# News Release

*For Immediate Release*

## CNH Reports Second Quarter Profit

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- Consolidated net revenues were $2.7 billion, compared to $2.9 billion in the second quarter of 2000; adjusted for divestitures and currency impact, revenues were essentially unchanged.
- Industrial operating margin increased from $137 million to $154 million for the quarter.
- Year-over-year merger-related profit improvements of $66 million were achieved in the second quarter; $126 million in the first six months of 2001.
- Second quarter earnings per share, before restructuring, were $.05, compared to a loss of $.20 per share last year.

Lake Forest, IL (July 24, 2001) – CNH Global N.V. (NYSE:CNH) today reported second quarter consolidated net revenues of $2.689 billion compared to revenues of $2.894 billion last year. When adjusted for the impact of divestitures and adverse foreign exchange rates, net revenues were essentially unchanged, as higher sales of agricultural equipment offset lower sales of construction equipment. The company's second quarter industrial operating margin rose to $154 million from $137 million for the same period in 2000.

On a net basis, CNH reported a second quarter profit of $6 million, compared to a loss of $31 million, for the second quarter last year. Earnings per share for the quarter, before restructuring, were $.05 per share, compared to a loss of $.20 per share in 2000, in line with expectations. Earnings per share, after restructuring, were $.02 for the quarter. Per share results for the 2000 period are based on a lower number of shares (see Notes to the Interim Statements).

For the first six months of 2001, consolidated net revenues totaled $5.143 billion compared to revenues of $5.502 billion last year. During the first half of 2001 the adverse impact of foreign exchange rates on consolidated net revenues totaled approximately $220 million; divestitures accounted for a further negative impact of about $210 million. The company's industrial operating margin for the first six months was $245 million, compared to $168 million for the same period in 2000.

"In spite of the significant decline in the construction equipment industry, we have achieved our objectives for the second quarter," said Paolo Monferino, CNH president and chief executive officer. "Our sales of agricultural equipment have improved substantially, particularly in North America where we have posted significant share gains both in tractors and combine harvesters.

"Our restructuring is proceeding according to plan and we have achieved our synergy targets for the quarter. We have reduced our Equipment Operations SG&A expenses as a percent of net revenue, reduced company and dealer inventories, and maintained our gross margin in the face of an unfavorable product mix. We are confident we will achieve our full year objective of merger related profit improvements of $300 million."

Restructuring Actions and Synergies. During the second quarter, the company achieved merger-related profit improvements of approximately $66 million partly due to the company's initial successes in marketing its extensive product offering through its multiple distribution channels. In addition, cost savings were achieved through manufacturing efficiencies as well as reductions in material costs and SG&A expenses. As previously reported, the company has completed the sale of its Carr Hill facility in the United Kingdom. Merger-related profit improvements achieved during the first half of 2001 totaled $126 million.

On June 30, 2001, the company's employment level was approximately 28,800, down 900, or 3%, from 29,700 on March 31, 2001. The decrease includes over 200 personnel employed in the divested Carr Hill facility. Total employment has now been reduced by approximately 7,200 personnel, or 20%, since the merger.

Equipment Operations. Second quarter net sales from Equipment Operations were $2.497 billion, compared to $2.723 billion for the same period in 2000. Significant revenue growth came from sales of agricultural equipment in North America as the company recorded market share gains in an up market.

In Europe, the company held production and wholesale levels significantly below retail sales levels in order to reduce dealer inventory. Worldwide revenue from sales of agricultural equipment were up 5%, net of currency impact and divestitures.

Revenues from the sale of higher margin heavy and light construction equipment were down 10% worldwide, net of adverse currency impact and divestitures. Unit sales of all CNH construction equipment were down slightly more than the industry. In sales of heavy equipment, the CNH brands significantly outperformed the industry in both Europe and Latin America but slightly underperformed the industry in the United States. In light equipment, the company's worldwide market share was essentially unchanged, as significant share gains in skid steer loaders and other light equipment lines offset lower sales of backhoe loaders.

Equipment Operations' gross margin as a percent of net sales of equipment improved to 18.8% in the second quarter of 2001, compared to 18.5% for the same period last year. Manufacturing efficiencies and other merger related cost savings more than compensated for the adverse impact resulting from the decline in construction equipment sales, an overall unfavorable product mix in agricultural equipment, and an unfavorable currency impact.

Compared to the same period last year, SG&A expenses decreased in the quarter, both in absolute terms and as a percent of net sales of equipment, reflecting the company's ongoing actions to achieve synergy targets and a favorable currency impact.

The second quarter industrial operating margin was $154 million, compared to $137 million in the same quarter last year.

Year-to-date net sales from Equipment Operations totaled $4.783 billion, compared to $5.146 billion for the first six months of 2000. The company's industrial operating margin totaled $245 million for the same period, up from $168 million in 2000.

Financial Services. CNH Capital, the financial services unit of CNH Global, reported a net income of $16 million for the second quarter of 2001 compared to a net income of $13 million for the same period last year. Second quarter net income benefited from CNH Capital's successful completion of ABS transactions totaling $713 million, partially offset by higher loan loss provisions and lower volumes resulting from the company's decision to exit non-core businesses. CNH Capital's managed portfolio at the end of the second quarter was $11.6 billion, essentially unchanged from March 31, 2001 levels.

Balance Sheet and Cash Flow. Pre-tax operating cash flow (defined as industrial operating margin plus depreciation, less capital expenditures and financial expense) generated by the core business was approximately $63 million positive for the first half of 2001, $77 million better than in the comparable period last year.

Company inventories were reduced during the quarter, both with respect to the prior quarter and year-over-year; June 30, 2001 inventory levels were approximately $150 million lower than June 30, 2000 levels.

Total debt is slightly higher ($258 million) than December 31, 2000, due to the normal seasonal increase in working capital. The increase in long term debt in the quarter resulted from the refinancing of current maturities through utilization of short time credit lines and a new medium term note with Fiat S.p.A. In addition, the company launched a new asset-backed commercial paper conduit in Australia. On June 30, 2001, CNH had remaining credit lines available in the amount of $3.5 billion.

Market Outlook for Agricultural Equipment. Through the first half of the year, the industry in the Americas has continued to perform better than last year and somewhat better than expected, with the strongest results in the United States and Brazil. As a result, the company now expects the industry will be up by as much as 5% in the Americas for the full year. In Europe, the market has performed as expected and the forecast for the full year is unchanged: down by 8%. Foot and mouth disease in Western Europe appears to have nearly run its course, but the possible impact of BSE remains unclear.

Market Outlook for Construction Equipment. In the second quarter, industry sales of construction equipment were down significantly in North America while Europe and Asia weakened slightly, and growth in Latin America slowed somewhat. Although further deterioration is not expected, neither is any significant recovery anticipated in 2001. Consequently, the company now expects that the segments of the construction equipment industry served by CNH will end the year down as much as 10% from 2000 levels, on a global basis.

CNH Outlook for 2001. The success of the company's overall integration process is evident in the steady growth of merger related profit improvements ($300 million expected for the full year) and the consistent improvement in the gross margin as well as the significant share gains and reductions in dealer and company inventory reported this quarter. Based on the success of the company's first actions to improve its supply chain management process, CNH expects to under produce retail sales levels through the balance of the year, while delivering improved levels of service to the market with lower inventory levels. As a result, the company's operating margin for the full year is expected to be in the range of $350 to $400 million, depending on the extent of the impact of weaker than expected foreign exchange rates and market conditions for construction equipment in North America. The year-over-year reduction in net loss is expected to be $50 to $100 million.

CNH management will hold a conference call later today to review its second quarter 2001 results. The conference call webcast will begin at approximately 10:00 am U.S. EDT. This call is being webcast by CCBN and can be accessed through the investor information section of the company's web site at www.cnh.com.

CNH is the number one manufacturer of agricultural tractors and combines in the world, the third largest maker of construction equipment, and has one of the industry's largest equipment finance operations. Revenues in 2000 were over $10 billion. Based in the United States, CNH's network of dealers and distributors operates in over 160 countries. CNH agricultural products are sold under the Case IH, New Holland and Steyr brands. CNH construction equipment is sold under the Case, Fiatallis, Fiat-Hitachi, Link-Belt, New Holland, and O&K brands.

Forward Looking Statements. The information included in this news release contains forward-looking statements and involves risk and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. CNH's outlook is predominantly based on its interpretation of what it considers key economic assumptions. Crop production and commodity prices are strongly affected by weather conditions, energy prices, real estate values, animal diseases, crop pests, harvest yields, government farm programs and consumer confidence and can fluctuate significantly. Housing starts and other construction activity are sensitive to interest rates and government spending. The spread of foot-and-mouth disease and other animal diseases within and outside of Europe also could adversely affect livestock and feed prices and overall levels of farmer's confidence. Concerns pertaining to genetically modified organisms and China's delayed entry into the World Trade Organization also may affect farm exports. In addition, higher fuel and fertilizer costs could have a negative impact on farm income. Some of the other significant factors for CNH include general economic and capital market conditions, the cyclical nature of its business, foreign currency movements, hedging practices, CNH's and its customers' access to credit, political uncertainty and civil unrest 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 government subsidies and international trade regulations), technological difficulties, changes in environmental laws, and employee and labor relations. Additionally, CNH's achievement of the anticipated benefits of the merger of New Holland and Case, including the realization of expected annual operating synergies, depends upon, among other things, its ability to integrate effectively the operations and employees of New Holland and Case, and to execute its multi-branding strategy. The timing and costs for implementing CNH's merger integration initiatives is subject to the outcome of negotiations with numerous third parties, including purchasers of product lines required to be divested, labor unions, dealers and others. Further information concerning factors that could significantly impact expected results is included in the following sections of CNH's Form 20-F for 2000, as filed with the Securities and Exchange Commission: Key Information; Information on the Company; Operating and Financial Review and Prospects; Directors, Senior Management and Employees; and Financial Information.

# # #

(tables to follow)

**CNH Global N.V.**
**Revenues and Net Sales**
**(Unaudited - Dollars in Millions)**

| | Three Months Ended June 30, | | |
|---|---|---|---|
| | **2001** | **2000** | **% Change** |
| Revenues: | | | |
| Net sales | | | |
| Agricultural equipment | $ 1,649 | $ 1,717 | (4%) |
| Construction equipment | 848 | 1,006 | (16%) |
| Total net sales | 2,497 | 2,723 | (8%) |
| Financial services | 212 | 204 | 4% |
| Eliminations and other | (20) | (33) | |
| Total revenues | $ 2,689 | $ 2,894 | (7%) |
| Net sales: | | | |
| North America | $ 1,302 | $ 1,219 | 7% |
| Western Europe | 758 | 1,026 | (26%) |
| Latin America | 145 | 151 | (4%) |
| Rest of World | 292 | 327 | (11%) |
| Total net sales | $ 2,497 | $ 2,723 | (8%) |

| | Six Months Ended June 30, | | |
|---|---|---|---|
| | **2001** | **2000** | **% Change** |
| Revenues: | | | |
| Net sales | | | |
| Agricultural equipment | $ 3,167 | $ 3,193 | (1%) |
| Construction equipment | 1,616 | 1,953 | (17%) |
| Total net sales | 4,783 | 5,146 | (7%) |
| Financial services | 394 | 390 | 1% |
| Eliminations and other | (34) | (34) | |
| Total revenues | $ 5,143 | $ 5,502 | (7%) |
| Net sales: | | | |
| North America | $ 2,352 | $ 2,344 | 0% |
| Western Europe | 1,655 | 1,954 | (15%) |
| Latin America | 292 | 300 | (3%) |
| Rest of World | 484 | 548 | (12%) |
| Total net sales | $ 4,783 | $ 5,146 | (7%) |

**CNH GLOBAL N.V.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Millions, except per share data)**
**(Unaudited)**

| | CONSOLIDATED Three Months Ended June 30, 2001 | 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ 2,497 | $ 2,723 |
| Finance and interest income | 192 | 171 |
| Total | 2,689 | 2,894 |
| Costs and Expenses | | |
| Cost of goods sold | 2,027 | 2,219 |
| Selling, general and administrative | 310 | 343 |
| Research and development | 74 | 87 |
| Restructuring and other merger related costs | 10 | 1 |
| Interest expense | 199 | 213 |
| Other, net | 51 | 36 |
| Total | 2,671 | 2,899 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 2 | 2 |
| Equipment Operations | 3 | 2 |
| Income (loss) before taxes and minority interest | 23 | (1) |
| Income tax provision (benefit) | 14 | 27 |
| Minority interest | 3 | 3 |
| Net income (loss) | $ 6 | $ (31) |

| | EQUIPMENT OPERATIONS Three Months Ended June 30, 2001 | 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ 2,497 | $ 2,723 |
| Finance and interest income | 37 | 14 |
| Total | 2,534 | 2,737 |
| Costs and Expenses | | |
| Cost of goods sold | 2,027 | 2,219 |
| Selling, general and administrative | 242 | 280 |
| Research and development | 74 | 87 |
| Restructuring and other merger related costs | 10 | 1 |
| Interest expense | 163 | 155 |
| Other, net | 25 | 19 |
| Total | 2,541 | 2,761 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 16 | 13 |
| Equipment Operations | 3 | 2 |
| Income (loss) before taxes and minority interest | 12 | (9) |
| Income tax provision (benefit) | 3 | 19 |
| Minority interest | 3 | 3 |
| Net income (loss) | $ 6 | $ (31) |

| | FINANCIAL SERVICES Three Months Ended June 30, 2001 | 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ - | $ - |
| Finance and interest income | 212 | 204 |
| Total | 212 | 204 |
| Costs and Expenses | | |
| Cost of goods sold | - | - |
| Selling, general and administrative | 72 | 65 |
| Research and development | - | - |
| Restructuring and other merger related costs | - | - |
| Interest expense | 89 | 103 |
| Other, net | 26 | 17 |
| Total | 187 | 185 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 2 | 2 |
| Equipment Operations | - | - |
| Income (loss) before taxes and minority interest | 27 | 21 |
| Income tax provision (benefit) | 11 | 8 |
| Minority interest | - | - |
| Net income (loss) | $ 16 | $ 13 |
| Basic and diluted earnings (loss) per share (EPS): | | |
| EPS before goodwill and restructuring | $0.13 | ($0.08) |
| EPS before restructuring | $0.05 | ($0.20) |
| EPS | $0.02 | ($0.21) |

See Notes to Interim Financial Statements.

**CNH GLOBAL N.V.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**(Millions, except per share data)**
**(Unaudited)**

| | CONSOLIDATED Six Months Ended June 30, 2001 | CONSOLIDATED Six Months Ended June 30, 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ 4,783 | $ 5,146 |
| Finance and interest income | 360 | 356 |
| Total | 5,143 | 5,502 |
| Costs and Expenses | | |
| Cost of goods sold | 3,921 | 4,262 |
| Selling, general and administrative | 613 | 649 |
| Research and development | 147 | 176 |
| Restructuring and other merger related costs | 14 | 9 |
| Interest expense | 383 | 419 |
| Other, net | 121 | 85 |
| Total | 5,199 | 5,600 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 3 | 2 |
| Equipment Operations | (17) | 2 |
| Income (loss) before taxes and minority interest | (70) | (94) |
| Income tax provision (benefit) | (9) | (8) |
| Minority interest | 3 | 4 |
| Net income (loss) | $ (64) | $ (90) |

| | EQUIPMENT OPERATIONS Six Months Ended June 30, 2001 | EQUIPMENT OPERATIONS Six Months Ended June 30, 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ 4,783 | $ 5,146 |
| Finance and interest income | 70 | 42 |
| Total | 4,853 | 5,188 |
| Costs and Expenses | | |
| Cost of goods sold | 3,921 | 4,262 |
| Selling, general and administrative | 470 | 540 |
| Research and development | 147 | 176 |
| Restructuring and other merger related costs | 14 | 9 |
| Interest expense | 303 | 293 |
| Other, net | 73 | 47 |
| Total | 4,928 | 5,327 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 13 | 27 |
| Equipment Operations | (17) | 2 |
| Income (loss) before taxes and minority interest | (79) | (110) |
| Income tax provision (benefit) | (18) | (24) |
| Minority interest | 3 | 4 |
| Net income (loss) | $ (64) | $ (90) |

| | FINANCIAL SERVICES Six Months Ended June 30, 2001 | FINANCIAL SERVICES Six Months Ended June 30, 2000 |
|---|---|---|
| Revenues | | |
| Net sales | $ - | $ - |
| Finance and interest income | 394 | 390 |
| Total | 394 | 390 |
| Costs and Expenses | | |
| Cost of goods sold | - | - |
| Selling, general and administrative | 146 | 111 |
| Research and development | - | - |
| Restructuring and other merger related costs | - | - |
| Interest expense | 181 | 200 |
| Other, net | 48 | 38 |
| Total | 375 | 349 |
| Equity in income (loss) of unconsolidated subsidiaries and affiliates: | | |
| Financial Services | 3 | 2 |
| Equipment Operations | - | - |
| Income (loss) before taxes and minority interest | 22 | 43 |
| Income tax provision (benefit) | 9 | 16 |
| Minority interest | - | - |
| Net income (loss) | $ 13 | $ 27 |
| Basic and diluted earnings (loss) per share (EPS): | | |
| EPS before goodwill and restructuring | ($0.04) | ($0.33) |
| EPS before restructuring | ($0.19) | ($0.56) |
| EPS | ($0.23) | ($0.60) |

See Notes to Interim Financial Statements.

**CNH GLOBAL N.V.**
**CONDENSED CONSOLIDATED BALANCE SHEETS**
**(Millions)**
**(Unaudited)**

| | CONSOLIDATED | |
|---|---|---|
| | June 30, 2001 | December 31, 2000 |
| Assets | | |
| Cash and cash equivalents | $ 372 | $ 886 |
| Accounts, notes receivable and other - net | 6,886 | 6,150 |
| Inventories | 2,295 | 2,374 |
| Property, plant and equipment - net | 1,343 | 1,474 |
| Equipment on operating leases - net | 697 | 643 |
| Investment in Financial Services | - | - |
| Investments in unconsolidated affiliates | 264 | 282 |
| Goodwill and intangibles | 3,733 | 3,817 |
| Other assets | 1,784 | 1,951 |
| Total Assets | $ 17,374 | $ 17,577 |
| Liabilities and Equity | | |
| Short-term debt | $ 4,252 | $ 4,186 |
| Accounts payable | 1,321 | 1,256 |
| Long-term debt | 5,731 | 5,539 |
| Accrued and other liabilities | 3,767 | 4,082 |
| | 15,071 | 15,063 |
| Equity | 2,303 | 2,514 |
| Total Liabilities and Equity | $ 17,374 | $ 17,577 |

| | EQUIPMENT OPERATIONS | |
|---|---|---|
| | June 30, 2001 | December 31, 2000 |
| Assets | | |
| Cash and cash equivalents | $ 254 | $ 593 |
| Accounts, notes receivable and other - net | 3,602 | 2,405 |
| Inventories | 2,295 | 2,374 |
| Property, plant and equipment - net | 1,323 | 1,455 |
| Equipment on operating leases - net | - | - |
| Investment in Financial Services | 1,121 | 1,122 |
| Investments in unconsolidated affiliates | 236 | 258 |
| Goodwill and intangibles | 3,589 | 3,669 |
| Other assets | 1,433 | 1,361 |
| Total Assets | $ 13,853 | $ 13,237 |
| Liabilities and Equity | | |
| Short-term debt | $ 2,814 | $ 2,724 |
| Accounts payable | 1,317 | 1,221 |
| Long-term debt | 3,989 | 3,066 |
| Accrued and other liabilities | 3,430 | 3,712 |
| | 11,550 | 10,723 |
| Equity | 2,303 | 2,514 |
| Total Liabilities and Equity | $ 13,853 | $ 13,237 |

| | FINANCIAL SERVICES | |
|---|---|---|
| | June 30, 2001 | December 31, 2000 |
| Assets | | |
| Cash and cash equivalents | $ 118 | $ 293 |
| Accounts, notes receivable and other - net | 5,733 | 4,622 |
| Inventories | - | - |
| Property, plant and equipment - net | 20 | 19 |
| Equipment on operating leases - net | 697 | 643 |
| Investment in Financial Services | - | - |
| Investments in unconsolidated affiliates | 28 | 24 |
| Goodwill and intangibles | 144 | 148 |
| Other assets | 351 | 651 |
| Total Assets | $ 7,091 | $ 6,400 |
| Liabilities and Equity | | |
| Short-term debt | $ 2,982 | $ 2,233 |
| Accounts payable | 194 | 97 |
| Long-term debt | 2,455 | 2,487 |
| Accrued and other liabilities | 339 | 461 |
| | 5,970 | 5,278 |
| Equity | 1,121 | 1,122 |
| Total Liabilities and Equity | $ 7,091 | $ 6,400 |

See Notes to Interim Financial Statements.

**CNH GLOBAL N.V.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**(Millions)**
**(Unaudited)**

| | CONSOLIDATED Six Months Ended June 30, 2001 | CONSOLIDATED Six Months Ended June 30, 2000 |
|---|---|---|
| Operating Activities: | | |
| Net income (loss) | $ (64) | $ (90) |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 204 | 225 |
| Changes in operating assets and liabilities | (703) | (327) |
| Other, net | (90) | 60 |
| Net cash from operating activities | (653) | (132) |
| Investing Activities: | | |
| Expenditures for property, plant and equipment | (61) | (79) |
| Expenditures for equipment on operating leases | (133) | (84) |
| Other, net (primarily acquisitions and divestitures) | 83 | 70 |
| Net cash from investing activities | (111) | (93) |
| Financing Activities: | | |
| Intercompany activity | - | - |
| Net increase (decrease) in indebtedness | 307 | 371 |
| Dividends paid | (28) | (82) |
| Other, net | - | 1 |
| Net cash from financing activities | 279 | 290 |
| Other, net | (29) | (22) |
| Increase (decrease) in cash and cash equivalents | (514) | 43 |
| Cash and cash equivalents, beginning of period | 886 | 466 |
| Cash and cash equivalents, end of period | $ 372 | $ 509 |

| | EQUIPMENT OPERATIONS Six Months Ended June 30, 2001 | EQUIPMENT OPERATIONS Six Months Ended June 30, 2000 |
|---|---|---|
| Operating Activities: | | |
| Net income (loss) | $ (64) | $ (90) |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 150 | 182 |
| Changes in operating assets and liabilities | (97) | 122 |
| Other, net | (65) | 35 |
| Net cash from operating activities | (76) | 249 |
| Investing Activities: | | |
| Expenditures for property, plant and equipment | (58) | (78) |
| Expenditures for equipment on operating leases | - | - |
| Other, net (primarily acquisitions and divestitures) | 46 | 60 |
| Net cash from investing activities | (12) | (18) |
| Financing Activities: | | |
| Intercompany activity | (788) | 62 |
| Net increase (decrease) in indebtedness | 594 | (121) |
| Dividends paid | (28) | (82) |
| Other, net | - | 1 |
| Net cash from financing activities | (222) | (140) |
| Other, net | (29) | (22) |
| Increase (decrease) in cash and cash equivalents | (339) | 69 |
| Cash and cash equivalents, beginning of period | 593 | 387 |
| Cash and cash equivalents, end of period | $ 254 | $ 456 |

| | FINANCIAL SERVICES Six Months Ended June 30, 2001 | FINANCIAL SERVICES Six Months Ended June 30, 2000 |
|---|---|---|
| Operating Activities: | | |
| Net income (loss) | $ 13 | $ 27 |
| Adjustments to reconcile net income (loss) to net cash from operating activities: | | |
| Depreciation and amortization | 54 | 43 |
| Changes in operating assets and liabilities | (606) | (449) |
| Other, net | (38) | (2) |
| Net cash from operating activities | (577) | (381) |
| Investing Activities: | | |
| Expenditures for property, plant and equipment | (3) | (1) |
| Expenditures for equipment on operating leases | (133) | (84) |
| Other, net (primarily acquisitions and divestitures) | 30 | 10 |
| Net cash from investing activities | (106) | (75) |
| Financing Activities: | | |
| Intercompany activity | 788 | (62) |
| Net increase (decrease) in indebtedness | (287) | 492 |
| Dividends paid | - | - |
| Other, net | 7 | - |
| Net cash from financing activities | 508 | 430 |
| Other, net | - | - |
| Increase (decrease) in cash and cash equivalents | (175) | (26) |
| Cash and cash equivalents, beginning of period | 293 | 79 |
| Cash and cash equivalents, end of period | $ 118 | $ 53 |

See Notes to Interim Financial Statements.

CNH GLOBAL N.V.

Notes to Interim Financial Statements

(1) The accompanying financial statements reflect the consolidated results of CNH Global N.V. and its consolidated subsidiaries ("CNH") and have been prepared in accordance with generally accepted accounting principles in the United States, or U.S. GAAP. The supplemental financial information captioned "Equipment Operations" includes the results of operations of CNH's agricultural and construction equipment operations, with the Company's financial services businesses reflected on the equity basis. The supplemental financial information captioned "Financial Services" reflects the consolidation of CNH's credit subsidiaries.

(2) CNH has three reportable operating segments: agricultural equipment, construction equipment and financial services. CNH evaluates segment performance based on operating earnings. CNH defines operating earnings as the income (loss) of Equipment Operations before interest, taxes and restructuring charges, including the income (loss) of Financial Services on an equity basis. A reconciliation of Equipment Operations' net income (loss) to operating earnings is as follows (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Net income (loss) | $ 6 | $(31) | $(64) | $(90) |
| Income tax provision (benefit) | 3 | 19 | (18) | (24) |
| Interest expense | 163 | 155 | 303 | 293 |
| Restructuring charge | 10 | 1 | 14 | 9 |
| Operating earnings | $182 | $144 | $235 | $188 |

The following summarizes operating earnings by segment (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Agricultural equipment | $117 | $ 37 | $138 | $ 5 |
| Construction equipment | 49 | 94 | 84 | 156 |
| Financial services | 16 | 13 | 13 | 27 |
| Operating earnings | $182 | $144 | $235 | $188 |

(3) CNH defines industrial operating margin as the net sales of Equipment Operations less cost of goods sold, selling, general and administrative and research and development. Industrial operating margin is as follows (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Net sales | $2,497 | $2,723 | $4,783 | $5,146 |
| Less: | | | | |
| Cost of goods sold | 2,027 | 2,219 | 3,921 | 4,262 |
| Selling, general and administrative | 242 | 280 | 470 | 540 |
| Research and development | 74 | 87 | 147 | 176 |
| Operating margin | $ 154 | $ 137 | $ 245 | $ 168 |

(4) The Company's effective income tax rates were 12.9% and 8.5% for the first six months of 2001 and 2000, respectively. The tax rates differ from the Dutch statutory rate of 35% primarily due to differences in the geographical mix of profits, losses in jurisdictions for which no immediate tax benefit is recognizable, non-deductible expenses and changes in valuation reserves attributable to prior-year losses.

(5) Earnings (loss) per common share ("EPS")
(in millions, except per share data):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Basic and Diluted EPS | | | | |
| Net income (loss) | $ 6 | $(31) | $(64) | $(90) |
| Restructuring, net of tax | 8 | 1 | 11 | 6 |
| Net income (loss) before restructuring | 14 | (30) | (53) | (84) |
| Goodwill | 20 | 18 | 41 | 35 |
| Net income (loss) before goodwill and restructuring | $ 34 | $(12) | $(12) | $(49) |
| Weighted-average shares outstanding - Basic | 277.0 | 149.0 | 277.0 | 149.0 |
| Basic EPS before goodwill and restructuring | $0.13 | $(0.08) | $(0.04) | $(0.33) |
| Basic EPS before restructuring | $0.05 | $(0.20) | $(0.19) | $(0.56) |
| Basic EPS | $0.02 | $(0.21) | $(0.23) | $(0.60) |
| Weighted-average shares outstanding - Basic | 277.0 | 149.0 | 277.0 | 149.0 |
| Effect of dilutive securities (when dilutive): | | | | |
| Incremental common shares applicable to restricted common shares | 0.0 | N/A | N/A | N/A |
| Incremental common shares applicable to common stock options | N/A | N/A | N/A | N/A |
| Weighted-average shares outstanding - Diluted | 277.0 | 149.0 | 277.0 | 149.0 |
| Diluted EPS before goodwill and restructuring | $0.13 | $(0.08) | $(0.04) | $(0.33) |
| Diluted EPS before restructuring | $0.05 | $(0.20) | $(0.19) | $(0.56) |
| Diluted EPS | $0.02 | $(0.21) | $(0.23) | $(0.60) |

(6) During the six months ended June 30, 2001, CNH expensed $9 million of restructuring and $5 million of other merger-related costs. The other merger-related costs primarily relate to relocation costs paid on behalf of employees, systems integration costs and other legal and professional fees related to the merger of New Holland and Case. During the six months ended June 30, 2001, CNH utilized approximately $82 million and $8 million of its restructuring reserves established during 2000 and 2001, respectively. The utilized amounts primarily represent involuntary employee severance costs and cost related to the sale of its tractor production facility in Doncaster, England, and its components facility in St. Dizier, France.

(7) CNH fully, unconditionally and irrevocably guarantees Case Corporation's $813 million in outstanding 6.25% Notes due 2003, 7.25% Notes due 2005, and 7.25% Notes due 2016 that were issued pursuant to two registration statements under the Securities Act of 1933, as amended. Reference is made to Note 23, "Guarantee of Subsidiary's Outstanding Debt Securities," of CNH's Form 20-F for the year ended December 31, 2000 for further discussion.

(8) CNH reports its results of operations to Fiat S.p.A. ("Fiat") in accordance with the accounting principles followed by Fiat. CNH net revenues reported to Fiat exclude finance and interest income of the Equipment Operations, which are classified as a component of net financial expenses. Fiat defines results of operations as the income (loss) before net financial expenses, taxes, restructuring and equity income (loss) in unconsolidated subsidiaries. Net financial expenses primarily include finance and interest income and expenses of the Equipment Operations. A summary of CNH's results as reported to Fiat is as follows (in millions):

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | 2001 | 2000 | 2001 | 2000 |
| Net revenues | $2,671 | $2,877 | $5,102 | $5,457 |
| Results of operations | $ 153 | $ 104 | $ 204 | $ 94 |

(9) During the second quarter of 2001, the Company completed the sale of its Carr Hill Works, Doncaster, England, components facility to Graziano Transmissioni S.p.A.

Also during the second quarter of 2001, the Company announced its joint venture agreement with Shanghai Tractor and Internal Combustion Engine Corporation, a wholly-owned subsidiary of Shanghai Automotive Industry Corporation (Group), to manufacture, distribute and ultimately export agricultural tractors under 100 horsepower.

(10) In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards (SFAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." SFAS No. 141 requires all business combinations initiated after June 30, 2001, to be accounted for using the purchase method. SFAS No. 142 addresses the recognition and amortization of intangible assets acquired in a business combination as well as the recognition of goodwill and subsequent assessment of impairment. The Company is currently evaluating the impact of adopting SFAS No. 141 and No. 142.