for the payment of interest and penalties accrued at December 31, 2012, 2011 and 2010, respectively.

In the third quarter of 2012, New Holland Fiat (India) Pvt. Ltd (NHFIPL) lost its Indian Supreme Court case regarding the amount of excise tax duty imposed on the valuation of motor vehicles for the period April 1998 through June 2001. See "Note 21: Related Party Information" for additional information.

On January 2, 2013, President Obama signed The American Taxpayer Relief Act of 2012 (H.R. 8) legislation which extended many of the tax provisions that expired in 2011 or 2012. For financial reporting purposes, the tax impact of this legislation is taken into account in the quarter in which the legislation is enacted by Congress and signed into law by the President. Since President Obama signed the bill on January 2, 2013, the financial reporting for these legislative changes will occur in the first quarter of 2013. Therefore, for 2012, no tax

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benefit will be recorded for the research and development tax credit and due to the expiration of certain Subpart F provisions in 2012, the expiration of the active financing income exception is reflected in the 2012 results. In the first quarter of 2013, the full 2012 research and development tax credit will be recorded as a discrete tax benefit item and the benefit of the 2012 active financing income exception will be recorded. The total tax impact to the first quarter of 2013 is estimated to be approximately \$9 million.

In the first quarter of 2010, the U.S. Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively the Health Care Acts) were signed into law. The Health Care Acts contain a provision eliminating tax deductibility of retiree health care costs to the extent of federal subsidies received by plan sponsors that provide retiree prescription drug benefits equivalent to Medicare Part D coverage. However, the tax benefit related to the Medicare Part D subsidies would be extended until December 31, 2012. For all tax years ending after December 31, 2012 there would no longer be a tax benefit for the Medicare Part D subsidies. Therefore, the impact to the Company for the loss of this future tax benefit (after December 31, 2012) was an additional tax expense of \$22 million recorded in 2010.

During 2012, certain jurisdictions enacted changes to their respective income tax legislation that have an impact on the Company. Effective on January 1, 2011, the Netherlands reduced its corporate income tax rate from 25.5% to 25%. In addition to changes in statutory tax rates, certain countries enacted legislation limiting the amount of loss carryforwards that can offset taxable income. During 2012, France announced the Amended Finance Act of 2013. Under the new provisions, the amount of losses that can be utilized in the current year would be limited to 50% of the current year taxable profits that exceed 1 million. During 2011, Law Decree n. 98/2011 which repealed the five-year carryforward rules and allows only 80% of the fiscal year's taxable income to be offset by ordinary losses, was enacted by the Italian parliament. Therefore, an Italian company must pay IRES federal tax on at least 20% of its taxable income starting in 2011.

On July 17, 2012, the UK Finance Act 2012 received Royal Assent passing into law a number of tax measures including the tax rate reduction, controlled foreign corporation reform and the introduction of the patent box regime. The key measure is a phased-in 2% reduction to the corporate income tax rate. The reduction to 22% for the year beginning April 1, 2014 is expected to be included in the Finance Act 2013 and be substantively enacted in 2013. Pursuant to ASC 740-10-25-47, deferred taxes are required to be measured using the tax laws and rates that are fully enacted (rather than substantially enacted) as of the balance sheet date. The effect of changes in tax laws, including those with retroactive application, should be recorded in the financial reporting period that includes the enactment date with the entire tax effect of a change allocated to continuing operations. The deferred tax balances have been adjusted for the enacted 23% tax rate change. The U.K. budget was presented on December 5, 2012 and proposed a further reduction in the corporate income tax to 21% from April 2014.

The Company files income tax returns in various foreign jurisdictions, of which the U.S., Brazil, Australia, Canada, Switzerland and certain countries in the European Union represent the major tax jurisdictions. The Company is currently under tax examinations by various taxing authorities for years 2001 through 2011 that are anticipated to be completed by the end of 2014. During 2012, the Company settled various tax examinations and has made cash payments of approximately \$26 million. Certain taxing authorities have proposed adjustments to the Company for certain tax positions and the Company is currently engaged in competent authority proceedings. The Company anticipates that it is reasonably possible to reach a settlement by the end of 2014. The potential tax deficiency assessment could result in cash payments in the range of \$40 to \$45 million. The Company has provided for tax contingencies and related competent authority recovery. The Company does not believe that the resolution of the competent authority proceedings will have a material adverse effect on the Company's financial position or its results of operations.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

The Company has not provided deferred taxes on \$4.2 billion undistributed earnings of non-Netherlands subsidiaries at December 31, 2012, as the Company's intention continues to be to indefinitely reinvest these earnings in non-Netherlands operations. In order to better align the Company's global equity structure, Case New Holland Inc. distributed \$2 billion to CNH Global N.V. in a non-recurring distribution on December 22, 2011. This distribution is subject to a 5% U.S. withholding tax, which resulted in a \$32 million tax expense for 2011.

Note 11: Restructuring

No significant restructuring actions were taken in 2012 and 2011.

In 2010, the Company incurred restructuring expenses of \$16 million primarily related to severance and other employee-related costs incurred due to personnel reduction actions being implemented under the 2009 plan.

Note 12: Employee Benefit Plans and Postretirement Benefits

CNH has defined benefit plans that cover certain employees in various jurisdictions. Benefits are generally based on years of service and, for most salaried employees, on final average compensation. CNH's defined benefit pension plans in the U.S., U.K. and Canada are all closed to new entrants.

CNH has postretirement health and life insurance plans that cover certain U.S. and Canadian employees. CNH's U.S. salaried and non-represented hourly employees and Canadian employees hired after January 1, 2001 and January 1, 2002, respectively, are not eligible for postretirement health and life insurance benefits under the CNH plans. These benefits may be subject to deductibles, co-payment provisions and other limitations, and CNH has reserved the right to change or terminate these benefits, subject to the provisions of any collective bargaining agreement.

Former parent companies of New Holland and Case retained certain accumulated pension benefit obligations and related assets and certain accumulated postretirement health and life insurance benefit obligations. Accordingly, as these remain the obligations of the former parent companies, the financial statements of CNH do not reflect any of these assets or liabilities. See Note 14: Commitments and Contingencies for a discussion of litigation related to certain obligations retained by former parent companies.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Obligations and Funded Status**

The following summarizes data from CNH's defined benefit pension plans and postretirement health and life insurance plans for the years ended December 31, 2012 and 2011:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
	(in millions)			
Change in benefit obligations:				
Actuarial present value of benefit obligation at beginning of year	\$ 2,866	\$ 2,807	\$ 1,173	\$ 1,156
Service cost	23	25	9	9
Interest cost	129	143	52	58
Plan participants' contributions	2	2	6	6
Actuarial loss	242	90	39	23
Gross benefits paid	(188)	(190)	(80)	(79)
Plan amendments	12			
Currency translation adjustments and other	58	(11)	4	
Actuarial present value of benefit obligation at end of year	3,144	2,866	1,203	1,173
Change in plan assets:				
Plan assets at fair value at beginning of year	2,135	2,071	81	74
Actual return on plan assets	204	124	12	16
Employer contributions	128	126	70	63
Plan participants' contributions	2	2	6	6
Gross benefits paid	(188)	(190)	(80)	(79)
Currency translation adjustments and other	41	2	3	1
Plan assets at fair value at end of year	2,322	2,135	92	81
Funded status:	\$ (822)	\$ (731)	\$ (1,111)	\$ (1,092)

The Health Care Acts signed into law in 2010 impose an excise tax on U.S. health benefit plans when the aggregate value of employer-sponsored health insurance coverage for a plan participant exceeds a threshold amount beginning in 2018 (so-called "Cadillac Plans"). The tax is equal to 40 percent of the excess over the threshold. CNH expects to incur additional costs of \$20 million, calculated on a present value basis, on its U.S. postretirement health insurance plans as a result of the excise tax. These costs have been included in the measurement of the CNH's benefit obligations as of December 31, 2012 and 2011.

The net actuarial loss of \$242 million in 2012 and \$90 million in 2011 on pension benefits and \$39 million in 2012 and \$23 million in 2011 on other postretirement benefits were primarily due to lower discount rates.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Net amounts recognized in the consolidated balance sheets as of December 31, 2012 and 2011 consist of:

	Pension Benefits		Other Postretirement Benefits	
	2012	2011	2012	2011
	(in millions)			
Non-current assets	\$ 7	\$ 6	\$	\$
Current liabilities	(39)	(36)	(75)	(80)
Non-current liabilities	(790)	(701)	(1,036)	(1,012)
Net liability recognized at end of year	\$ (822)	\$ (731)	\$ (1,111)	\$ (1,092)

Pre-tax amounts recognized in accumulated other comprehensive loss as of December 31, 2012 consist of:

	Pension Benefits	Other Postretirement Benefits
	(in millions)	
Unrecognized actuarial losses	\$ (988)	\$ (237)
Unrecognized prior service (cost) credit	(10)	34
Total	\$ (998)	\$ (203)

The following table summarizes CNH's pension plans with accumulated benefit obligations in excess of plan assets:

	December 31,	
	2012	2011
	(in millions)	
Accumulated benefit obligation	\$ 2,982	\$ 2,720
Fair value of plan assets	\$ 2,206	\$ 2,021

The following table summarizes CNH's pension plans with projected benefit obligations in excess of plan assets:

	December 31,	
	2012	2011
	(in millions)	
Projected benefit obligation	\$ 3,035	\$ 2,759
Fair value of plan assets	\$ 2,206	\$ 2,021

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The total accumulated benefit obligation for all pension plans as of December 31, 2012 and 2011, was \$3,091 million and \$2,828 million, respectively. Total projected benefit obligations for unfunded pension plans were \$493 million and \$418 million as of December 31, 2012 and 2011, respectively.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Net Periodic Benefit Cost**

The following summarizes the components of net periodic benefit cost of CNH's defined benefit pension plans and postretirement health and life insurance plans for the years ended December 31, 2012, 2011, and 2010:

	Pension Benefits			Other Postretirement Benefits		
	2012	2011	2010	2012	2011	2010
	(in millions)					
Service cost	\$ 23	\$ 25	\$ 24	\$ 9	\$ 9	\$ 9
Interest cost	129	143	144	52	58	60
Expected return on assets	(147)	(148)	(137)	(6)	(6)	(5)
Amortization of:						
Prior service cost (credit)	3	2	2	(14)	(26)	(41)
Actuarial loss	69	62	66	20	21	15
Net periodic benefit cost	77	84	99	61	56	38
Curtailment and settlement loss (gain) and other	2		1			(1)
Net periodic benefit cost	\$ 79	\$ 84	\$ 100	\$ 61	\$ 56	\$ 37

Expense related to benefits for inactive employees totaled \$80 million, \$87 million, and \$97 million for the years ended December 31, 2012, 2011, and 2010, respectively, and are included in Other, net in the accompanying consolidated statements of operations.

Net periodic benefit cost recognized in net income and other changes in plan assets and benefit obligations recognized in other comprehensive loss during 2012 consist of:

	Pension Benefits	Other Postretirement Benefits
	(in millions)	
Net periodic benefit cost recognized in net income	\$ (79)	\$ (61)
Other changes in plan assets and benefit obligations:		
Net actuarial loss	(185)	(33)
Amortization of actuarial loss	69	20
Amortization of prior service cost (credit)	3	(14)
Prior service cost	(11)	
Currency translation adjustments and other	(11)	(1)
Total recognized in other comprehensive loss	(135)	(28)
Total recognized	\$ (214)	\$ (89)

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Pre-tax amounts expected to be amortized in 2013 from accumulated other comprehensive loss consist of:

	Pension Benefits	Other Postretirement Benefits
	(in millions)	
Actuarial losses	\$ 76	\$ 22
Prior service cost (credit)	2	(12)
Total	\$ 78	\$ 10

Assumptions

The following assumptions were utilized in determining the funded status as at December 31, 2012 and 2011, and the net periodic benefit cost of CNH's defined benefit pension plans and other postretirement benefit plans for the years ended December 31, 2012, 2011, and 2010:

	2012		2011		2010	
	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits	Pension Benefits	Other Postretirement Benefits
Assumptions used to determine funded status at December 31:						
Weighted-average discount rates	3.78%	3.80%	4.64%	4.57%		
Rate of increase in future compensation	3.13%	3.50%	3.32%	3.50%		
Assumptions used to determine expense for the years ended December 31:						
Weighted-average discount rates	4.64%	4.57%	5.17%	5.18%	5.51%	5.26%
Rate of increase in future compensation	3.32%	3.50%	3.39%	3.50%	3.42%	3.50%
Weighted-average, long-term rates of return on plan assets	6.94%	7.25%	7.13%	7.50%	7.34%	7.75%

Assumed discount rates are used in measurements of pension and postretirement benefit obligations and interest cost components of net periodic cost. CNH selects its assumed discount rates based on the consideration of equivalent yields on high-quality fixed income investments at the measurement date.

The assumed discount rate is used to discount future benefit obligations back to today's dollars. The discount rates for the U.S., European, U.K. and Canadian obligations are based on a benefit cash flow-matching approach and represent the rates at which the Company's benefit obligations could effectively be settled as of the Company's measurement date, December 31. The benefit cash flow-matching approach involves analyzing CNH's projected cash flows against a high quality bond yield curve, calculated using a wide population of AA-graded corporate bonds subject to minimum amounts outstanding and meeting other defined selection criteria. The discount rates for the Company's remaining obligations are based on benchmark yield data of high-quality fixed income investments for which the timing and amounts of payments approximate the timing and amounts of projected benefit payments.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The expected long-term rate of return on plan assets reflects management's expectations on long-term average rates of return on funds invested to provide for benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering asset allocation and investment strategy, premiums for active management to the extent asset classes are actively managed and plan expenses. Return patterns and correlations, consensus return forecasts and other relevant financial factors are analyzed to check for reasonability and appropriateness.

The assumed health care trend rate represents the rate at which health care costs are assumed to increase. Rates are determined based on company-specific experience, consultation with actuaries and outside consultants, and various trend factors including for the Company's U.S. assumptions, general and health care sector-specific inflation projections from the United States Department of Health and Human Services Health Care Financing Administration. The initial trend is a short-term assumption based on recent experience and prevailing market conditions. The ultimate trend is a long-term assumption of health care cost inflation based on general inflation, incremental medical inflation, technology, new medicine, government cost shifting, utilization changes, an aging population and a changing mix of medical services.

As of December 31, 2012, the U.S. and Canada represented approximately 95% and 5%, respectively, of the total other postretirement benefit obligations. The following assumed health care trend rates were utilized in determining the funded status as of December 31, 2012 and 2011, and net periodic benefit cost of CNH's postretirement health and life insurance plans for the years ended December 31, 2012, 2011, and 2010:

	2012		2011		2010	
	U.S. Plans	Canadian Plan	U.S. Plans	Canadian Plan	U.S. Plans	Canadian Plan
Assumptions used to determine funded status at December 31:						
Weighted-average, assumed initial healthcare cost trend rate	7.01%	7.50%	7.51%	8.00%		
Weighted-average, assumed ultimate healthcare cost trend rate	5.00%	5.00%	5.00%	5.00%		
Year anticipated attaining ultimate healthcare cost trend rate	2017	2018	2017	2018		
Assumptions used to determine expense for the years ended December 31:						
Weighted-average, assumed initial healthcare cost trend rate	7.51%	8.00%	8.00%	8.50%	8.50%	9.00%
Weighted-average, assumed ultimate healthcare cost trend rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Year anticipated attaining ultimate healthcare cost trend rate	2017	2018	2017	2018	2017	2018

A one percentage point change in the assumed healthcare cost trend rates would have the following effect:

	One Percentage-Point Increase	One Percentage-Point Decrease (in millions)
Total increase/(decrease) in service cost and interest cost components of 2012 net postretirement benefit expense	\$ 7	\$ (5)
Total increase/(decrease) in accumulated postretirement benefit obligation as of December 31, 2012	\$ 152	\$ (115)

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Plan Assets***

The investment strategy followed by CNH varies by country depending on the circumstances of the underlying plan. Typically, less mature plan benefit obligations are funded by using more equity securities as they are expected to achieve long-term growth while exceeding inflation. More mature plan benefit obligations are funded using more fixed income securities as they are expected to produce current income with limited volatility. Risk management practices include the use of multiple asset classes and investment managers within each asset class for diversification purposes. Specific guidelines for each asset class and investment manager are implemented and monitored.

Weighted average target asset allocation for all plans for 2012 are as follows:

	All Plans
Asset category:	
Equity securities	33%
Debt securities	52%
Cash/Other	15%

CNH determines the fair value of plan assets using observable market data obtained from independent sources when available. CNH classifies its plan assets according to the fair value hierarchy:

Level 1 Quoted prices for *identical* instruments in active markets.

Level 2 Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following summarizes the fair value of plan assets by asset category and level within the fair value hierarchy as of December 31, 2012:

	Total	Level 1 (in millions)	Level 2	Level 3
Equity securities:				
U.S. equities Large cap	\$ 139	\$ 139	\$	\$
U.S. equities Mid cap	45	45		
U.S. equities Small cap	67	67		
Non-U.S. equities	26	26		
Total equity securities	277	277		
Fixed income securities:				
U.S. government bonds	248	247	1	
U.S. corporate bonds	251		251	
Non-U.S. government bonds	409	25	384	
Non-U.S. corporate bonds	81		81	
Mortgage backed securities	7		7	
Other fixed income	21		21	
Total fixed income securities	1,017	272	745	
Other types of investments:				
Mutual funds(A)	716		716	
Investment funds(B)	350		350	
Insurance contracts	25			25
Derivatives:				
Credit default swaps Assets	1		1	
Credit default swaps net value	1		1	
Total other types of investments	1,092		1,067	25
Cash:	28	2	26	
Total	\$ 2,414	\$ 551	\$ 1,838	\$ 25

(A) This category includes mutual funds, which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

(B) This category includes primarily commingled funds, which invest in equities.

The following table presents the changes in the Level 3 plan assets for the year ended December 31, 2012:

	Insurance Contracts
Balance at December 31, 2011	\$ 27

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Actual return on plan assets relating to assets still held at reporting date	1
Purchases	3
Settlements	(5)
Currency impact	(1)
Balance at December 31, 2012	\$ 25

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following summarizes the fair value of plan assets by asset category and level within the fair value hierarchy as of December 31, 2011:

	Total	Level 1 (in millions)	Level 2	Level 3
Equity securities:				
U.S. equities Large cap	\$ 119	\$ 119	\$	\$
U.S. equities Mid cap	45	45		
U.S. equities Small cap	58	58		
Non-U.S. equities Large cap	10	10		
Total equity securities	232	232		
Fixed income securities:				
U.S. government bonds	246	229	17	
U.S. corporate bonds	267		267	
Non-U.S. government bonds	301	25	276	
Non-U.S. corporate bonds	52		52	
Mortgage backed securities	7		7	
Other fixed income	2		2	
Total fixed income securities	875	254	621	
Other types of investments:				
Mutual funds(A)	704		704	
Investment funds(B)	336		336	
Insurance contracts	27			27
Derivatives:				
Credit default swaps Assets	5		5	
Credit default swaps Liabilities	(6)		(6)	
Credit default swaps net value	(1)		(1)	
Total other types of investments	1,066		1,039	27
Cash:	43	3	40	
Total	\$ 2,216	\$ 489	\$ 1,700	\$ 27

(A) This category includes mutual funds, which primarily invest in non-U.S. equities and non-U.S. corporate bonds.

(B) This category includes primarily commingled funds, which invest in equities.

The following table presents the changes in the Level 3 plan assets for the year ended December 31, 2011:

**Insurance
Contracts**

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Balance at December 31, 2010	\$	16
Purchases, issuances and settlements		12
Transfers out of Level 3		(1)
Balance at December 31, 2011	\$	27

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Contributions**

CNH's funding policy is to contribute assets to the plans equal to the amounts necessary to, at a minimum, satisfy the funding requirements as prescribed by the laws and regulations of each country.

During 2012, CNH made a discretionary contribution to its U.S. defined benefit pension plan trust of \$70 million. CNH currently estimates that discretionary contributions to its U.S. defined benefit pension plans will be up to \$70 million in 2013. During 2012, CNH contributed \$58 million to its non-U.S. defined benefit plans and expects to make contributions in 2013 of approximately \$62 million to such plans.

During 2011, CNH made a discretionary contribution to its U.S. defined benefit pension plan trust of \$70 million. During 2011, CNH contributed \$55 million to its non-U.S. defined benefit plans.

During 2012 and 2011, CNH did not make any voluntary contributions to its postretirement benefit plans; however, CNH made benefit payments of \$70 million and \$63 million during 2012 and 2011, respectively. CNH expects that cash requirements for other postretirement employee benefit costs will be approximately \$77 million in 2013.

The following summarizes cash flows related to total benefits expected to be paid from the plans or from Company assets, as well as expected Medicare Part D subsidy receipts:

	Pension Benefits	Other Postretirement Benefits (in millions)	Medicare Part D Reimbursement
Employer contributions:			
2013 (expected)	\$ 133	\$ 80	N/A
Expected benefit payments/(reimbursements):			
2013	\$ 195	\$ 90	\$ (2)
2014	190	92	(2)
2015	192	93	(3)
2016	189	93	(3)
2017	192	92	(3)
2018 - 2022	973	415	(20)
Total	\$ 1,931	\$ 875	\$ (33)

Defined Contribution Plans

CNH provides defined contribution plans for its U.S. salaried employees, its U.S. non-represented hourly employees and for its represented hourly employees covered by collective bargaining agreements. During the years ended December 31, 2012, 2011, and 2010, CNH recorded expense of \$42 million, \$39 million, and \$33 million, respectively, for its defined contribution plans.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Note 13: Accrued Liabilities**

A summary of other accrued liabilities as of December 31, 2012 and 2011 is as follows:

	2012	2011
	(in millions)	
Marketing and sales incentive programs	\$ 1,137	\$ 1,028
Value-added taxes and other taxes payable	586	974
Warranty and campaigns	474	404
Accrued payroll	316	311
Legal reserves	210	229
Accrued income tax liability	125	140
Deferred income	171	143
Accrued interest	82	77
Defined benefit and other retirement plan obligations	139	141
Current deferred tax liability	59	129
Customer advances	80	83
Other	350	264
Total accrued liabilities	\$ 3,729	\$ 3,923

Note 14: Commitments and Contingencies

CNH and its subsidiaries are party to various legal proceedings in the ordinary course of business, including product liability, product warranty, environmental, asbestos, dealer disputes, disputes with suppliers and service providers, workers compensation, patent infringement, and customer and employment matters. Although the ultimate outcome of legal matters pending against CNH and its subsidiaries cannot be predicted, the Company believes the reasonable possible range of losses for these unresolved legal actions in addition to the amounts accrued would not have a material effect on its financial statements.

Environmental

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, CNH has received inquiries for information or notices of its potential liability regarding 53 non-owned sites at which regulated materials allegedly generated by us were released or disposed (Waste Sites). Of the Waste Sites, 18 are on the National Priority List (NPL) promulgated pursuant to CERCLA. For 48 of the Waste Sites, the monetary amount or extent of the Company's liability has either been resolved; it has not been named as a potentially responsible party (PRP); or its liability is likely *de minimis*.

In September, 2004, the United States Environmental Protection Agency (EPA) proposed listing the Parkview Well Site in Grand Island, Nebraska on the NPL. Within its proposal the EPA discussed two alleged alternatives, one of which identified historical on-site activities that occurred during prior ownership at CNH America's Grand Island manufacturing plant property as a possible contributing source of area groundwater contamination. CNH America filed comments on the proposed listing which reflected its opinion that the data does not support the EPA's reliance on the Grand Island facility as a potential basis for listing. In April, 2006, the EPA finalized the listing. After subsequent remedial investigations were completed by the EPA and the Company in 2006, the EPA advised that it will proceed with a remediation funded by the Federal Superfund without further

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participation by CNH. The U.S. EPA continues to search for PRPs other than CNH. In December, 2004, a toxic tort suit was filed by area residents against CNH, certain of its subsidiaries including CNH America, and prior owners of the property. While the outcome of this proceeding is uncertain, CNH believes that it has strong legal and factual defenses, and 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, the Company's potential liability for remediation costs associated with the 53 Waste Sites could change. Moreover, because liability under CERCLA and similar laws can be joint and several, CNH could be required to pay amounts in excess of its *pro rata* share of remediation costs. However, when appropriate, the financial strength of other PRPs has been considered in the determination of the Company's potential liability. CNH believes that the costs associated with the Waste Sites will not have a material effect on the Company's business, financial position or results of operations.

The Company is conducting environmental investigatory or remedial activities at certain properties that are currently or were formerly owned and/or operated or which are being decommissioned. The Company believes that the outcome of these activities will not have a material adverse effect on its 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, CNH plans to continue funding its costs of environmental compliance from operating cash flows.

Based upon information currently available, the Company 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 \$28 million to \$80 million. Investigation, analysis and remediation of environmental sites is a time consuming activity. The Company expects 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, 2012 and 2011, environmental reserves of approximately \$45 million and \$46 million, respectively, were established to address these specific estimated potential liabilities. Such reserves are undiscounted and do not include anticipated recoveries, if any, from insurance companies.

Product Liability

Product liability claims against CNH arise from time to time in the ordinary course of business. There is an inherent uncertainty as to the eventual resolution of unsettled claims. However, in the opinion of management, any losses with respect to these existing claims will not have a material adverse effect on CNH's financial position or its results of operations. Product liability expense is recorded in the consolidated statements of operations in the line Other, net.

Other Litigation

Cheron: In connection with a logistics Services Agreement among CNH Global N.V., PGN Logistics Ltd. (PGN) and certain affiliated companies, PGN entered into a subcontract with Transport Cheron N.V. (Cheron). The subcontract was signed by Cheron and by PGN purportedly in the name and on behalf of CNH Global N.V. (CNH Global). CNH Global contends that it is not a party to the subcontract and that PGN

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

was not authorized to sign the subcontract on its behalf. In early 2005 and as a result of the termination of the Services Agreement Cheron filed suit in the District Court in Haarlem, the Netherlands against both PGN and CNH Global for breach of the subcontract and for preliminary relief. In March 2005 the district court issued an order requiring CNH Global to pay 1.5 million (\$2.4 million) to Cheron as a preliminary payment of lost profit damages. CNH Global appealed this decision to the Court of Appeals in Amsterdam, and, on November 24, 2005, the Court of Appeals rendered its decision in effect holding that liability had not been demonstrated with a degree of certainty sufficient to warrant a preliminary award of damages. At that point, the matter returned to the district court for a determination of liability.

On September 24, 2008, the district court issued its interim award with respect to liability. The district court held that CNH Global is liable under the subcontract for damages that Cheron suffered as a result of the alleged breach of the subcontract. Cheron and CNH reached a settlement of this matter on December 20, 2012. Cheron waived and released all claims against CNH in consideration for a settlement payment, which was made on January 11, 2013.

Ligon: On February 5, 2009, a lawsuit was filed by Ligon Capital LLC and HTI LLC (a former CNH supplier) against CNH America LLC. Plaintiffs allege fraudulent suppression and breach of contract resulting from termination of HTI as a CNH supplier in June 2008. Ligon and HTI claim that CNH defrauded them by failing to disclose plans to source from other suppliers and induced Ligon to purchase and process unique components to fulfill CNH's forecasted hydraulic cylinder orders. The case was tried in Birmingham, AL in December 2011. At trial, plaintiffs sought \$9.5 million in compensatory damages consisting of unpurchased inventory, capital improvements, expedited freight charges and overtime allegedly incurred to meet CNH's forecasted orders, and lost profits. Plaintiffs also sought punitive damages of \$25 million. CNH argued at trial that, in the absence of an express contract, it had no duty to disclose its plans to source from other suppliers and any reliance upon forecasted orders (as opposed to firm orders) was unreasonable, because forecasted orders were subject to modification and cancellation. CNH also disputed the amount of alleged damages as being overstated and vigorously defended the case before and during trial. On December 16, 2011, the jury returned its verdict, finding for CNH on the breach of contract claim and for plaintiffs on the fraudulent suppression claim. The jury awarded plaintiffs \$3.8 million in compensatory damages and \$7.6 million in punitive damages. In May 2012, the trial court denied CNH's motion for post-trial relief. CNH has filed an appeal with the Alabama Supreme Court and submitted its brief in November 2012. Management has considered relevant facts in connection with this matter and has established what it believes to be a reasonable accrual.

Kobelco Constuction Machinery Co., Ltd.: Effective as of December 31, 2012, the initial phase of the global construction equipment alliance between CNH, on the one hand, and KCM and KSL, on the other hand, terminated. In connection with the termination of the initial phase of the global alliance, CNH is required to sell to KSL and KSL is required to repurchase from CNH its 20% ownership interest in KCM (the KCM Interest). In connection with the required repurchase, a dispute has arisen with respect to the price to be paid by KSL to CNH in consideration for the KCM Interest under the Shareholders Agreement, dated December 9, 2001 (the KCM Shareholders Agreement), by and between CNH, KSL, and New Holland Italia S.p.A. Despite the dispute regarding the amount to be paid by KSL to CNH in consideration for the 20% interest in KCM, KSL and CNH agreed to enter into an escrow agreement (the Escrow Agreement), with Citibank N.A., as escrow agent, to facilitate a sale of the 20% ownership interest by December 31, 2012. Pursuant to the Escrow Agreement CNH delivered to Citibank, as escrow agent, the share certificates representing CNH's 20% ownership interest in KCM as well as resignation letters signed by CNH's representatives to the KCM Board (the CNH Documents). KSL transferred to Citibank, as escrow agent, approximately \$83 million (the CNH Price); such amount being the amount calculated by CNH as the consideration to be paid by KSL for the 20% interest in KCM. On

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December 31, 2012 Citibank delivered to KSL the CNH Documents. At the same time, Citibank transferred to CNH approximately \$57 million (the KSL Price); such amount being the amount calculated by KSL as the consideration to be paid by KSL for the 20% interest in KCM. Pursuant to the Escrow Agreement Citibank is to hold in escrow the difference between the CNH Price and the KSL Price and to distribute such funds pursuant to the terms of the arbitration award (or as jointly directed by CNH and KSL). While the arbitration is in its early stages, Management has considered the relevant facts in connection with this matter and believes that it is probable that CNH will ultimately prevail and obtain the remaining escrow funds. Therefore, the Company has recognized a \$26 million receivable which is included in Prepayments and Other on the consolidated balance sheet as of December 31, 2012.

CNH records litigation expense in the consolidated statements of operations in the line Other, net.

Commitments

Minimum rental commitments at December 31, 2012, under non-cancelable operating leases with lease terms in excess of one year are as follows:

	Amount (in millions)
2013	\$ 45
2014	31
2015	34
2016	24
2017	22
2018 and beyond	52
Total minimum rental commitments	\$ 208

Total rental expense for all operating leases was \$36 million, \$33 million, and \$35 million for the years ended December 31, 2012, 2011, and 2010, respectively.

At December 31, 2012, Financial Services has various agreements to extend credit for the following financing arrangements:

Facility	Total Credit Limit	Utilized (in millions)	Not Utilized
Private label commercial revolving accounts	\$ 3,946	\$ 221	\$ 3,725
Wholesale and dealer financing	\$ 6,240	\$ 3,406	\$ 2,834

Guarantees

In the normal course of business, CNH and its subsidiaries provide indemnification for guarantees it arranges 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, 2012, total commitments of this type were approximately \$183 million.

In addition, CNH provides payment guarantees on financial debts of customers for approximately \$331 million, of which the main guarantee relates to credit lines with BNDES, a development agency of the government of Brazil. BNDES has provided limited credit lines to qualified

financial institutions at subsidized

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interest rates to enable subsidized retail financing to customers 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 some other financial institutions participating in the BNDES program. CNH, through Financial Services, has guaranteed the portfolio against all credit losses. At December 31, 2012, the guaranteed portfolio balance is \$195 million.

Fiat Industrial issued to BNDES a guarantee in the maximum amount of \$830 million in connection with BNDES making available to Banco CNH the current credit line. CNH has issued to Fiat Industrial a guarantee in the maximum amount of \$830 million, which covers the amounts Fiat Industrial may be required to pay under its guarantee in favor of BNDES.

Warranty and Campaign Reserve

As described in Note 2: Summary of Significant Accounting Policies, CNH pays for basic warranty costs and other service action costs. A summary of recorded activity for the years ended December 31, 2012 and 2011 for the basic warranty and accruals for modification programs are as follows:

	2012	2011
	(in millions)	
Balance, beginning of year	\$ 404	\$ 350
Current year additions	498	448
Claims paid	(427)	(380)
Currency translation adjustment	(1)	(14)
Balance, end of year	\$ 474	\$ 404

Note 15: Financial Instruments

The Company may elect to measure financial instruments and certain other items at fair value. This fair value option would be applied on an instrument-by-instrument basis with changes in fair value reported in earnings. The election can be made at the acquisition of an eligible financial asset, financial liability, or firm commitment or, when certain specified reconsideration events occur. The fair value election may not be revoked once made. The Company did not elect the fair value measurement option for eligible items.

Fair-Value Hierarchy

The hierarchy of valuation techniques for financial instruments is based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair-value hierarchy:

Level 1 Quoted prices for *identical* instruments in active markets.

Level 2 Quoted prices for *similar* instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 Valuations derived from valuation techniques in which one or more significant inputs or significant value drivers are *unobservable*.

This hierarchy requires the use of observable market data when available.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Determination of Fair Value

When available, the Company uses quoted market prices to determine fair value and classifies such items in Level 1. In some cases where a market price is not available, the Company will make use of observable market based inputs to calculate fair value, in which case the items are classified in Level 2.

If quoted or observable market prices are not available, fair value is based upon internally developed valuation techniques that use, where possible, current market-based or independently sourced market parameters such as interest rates, currency rates, or yield curves. Items valued using such internally generated valuation techniques are classified according to the lowest level input or value driver that is significant to the valuation. Thus, an item may be classified in Level 3 even though there may be some significant inputs that are readily observable.

The following section describes the valuation methodologies used by the Company to measure various financial instruments at fair value, including an indication of the level in the fair value hierarchy in which each instrument is generally classified. Where appropriate, the description includes details of the valuation models, and the key inputs to those models, as well as any significant assumptions.

Derivatives

CNH utilizes derivative instruments to mitigate its exposure to interest rate and foreign currency exposures. Derivatives used as hedges are effective at reducing the risk associated with the exposure being hedged and are designated as a hedge at the inception of the derivative contract. CNH does not hold or issue derivative or other financial instruments for speculative purposes. The credit and market risk for interest rate hedges is reduced through diversification among various counterparties, utilizing mandatory termination clauses and/or collateral support agreements. These counterparties include certain Fiat Industrial subsidiaries in 2012 and 2011. The total notional amount of foreign exchange hedges with Fiat Industrial subsidiaries as counterparties was approximately \$4.7 billion and \$3.5 billion as of December 31, 2012 and 2011, respectively. Derivative instruments are generally classified as Level 2 or 3 in the fair value hierarchy. The cash flows underlying all derivative contracts were recorded in operating activities in the statements of consolidated cash flows.

Foreign Exchange Contracts

CNH has entered into foreign exchange forward contracts, swaps, and options in order to manage and preserve the economic value of cash flows in non-functional currencies. CNH conducts its business on a global basis in a wide variety of foreign currencies and hedges foreign currency exposures arising from various receivables, liabilities and expected inventory purchases and sales. Derivative instruments that are utilized to hedge the foreign currency risk associated with anticipated inventory purchases and sales in foreign currencies are designated as cash flow hedges. Gains and losses on these instruments are deferred in accumulated other comprehensive income (loss) and recognized in earnings when the related transaction occurs. Ineffectiveness related to these hedge relationships is recognized currently in the consolidated statements of operations in the line Other, net. The maturity of these instruments does not exceed 15 months and the after-tax losses deferred in accumulated other comprehensive income (loss) that will be recognized in net sales and cost of goods sold over the next twelve months assuming foreign exchange rates remain unchanged is approximately \$12 million. If a derivative instrument is terminated because the hedge relationship is no longer effective or because the hedged item is a forecasted transaction that is no longer determined to be probable, the cumulative amount recorded in accumulated other comprehensive income is recognized immediately in earnings. Such amounts were insignificant in all periods presented.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

CNH also uses forwards and swaps to hedge certain assets and liabilities denominated in foreign currencies. Such derivatives are considered economic hedges and not designated as hedging instruments. The changes in the fair values of these instruments are recognized directly in income in *Other, net* and are expected to offset the foreign exchange gains or losses on the exposures being managed.

All of CNH's foreign exchange derivatives are considered Level 2 as the fair value is calculated using market data input and can be compared to actively traded derivatives. The total notional amount of CNH's foreign exchange derivatives was \$5.1 billion and \$4.1 billion at December 31, 2012 and 2011, respectively.

Interest Rate Derivatives

CNH has entered into interest rate derivatives (swaps and caps) in order to manage interest rate exposures arising in the normal course of business for Financial Services. Interest rate derivatives that have been designated in cash flow hedging relationships are being used by the Company to mitigate the risk of rising interest rates related to the current short-term debt and anticipated issuance of fixed-rate debt in future periods. Gains and losses on these instruments, to the extent that the hedge relationship has been effective, are deferred in accumulated other comprehensive income (loss) and recognized in interest expense over the period in which CNH recognizes interest expense on the related debt. The ineffectiveness is recorded in *Other, net* in the consolidated statements of operations. The maximum length of time over which CNH is hedging its interest rate exposure through the use of derivative instruments designated in cash flow hedge relationships is 54 months. The after-tax losses deferred in accumulated other comprehensive income (loss) that will be recognized in interest expense over the next twelve months is approximately \$10 million.

Interest rate derivatives that have been designated as fair value hedge relationships have been used by CNH to mitigate the risk of reductions in the fair value of existing fixed rate long-term bonds and medium-term notes due to increases in LIBOR based interest rates. Gains and losses on these instruments are recorded in *Interest expense* in the period in which they occur and an offsetting gain or loss is also reflected in *Interest expense* based on changes in the fair value of the debt instrument being hedged due to changes in LIBOR based interest rates. There was no material ineffectiveness as a result of fair value hedge relationships for the years ending December 31, 2012, 2011, or 2010.

CNH also enters into offsetting interest rate derivatives with substantially similar terms that are not designated as hedging instruments to mitigate interest rate risk related to CNH's committed asset-backed facilities. Unrealized and realized gains and losses resulting from fair value changes in these instruments are recognized directly in income. These facilities require CNH to enter into interest rate derivatives. To ensure that these transactions do not result in the Company being exposed to this risk, CNH enters into a compensating position. Net gains and losses on these instruments were insignificant for the years ending December 31, 2012, 2011, and 2010.

All of CNH's interest rate derivatives outstanding as of December 31, 2012 and 2011 are considered Level 2. The fair market value of these derivatives is calculated using market data input and can be compared to actively traded derivatives. The total notional amount of CNH's interest rate derivatives was approximately \$4.2 billion and \$3.8 billion at December 31, 2012 and 2011, respectively.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)***Financial Statement impact of CNH Derivatives*

The fair values of CNH's derivatives as of December 31, 2012 and 2011 in the consolidated balance sheets are recorded as follows:

	2012	2011
	(in millions)	
Derivatives Designated as Hedging Instruments:		
Current assets – Prepayments and other:		
Foreign exchange contracts:		
Equipment Operations	\$ 25	
Interest rate derivatives:		
Equipment Operations	7	
Other assets:		
Foreign exchange contracts:		
Equipment Operations		\$ 23
Interest rate derivatives:		
Equipment Operations	83	73
Total assets	\$ 115	\$ 96
Current liabilities – Accrued liabilities:		
Foreign exchange contracts:		
Equipment Operations	\$ 39	
Other liabilities:		
Foreign exchange contracts:		
Equipment Operations	2	\$ 85
Interest rate derivatives:		
Financial Services	22	19
Total liabilities	\$ 63	\$ 104
Derivatives Not Designated as Hedging Instruments:		
Current assets – Prepayments and other:		
Foreign exchange contracts:		
Equipment Operations	\$ 22	
Other assets:		
Foreign exchange contracts:		
Equipment Operations		\$ 12
Interest rate derivatives:		
Financial Services	2	4
Total assets	\$ 24	\$ 16
Current liabilities – Accrued liabilities:		
Foreign exchange contracts:		
Equipment Operations	\$ 18	
Other liabilities:		
Foreign exchange contracts:		

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Equipment Operations		\$ 11	
Financial Services		2	
Interest rate derivatives:			
Financial Services	3		3
Total liabilities		\$ 21	\$ 16

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Pre-tax gains (losses) on the consolidated statements of operations related to CNH's derivatives for the year ended December 31, 2012, 2011 and 2010 are recorded in the following accounts:

	2012	2011	2010
	(in millions)		
Fair Value Hedges			
Interest rate derivatives - Other, net	\$ 17	\$ 76	\$ (3)
Gains/(losses) on hedged items - Other, net	(17)	(75)	3
Cash Flow Hedges			
Recognized in accumulated other comprehensive income (Effective Portion):			
Foreign exchange contracts - accumulated other comprehensive income	\$ (36)	\$ (18)	\$ (44)
Interest rate derivatives - accumulated other comprehensive income	(5)	(40)	(33)
Reclassified from accumulated other comprehensive income (Effective Portion):			
Foreign exchange contracts - Net sales	(8)	(26)	(15)
Foreign exchange contracts - Cost of goods sold	(66)	50	(20)
Interest rate derivatives - Interest expense	(8)	(21)	(41)
Recognized directly in income (amounts excluded from effectiveness testing and ineffective portion):			
Foreign exchange contracts - Other, net	(12)	(6)	(29)
Interest rate derivatives - Other, net	2	(3)	(7)
Not Designated as Hedges			
Foreign exchange contracts - Other, net	\$ 63	\$ 22	\$ 19
Interest rate derivatives - Other, net		(1)	
Retained Interest in Securitized Assets			

For transactions that are considered sales and are off-book, CNH carries retained interests at estimated fair value, which is determined 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. CNH recognizes declines in the value of its retained interests, and resulting charges to income or equity, when the fair value is less than the carrying value. The portion of the decline, from discount rates exceeding those in the initial transaction is charged to equity. All other credit-related declines are charged to income. Retained interests in securitized assets are classified in Level 3 of the fair value hierarchy. Assumptions used to determine fair values of retained interests are based on internal evaluations that include constant prepayment rates, annual credit loss rates and discount rates. Although CNH believes its methodology is reasonable, actual results could differ from its expectations. As of December 31, 2012 and 2011, retained interests in securitized assets are \$9 million and \$18 million, respectively.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)****Items Measured at Fair Value on a Recurring Basis**

The following tables present for each of the fair-value hierarchy levels the Company's assets and liabilities that are measured at fair value on a recurring basis at December 31, 2012 and 2011:

	Level 2		Level 3		Total	
	2012	2011	2012	2011	2012	2011
	(in millions)					
Assets						
Foreign exchange derivatives	\$ 47	\$ 35	\$	\$	\$ 47	\$ 35
Interest rate derivatives	92	77			92	77
Retained interests			9	18	9	18
Total assets	\$ 139	\$ 112	\$ 9	\$ 18	\$ 148	\$ 130
Liabilities						
Foreign exchange derivatives	\$ 59	\$ 98	\$	\$	\$ 59	\$ 98
Interest rate derivatives	25	22			25	22
Total liabilities	\$ 84	\$ 120	\$	\$	\$ 84	\$ 120

The following table presents the changes in the Level 3 fair-value category for the years ended December 31, 2012 and 2011:

	Retained	Derivative
	Interests	Financial
	(in millions)	
Balance at December 31, 2010	\$ 39	\$ (5)
Total gains or losses (realized / unrealized)		
Included in earnings		5
Included in other comprehensive income (loss)	1	
Settlements	(22)	
Balance at December 31, 2011	\$ 18	\$
Total gains or losses (realized / unrealized)		
Included in earnings	1	
Included in other comprehensive income (loss)	1	
Settlements	(11)	
Balance at December 31, 2012	\$ 9	\$

In addition, the Company holds government debt securities carried at fair value of \$5 million and \$80 million as of December 31, 2012 and 2011, respectively. These securities are considered Level 1.

Fair Value of Other Financial Instruments

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The carrying value of cash and cash equivalents, restricted cash, deposits in Fiat Industrial subsidiaries cash management pools, accounts payable, short-term debt and current maturities of long-term debt included in the consolidated balance sheets approximates fair value.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Financial Instruments Not Carried at Fair Value***

The estimated fair market values of financial instruments not carried at fair value in the consolidated balance sheets as of December 31, 2012 and 2011 are as follows:

	2012		2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(in millions)			
Retail finance accounts receivable	\$ 9,201	\$ 9,619	\$ 8,221	\$ 8,679
Long-term public debt, excluding current maturities	\$ 3,082	\$ 3,417	\$ 3,308	\$ 3,626
Long-term asset backed debt, excluding current maturities	\$ 5,854	\$ 5,952	\$ 4,272	\$ 4,316
Other long-term debt, excluding current maturities	\$ 1,198	\$ 1,173	\$ 1,047	\$ 985

Retail finance receivables

The fair value of the retail finance receivables is based on the discounted values of their related cash flows at current market interest rates and they are classified as a Level 3 fair value measurement. The carrying amounts of short-term receivables were assumed to approximate fair value.

Long-term debt, excluding current maturities

The fair values of the long-term debt were based on current market quotes for identical or similar borrowings and credit risk and they are classified as a Level 2 fair value measurement.

Note 16: Shareholders' Equity

The Articles of Association of CNH provide for authorized share capital of 1.35 billion, consisting of 188,133,963 common shares, 211,866,037 common shares B and 200 million Series A preference shares, each with a per share par value of 2.25. At the general meeting of the shareholders held on April 3, 2012, the shareholders authorized CNH's Board of Directors to issue shares for a period ending in March 2017. At an extraordinary meeting of shareholders held on December 17, 2012, the shareholders approved an amendment to the Company's Articles of Association creating a separate class of shares (the common shares B) and the conversion of all of the common shares held by Fiat Netherlands into common shares B. As of December 31, 2012, there were 211,866,037 outstanding common shares B.

During the years ended December 31, 2012 and 2011, changes in CNH common shares issued were as follows:

	Common Shares	
	2012	2011
	(in thousands)	
Issued as of beginning of year	239,871	238,588
Issuances of CNH Common Shares:		
Shares issued to Directors	8	32
Stock-based compensation	2,611	1,251
Conversion of common shares into common shares B	(211,866)	
Issued as of end of year	30,624	239,871

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

There were no Series A preference shares outstanding during the years ended December 31, 2012 and 2011.

Also at the extraordinary meeting of shareholders held on December 17, 2012, the Company's shareholders approved a special dividend of \$10 per common share (\$305 million total) as part of the merger agreement with Fiat Industrial. The special dividend was paid on December 28, 2012. In addition, the Company's shareholders approved an appropriation of retained earnings for \$2.1 billion which represents \$10 per common share B. The Company has classified this balance as Special Reserve for class B common shares on the consolidated balance sheet as of December 31, 2012. If the merger agreement is terminated, CNH would pay the special dividend of \$10 per common share B. The terms of the merger agreement also prevent the Company from declaring any other dividend without the written consent of Fiat Industrial. For more information about the merger agreement, please see Note 1: Nature of Operations. No dividend was declared or paid in 2011 or 2010.

Note 17: Option and Incentive Plans

CNH issues share-based compensation awards to eligible members of the Board of Directors under the CNH Directors' Compensation Plan, and to certain employees under the CNH Equity Incentive Plan. For the years ended December 31, 2012, 2011, and 2010, CNH recognized total share-based compensation expense of \$59 million, \$63 million and \$34 million, respectively. For the years ended December 31, 2012, 2011, and 2010, CNH recognized a total tax benefit relating to share-based compensation expense of \$15 million, \$17 million, and \$10 million, respectively. As of December 31, 2012, CNH has unrecognized share-based compensation expense related to non-vested awards of approximately \$48 million based on current assumptions related to achievement of specified performance objectives, when applicable. Unrecognized share-based compensation costs will be recognized over a weighted-average period of 1.5 years.

CNH Equity Incentive Plan

The CNH Equity Incentive Plan, as amended, (the CNH EIP) provides for grants of various types of equity awards to officers and certain employees of CNH and its subsidiaries. As of December 31, 2012, CNH has reserved 25,900,000 shares for the CNH EIP.

The exercise prices of the stock option grants are based upon the average closing price of CNH common shares on the New York Stock Exchange for the thirty-day period preceding the date of grant.

Stock Option Grants

In September 2012, CNH granted approximately 700 thousand performance-based stock options (at target award levels) under the CNH EIP. As CNH's 2012 results exceeded the target performance levels, approximately one million of these options were granted. One-third of the options vested in February 2013 following the approval of 2012 results by the Board of Directors. The remaining options will vest equally on the first and second anniversary of the initial vesting date. Options granted under the CNH EIP have a contractual life of five years from the initial vesting date.

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The following table reflects option activity under the CNH EIP for the year ended December 31, 2012:

	2012	Weighted-Average Exercise Price
	Shares	
Outstanding at beginning of year	6,125,413	\$ 33.49
Granted	1,114,725	41.30
Forfeited	(145,970)	38.33
Expired	(324)	21.20
Exercised	(2,478,727)	27.53
Outstanding at end of year	4,615,117	40.45
Exercisable at end of year	1,516,240	39.66

Outstanding options under the CNH EIP have a weighted average remaining contract term of 3.7 years. Exercisable options under the CNH EIP have a weighted average remaining contract term of 2.8 years.

The following table summarizes outstanding stock options under the CNH EIP at December 31, 2012:

Range of Exercise Price		Options Outstanding				Options Exercisable				
		Shares Outstanding	Weighted-Average Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value(A)	Shares Exercisable	Weighted-Average Contractual Life	Weighted-Average Exercise Price	Aggregate Intrinsic Value(A)	
\$13.58	\$29.99	188,990	2.1	\$ 13.58	\$ 5,047,923	188,990	2.1	\$ 13.58	\$ 5,047,923	
\$30.00	\$41.99	2,263,852	4.0	35.90	10,461,974	391,532	2.9	32.18	3,176,467	
\$42.00	\$57.30	2,162,275	3.6	47.57		935,718	3.0	48.06		
						\$ 15,509,897				\$ 8,224,390

(A) The difference between the exercise price of share-based compensation and the year-end market price of CNH common shares of \$40.29. No amount is shown for awards with an exercise price that is greater than the year-end market price.

Performance Share Grants

Under the CNH EIP, performance-based shares may also be granted to selected key employees and executive officers. CNH establishes the period and conditions of performance for each award. Performance-based shares vest upon the attainment of specified performance objectives.

In 2012, CNH issued several grants of performance-based shares throughout the year. These shares will cliff vest in February 2015 based on their respective performance targets. The total number of shares granted is 136,000 with a weighted average fair value of \$40.67 per share.

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In 2011 and 2010, CNH granted approximately 154 thousand and 2 million performance-based share awards under the CNH EIP, respectively. The weighted average fair value of the awards is \$39.10 and \$34.74 per share for awards granted in 2011 and 2010, respectively. These performance shares have the same performance targets which are designated on a cumulative basis for the three-, four- and five-year periods ended December 31, 2012, 2013, and 2014. The first tranche of these performance shares vested in February 2013 following the achievement of the performance targets for the three years ended December 31, 2012. The remaining shares will vest in two equal tranches if respective performance targets for those tranches are achieved.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

CNH granted performance-based share awards under the Top Performance Plan (TPP) in 2006 through 2009; however, CNH did not recognize any share-based compensation expense related to TPP awards in 2010 because the related performance targets for these shares were not achieved.

The following table reflects performance-based share activity under the CNH EIP for the year ended December 31, 2012:

	2012	Weighted Average Grant-Date Fair Value
	Performance Shares	
Nonvested at beginning of year	2,020,000	\$ 35.07
Granted	135,938	40.67
Forfeited	(231,200)	36.71
Vested		
Nonvested at end of year	1,924,738	35.27

Restricted Share Grants

CNH granted 189,000, 272,750 and 302,000 restricted share units to selected key employees under CNH EIP with a weighted average fair value of \$43.64, \$26.91 and \$34.74 per share, respectively, in 2012, 2011 and 2010. Restricted shares vest in three equal installments over three years starting from the grant date.

The following table reflects restricted share activity under the CNH EIP for the year ended December 31, 2012:

	2012	Weighted Average Grant-Date Fair Value
	Performance Shares	
Nonvested at beginning of year	470,269	\$ 30.15
Granted	188,933	43.64
Forfeited	(34,887)	30.41
Vested	(181,077)	30.99
Nonvested at end of year	443,238	35.54

CNH Directors Compensation Plan

The CNH Global N.V. Directors Compensation Plan (CNH Directors Plan) 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 eligible directors of CNH in the form of cash, and/or common shares of CNH, and/or options to purchase common shares of CNH.

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The CNH Directors Plan provides for the payment of the Fees to eligible members of the Board of CNH, provided that such members do not receive salary or other employment compensation from CNH, Fiat Industrial S.p.A., Fiat S.p.A., or their respective subsidiaries. Each quarter of the

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

CNH Directors Plan year, the eligible directors elect the form of payment of their Fees. If the elected form is common shares, the eligible director will receive as many common shares as are equal to the amount of Fees the director elects to forego, divided by the fair market value of a common share. Common shares issued vest immediately upon grant, but cannot be sold for a period of six months. If the elected form is options, the eligible 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 a director. At December 31, 2012 and 2011, there were 682,747 and 690,993 common shares, respectively, reserved for issuance under the CNH Directors Plan. Directors eligible to receive compensation under the CNH Directors Plan do not receive benefits upon termination of their service as directors.

As of December 31, 2012, the number of option outstanding and exercisable under the CNH Directors Plan is 67,276 with a weighted average exercise price of \$36.01 per share.

Share-Based Compensation Fair Value Assumptions

The Black-Scholes pricing model was used to calculate the fair value of stock options. The weighted-average assumptions used under the Black-Scholes pricing model for options issued under the CNH EIP were as follows:

	2012	2011	2010
Risk-free interest rate	0.40%	1.40%	1.90%
Dividend yield	0.00%	0.30%	0.50%
Stock price volatility	51.70%	75.10%	74.10%
Option life (years)	3.39	3.81	3.73

Based on this model, the weighted-average grant date fair values of stock options awarded for the years ended December 31, 2012, 2011, and 2010 were as follows:

	2012	2011	2010
CNH EIP	\$ 13.79	\$ 26.24	\$ 16.10

The risk-free interest rate is based on the current U.S. Treasury rate for a bond of approximately the expected life of the options. The expected volatility is based on the historical activity of CNH's common shares over a period at least equal to the expected life of the options. The expected life for the CNH EIP grant is based on the average of the vesting period of each tranche and the original contract term of 65 to 70 months. The expected dividend yield is determined to be zero as management does not expect CNH to issue ordinary dividends in the foreseeable future.

The fair value of performance-based shares and restricted shares is based on the market value of CNH's common shares on the date of the grant and is adjusted for the estimated value of dividends which are not available to participants during the vesting period.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)*****Additional Share-Based Compensation Information***

The table below provides additional share-based compensation information for the years ended December 31, 2012, 2011 and 2010:

	2012	2011	2010
	(in millions)		
Total intrinsic value of options exercised	\$ 45	\$ 28	\$ 15
Fair value of shares vested	\$ 7	\$ 3	\$
Cash received from share award exercises	\$ 68	\$ 31	\$ 21
Tax benefit of options exercised and shares vested	\$ 3	\$ 3	\$ 3

As of December 31, 2012, there were 12,072,126 common shares available for issuance under the CNH EIP. Company shares that may be issued under the CNH EIP or any other plans may be either authorized and unissued shares, or issued shares that have been reacquired by the Company and are being held as treasury shares.

Modification

In December 2012, CNH paid a special dividend of \$10 per common share to CNH minority shareholders of record as of December 20, 2012, as part of the merger agreement with Fiat Industrial. In accordance with the anti-dilutive provision of both the CNH EIP and CNH Directors' Plan, on January 28, 2013, the CNH Corporate Governance and Compensation Committee approved required equitable adjustments to outstanding equity awards. The adjustments have been retrospectively made to outstanding options under the CNH EIP and CNH Directors' Plan, unvested performance shares and unvested restricted shares under the CNH EIP, as of the ex-dividend date on December 18, 2012. In early 2013, the exercise prices have been reduced and the number of outstanding shares has been increased for stock options, and the number of unvested shares has been increased for performance shares and restricted shares, to maintain the pre-dividend fair value. The weighted average exercise price of outstanding options decreased from \$40.45 to \$33.34, the number of outstanding options increased from 4.6 million to 5.6 million, the number of unvested performance shares increased from 1.9 million to 2.3 million and the number of unvested restricted shares increased from 451 thousand to 548 thousand. The aggregate fair value, the aggregate intrinsic value and the ratio of the exercise price to the market price are approximately equal immediately before and after the adjustment. Therefore, no additional compensation expense was recognized in 2012.

Note 18: Earnings per Share

CNH reflects common share equivalents in its computation of diluted weighted average shares outstanding when applicable and when inclusion is not anti-dilutive. The effect of dilutive securities is calculated using the treasury stock method.

The following table sets forth the computation of basic net income per share and diluted net income per share under the two-class method for the year ended December 31, 2012. At an extraordinary meeting of shareholders held on December 17, 2012, the shareholders approved an amendment to the Company's Articles of Association creating a separate class of shares (the common shares B) and the conversion of all of the common shares held by Fiat Netherlands into common shares B. See Note 2: Summary of Significant Accounting Policies for additional information related to net income per share.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Common shares	Common shares B (in millions, except per share data)	Total
Basic:			
Net income attributable to CNH Global N.V.	\$ 151	\$ 991	\$ 1,142
Weighted average shares outstanding basic	28.9	211.9	240.8
Basic earnings per share attributable to CNH Global N.V. common shares and common shares B	\$ 4.68	\$ 4.68	
Diluted:			
Net income attributable to CNH Global N.V.	\$ 151	\$ 991	\$ 1,142
Weighted average shares outstanding basic	28.9	211.9	240.8
Effect of dilutive securities (when dilutive): Stock Compensation Plans(A)			
Weighted average shares outstanding diluted	28.9	211.9	240.8
Diluted earnings per share attributable to CNH Global N.V. common shares and common shares B	\$ 4.68	\$ 4.68	

(A) Stock options to purchase approximately 2.5 million common shares during 2012 were outstanding but not included in the calculation of diluted earnings per share as the impact of these options would have been anti-dilutive.

The following table reconciles the numerator and denominator of the basic and diluted earnings per share computations for the years ended December 31, 2011, and 2010:

	2011 (in millions, except per share data)	2010 (in millions, except per share data)
Basic:		
Net income attributable to CNH Global N.V.	\$ 939	\$ 452
Weighted average common shares outstanding basic	239.4	237.8
Basic earnings per share attributable to CNH Global N.V. common shareholders	\$ 3.92	\$ 1.90
Diluted:		
Net income attributable to CNH Global N.V.	\$ 939	\$ 452
Weighted average common shares outstanding basic	239.4	237.8
Effect of dilutive securities (when dilutive): Stock Compensation Plans(A)	1.0	0.8

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Weighted average common shares outstanding - diluted	240.4	238.6
Diluted earnings per share attributable to CNH Global N.V. common shareholders	\$ 3.91	\$ 1.89

(A) Stock options to purchase approximately 2.3 million and 4.2 million shares during 2011 and 2010, respectively, were outstanding but not included in the calculation of diluted earnings per share as the impact of these options would have been anti-dilutive.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

In December 2012, CNH paid a special dividend of \$10 per common share to CNH common shareholders of record as of December 20, 2012, as part of the merger agreement with Fiat Industrial. In accordance with the anti-dilutive provision of both the CNH EIP and Directors Compensation Plan, on January 28, 2013, the CNH Corporate Governance and Compensation Committee approved required equitable adjustments of outstanding equity awards. See Note 17: Option and Incentive Plans for additional information.

Note 19: Accumulated Other Comprehensive Income (Loss) Attributable to CNH Global N.V.

The components of accumulated other comprehensive income (loss) as of December 31, 2012, and 2011 are as follows:

	2012	2011
	(in millions)	
Cumulative translation adjustment	\$ (20)	\$ 102
Adjustment to recognize the underfunded status of defined benefit plans, net of taxes (\$373 million and \$370 million, respectively)	(827)	(667)
Deferred losses on derivative financial instruments, net of taxes (\$12 million and \$20 million, respectively)	(39)	(68)
Unrealized gain on available for sale securities, net of taxes (\$1 million and \$(2) million, respectively)	2	3
Total	\$ (884)	\$ (630)

Note 20: Segment and Geographical Information***Segment Information***

CNH has three reportable segments: Agricultural Equipment, Construction Equipment and Financial Services.

Agricultural Equipment

The agricultural equipment segment manufactures and distributes a full line of farm machinery and implements, including two-wheel and four-wheel drive tractors, combines, cotton pickers, grape and sugar cane harvesters, hay and forage equipment, planting and seeding equipment, soil preparation and cultivation implements and material handling equipment.

Construction Equipment

The construction equipment segment manufactures and distributes a full line of construction equipment including excavators, crawler dozers, graders, wheel loaders, backhoe loaders, skid steer loaders and trenchers.

Financial Services

The financial services segment is engaged in broad-based financial services through wholly owned subsidiaries and joint ventures in North America, Latin America, Europe and Australia. CNH provides and administers retail financing to end-use customers for the purchase or lease of new and used CNH and other agricultural and construction equipment sold by CNH dealers and distributors. In addition, CNH provides wholesale financing to CNH dealers and rental equipment operators, as well as financing options to dealers to finance working capital, real estate and other fixed assets and maintenance equipment in connection with their operations.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

As of December 31, 2012, Fiat Industrial owned approximately 87% of CNH's outstanding common shares (through the ownership of all of CNH's common shares B), through Fiat Netherlands. As a result, CNH evaluates segment performance and reports to Fiat Industrial based on criteria established by Fiat Industrial.

CNH reports to Fiat Industrial based on financial information prepared in accordance with International Accounting Standards and International Financial Reporting Standards (collectively IFRS). CNH evaluates segment performance based on trading profit as defined by Fiat Industrial. Fiat Industrial defines trading profit as income before restructuring, net financial expenses of Equipment Operations, income taxes, noncontrolling interests, equity in income (loss) of unconsolidated subsidiaries and affiliates, and impairment losses. Transactions between segments are accounted for at market value.

A reconciliation from consolidated trading profit reported to Fiat Industrial under IFRS to income before income taxes and equity in income of unconsolidated subsidiaries and affiliates under U.S. GAAP for the years ended December 31, 2012 and 2011, and a reconciliation from consolidated trading profit reported to Fiat under IFRS to income before income taxes and equity in income of unconsolidated subsidiaries and affiliates under U.S. GAAP for the year ended December 2010 are provided below.

	Years Ended December 31,		
	2012	2011	2010
	(in millions)		
Trading profit	\$ 2,012	\$ 1,606	\$ 1,001
Adjustments to convert from trading profit to U.S. GAAP income before income taxes and equity in income of unconsolidated subsidiaries:			
Accounting for benefit plans	(35)	(31)	(62)
Accounting for other intangible assets, primarily product development costs	(231)	(138)	(176)
Restructuring	(4)		(16)
Net financial expense	(258)	(322)	(342)
Other	(32)	36	11
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates under U.S. GAAP	\$ 1,452	\$ 1,151	\$ 416

The following summarizes trading profit by reportable segment:

	Years Ended December 31,		
	2012	2011	2010
	(in millions)		
Agricultural equipment	\$ 1,625	\$ 1,264	\$ 839
Construction equipment	(37)	27	(43)
Financial services	424	315	205
Trading profit	\$ 2,012	\$ 1,606	\$ 1,001

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

A summary of additional reportable segment information, compiled under IFRS, as of and for the years ended December 31, 2012, 2011, and 2010 is as follows:

	2012	2011 (in millions)	2010
Revenues:			
Agricultural equipment	\$ 15,657	\$ 14,183	\$ 11,528
Construction equipment	3,770	3,876	2,946
Financial services	1,538	1,629	1,617
Eliminations	(336)	(347)	(309)
Net revenues under IFRS	20,629	19,341	15,782
Difference, principally classification of finance income	(182)	(156)	(174)
Revenues under U.S. GAAP	\$ 20,447	\$ 19,185	\$ 15,608
Depreciation and amortization:			
Agricultural equipment	\$ 333	\$ 303	\$ 264
Construction equipment	117	102	97
Financial services	126	117	124
Depreciation and amortization under IFRS	576	522	485
Difference, principally amortization of development costs capitalized under IFRS	(119)	(96)	(70)
Depreciation and amortization under U.S. GAAP	\$ 457	\$ 426	\$ 415
Total assets:			
Agricultural equipment ¹	\$ 12,914	\$ 13,182	\$ 11,913
Construction equipment ¹	4,115	4,423	3,729
Financial services	20,058	18,106	17,346
Assets not allocated to segments, principally goodwill, other intangibles and taxes	13,142	12,678	11,742
Eliminations	(14,005)	(13,758)	(12,544)
Total assets under IFRS	36,224	34,631	32,186
Difference, principally product development cost capitalised under IFRS	(798)	(538)	(597)
Total assets under U.S. GAAP	\$ 35,426	\$ 34,093	\$ 31,589

1 Includes receivables legally transferred to Financial Services.

	2012	2011 (in millions)	2010
Expenditures for additions to long-lived assets*:			
Agricultural equipment	\$ 770	\$ 507	\$ 430

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Construction equipment	160	148	138
Financial services	469	393	362
Expenditures for additions to long-lived assets under IFRS	1,399	1,048	930
Difference, development costs capitalized under IFRS	(367)	(244)	(264)
Total expenditures for additions to long-lived assets under U.S. GAAP	\$ 1,032	\$ 804	\$ 666

* Includes equipment on operating leases and property, plant and equipment

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	2012	2011
	(in millions)	
Investments in unconsolidated subsidiaries and affiliates:		
Agricultural equipment	\$ 216	\$ 205
Construction equipment	33	221
Financial services	101	83
Investments in unconsolidated subsidiaries and affiliates under IFRS	350	509
Difference, principally product development cost capitalized under IFRS	(5)	(3)
Investments in unconsolidated subsidiaries and affiliates under U.S. GAAP	345	506

Geographical Information

The following highlights CNH's long-lived tangible assets by geographic area and total revenues by destination:

	United States	Brazil	Canada	France	Australia	Germany	Other	Total
	(in millions)							
At December 31, 2012, and for the year then ended:								
Total revenues	\$ 7,541	\$ 2,415	\$ 1,829	\$ 1,188	\$ 754	\$ 678	\$ 6,042	\$ 20,447
Long-lived tangible assets	\$ 1,376	\$ 344	\$ 277	\$ 75	\$ 34	\$ 33	\$ 848	\$ 2,987
At December 31, 2011, and for the year then ended:								
Total revenues	\$ 6,786	\$ 2,421	\$ 1,592	\$ 1,029	\$ 721	\$ 650	\$ 5,986	\$ 19,185
Long-lived tangible assets	\$ 1,190	\$ 326	\$ 250	\$ 77	\$ 28	\$ 32	\$ 699	\$ 2,602
At December 31, 2010, and for the year then ended:								
Total revenues	\$ 5,771	\$ 2,355	\$ 1,102	\$ 715	\$ 547	\$ 518	\$ 4,600	\$ 15,608
Long-lived tangible assets	\$ 1,070	\$ 301	\$ 241	\$ 80	\$ 22	\$ 35	\$ 659	\$ 2,408

The amounts reported as long-lived tangible assets include equipment on operating leases and property, plant and equipment.

CNH is organized under the laws of The Netherlands. Geographical information for CNH pertaining to The Netherlands is not significant or not applicable.

Note 21: Related Party Information

As of December 31, 2012, the Company's outstanding capital stock consisted of common shares and common shares B, with each having a par value of 2.25 (U.S. \$2.97) per share. As of December 31, 2012, there were 30,469,263 common shares and 211,866,037 common shares B outstanding. At December 31, 2012, CNH had 534 registered holders of record of its common shares in the United States. Registered holders

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and indirect beneficial owners hold approximately 13% of CNH's outstanding capital stock. Fiat Netherlands, a wholly owned subsidiary of Fiat Industrial, is the largest single shareholder.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Consequently, at December 31, 2012, Fiat Netherlands controlled all matters submitted to a vote of the Company's shareholders, including approval of annual dividends, election and removal of its directors and approval of extraordinary business combinations. Fiat Netherlands has the same voting rights as the Company's other shareholders.

Historically, the Company and its subsidiaries have developed a variety of relationships, and engaged in a number of transactions, with various Fiat Group or Fiat Industrial Group Companies. Following the demerger effected on January 1, 2011, Fiat has no obligation to provide assistance to the Company or its subsidiaries other than pursuant to contractual agreements that have been negotiated between the applicable parties.

In connection with the demerger transaction Fiat and Fiat Industrial entered into a Master Services Agreement (MSA) which sets forth the primary terms and conditions pursuant to which the various service provider subsidiaries of such entities provide services (such as purchasing, tax, accounting and other back office services, security and training) to the various service receiving subsidiaries. As structured, the applicable service provider and service receiver subsidiaries become parties to the MSA through the execution of an Opt-In letter which may contain additional terms and conditions. Pursuant to the MSA, service receivers are required to pay to service providers the actual cost of the services plus a negotiated margin. In March 2011, upon review and recommendation of a special committee of independent Board members, the Company's Board approved the MSA and the applicable related Opt-In letters.

The Company's outstanding consolidated debt with Fiat Industrial and its subsidiaries was \$357 million at December 31, 2012 and \$639 million at December 31, 2011. As a result of the demerger, all financing arrangements previously provided by Fiat treasury subsidiaries outstanding as of December 31, 2010 were assigned to Fiat Industrial treasury subsidiaries on January 1, 2011.

As at December 31, 2012, Fiat Industrial guaranteed \$892 million of the Company's debt, of which \$830 million relates to BNDES (Brazil). The Company pays Fiat Industrial a guarantee fee of 0.0625% per annum on the average outstanding amount under the guarantees.

Like other companies that are part of multinational groups, the Company participates in a group-wide cash management system with Fiat Industrial. Under this system, operated by Fiat Industrial treasury subsidiaries in a number of jurisdictions, the cash balances of Fiat Industrial and its subsidiaries, including CNH, are aggregated at the end of each business day in central pooling accounts (the Fiat Industrial treasury subsidiaries' cash management pools). CNH's positive cash deposits, if any, at the end of each business day may be invested by Fiat Industrial treasury subsidiaries in highly rated, highly liquid money market instruments or bank deposits or applied by Fiat Industrial treasury subsidiaries to meet financial needs of other Fiat Industrial subsidiaries and *vice versa*. Deposits with Fiat Industrial treasury subsidiaries earn interest at LIBOR plus 0.15%. Interest earned on CNH's deposits with Fiat Industrial treasury subsidiaries included in finance and interest income was approximately \$26 million in 2012 and \$31 million in 2011.

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

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For material related party transactions involving the purchase of goods and services, the Company generally solicits and evaluates bid proposals prior to entering into any such transactions. CNH's Audit Committee conducts a review to determine that all related party transactions are on what the Committee believes to be arm's-length terms.

CNH purchases engines and other components from Fiat Industrial and its subsidiaries as well as Fiat and its subsidiaries, and companies of the Fiat Group provide CNH 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. Fiat subsidiaries also provide purchasing services to CNH. CNH may sell certain goods or provide certain services to Fiat and/or its subsidiaries. In addition, the Company enters into hedging arrangements with counterparties that are subsidiaries of Fiat Industrial. The principal purchases of goods from Fiat Industrial subsidiaries and Fiat subsidiaries include engines from Iveco and Fiat Powertrain Technologies, dump trucks from Iveco, robotic equipment and paint systems from Comau, and castings from Teksid. The Company was party to foreign exchange hedges having an aggregate contract value of \$4.7 billion and \$3.5 billion as of December 31, 2012 and 2011, to which subsidiaries of Fiat Industrial were counterparties.

Fiat provided accounting services to CNH in Europe and Latin America through a subsidiary that uses shared service centers to provide such services to various Fiat companies. Fiat Industrial provided internal audit services at the direction of CNH's internal audit department in certain locations where the Company believed it is more cost effective to use existing Fiat resources. In 2005 and 2004, CNH purchased network and hardware support from and outsourced a portion of the Company's information services to, a joint venture that Fiat had formed with IBM. In 2005 Fiat 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 provided training services through a subsidiary. The Company used a broker that is a subsidiary of Fiat to purchase a portion of its insurance coverage. The Company purchased 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. A substantial portion of these services continue to be provided to CNH subsidiaries by Fiat through Fiat Industrial under the terms and conditions of the MSA and the applicable Opt-In Letters.

The Company participated in tax sharing agreements with Fiat Industrial and certain of its subsidiaries in the United Kingdom (U.K.) and Italy. CNH's management believes the terms of these agreements are customary for agreements of this type and are advantageous as tax losses generated in one company can offset income of the other companies within the group. During 2012, 2011 and 2010, CNH derived \$15 million, \$61 million and \$66 million of tax benefit from the tax sharing agreements.

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. CNH 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.

On October 20, 2011 CNH acquired Fiat Switzerland SA from Fiat for \$19 million. As the purchase price approximated the equity of the acquired company, this transaction did not significantly impact the CNH's financial position.

On December 31, 2011 CNH sold to FPT Industrial S.p.A. its ownership interest (33%) in European Engine Alliance Srl for \$17 million. As this sale represented a transaction between entities under common control, the \$11 million gain resulting from the sale was recorded as additional-paid in capital. In connection with the

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demerger transaction of Fiat and Fiat Industrial, in 2010 CNH sold its ownership interest in several small investments to entities within the Fiat Group. These transactions did not significantly impact CNH's financial position.

During 2012, CNH entered into a lease agreement with Chrysler Group LLC in which CNH will lease an aircraft to Chrysler Group LLC with an initial term of two years and annual rent of approximately \$1.3 million. The Company billed Chrysler Group LLC less than \$1 million for rent during the year ended December 31, 2012.

During 2008 CNH entered into a reimbursement agreement with Fiat in connection with the sponsorship contract Fiat signed with the Juventus Football Club S.p.A. The sponsorship contract was for a three year term that expired in 2010 and was not renewed. The Company paid \$10 million related to this reimbursement agreement in 2010. 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. 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. CNH obtains 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, the Company would have to obtain them from other sources. The Company 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.

During 2012, Fiat India Private Limited (FIPL) lost its Indian Supreme Court case regarding the proper amount of excise duty imposed on the valuation of motor vehicles for the period April 1998 through June 2001. As the successor company of the amalgamation, New Holland Fiat (India) Pvt. Ltd. (NHFIPL) is liable for the payment of the \$59 million excise duty. Although the Indian Supreme Court did not rule on interest, the Indian Excise Department has demanded interest, which was not quantified in the demand letter (but which could aggregate to as much as approximately \$128 million). Since this liability pertains to the period prior to the amalgamation, the indemnification clause in the Merger Agreement signed on February 22, 2008 requires FIAT Group Automobile SpA (FGA) to fully reimburse CNH Asian Holdings (or NHFIPL) for this excise duty and any interest related thereto. The Company has recorded the excise duty accrual and related indemnification receivable from FGA within other liabilities and other assets, respectively. The interest would also be indemnified by FGA and, therefore, would not have any net impact to the consolidated statements of operations or cash flows for the Company. As of December 31, 2012 the remaining balance of both excise duty accrual and related indemnification receivable from FGA amounts to \$45 million.

The following table summarizes CNH's sales, purchase, and finance income with Fiat Industrial Group, Fiat Group and joint ventures that are not already separately reflected in the consolidated statements of operations for the years ended December 31, 2012, 2011, and 2010:

	2012	2011 (in millions)	2010
Sales to affiliated companies and joint ventures	\$ 350	\$ 309	\$ 204
Purchase of materials, production parts, merchandise and services	\$ 1,882	\$ 1,388	\$ 895
Finance and interest income	\$ 26	\$ 31	\$ 44

As of December 31, 2012 and 2011, CNH had trade payables to affiliated companies and joint ventures of \$442 million and \$470 million, respectively.

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CNH GLOBAL N.V.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 22: Supplemental Information

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 the consolidated operations and financial results of CNH. In addition, CNH's principal competitors present supplemental data on a similar basis. Therefore, users of CNH's consolidated financial statements can use the supplemental data to make meaningful comparisons of CNH and its principal competitors. This supplemental information does not purport to represent the operations of each group as if each group were to operate on a standalone basis. For example, Equipment Operations presents the cost of interest free periods for wholesale receivables as Interest Compensation to Financial Services, and not as a reduction of sales in their Statements of Operations. This supplemental data is as follows:

Equipment Operations The financial information captioned Equipment Operations reflects the consolidation of all majority-owned subsidiaries except for CNH's Financial Services business. CNH's Financial Services business has been included using the equity method of accounting whereby the net income and net assets of CNH's Financial Services business are reflected, respectively, in Equity in income of unconsolidated subsidiaries and affiliates Financial Services in the accompanying consolidated statements of operations, and in Investment in Financial Services in the accompanying consolidated balance sheets.

Financial Services The financial information captioned Financial Services reflects the consolidation or combination of CNH's Financial Services business including allocation of assets and liabilities to the business.

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All significant intercompany transactions, including activity within and between Equipment Operations and Financial Services, have been eliminated in deriving the consolidated financial statements and data. Intersegment notes receivable, intersegment long-term notes receivable, intersegment short-term debt and intersegment long-term debt represent intersegment financing between Equipment Operations and Financial Services. Accounts and notes receivable, net and accounts payable include operational intersegment amounts between Equipment Operations and Financial Services. Equipment Operations sells a significant portion of its receivables to Financial Services. These intercompany cash flows are eliminated in the consolidated cash flows.

	Statements of Operations					
	Equipment Operations			Financial Services		
	2012	2011	2010	2012	2011	2010
	(in millions, except per share data)					
Revenues:						
Net sales	\$ 19,427	\$ 18,059	\$ 14,474	\$	\$	\$
Finance and interest income	148	172	154	1,307	1,387	1,395
	19,575	18,231	14,628	1,307	1,387	1,395
Costs and Expenses:						
Cost of goods sold	15,566	14,626	11,891			
Selling, general and administrative	1,535	1,442	1,243	275	401	455
Research, development and engineering	652	526	451			
Restructuring	2		16			
Interest expense Fiat Industrial subsidiaries	8	7		14	27	
Interest expense Fiat S.p.A. subsidiaries			43			69
Interest expense other	322	379	352	468	520	543
Interest compensation to Financial Services	298	286	238			
Other, net	172	140	191	118	113	115
	18,555	17,406	14,425	875	1,061	1,182
Income before income taxes and equity in income of unconsolidated subsidiaries and affiliates	1,020	825	203	432	326	213
Income tax provision	279	230	12	144	113	65
Equity in income of unconsolidated subsidiaries and affiliates:						
Financial Services	301	225	159	13	12	11
Equipment Operations	91	104	88			
Net income	1,133	924	438	301	225	159
Net loss attributable to noncontrolling interests	(9)	(15)	(14)			
Net income attributable to CNH Global N.V.	\$ 1,142	\$ 939	\$ 452	\$ 301	\$ 225	\$ 159

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	Balance Sheets			
	Equipment Operations	2011	Financial Services	2011
	2012		2012	2011
	(in millions, except share data)			
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 827	\$ 1,251	\$ 1,181	\$ 804
Restricted cash			885	941
Deposits in Fiat Industrial subsidiaries cash management pools	4,005	3,980	227	136
Accounts and notes receivable, net	806	880	9,176	8,406
Intersegment notes receivable	1,922	1,394		95
Inventories, net	3,734	3,662		
Deferred income taxes	507	429	152	216
Prepayments and other	541	933	19	80
Total current assets	12,342	12,529	11,640	10,678
Long-term receivables	18	14	6,636	5,666
Intersegment long-term notes receivable	554	599	554	598
Property, plant and equipment, net	2,218	1,934	2	2
Investments in unconsolidated subsidiaries and affiliates	244	423	101	83
Investment in Financial Services	2,318	2,045		
Equipment on operating leases, net		7	767	659
Goodwill	2,263	2,261	153	152
Other intangible assets, net	646	665	7	6
Other assets	642	703	137	275
Total	\$ 21,245	\$ 21,180	\$ 19,997	\$ 18,119
LIABILITIES AND EQUITY				
Current Liabilities:				
Current maturities of long-term debt Fiat Industrial subsidiaries	\$	\$ 65	\$ 22	\$ 156
Current maturities of long-term debt other	1,275	617	2,835	3,574
Short-term debt Fiat Industrial subsidiaries	102	80	211	245
Short-term debt other	259	64	3,225	3,683
Intersegment short-term debt and current maturities of intersegment long-term debt		95	1,922	1,394
Accounts payable	2,932	3,219	351	199
Accrued liabilities	3,384	3,564	351	368
Total current liabilities	7,952	7,704	8,917	9,619
Long-term debt Fiat Industrial subsidiaries	19		3	93
Long-term debt other	2,079	2,974	8,033	5,559
Intersegment long-term debt	554	598	554	599
Pension, postretirement and other postemployment benefits	1,813	1,699	13	14
Other liabilities	188	277	158	189
Redeemable Noncontrolling Interest	7	5		
Equity:				
Preference shares, \$1.00 par value; authorized and issued 74,800,000 shares in 2012 and 2011			36	35
Common shares, 2.25 par value; authorized 188,133,963 shares in 2012 and 400,000,000 shares in 2011, issued 30,624,076 shares in 2012 and 239,871,221 shares in 2011	77	603	156	156

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Common shares B, 2.25 par value; authorized and issued 211,866,037 shares in 2012	533			
Paid-in capital	6,420	6,299	1,483	1,415
Treasury stock, 154,813 shares in 2012 and 2011, at cost	(8)	(8)		
Retained earnings	315	1,597	525	291
Special reserve for common shares B	2,119			
Accumulated other comprehensive income (loss)	(884)	(630)	118	148
Noncontrolling interests	61	62	1	1
Total equity	8,633	7,923	2,319	2,046
Total	\$ 21,245	\$ 21,180	\$ 19,997	\$ 18,119

The supplemental Equipment Operations data in these statements include Financial Services on the equity basis.

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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Statements of Cash Flows					
	Equipment Operations			Financial Services		
	2012	2011	2010	2012	2011	2010
	(in millions)					
Operating activities:						
Net income	\$ 1,133	\$ 924	\$ 438	\$ 301	\$ 225	\$ 159
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation and amortization	331	311	291	126	115	124
Deferred income tax expense (benefit)	(78)	95	(34)	13	31	6
Loss on debt extinguishment			22			
Loss (gain) on sale (acquisition) of unconsolidated joint venture	35	(34)				
Stock compensation expense	59	62	34	4		
Undistributed (income) losses of unconsolidated subsidiaries	(254)	(193)	164	(6)	(4)	(5)
Changes in operating assets and liabilities:						
(Increase) decrease in intersegment receivables and payables	(16)	58	37	16	(58)	(37)
(Increase) decrease in accounts and notes receivable, net	103	9	(84)	(549)	(340)	(203)
(Increase) decrease in inventories, net	(140)	(849)	323			
(Increase) decrease in prepayments and other current assets	(133)	(307)	(201)	62	109	(154)
(Increase) decrease in other assets	72	(26)	(41)	77	(69)	62
Increase (decrease) in accounts payable	(277)	594	506	130	37	(20)
Increase (decrease) in accrued liabilities	265	590	544	56	(69)	103
Increase (decrease) in other liabilities	(83)	(56)	(154)	17	(19)	(53)
Other, net	(38)	(81)	(34)	31	24	6
Net cash provided (used) by operating activities	979	1,097	1,811	278	(18)	(12)
Investing activities:						
Acquisition of businesses and investments, net of cash acquired	(71)	(64)	(30)			
Additions to retail receivables				(6,361)	(5,582)	(6,662)
Collections of retail receivables				5,092	5,106	6,739
Proceeds from sale of assets	22		13	251	241	270
Proceeds from sale of businesses	61	21	32	2		
Expenditures for property, plant and equipment	(556)	(408)	(301)			
Expenditures for software	(47)	(36)	(27)	(3)	(2)	(2)
Expenditures for equipment on operating leases	(7)	(2)		(469)	(394)	(365)
Increase (decrease) in restricted cash				63	(32)	(219)
(Deposits in) withdrawals from Fiat Industrial subsidiaries cash management pools	32	(2,395)		(89)	(24)	
(Deposits in) withdrawals from Fiat S.p.A. subsidiaries cash management pools			481			(19)
Other				8	21	24
Net cash provided (used) by investing activities	(566)	(2,884)	168	(1,506)	(666)	(234)
Financing activities:						
Intersegment activity	(616)	391	254	616	(391)	(254)
Proceeds from issuance of long-term debt Fiat Industrial subsidiaries	19				3	
Proceeds from issuance of long-term debt Fiat S.p.A. subsidiaries			72			
Proceeds from issuance of long-term debt other	372	502	1,930	5,351	1,975	1,367
Payment of long-term debt Fiat Industrial subsidiaries				(240)	(269)	
Payment of long-term debt Fiat S.p.A. subsidiaries			(931)			(903)
Payment of long-term debt other	(638)	(794)	(690)	(3,556)	(646)	(591)
Net increase (decrease) in short-term revolving credit facilities	223	20	(10)	(520)	277	701
Dividends paid	(261)	(1)		(68)	(85)	(397)
Other, net	84	34	1	36	(32)	20

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Net cash (used) provided by financing activities	(817)	152	626	1,619	832	(57)
Effect of foreign exchange rate changes on cash and cash equivalents	(20)	(48)	39	(14)	(28)	14
Increase (decrease) in cash and cash equivalents	(424)	(1,683)	2,644	377	120	(289)
Cash and cash equivalents, beginning of year	1,251	2,934	290	804	684	973
Cash and cash equivalents, end of year	\$ 827	\$ 1,251	\$ 2,934	\$ 1,181	\$ 804	\$ 684

The supplemental Equipment Operations data in these statements include Financial Services on the equity basis.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Note 23: Supplemental Condensed Consolidating Financial Information

CNH and certain wholly-owned subsidiaries of CNH (the Guarantor Subsidiaries) guarantee the 7.750% Senior Notes and the 7.875% Senior Notes issued by Case New Holland in 2009 and 2010, respectively. As the guarantees are unconditional, irrevocable and joint and several and as the Guarantor Subsidiaries are all wholly-owned by CNH, the Company has included the following condensed consolidating financial information as of December 31, 2012, and 2011 and for the three years ended December 31, 2012. The condensed consolidating financial information reflects investments in consolidated subsidiaries on the equity method of accounting. The goodwill and other intangible assets are allocated to reporting units and are primarily reported by the Guarantor Subsidiaries, except for the portion related to Financial Services which is reported by All Other Subsidiaries. It is not practicable to allocate goodwill and other intangibles to the individual Guarantor Subsidiaries and All Other Subsidiaries.

In an effort to reduce the complexity of the Company s legal structure and as a part of the Company s tax planning strategies, CNH has actively eliminated and transferred legal entities. These transactions between entities under common control are accounted for at historical cost in accordance with existing accounting guidance. As a consequence, any material future transactions related to CNH s legal entity rationalization activities and tax planning strategies may result in a retroactive restatement of the information contained in this note as these transactions are completed.

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

The following condensed financial statements present CNH, Case New Holland, the Guarantor Subsidiaries, and all other subsidiaries as of December 31, 2012, and 2011, and for the years ended December 31, 2012, 2011, and 2010.

	Condensed Statements of Operations For the Year Ended December 31, 2012					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Revenues:						
Net sales	\$	\$	\$ 15,209	\$ 10,022	\$ (5,804)	\$ 19,427
Finance and interest income	62	11	156	1,273	(482)	1,020
	62	11	15,365	11,295	(6,286)	20,447
Cost and Expenses:						
Cost of goods sold			12,543	8,826	(5,803)	15,566
Selling, general and administrative	10	1	752	1,047		1,810
Research, development and engineering			425	227		652
Restructuring				2		2
Interest	3	280	116	561	(285)	675
Interest compensation to Financial Services			198		(198)	
Other, net	35		235	20		290
	48	281	14,269	10,683	(6,286)	18,995
Income (loss) before income taxes and equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	14	(270)	1,096	612		1,452
Income tax provision (benefit)	35	(101)	281	208		423
Equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	1,163	682	453	256	(2,450)	104
Net income (loss)	1,142	513	1,268	660	(2,450)	1,133
Net loss attributable to noncontrolling interests				(9)		(9)
Net income (loss) attributable to CNH	\$ 1,142	\$ 513	\$ 1,268	\$ 669	\$ (2,450)	\$ 1,142

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Comprehensive Income For the Year Ended December 31, 2012					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Net income (loss)	\$ 1,142	\$ 513	\$ 1,268	\$ 660	\$ (2,450)	\$ 1,133
Other comprehensive income (loss), net:						
Translation adjustment	(122)		39	(79)	40	(122)
Pension liability	(160)		(129)	(31)	160	(160)
Unrealized loss on available for sale securities	(1)			(1)	1	(1)
Unrealized gain (loss) on derivatives, net of reclassifications	29		45	(16)	(30)	28
Other comprehensive (loss) income	(254)		(45)	(127)	171	(255)
Comprehensive income (loss)	888	513	1,223	533	(2,279)	878
Comprehensive loss attributable to noncontrolling interests				(10)		(10)
Comprehensive income (loss) attributable to CNH	\$ 888	\$ 513	\$ 1,223	\$ 543	\$ (2,279)	\$ 888

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Balance Sheets As of December 31, 2012					Eliminations	Consolidated
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	(in millions)		
Assets:							
Cash and cash equivalents	\$ 105	\$ 200	\$ 32	\$ 1,671	\$	\$	\$ 2,008
Deposits in Fiat subsidiaries cash management pools	69		2,876	1,287			4,232
Accounts, notes receivable and other, net	66	350	713	16,998	(1,959)		16,168
Intercompany notes receivable	1,946	446	4,479	1,947	(8,818)		
Inventories			1,763	1,971			3,734
Property, plant and equipment, net			1,151	1,069			2,220
Equipment on operating leases, net				767			767
Investments in unconsolidated affiliates	209		2	134			345
Investments in consolidated subsidiaries accounted for under the equity method	6,586	5,081	2,546	1,010	(15,223)		
Goodwill and other intangible assets, net	1		2,755	313			3,069
Other assets	32	164	1,364	1,411	(88)		2,883
Total Assets	\$ 9,014	\$ 6,241	\$ 17,681	\$ 28,578	\$ (26,088)		\$ 35,426
Liabilities and Equity:							
Short-term debt	\$ 256	\$	\$ 537	\$ 3,004	\$	\$	\$ 3,797
Intercompany short-term debt	53	605	1,039	1,951	(3,648)		
Accounts payable	2	4	2,491	2,269	(1,945)		2,821
Long-term debt, including current maturities	73	2,574	259	11,360			14,266
Intercompany long-term debt		1,662	1,754	1,755	(5,171)		
Accrued and other liabilities	59	(13)	4,159	1,804	(101)		5,908
	443	4,832	10,239	22,143	(10,865)		26,792
Equity	8,571	1,409	7,442	6,435	(15,223)		8,634
Total Liabilities and Equity	\$ 9,014	\$ 6,241	\$ 17,681	\$ 28,578	\$ (26,088)		\$ 35,426

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Cash Flow For the Year Ended December 31, 2012					Consolidated
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	
	(in millions)					
Operating Activities:						
Net income (loss)	\$ 1,142	\$ 513	\$ 1,268	\$ 660	\$ (2,450)	\$ 1,133
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation and amortization			175	282		457
Intercompany activity	(702)	(562)	536	728		
Changes in operating assets and liabilities	(27)	368	(354)	(387)		(400)
Other, net	(1,048)	(659)	(288)	186	1,804	(5)
Net cash provided (used) by operating activities	(635)	(340)	1,337	1,469	(646)	1,185
Investing activities:						
Expenditures for property, plant and equipment			(252)	(304)		(556)
Expenditures for equipment on operating leases			(7)	(469)		(476)
Net additions from retail receivables and related securitizations				(1,261)		(1,261)
(Deposits in) withdrawals from Fiat Industrial subsidiaries cash management pools	344		266	(667)		(57)
Other, net	(29)		(387)	281	483	348
Net cash (used) provided by investing activities	315		(380)	(2,420)	483	(2,002)
Financing Activities:						
Intercompany activity	239	538	(767)	(10)		
Net (decrease) increase in indebtedness	(227)		6	1,232		1,011
Dividends paid	(259)		(257)	(391)	646	(261)
Other, net	70	2		465	(483)	54
Net cash provided (used) by financing activities	(177)	540	(1,018)	1,296	163	804
Other, net			1	(35)		(34)
Increase (decrease) in cash and cash equivalents	(497)	200	(60)	310		(47)
Cash and cash equivalents, beginning of year	602		92	1,361		2,055

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Cash and cash equivalents, end of year	\$ 105	\$ 200	\$ 32	\$ 1,671	\$ 2,008
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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Operations For the Year Ended December 31, 2011					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Revenues:						
Net sales	\$	\$	\$ 13,625	\$ 9,448	\$ (5,014)	\$ 18,059
Finance and interest income	36	43	114	1,350	(417)	1,126
	36	43	13,739	10,798	(5,431)	19,185
Cost and Expenses:						
Cost of goods sold			11,364	8,276	(5,014)	14,626
Selling, general and administrative	10	2	687	1,144		1,843
Research, development and engineering			334	192		526
Restructuring			(2)	2		
Interest	7	209	141	654	(225)	786
Interest compensation to Financial Services			193		(193)	
Other, net	(12)		185	80		253
	5	211	12,902	10,348	(5,432)	18,034
Income (loss) before income taxes and equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	31	(168)	837	450	1	1,151
Income tax provision (benefit)	11	(67)	195	204		343
Equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	919	621	428	188	(2,040)	116
Net income (loss)	939	520	1,070	434	(2,039)	924
Net loss attributable to noncontrolling interests				(15)		(15)
Net income (loss) attributable to CNH	\$ 939	\$ 520	\$ 1,070	\$ 449	\$ (2,039)	\$ 939

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Comprehensive Income For the Year Ended December 31, 2011					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Net income (loss)	\$ 939	\$ 520	\$ 1,070	\$ 434	\$ (2,039)	\$ 924
Other comprehensive income (loss), net:						
Translation adjustment	(388)		(61)	(357)	416	(390)
Pension liability	(49)		(51)	1	50	(49)
Unrealized loss on available for sale securities	(3)			(3)	3	(3)
Unrealized loss on derivatives, net of reclassifications	(51)		(36)	(15)	51	(51)
Other comprehensive (loss) income	(491)		(148)	(374)	520	(493)
Comprehensive income (loss)	448	520	922	60	(1,519)	431
Comprehensive loss attributable to noncontrolling interests				(17)		(17)
Comprehensive income (loss) attributable to CNH	\$ 448	\$ 520	\$ 922	\$ 77	\$ (1,519)	\$ 448

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Balance Sheets As of December 31, 2011					Consolidated
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	
	(in millions)					
Assets:						
Cash and cash equivalents	\$ 602	\$	\$ 92	\$ 1,361	\$	\$ 2,055
Deposits in Fiat subsidiaries cash management pools	413		3,115	588		4,116
Accounts, notes receivable and other, net	46	1	819	15,260	(1,635)	14,491
Intercompany notes receivable	1,451	447	2,329	859	(5,086)	
Inventories			1,704	1,958		3,662
Property, plant and equipment, net			1,017	919		1,936
Equipment on operating leases, net			7	659		666
Investments in unconsolidated affiliates	391		3	112		506
Investments in consolidated subsidiaries accounted for under the equity method	5,533	4,248	1,984	1,134	(12,899)	
Goodwill and other intangible assets, net	1		2,778	305		3,084
Other assets	26	577	1,274	1,728	(28)	3,577
Total Assets	\$ 8,463	\$ 5,273	\$ 15,122	\$ 24,883	\$ (19,648)	\$ 34,093
Liabilities and Equity:						
Short-term debt	\$ 256	\$	\$ 537	\$ 3,279	\$	\$ 4,072
Intercompany short-term debt		173	774	1,282	(2,229)	
Accounts payable		122	2,124	2,281	(1,575)	2,952
Long-term debt, including current maturities	300	2,548	261	9,929		13,038
Intercompany long-term debt		1,653	598	606	(2,857)	
Accrued and other liabilities	47	32	4,391	1,726	(89)	6,107
	603	4,528	8,685	19,103	(6,750)	26,169
Equity	7,860	745	6,437	5,780	(12,898)	7,924
Total Liabilities and Equity	\$ 8,463	\$ 5,273	\$ 15,122	\$ 24,883	\$ (19,648)	\$ 34,093

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Cash Flow For the Year Ended December 31, 2011					Consolidated
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	
	(in millions)					
Operating Activities:						
Net income (loss)	\$ 939	\$ 520	\$ 1,070	\$ 434	\$ (2,039)	\$ 924
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation and amortization			175	251		426
Intercompany activity	(26)	59	93	(126)		
Changes in operating assets and liabilities	(18)	(312)	219	(285)		(396)
Other, net	(19)	(619)	315	(78)	441	40
Net cash provided (used) by operating activities	876	(352)	1,872	196	(1,598)	994
Investing activities:						
Expenditures for property, plant and equipment			(192)	(216)		(408)
Expenditures for equipment on operating leases			(2)	(394)		(396)
Net (additions) collections from retail receivables and related securitizations				(455)		(455)
(Deposits in) withdrawals from Fiat Industrial subsidiaries cash management pools	(393)		(1,832)	(194)		(2,419)
Other, net	(1,630)		(454)	(562)	2,774	128
Net cash (used) provided by investing activities	(2,023)		(2,480)	(1,821)	2,774	(3,550)
Financing Activities:						
Intercompany activity	715	186	3	(904)		
Net (decrease) increase in indebtedness	(101)	73	(2)	1,098		1,068
Dividends paid		(799)	(354)	(445)	1,598	
Other, net	34		897	1,844	(2,774)	1
Net cash provided (used) by financing activities	648	(540)	544	1,593	(1,176)	1,069
Other, net				(76)		(76)
Increase (decrease) in cash and cash equivalents	(499)	(892)	(64)	(108)		(1,563)
	1,101	892	156	1,469		3,618

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Cash and cash equivalents, beginning
of year

Cash and cash equivalents, end of year	\$	602	\$		\$	92	\$	1,361	\$		\$	2,055
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Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Operations For the Year Ended December 31, 2010					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Revenues:						
Net sales	\$	\$	\$ 10,474	\$ 7,471	\$ (3,471)	\$ 14,474
Finance and interest income	62	100	163	1,340	(531)	1,134
	62	100	10,637	8,811	(4,002)	15,608
Cost and Expenses:						
Cost of goods sold			8,772	6,590	(3,471)	11,891
Selling, general and administrative	3		635	1,060		1,698
Research, development and engineering			287	164		451
Restructuring			5	11		16
Interest	68	219	196	708	(361)	830
Interest compensation to Financial Services			170		(170)	
Other, net	123	2	103	78		306
	194	221	10,168	8,611	(4,002)	15,192
Income (loss) before income taxes and equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	(132)	(121)	469	200		416
Income tax provision (benefit)	25	(50)	107	(5)		77
Equity in income (loss) of unconsolidated affiliates and consolidated subsidiaries accounted for under the equity method	609	425	316	91	(1,342)	99
Net income (loss)	452	354	678	296	(1,342)	438
Net loss attributable to noncontrolling interests				(14)		(14)
Net income (loss) attributable to CNH	\$ 452	\$ 354	\$ 678	\$ 310	\$ (1,342)	\$ 452

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Comprehensive Income For the Year Ended December 31, 2010					
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	Consolidated
	(in millions)					
Net income (loss)	\$ 452	\$ 354	\$ 678	\$ 296	\$ (1,342)	\$ 438
Other comprehensive income (loss), net:						
Translation adjustment	149		14	102	(118)	147
Pension liability	7		16	(9)	(7)	7
Unrealized gain on available for sale securities	5			5	(5)	5
Unrealized gain (loss) on derivatives, net of reclassifications	(3)		(11)	8	3	(3)
Other comprehensive income (loss)	158		19	106	(127)	156
Comprehensive income (loss)	610	354	697	402	(1,469)	594
Comprehensive loss attributable to noncontrolling interests				(16)		(16)
Comprehensive income (loss) attributable to CNH	\$ 610	\$ 354	\$ 697	\$ 418	\$ (1,469)	\$ 610

Table of Contents**CNH GLOBAL N.V.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

	Condensed Statements of Cash Flow For the Year Ended December 31, 2010					Consolidated
	CNH Global N.V.	Case New Holland Inc.	Guarantor Subsidiaries	All Other Subsidiaries	Eliminations	
	(in millions)					
Operating Activities:						
Net income (loss)	\$ 452	\$ 354	\$ 678	\$ 296	\$ (1,342)	\$ 438
Adjustments to reconcile net income to net cash provided (used) by operating activities:						
Depreciation and amortization			173	242		415
Intercompany activity	35	83	(36)	(82)		
Changes in operating assets and liabilities	33	(98)	569	152		656
Other, net	(502)	(639)	(121)	(187)	1,342	(107)
Net cash provided (used) by operating activities	18	(300)	1,263	421		1,402
Investing activities:						
Expenditures for property, plant and equipment			(175)	(126)		(301)
Expenditures for equipment on operating leases				(365)		(365)
Net (additions) collections from retail receivables and related securitizations				101		101
Other, net	(10)		1	66		57
(Deposits in) withdrawals from Fiat subsidiaries cash management pools	(20)		434	48		462
Net cash provided (used) by investing activities	(30)		260	(276)		(46)
Financing Activities:						
Intercompany activity	(954)	2,905	(1,667)	(284)		
Net increase (decrease) in indebtedness	(28)	167	(47)	853		945
Dividends paid						
Other, net	2,095	(1,880)	294	(508)		1
Net cash provided (used) by financing activities	1,113	1,192	(1,420)	61		946
Other, net			16	37		53
Increase (decrease) in cash and cash equivalents	1,101	892	119	243		2,355
Cash and cash equivalents, beginning of year			37	1,226		1,263

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Cash and cash equivalents, end of year	\$ 1,101	\$ 892	\$ 156	\$ 1,469	\$ 3,618
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SIGNATURE

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and has duly caused and authorized the undersigned to sign this annual report on its behalf.

CNH GLOBAL N.V.

(Registrant)

/s/ PABLO DI SI
Pablo Di Si
Chief Financial Officer

Dated: February 28, 2013

Table of Contents**INDEX TO EXHIBITS**

Exhibit	Description
1.1	Amended Articles of Association of CNH Global N.V., amended on April 13, 2006. (Previously filed as Exhibit 1.1 to the annual report on Form 20-F of the registrant for the year ended December 31, 2006 (File No. 333-05752) and incorporated herein by reference).
1.1.2	Amended Articles of Association of CNH Global N.V., amended on December 18, 2012.
1.2	Regulations of the Board of Directors of CNH Global N.V. dated December 8, 1999 (Previously filed as Exhibit 1.2 to the annual report on Form 20-F of the registrant for the year ended December 31, 1999 (File No. 001-14528) and incorporated herein by reference).
2.1	Registration Rights Agreement entered into among CNH Global N.V., Fiat S.p.A. and Sicind S.p.A. dated April 8, 2003 (Previously filed as Exhibit 2.1 to the annual report on Form 20-F of the registrant for the year ended December 31, 2002 (File No. 333-05752) and incorporated herein by reference).
2.2	Indenture, dated as of August 17, 2009 between Case New Holland Inc. as issuer, the Guarantors named therein and The Bank of New York Mellon Trust Company, N.A., as trustee, regarding 7 3/4% Senior Notes due 2013 (Previously filed as Exhibit 1 to Form 6-K of the registrant on August 25, 2009 (File No. 333-05752) and incorporated herein by reference).
2.3	Indenture, dated as of June 28, 2010, by and among Case New Holland Inc., as issuer, the Guarantors named therein and Wells Fargo Bank, N.A., as trustee, regarding 7 7/8% Senior Notes due 2017 (Previously filed as Exhibit 4.1 to the Registration Statement on Form F-4 of the registrant (File No. 333-173332) and incorporated herein by reference).
	There have not been filed as exhibits to this Form 20-F certain long-term debt instruments, none of which relates to indebtedness that exceeds 10% of the consolidated assets of CNH Global N.V. CNH Global N.V. agrees to furnish the Securities and Exchange Commission, upon its request, a copy of any instrument defining the rights of holders of long-term debt of CNH Global N.V. and its consolidated subsidiaries.
4.1	CNH Global N.V. Outside Directors Compensation Plan as amended, restated and effective July 22, 2008 (Previously filed as Exhibit 4.1.4 to the annual report on Form 20-F of the registrant for the year ended December 31, 2008 (File No. 333-05752) and herein incorporated by reference).
4.1.2	CNH Global N.V. Directors Compensation Plan as amended, restated and ratified as of January 26, 2011 (Previously filed as Exhibit 4.1.2 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2	Equity Incentive Plan of CNH Global N.V. as amended and restated on July 23, 2001 (Previously filed as Exhibit 10.1 to the Registration Statement on Form F-3 of the registrant (File No. 333-84954) and incorporated herein by reference).
4.2.1	Equity Incentive Plan of CNH Global N.V. as last amended on October 19, 2007. (Previously filed as Exhibit 4.2.7 to the annual report on Form 20-F of the registrant for the year ended December 31, 2007 (File No. 333-05752) and incorporated herein by reference).
4.2.2	CNH Global N.V. Equity Incentive Plan as Adopted on December 22, 2008 and amended and restated effective January 1, 2005 (Previously filed as Exhibit 4.2.8 to the annual report on Form 20-F of the registrant for the year ended December 31, 2008 (File No. 333-05752) and herein incorporated by reference).
4.2.3	2008 Performance & Leadership Bonus (PLB) Plan (Previously filed as Exhibit 4.2.9 to the annual report on Form 20-F of the registrant for the year ended December 31, 2008 (File No. 333-05752) and herein incorporated by reference).

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Exhibit	Description
4.2.4	Non-Qualified Performance Stock Option Award Agreement, effective as of February 16, 2007 (Previously filed as Exhibit 4.2.4 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2.5	Non-Qualified Performance Stock Option Award Agreement, effective as of April 30, 2010 (Previously filed as Exhibit 4.2.5 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2.6	2010 Performance Share Unit Award Agreement, effective as of September 30, 2010. (Previously filed as Exhibit 4.2.6 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2.7	2010 Restricted Stock Unit Award Agreement, effective as of September 30, 2010. (Previously filed as Exhibit 4.2.7 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2.8	CNH Global N.V. Equity Incentive Plan as Adopted on December 22, 2008 and ratified and approved on March 20, 2009. (Previously filed as Exhibit 4.2.8 to the annual report on Form 20-F of the registrant for the year ended December 31, 2010 (File No. 333-05752) and herein incorporated by reference).
4.2.9	CNH Global N.V. Equity Incentive Plan as Adopted on October 27, 2011 (Previously filed as Exhibit 4.3 to the registration statement on Form S-8 of the registrant (File No. 333-177642) and incorporated herein by reference).
4.3	Form of Top Hat Plan Letter. (Previously filed as Exhibit 4.3 to the annual report on Form 20-F of the registrant for the year ended December 31, 2004 (File No. 333-05752) and incorporated herein by reference).
4.4	Case New Holland Inc. Deferred Compensation Plan. (Previously filed as Exhibit 4.4 to the annual report on Form 20-F of the registrant for the year ended December 31, 2004 (File No. 333-05752) and incorporated herein by reference).
4.4.1	Case New Holland, Inc. 2005 Deferred Compensation Plan effective January 1, 2005 and restated January 1, 2008 (Previously filed as Exhibit 4.4.1 to the annual report on Form 20-F of the registrant for the year ended December 31, 2008 (File No. 333-05752) and herein incorporated by reference).
4.5	Merger Agreement, dated as of November 25, 2012, by and among Fiat Industrial S.p.A., Fiat Netherlands Holding N.V., CNH Global N.V. and FI CBM Holdings N.V. (Previously filed as Exhibit 99.3 to Form 6-K of the registrant on November 26, 2012 (File No. 333-05752) and herein incorporated by reference.)
8.1	List of subsidiaries of registrant.
12.1	Certification Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
12.2	Certification Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
13	Certification required by Rule 13(a)-14(b) or Rule 15(d)-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350).
15.1	Consent of Ernst & Young LLP.
15.2	Consent of Deloitte & Touche LLP.

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Exhibit	Description
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

** XBRL information is furnished, not filed.